TheraCryf

FY25 results – expanded portfolio; focus on Ox-1

3 June 2025

Price
0.28p

TICKER
TCF

Market Cap
£5.9m

Net cash (31 March 2025)
£4.1m

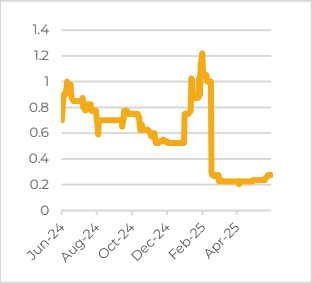
Free Float
58%

3mo Av. Daily Volume
4.5m

Broker
Cavendish
Turner Pope

Index
AIM

Share Price Performance



Source: Bloomberg

TheraCryf is a clinical stage drug development company working to commercialise its expanded portfolio of three drug development candidates. The company's focus is brain disorders with a focus on its Ox-1 programme. The company is financed through end 2026.

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Drug developer focused on brain disorders whose lead clinical asset is Ox-1

TheraCryf has released results for the year to March 2025 with the next 12-18 months set to be pivotal for the company as it focuses on advancing its Orexin-1 (Ox-1) programme while the Sulforaphane (SFX-01) programmes continue with third party funding. During FY25, the company acquired Chronos Therapeutics, making it a multi-compound drug developer, and raised a total of £5.2m, gross, funding the Ox-1 programme through to clinical readiness while extending TheraCryf's cash runway to 4Q 2026. The financial performance was in line with expectations, and the company ended FY25 with £4.1m in cash and short-term deposits. TheraCryf has since appointed Pharmaron as its pre-clinical development partner and manufacturing scale up of the Ox-1 compound has commenced. The Board has been strengthened with the appointment of new Chair, Dr Alastair Smith, and of Ed Wardle as Non-Executive Director.

TheraCryf reported a net loss for FY25 of £1.9m, nearly halved YoY, mainly reflecting a significant reduction in operating expenses as company funded investment into the SFX-01 programme rolled-off. The loss per share fell to 0.36p (FY24 (1.14p)) reflecting the reduction in losses and the impact of the fund raises. Cash outflow from operations reduced to £2.4m (FY24 £3.0m) as the reduction in expenditure dropped through partly offset by significantly lower receipts from tax credits (FY25 £0.0m, FY24 £0.9m), with expected receipts slipping into FY26. Cash and short-term deposits ended the period at £4.1m (YEFY24 £2.0m) putting TheraCryf in the top 20% of European listed biotech companies by duration of cash runway.

In keeping with management's faith in the prospects of the company and focus on cash management, all members of the Board and management team voluntarily reduced their salaries and took potential cash bonuses as share options. Dr Smith will take his first year's remuneration as Chair in shares.

We have amended our forecasts to reflect the FY25 actuals and company guidance on its cash runway, which is more certain now that TheraCryf has entered the firm Master Services Agreement with Pharmaron to advance the Ox-1 programme to clinical readiness.

Development of TheraCryf's Ox-1 lead clinical asset is now underway targeting the addiction market worth US$40.3bn in 2024 and growing rapidly. The company believes its Ox-1 compound is the most selective under development and was substantially de-risked by Chronos, pre-acquisition. Development of the SFX-01 synthetic sulforaphane molecule is being advanced by third parties, most notably by Erasmus Medical Centre, Rotterdam in the treatment of Glioblastoma with clinical trials on track to start in early 2026.

TheraCryf continues to trade at a discounted valuation relative to peers given its potential for collaboration with big Pharma, milestone payments, and active clinical work. The company is now funded through the end of 2026 with multiple inflection points of newsflow.

At a Glance (Yr. to Mar)	Revenue (£k)	Opex (£k)	Net profit/ (loss) (£k)	Dil EPS (p)	Net (cash)/ debt (£k)*
FY23A	442	(5,546)	(4,043)	(1.47)	(5,000)
FY24A	396	(3,962)	(3,137)	(1.14)	(2,004)
FY25E	0	(2,124)	(1,941)	(0.36)	(4,114)
FY26E	0	(3,084)	(2,560)	(0.12)	(1,850)
FY27E	0	(3,084)	(2,560)	(0.12)	314

