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COMPANY NOTE | EQUITY RESEARCH | June 14, 2024

Healthcare: Biotechnology **Company Update**

Oryzon Genomics SA | ORY.SM-€2.00-MADRID | *Buy*

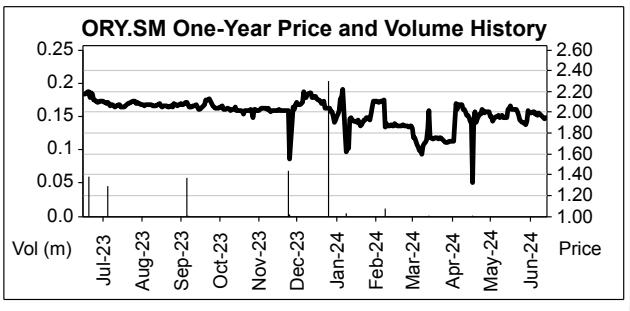
Stock Data	
52-Week Low - High	€1.41-€2.44
Shares Out. (mil)	63.51
Mkt. Cap.(mil)	€136.37
3-Mo. Avg. Vol.	9
12-Mo.Price Target	€12.00
Cash (mil)	$11.6
Tot. Debt (mil)	€18.5

Rev ($M)

Yr Dec	— 2023—	— 2024E—	— 2025E—
		Curr	Curr
1Q	0.0A	0.0A	-
2Q	0.0A	0.0E	-
3Q	0.0A	0.0E	-
4Q	0.0A	0.0E	-
YEAR	0.0A	0.0E	0.0E

EPS $

Yr Dec	— 2023—	— 2024E—	— 2025E—
		Curr	Curr
1Q	(0.03)A	(0.02)A	-
2Q	0.02A	0.00E	-
3Q	(0.02)A	(0.01)E	-
4Q	(0.03)A	(0.01)E	-
YEAR	(0.06)A	(0.04)E	(0.06)E
P/E	NM	NM	NM



ORY: Initial FRIDA Trial Data Presented at EHA Underscores Iadademstat Utility

At EHA-2024, ORY presented preliminary data from the first two dose cohorts of its Phase Ib FRIDA trial (n=13 for efficacy, n=15 for safety) evaluating iadademstat/gilteritinib in FLT3-mutation positive rel/ref AML. The therapy was safe (no DLTs thus far), well-tolerated, and had strong efficacy, given that nine (69%) had bone marrow blast clearance in the first cycle, including five (38%) patients achieving CR/CRh/CRi, and two underwent HSCT (highly favorable outcome in AML). Cohort 3 (lower iadademstat dose) is now enrolling, per FDA's Project Optimus guidelines.

- At the ongoing EHA-2024 conference, ORY released initial results from the first two dose cohorts of its ongoing, non-randomized Phase Ib FRIDA trial evaluating iadademstat plus gilteritinib in FLT3-mutation positive rel/ref AML to establish safety, tolerability, and RP2D for the combination therapy. Secondary endpoints included CR/CRh rate, ORR, DoR, OS, EFS, and transfusion rates. Patients had to have received ≤ 2 prior lines of therapy (including venetoclax, 7+3, midostaurin, sorafenib, and also quizartinib and gilteritinib if not refractory). Efficacy data were available for 13 (6 in cohort 1, 7 in cohort 2) patients and safety data for 15 (adds 2 from cohort 3). The poster was titled "*Preliminary results of the FRIDA study: iadademstat and gilteritinib in FLT3-mutated R/R AML*" and underscored the combination therapy's robust efficacy from the start. The iadademstat doses used in the first two cohorts were 100ug and 75ug (both 5 days on/2 days off per week of a 4-week cycle) plus 120mg gilteritinib, with subsequent cohorts to test lower iadademstat doses, given that both doses of iadademstat showed about 90% LSD1 target engagement in the first two cohorts, indicating the need for dose reduction to optimize bone marrow recovery and improve the quality of the CRs, as only one CR was a full CR, and since LSD1 plays a key role in hematopoiesis. In the 13 patients evaluable for efficacy, 5 (38%) had CR/CRh/CRi, 9 (69%) had bone marrow blast clearance in the first cycle, and two underwent HSCT, which is the best possible outcome in AML. Importantly, 11 out of 13 patients were refractory to standard regimens including venetoclax, 7+3, and midostaurin.
- Therapy was safe and well tolerated, with no DLTs reported over the 28-day DLT evaluation period in both cohorts for the 13 patients completing 28 days of therapy or for the remaining two patients still receiving the first cycle of therapy, and there were no unexpected TEAEs reported. Slow platelet recovery in most patients was deemed to be limiting achievement of CR/CRh, and therefore the trial is now enrolling the DL-2 cohort (75ug iadademstat 5days on/2 days off for only a 3-week cycle), to walk the line between efficacy and platelet recovery. As of May 20, three cohort 1 patients (all on cycle 5) and two cohort 3 patients are on therapy. FRIDA (n=45) has been designed according to the FDA's Project Optimus, which aims to determine the minimum safe and biologically active dose. Iadademstat will also soon be evaluated in first-line AML in a Phase 1b dose-ranging IST led by OHSU to evaluate iadademstat plus venetoclax and azacitidine.

