


BUY
TARGET PRICE : 6,6€  +104%

NEWSFLOW

\$1M SUBSIDY FOR A TRIAL IN CNS DISORDERS

The company announced last night that it had received a subsidy of \$1m to start clinical research works into Kabuki syndrome, a rare congenital syndrome characterised by pre and post-natal growth delays, intellectual disability and abnormal facial features. A Ph I/II trial is due to be launched in H1 2022 to assess the therapeutic potential of vafidemstat to treat this pathology in view of its action mechanism. The programme should strengthen the data accumulated by ORYZON in central nervous system (CNS) disorders, with the company already undertaking clinical trials in borderline personality disorder and schizophrenia. We are maintaining our recommendation and our TP of €6.6.

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HOPE, a new Ph I/II trial in Kabuki syndrome, launch in H1 2022

ORYZON announced yesterday that it had received a \$1m grant to support a new Ph I/II clinical trial, named HOPE, to assess the benefits of its flagship product, vafidemstat, in patients suffering from Kabuki Syndrome (KS). The grant was provided by a patient's family who is very active in the philanthropic realm to support medical research in the KS field. For information, this same family participates in other works and notably contributed to founding the Royal Kabuki clinic within the Boston children's hospital. It also has a seat on the Kabuki Syndrome Foundation (KSF) Board of Directors.

ORYZON plans to initiate the HOPE trial in H1 2022 at several clinical sites in the US and possibly in Europe. The multi-centric, multi-arm and randomised trial is to be undertaken double blind vs. placebo to assess the safety and efficacy of vafidemstat in improving several described deficiencies and characteristics of KS in children over the age of 12 and in young adults. The grant was awarded on the basis of the founded hypothesis that vafidemstat could present a therapeutic benefit to address KS. Indeed, the rationale behind the trial is based on scientific literature suggesting inhibition of LSD1 could offset the effects of a number of genetic errors present in KS and in other CNS pathologies. In type I KS, the loss of the KMT2D gene allele causes hypomethylation of neuron cell chromatin, thereby leading to an aberrant DNA transcription. By inhibiting LSD1, vafidemstat could therefore have the potential to compensate for this phenomenon in particular. The HOPE trial would therefore be the first stage of a far wider clinical programme aimed at assessing the therapeutic potential of vafidemstat as the personalised therapy for children suffering from KS.

A reassuring track record for vafidemstat in CNS disorders

Note that vafidemstat is currently under assessment in several clinical trials in CNS diseases, some of which have reached advanced stages such as Ph IIb, especially borderline and schizophrenic behaviour disorders. Under the framework of all the clinical studies conducted so far with vafidemstat, the product shows a good safety and tolerance profile in more than 300 patients treated so far, with some of them under treatment for two years, thereby significantly derisking the HOPE trial.

Invest Securities and the issuer have signed an analyst coverage agreement.

in € / share	2021e	2022e	2023e
Adjusted EPS	-0,14	0,57	0,48
chg.	n.s.	n.s.	-15,6%
estimates chg.	+98%	-594%	n.s.

au 31/12	2021e	2022e	2023e
PE	n.s.	0,0x	0,0x
EV/Sales	n.s.	0,2x	-0,2x
EV/Adjusted EBITDA	n.s.	0,2x	-0,2x
EV/Adjusted EBITA	n.s.	0,2x	-0,2x
FCF yield*	n.s.	198,8%	-292,2%
Div. yield (%)	n.s.	n.s.	n.s.

* After tax op. FCF before WCR

key points			
Closing share price	09/21/2021		3,2
Number of Shares (m)			53,1
Market cap. (€m)			172
Free float (€m)			139
ISIN			ES0167733015
Ticker			ORY-ES
DJ Sector			Health Technology

	1m	3m	Ytd
Absolute perf.	-10,0%	-16,9%	-7,4%
Relative perf.	-8,9%	-16,9%	-19,7%

Source : Factset, Invest Securities estimates

FINANCIAL DATA

Share information	2017	2018	2019	2020	2021e	2022e	2023e	2024e
Published EPS (€)	-0,15	-0,03	-0,08	-0,08	-0,14	0,57	0,48	0,81
Adjusted EPS (€)	-0,15	-0,03	-0,08	-0,08	-0,14	0,57	0,48	0,81
Diff. I.S. vs Consensus	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
Dividend	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00