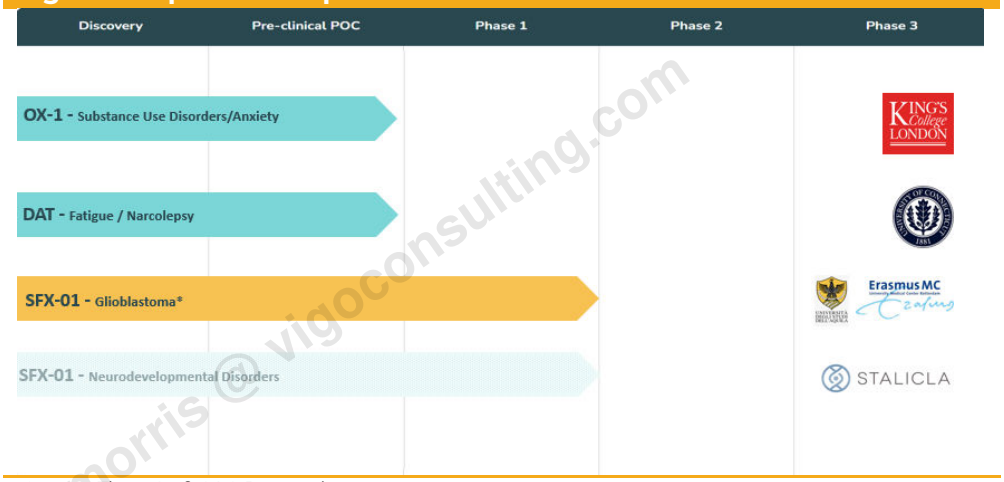
*Source: TheraCryf, CAG Research. *Excludes any milestone payment.*

Investment thesis

The last financial year was an eventful one for TheraCryf. The acquisition of Chronos in April 2024 added an Orexin and a DAT programme to TheraCryf's existing SFX-01 drug development programme, transforming the company into a multi-compound drug developer. Equity raises totalling £5.2m gross mean the company is funded through 4Q 2026. TheraCryf's focus is now on advancing its Ox-1 programme to clinical readiness and it has recently appointed Pharmaron as its pre-clinical development partner. The SFX-01 programmes continue with third party funding. TheraCryf continues to look undervalued, given its potential for collaboration with big Pharma, milestone payments, and active clinical work, relative to other small-cap UK drug developers

TheraCryf acquired Chronos in April 2024 for £0.9m in stock, tripling the company's drug pipeline with the addition of an Orexin programme (see Orexin programme) and a dopamine transporter (DAT) inhibitor programme to TheraCryf's drug development portfolio (Figure 1).

Figure 1: Pipeline and partners



Source: TheraCryf, CAG Research.

TheraCryf believes it now has the most selective Ox-1 inhibitor molecule in drug development, with selectivity being crucial to avoid the side effects of extreme tiredness. Initial toxicology tests have been completed and are unremarkable.

In order to bring the Orexin programme to clinical readiness, sufficient quantities of the Ox-1 inhibitor need to be manufactured and formulated to test for toxicology following regulatory standard Good Laboratory Practice (GLP). Pharmaron, a leading Contract Research Organisation (CRO)/Contract Development and Manufacturing Organisation (CDMO) has now been contracted to undertake this work.

Given the results of the initial testing for toxicology at Chronos, there is a low risk of failure at this stage before the compound would be ready to test in humans in clinical trials. Clinical trials will require additional funding, but this would be a natural inflection point to seek non-dilutive funding, in keeping with TheraCryf's broader strategy of developing compounds to clinical readiness for sale, partnering, or potential self-funding.

The Orexin programme is initially targeting Binge Eating Disorder (BED) which is a potential US$1bn pa market in and of itself. However, the overall market for addiction treatment is estimated at US$40.3bn in 2024 rising to US$67.6bn by 2034 (Source: Future Market Insights).

Perhaps given the scale of the potential market and the paucity of good treatments, there has been a resurgence of interest in Central Nervous System related conditions by big Pharma. As examples, over the last fifteen months or so Bristol Myers Squib, J&J, AbbVie, and Gedeon Richter among others have announced acquisitions/collaborations on novel targets for the potential treatment of neuropsychiatric conditions amounting to tens of billions of dollars.

The European Patent Office awarded a Composition of Matter patent for TheraCryf's Ox-1 receptor antagonist late last year and the company now has extensive patent protection including the US and China, in addition to Europe with exclusivity extending to 2038 and, in the US, to 2039.

With this funding, TheraCryf has multiple inflection points of newsflow (Figure 2).