VALUATION

Our 12-month price target of €12, is based on a DCF analysis using a 35% discount rate that is applied to all cash flows and the terminal value, which is based on a 4x multiple of our projected 2030 operating income of $663 million. We arrive at this valuation by projecting future revenue from vafidemstat in borderline personality disorder and Kabuki syndrome, as well as iadademstat in AML and SCLC.

Factors that could impede shares of ORY.SM from achieving our price target include vafidemstat and iadademstat failing to generate statistically significant clinical results. Also, regulatory agencies could fail to approve these drugs even if pivotal clinical trials are statistical successes, due to the agency viewing the results as not clinically meaningful. Loss of key management personnel could also impede achieving our price target, as could smaller than projected commercial opportunity due to changes in market size, competitive landscape, and drug pricing and reimbursement.

RISKS

- **Clinical risk.** ORY.SM's clinical staged products could fail to deliver statistically significant results in late-stage clinical trials, substantially reducing the value of ORY.SM's product candidates and therefore our target price.
- **Regulatory risk.** Even if successful in the clinic, ORY.SM's products could fail to be approved by domestic and/or foreign regulatory bodies, which would reduce ORY.SM's value and therefore our target price.
- **Financing risk.** ORY.SM will need additional capital to fund its operations, and such financing may not occur, or it could be substantially dilutive to existing investors.
- **Competitive risk.** For any future approved ORY.SM products, they may not be well adopted in a competitive marketplace, which would adversely affect ORY.SM's value and therefore our target price.
- **High stock price volatility.** This issue is common among small-cap biotechnology companies with relatively low trading volumes.

COMPANY DESCRIPTION

Founded in 2000 in Barcelona, Spain, Oryzon (ISIN Code: ES0167733015) is a clinical stage biopharmaceutical company and the European leader in epigenetics, with a strong focus on personalized medicine in CNS disorders and oncology. Oryzon's team is composed of highly qualified professionals from the pharma industry located in Barcelona, Boston, and San Diego. Oryzon has an advanced clinical portfolio with two LSD1 inhibitors, vafidemstat in CNS and iadademstat in oncology, in several Phase II clinical trials. The company has other pipeline assets directed against other epigenetic targets like HDAC-6, where ORY-4001 has been nominated as clinical candidate for the treatment of certain neurological disorders such as CMT and ALS. In addition, Oryzon has a strong platform for biomarker identification and target validation for a variety of malignant and neurological diseases. For more information, visit www.oryzon.com

Oryzon Genomics SA
Income Statement
Fiscal Year ends December
(in 000, except per share items)