Valuation ratios	2017	2018	2019	2020	2021e	2022e	2023e	2024e
P/E	n.s.	n.s.	n.s.	n.s.	n.s.	0,0x	0,0x	0,0x
EV/Sales	n.s.	n.s.	n.s.	n.s.	n.s.	0,16x	-0,16x	-0,32x
EV/Adjusted EBITDA	n.s.	n.s.	n.s.	n.s.	n.s.	0,2x	-0,2x	-0,7x
EV/Adjusted EBITA	n.s.	n.s.	n.s.	n.s.	n.s.	0,2x	-0,2x	-0,7x
Op. FCF bef. WCR yield	n.s.	n.s.	n.s.	n.s.	n.s.	198,8%	-292,2%	-86,2%
Op. FCF yield	n.s.	n.s.	n.s.	n.s.	n.s.	198,8%	-292,2%	-86,2%
Div. yield (%)	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.

NB : valuation based on annual average price for past exercise

Entreprise Value (€m)	2017	2018	2019	2020	2021e	2022e	2023e	2024e
Share price in €	4,6	0,0	2,9	0,0	0,0	0,0	0,0	0,0
Market cap.	156	0	140	39	39	39	39	39
Net Debt	-17	-23	-27	-29	-15	-31	-43	-70
Minorities	0	0	0	0	0	0	0	0
Provisions/ near-debt	0	0	0	0	0	0	0	0
+/- Adjustments	0	0	0	0	0	0	0	0
Entreprise Value (EV)	139	-22	113	10	24	8	-4	-31

Income statement (€m)	2017	2018	2019	2020	2021e	2022e	2023e	2024e
Sales	0,0	0,0	0,0	0,0	0,0	50,0	26,5	96,3
chg.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
Adjusted EBITDA	-4	-3	-4	-4	-6	35	22	41
adjusted EBITA	-4	-3	-4	-4	-6	35	22	41
chg.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	-36,3%	+87,6%
EBIT	-4,7	-3,3	-3,8	-4,3	-6,8	34,1	21,5	40,7
Financial result	-1	-1	-1	0	0	0	0	0
Corp. tax	0	3	1	1	1	-9	0	-5
Minorities+affiliates	0	0	0	0	0	0	0	0
Net attributable profit	-5,2	-1,2	-3,7	-3,4	-5,9	25,0	21,1	35,2
Adjusted net att. profit	-5,2	-1,2	-3,7	-3,4	-5,9	25,0	21,1	35,2
chg.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	-15,6%	+67,1%

Cash flow statement (€m)	2017	2018	2019	2020	2021e	2022e	2023e	2024e
EBITDA	-3,9	-3,1	-3,7	-4,1	-6,5	34,5	22,0	41,2
Theoretical Tax / EBITA	0,1	2,5	0,9	1,4	1,4	-8,7	0,0	-5,1
Capex	0,6	-7,0	-9,6	-9,1	-9,5	-9,5	-9,5	-9,5
Operating FCF bef. WCR	-3,2	-7,6	-12,4	-11,8	-14,6	16,3	12,5	26,7
Change in WCR	-0,2	0,3	0,3	-1,2	0,0	0,0	0,0	0,0
Operating FCF	-3,4	-7,3	-12,1	-13,1	-14,6	16,3	12,5	26,7
Acquisitions/disposals	5,1	0,1	0,5	0,1	0,0	0,0	0,0	0,0
Capital increase/decrease	16,9	11,9	18,4	18,2	0,0	0,0	0,0	0,0
Dividends paid	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Other adjustments	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Published Cash-Flow	18,5	4,7	6,7	5,3	-14,6	16,3	12,5	26,7

Balance Sheet (€m)	2017	2018	2019	2020	2021e	2022e	2023e	2024e
Assets	25	32	42	52	61	70	79	88
Intangible assets/GW	22	29	40	49	58	68	77	86
WCR	-8	-9	-8	-5	-5	-5	-5	-5
Group equity capital	34	45	61	76	70	95	116	151
Minority shareholders	0	0	0	0	0	0	0	0
Provisions	0	0	0	0	0	0	0	0
Net financial debt	-17,2	-22,6	-26,7	-29,1	-14,5	-30,8	-43,3	-69,9