Figure 2: Newsflow

1Q25	▸ Neuropsychiatry programme restarts ▸ Ox-1 manufacturing optimisation commences ▸ New Board appointments
2Q25	▸ Further SFX-01 in-vivo data from Erasmus collaboration ▸ Ox-1 bulk manufacturing commences
3Q25	▸ Ox-1 bulk manufacturing complete ▸ Ox-1 formulation for toxicology studies complete
4Q25	▸ Ox-1 chronic toxicology studies commence ▸ SFX-01 Glioblastoma clinical trial prep commences
1H26	▸ SFX-01 1st Glioblastoma patients dosed in Ph0 study ▸ Ox-1 enabling studies, for first in-human clinical trials complete ▸ Ox-1 regulatory submission (IND/CTA) and responses
2H26	▸ SFX-01 Glioblastoma clinical data flow ▸ Ox-1 MHRA/FDA approval for P1 study ▸ Ox-1 P1 study (subject to funding)

Source: TheraCryf, CAG Research.

We have amended our forecasts to reflect the impact of the FY25 actuals, and company guidance on its cash runway. Highlights are shown in Figure 3 with details in Summary financial statements.

Figure 3: Key financials (£k)

Item (March YE)	FY23A	FY24A	FY25A	FY26E	FY27E
Revenue	442	396	0	0	0
Operating expenses	(5,546)	(3,962)	(2,124)	(3,084)	(3,084)
Tax repayment	475	913	30	600	700
Tax repayment as % of opex	9%	23%	1%	19%	23%
Net loss	(4,043)	(3,137)	(1,941)	(2,560)	(2,560)
Diluted EPS	(1.47p)	(1.14p)	(0.36p)	(0.12p)	(0.12p)
Net (cash)/debt	(5,000)	(2,004)	(4,114)	(1,850)	314

Source: TheraCryf, CAG Research.

TheraCryf remains in constructive discussion with Stalicla over payment of an overdue milestone payment of US$0.5m, the receipt of which is not included in our forecasts.

Evaluation of SFX-01 continues, most notably at Erasmus Medical Centre, Rotterdam for the treatment of the aggressive brain cancer, Glioblastoma. In vitro experiments in human tumour tissue have been completed with meaningful responses to SFX-01 observed. In vivo pre-clinical experiments have started and will form a key part of the data package to support grant funded human trials in early 2026.

Evaluation of SFX-01 for the treatment of colorectal cancer has demonstrated biological activity with further data from the collaboration with the University of Michigan expected to be released in the coming year.

The collaboration with Sapienza University of Rome into the radio-sensitising effects of SFX-01 in Rhabdomyosarcoma, the most frequent soft tissue sarcoma in childhood, were published in the peer reviewed journal, BMC Cancer.

Progressing the DAT programme, which is targeting the fatigue commonly associated with multiple sclerosis, remains subject to non-dilutive funding.

At current valuations and given its potential for collaboration with big Pharma, milestone payments, and active clinical work, TheraCryf continues to look undervalued against smaller-cap UK drug developers, many of whom have also recently sought equity funding (Figure 4**Error! Reference source not found.**).

Figure 4: TheraCryf valuation to peers

Company	Mkt cap (£m)	Disclosed max milestone (US$m)	Disclosed milestone /mkt cap (X)	EV (£m)	Disclosed milestone /EV (X)	Most advanced current trial	Net cash /(debt) (£m)*	Focus
TheraCryf	**5.9**	**161**	**21.8**	**1.8**	**70.4**	**Phase 1**	**4.1**	**Brain disorders**
Scancell	103.7	624	4.8	109.4	4.5	Phase 2	-5.7	Cancer and infectious diseases
Arecor Therapeutics	16.4	n/d	n/a	13.1	n/a	Phase 1	3.3	Diabetes; reformulating existing therapies using Arestat™ platform
Immupharma	13.6	70	4.1	10.5	5.3	Phase 2/3	3.1	Autoimmunity & inflammation; anti-infection
Hemogenyx Pharma	7.6	n/a	n/a	5.9	n/a	Phase 1	1.7	Blood disease
Genflow Bioscience	3.9	n/a	n/a	2.3	n/a	Pre-clinical	1.6	Liver, Werner Syndrome
Roquefort Therapeutics	2.8	10	10.0	2.2	3.6	Pre-clinical	0.6	Cancer
ValiRx	2.1	20	7.6	-0.3	-55.8	n/a	2.4	Cancer, women's health

*Source: Bloomberg, Companies, CAG Research. *Adjusted for post-period fund raises.*