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	2018A	2019A	2020A	2021A	2022A	1Q23	2Q23	3Q23	4Q23	2023A	1Q24A	2Q24E	3Q24E	4Q24E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Global iadademstat revenue																-	7,683	99,008	147,956	176,048	184,560
Global vafidemstat revenue																-	-	156,140	322,805	477,033	530,992
Total revenue																-	**7,683**	**255,148**	**470,761**	**653,080**	**715,553**
Cost of revenue																-	1,153	17,570	26,435	30,024	30,193
R&D	8,489	12,647	13,591	15,118	17,701	4,372	4,264	3,821	3,867	16,324	2,636	2,662	2,689	2,716	10,703	12,309	12,924	13,053	13,184	13,316	13,449
G&A	2,993	3,176	3,484	5,529	4,771	1,223	1,096	674	1,187	4,180	863	872	880	889	3,504	3,855	6,553	7,208	7,929	8,325	8,741
Total operating expenses	**11,482**	**15,823**	**17,075**	**20,647**	**22,472**	**5,595**	**5,360**	**4,495**	**5,054**	**20,504**	**3,499**	**3,534**	**3,569**	**3,605**	**14,207**	**16,163**	**20,629**	**37,832**	**47,548**	**51,665**	**52,383**
Operating income	**(11,482)**	**(15,823)**	**(17,075)**	**(20,647)**	**(22,472)**	**(5,595)**	**(5,360)**	**(4,495)**	**(5,054)**	**(20,504)**	**(3,499)**	**(3,534)**	**(3,569)**	**(3,605)**	**(14,207)**	**(16,163)**	**(12,946)**	**217,316**	**423,213**	**601,415**	**663,169**
Other income (net)	8,143	11,522	11,805	12,510	16,661	4,215	4,054	3,669	3,619	15,557	2,400	3,000	3,000	3,000	11,400	12,000	11,000	10,000	8,000	6,000	5,000
Net income (pretax)	**(3,339)**	**(4,301)**	**(5,269)**	**(8,137)**	**(5,811)**	**(1,380)**	**(1,306)**	**(826)**	**(1,435)**	**(4,947)**	**(1,099)**	**(534)**	**(569)**	**(605)**	**(2,807)**	**(4,163)**	**(1,946)**	**227,316**	**431,213**	**607,415**	**668,169**
Net financial & tax	(1,991)	(187)	(1,098)	(2,760)	(1,276)	392	(2,459)	300	468	(1,299)	140	(250)	(250)	(250)	(610)	-	(487)	56,829	107,803	151,854	167,042
Net income	**(1,348)**	**(4,114)**	**(4,171)**	**(5,377)**	**(4,535)**	**(1,772)**	**1,153**	**(1,126)**	**(1,903)**	**(3,648)**	**(1,239)**	**(284)**	**(319)**	**(355)**	**(2,197)**	**(4,163)**	**(1,460)**	**170,487**	**323,410**	**455,562**	**501,127**
EPS basic	**(0.04)**	**(0.10)**	**(0.08)**	**(0.10)**	**(0.08)**	**(0.03)**	**0.02**	**(0.02)**	**(0.03)**	**(0.06)**	**(0.02)**	**(0.00)**	**(0.01)**	**(0.01)**	**(0.04)**	**(0.06)**	**(0.02)**	**2.35**	**4.25**	**5.71**	**5.98**
EPS diluted	**(0.04)**	**(0.10)**	**(0.08)**	**(0.10)**	**(0.08)**	**(0.03)**	**0.02**	**(0.02)**	**(0.03)**	**(0.06)**	**(0.02)**	**(0.00)**	**(0.01)**	**(0.01)**	**(0.04)**	**(0.06)**	**(0.02)**	**1.97**	**3.59**	**4.85**	**5.12**
Basic shares outstanding	34,638	41,589	49,235	52,762	53,354	56,190	57,339	58,154	58,451	57,616	61,216	61,828	61,889	61,951	61,721	65,668	68,952	72,399	76,019	79,820	83,811
Diluted shares outstanding	34,638	41,565	49,235	52,762	53,354	56,190	57,339	58,154	58,451	57,616	61,216	61,828	61,889	61,951	61,721	65,668	68,952	86,437	90,057	93,858	97,849