Financial ratios	2017	2018	2019	2020	2021e	2022e	2023e	2024e
EBITDA margin	n.s.	n.s.	n.s.	n.s.	n.s.	69,0%	83,1%	42,8%
EBITA margin	n.s.	n.s.	n.s.	n.s.	n.s.	69,0%	83,1%	42,8%
Adjusted Net Profit/Sales	n.s.	n.s.	n.s.	n.s.	n.s.	49,9%	79,6%	36,5%
ROCE	n.s.	n.s.	n.s.	n.s.	n.s.	53,0%	29,6%	49,5%
ROE adjusted	n.s.	n.s.	n.s.	n.s.	n.s.	26,3%	18,1%	23,3%
Gearing	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
ND/EBITDA (in x)	n.s.	n.s.	n.s.	n.s.	n.s.	-0,9x	-2,0x	-1,7x

Source : company, Invest Securities Estimates

INVESTMENT CASE

ORYZON GENOMICS is a Spanish biotechnology company specializing in the treatment of neurodegenerative diseases and cancer. Specializing in the field of epigenetics, the company aims, in all of its development programs, to identify biomarkers through its genetic and proteomic platforms in order to develop small molecule drugs. The company has delivered interesting results with its most advanced programs in areas more or less invested in terms of overall R&D efforts, cancer but also Covid-19 and cognitive disorders associated with neurodegenerative diseases or disorders of the personality.

SWOT ANALYSIS

STRENGTHS

- Epigenetic platform
- Extensive development pipeline
- Differentiating positioning