Orexin programme

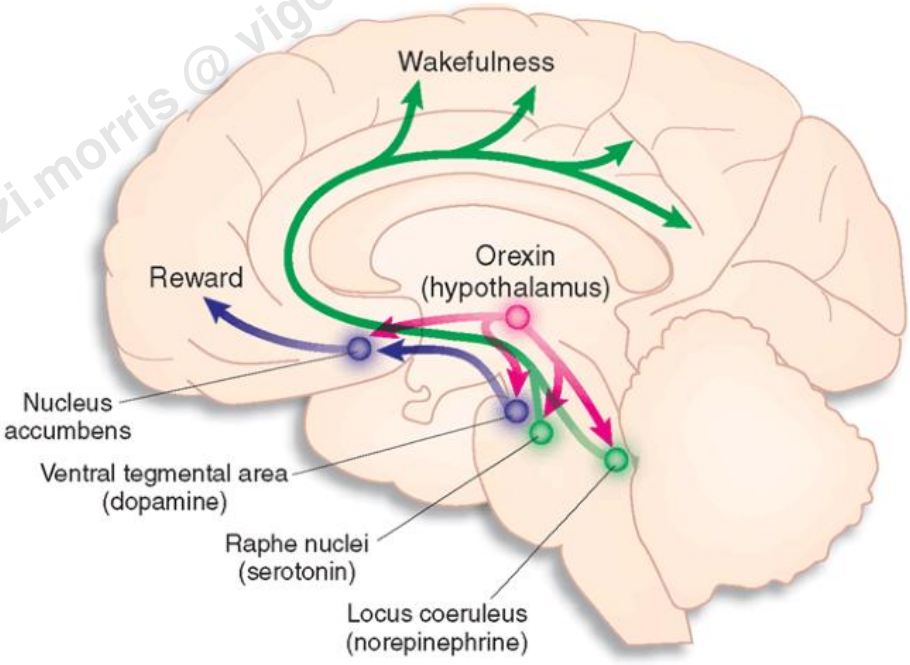
The orexin programme targets addictive disorders and anxiety. The lead pre-clinical candidate in the programme is an orexin 1 receptor antagonist which is initially targeted at the treatment of Binge Eating Disorder, a condition more common than anorexia and bulimia combined. Prior to its acquisition, Chronos had demonstrated positive pre-clinical proof of concept for the compound via an *in-vivo* model which has a potential annual market value in excess of US$1bn pa. TheraCryf has appointed Pharmaron as its pre-clinical development partner and manufacturing and scale up of the OX-1 compound has commenced.

TheraCryf's lead clinical candidate is an orexin 1 receptor antagonist whose target is addictive disorders. The addiction market overall was valued at US$40.3bn in 2024 and is projected to increase to US$67.6bn by 2034.

There are two types of orexin receptors, Ox-1 and Ox-2, found in the central nervous system which play a key regulatory role in many physiological processes, particularly relating to reward and sleep/wakefulness. The action of the orexin system is strongly associated with addictive behaviour. While the action of the receptors is overlapping, the Ox-1 receptor is especially associated with reward, feeding behaviour, and anxiety while the Ox-2 receptor is associated with sleep/wakefulness.

The receptors are triggered by Orexin-A and Orexin-B which are neuropeptides produced by neurons in the hypothalamus (Figure 5). The Ox-1 receptor binds differentially to Orexin-A.

Figure 5: Orexin pathways



Source: Nature Medicine, CAG Research.

Orexin antagonists block the action of the orexin receptors in binding to the Orexin-A and Orexin-B signals generated from the hypothalamus and are a fairly recent development in drug therapy. To date, the principal target condition has been insomnia with Suvorexant, approved for use in the US in 2014, proving successful as it has favourable tolerability and fewer side-effects

than the pre-existing standard of care treatments which had different targets. However, the principal medical need targeted by TheraCryf's orexin programme is addictive disorder.

Suvorexant acts to block both orexin receptors and so is known as a dual orexin receptor antagonist. The primary target of TheraCryf's orexin programme is the Ox-1 receptor as the clinical need it is addressing is addictive disorder.

For the compound to be successful it needs to produce a sustained reduction in addictive desire while also avoiding any disproportionate impact on sleep/wakefulness. To do this it needs to be highly selective for the Ox-1 receptor over the Ox-2 receptor. The initial target condition is Binge Eating Disorder (BED) which is a recognised psychiatric condition. Chronos demonstrated positive pre-clinical proof of concepts for the compound in an *in vivo* rodent model of binge.