Source: SEC filings, company press releases, and ROTH Capital Partners

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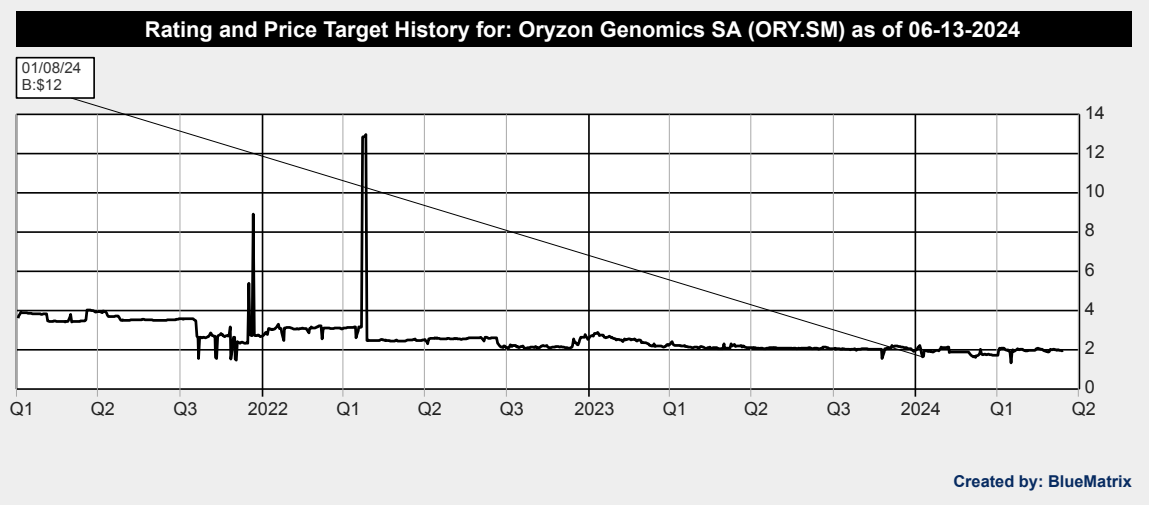
Disclosures:

Shares of Oryzon Genomics SA may be subject to the Securities and Exchange Commission's Penny Stock Rules, which may set forth sales practice requirements for certain low-priced securities.



Each box on the Rating and Price Target History chart above represents a date on which an analyst made a change to a rating or price target, except for the first box, which may only represent the first note written during the past three years. **Distribution Ratings/IB Services**shows the number of companies in each rating category from which Roth or an affiliate received compensation for investment banking services in the past 12 month.

Distribution of IB Services Firmwide

			IB Serv./Past 12 Mos. as of 06/14/2024	
Rating	**Count**	**Percent**	**Count**	**Percent**
Buy [B]	**346**	**72.08**	**88**	**25.43**
Neutral [N]	**79**	**16.46**	**4**	**5.06**
Sell [S]	**2**	**0.42**	**0**	**0**
Under Review [UR]	**53**	**11.04**	**1**	**1.89**

Our rating system attempts to incorporate industry, company and/or overall market risk and volatility. Consequently, at any given point in time, our investment rating on a stock and its implied price movement may not correspond to the stated 12-month price target.

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Buy: A rating, which at the time it is instituted and or reiterated, that indicates an expectation of a total return of at least 10% over the next 12 months.

Neutral: A rating, which at the time it is instituted and or reiterated, that indicates an expectation of a total return between negative 10% and 10% over the next 12 months.

Sell: A rating, which at the time it is instituted and or reiterated, that indicates an expectation that the price will depreciate by more than 10% over the next 12 months.

Under Review [UR]: A rating, which at the time it is instituted and or reiterated, indicates the temporary removal of the prior rating, price target and estimates for the security. Prior rating, price target and estimates should no longer be relied upon for UR-rated securities.

Not Covered [NC]: ROTH MKM does not publish research or have an opinion about this security.

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