WEAKNESSES

- No partnership
- Risky indications (CNS)
- Intense competition in oncology

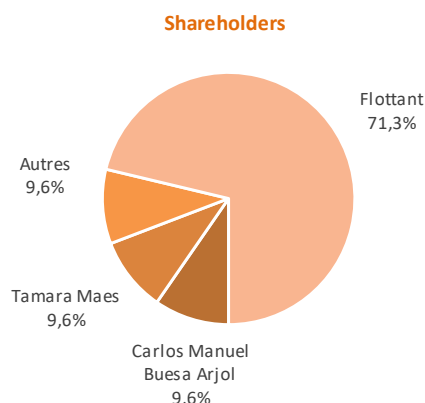
OPPORTUNITIES

- Potential partnership
- Extension of indications

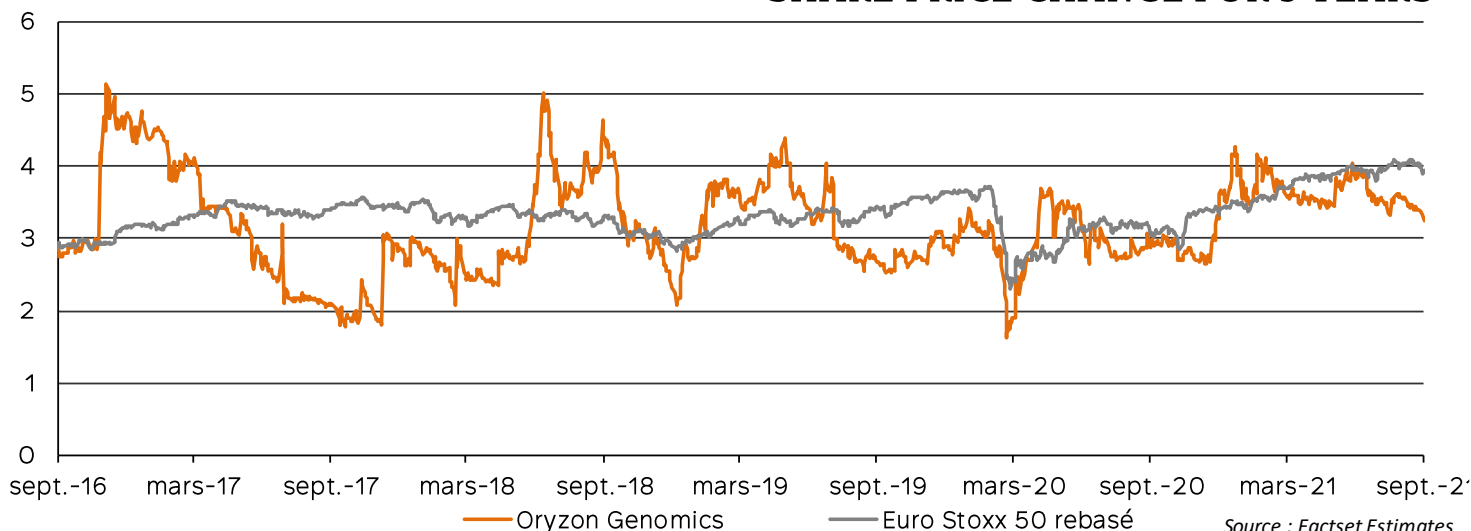
THREATS

- Clinical and regulatory risk
- Commercial risks
- Legal risks

ADDITIONAL INFORMATION



SHARE PRICE CHANGE FOR 5 YEARS



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TARGET PRICE AND RECOMMENDATION

Our analyst ratings are dependent on the expected absolute performance of the stock on a 6- to 12-month horizon. They are based on the company’s risk profile and the target price set by the analyst, which takes into account exogenous factors related to the market environment that may vary considerably. The Invest Securities analysis office sets target prices based on a multi-criteria fundamental analysis, including, but not limited to, discounted cash flows, comparisons based on peer companies or transaction multiples, sum-of-the-parts value, restated net asset value, discounted dividends.

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- BUY: Upside potential of more than 10% (the minimum upside required may be revised upward depending on the company’s risk profile)
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- SELL: Downside potential of more than 10%
- TENDER or DO NOT TENDER: Recommendations used when a public offer has been made for the issuer (takeover bid, public exchange offer, squeeze-out, etc.)
- SUBSCRIBE or DO NOT SUBSCRIBE: Recommendations used when a company is raising capital
- UNDER REVIEW: Temporary recommendation used when an exceptional event that has a substantial impact on the company’s results or our target price makes it impossible to assign a BUY, NEUTRAL or SELL rating to a stock

12-MONTHS HISTORY OF OPINION

The table below reflects the history of recommendation and price target changes made by Invest Securities' research department over the last 12 months.

Company Name	Main Author	Release Date	Rating	Target Price	Potential
					Oryzon Genomics
Invest Securities was lead manager or co-lead manager in a public offer concerning the financial instruments of this issuer during the last twelve months.					No
<u>Invest Securities has signed a liquidity contract with the issuer.</u>					No
<u>Invest Securities and the issuer have signed a research service agreement.</u>					No
<u>Invest Securities and the issuer have signed a Listing Sponsor agreement.</u>					No
Invest Securities has been remunerated by this issuer in exchange for the provision of other investment services during the last twelve months (RTO, Execution on behalf of third parties, advice, placement, underwriting).					No
<u>This document was sent to the issuer prior to its publication. This rereading did not lead the analyst to modify the valuation.</u>					No
<u>This document was sent to the issuer for review prior to its publication. This rereading led the analyst to modify the valuation.</u>					No
<u>The financial analyst has an interest in the capital of the issuer.</u>					No
<u>The financial analyst acquired equity securities of the issuer prior to the public offering transaction.</u>					No
<u>The financial analyst receives remuneration directly linked to the transaction or to an investment service provided by Invest Securities.</u>					No
<u>An executive officer of Invest Securities is in a conflict of interest with the issuer and was given access to this document prior to its completion.</u>					No
<u>Invest Securities or the All Invest group owns or controls 5% or more of the share capital issued by the issuer.</u>					No
<u>Invest Securities or the All Invest group holds, on a temporary basis, a net long position of more than 0.5% of the issuer's capital.</u>					No
<u>Invest Securities or the All Invest group holds, on a temporary basis, a net short position of more than 0.5% of the issuer's capital.</u>					No
<u>The issuer owns or controls 5% or more of the capital of Invest Securities or the All Invest group.</u>					No

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