BED is more common than anorexia and bulimia combined and is not treatable with approved anti-obesity drugs. BED involves regularly eating uncontrollably and excessively over a short period of time until the sufferer is uncomfortably full but does not generally include subsequently purging the food through vomiting, which is the additional characteristic of Bulimia. Binges are sometimes planned in advance but can be spontaneous. The binging is usually done alone and is often associated with guilt or shame and anxiety.

The only approved drug for the treatment of BED is Vyvanse (Lisdexamfetamine Dimesulate) and it is only approved for use in the US. However, as Vyvanse is amphetamine based it is a class II controlled drug which carries a serious risk of addiction which is particularly pertinent given that some 25% of those suffering from BED have a history of substance abuse.

BED is estimated to affect 1.4% of the population amounting to over 13m people across the US, EU and Japan alone.

Market research by Chronos indicated a peak sales projection for its orexin 1 receptor antagonist of over US$1bn pa in the treatment of BED but it is also anticipated to have potential wider applicability in the treatment of addictive disorders, anxiety, impulse control disorders and post-traumatic stress disorder (PTSD).

TheraCryf recently signed a Master Services Agreement with Pharmaron, a leading CRO/CDMO, as its pre-clinical development partner. Pharmaron will produce the kilogramme quantities of Ox-1 required to complete pre-clinical studies leading to Investigation New Drug Application (IND)/Clinical Trial Application (CTA) during 2025. The second part of the completion of pre-clinical development will be to conduct two toxicology studies, each lasting 28 days to confirm the benign toxicology profile already evidenced in prior experiments lasting seven days at high doses.

Summary financial statements

March year end, £k	FY23A	FY24A	FY25A	FY26E	FY27E
Profit & loss					
Revenue	442	396	0	0	0
Operating expenses	(5,389)	(3,825)	(2,007)	(2,934)	(2,934)
Share based compensation	(157)	(137)	(117)	(150)	(150)
Total operating expenses	**(5,546)**	**(3,962)**	**(2,124)**	**(3,084)**	**(3,084)**
Operating loss	**(5,104)**	**(3,566)**	**(2,124)**	**(3,084)**	**(3,084)**
Finance income	98	0	39	0	0
Pre-tax loss	**(5,006)**	**(3,566)**	**(2,085)**	**(3,084)**	**(3,084)**
Taxation	963	429	144	524	524
Attributable loss	**(4,043)**	**(3,137)**	**(1,941)**	**(2,560)**	**(2,560)**
Basic loss per share	(1.47p)	(1.14p)	(0.36p)	(0.12p)	(0.12p)
Diluted loss per share	(1.47p)	(1.14p)	(0.36p)	(0.12p)	(0.12p)
Cash flow					
Pre-tax loss	(5,006)	(3,566)	(2,085)	(3,084)	(3,084)
Interest (income)/expense	(98)	0	(5)	0	0
Depreciation & amortisation	13	12	69	72	72
Share based compensation	157	137	117	150	150
Operating cash flow before working capital	**(4,934)**	**(3,417)**	**(1,904)**	**(2,862)**	**(2,862)**
Delta working capital	**332**	**(492)**	**(493)**	**0**	**0**
Cash used in operations	**(4,602)**	**(3,909)**	**(2,397)**	**(2,862)**	**(2,862)**
Taxation received	475	913	30	600	700
Net cash used in operations	**(4,127)**	**(2,996)**	**(2,367)**	**(2,262)**	**(2,162)**
Monies (to)/from short term investments	4,520	0	(2,005)	0	0
Interest income	98	0	5	0	0
Acquisition of tangible assets	(1)	0	0	(2)	(2)
Purchase of subsidiary, net of cash acquired	0	0	(75)	0	0
Net cash (used in)/generated from investing	**4,617**	**0**	**(2,075)**	**(2)**	**(2)**
Net equity issuance	0	0	4,547	0	0
Net cash generated from financing	**0**	**0**	**4,547**	**0**	**0**
Implied delta net debt*	**4,030**	**2,996**	**(2,110)**	**2,264**	**2,164**
Summary balance sheet					
Total non-current assets	46	34	2,460	2.390	2,320
Net assets	5,341	2,341	5,969	3,559	1,150
Total equity	5,341	2,341	5,969	3,559	1,150
Net debt/(cash) (IAS 17)*	**(5,000)**	**(2,004)**	**(4,114)**	**(1,850)**	**314**
Net debt/(cash) (IFRS 16)*	**(5,000)**	**(2,004)**	**(4,114)**	**(1,850)**	**314**

*Source: TheraCryf, CAG Research. *Fixed term deposits and short-term investments treated as cash.*

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