TheraCryf

Orexin M&A demonstrates industry appetite

13 April 2026

Price
0.2p

TICKER
TCF

Market Cap
£4.2m

Net cash (30 Sep 2025)
£3.5m

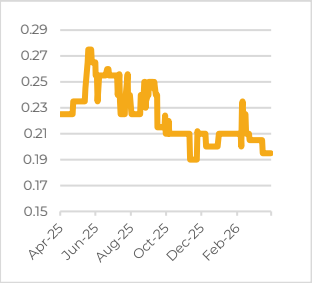
Free Float
59%

3mo Av. Daily Volume
3.5m

Broker
Singer
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 priority to its Ox-1 programme. The company is financed through end 2026.

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

Lilly has recently announced the agreed acquisition of Centessa Pharmaceuticals in order to acquire its orexin system drug portfolio in a blockbuster deal worth up to US$7.8bn. This transaction confirms big pharma interest in drug treatments for the Central Nervous System (CNS) in general and the increasing interest in drugs targeting the orexin system specifically. TheraCryf's Orexin-1 blocker (Ox-1) is its lead asset with class leading selectivity targeting the US$42bn addiction market and is on track to complete the data set to enable a move into in human clinical trials by the end of this year. Against that backdrop, TheraCryf's valuation is nugatory given typical pre-clinical deal value upfront payments c5x the company's current market capitalisation rising to c9x at clinical readiness.

At the end of March, Lilly agreed to acquire Centessa for US$6.3bn in up-front cash, a 40.5% premium to the 30-day VWAP, together with milestone payments of up to US$1.5bn for a total of US$7.8bn. Centessa is advancing a pipeline of orexin receptor 2 agonists including its lead investigational candidate, cleminorexton for the treatment of narcolepsy which is completing Phase 2a clinical studies.

Besides the obvious scale of the transaction, Lilly noted that "orexin receptor biology represents one of the most compelling mechanistic opportunities in neuroscience" underscoring the emerging ability to target the orexin system as a key area of interest for drug treatment.

While TheraCryf's Ox-1 molecule is targeting blocking of the orexin-1 system in the brain, associated with the regulation of aberrant reward, rather than the sleep/wakefulness regulated by the orexin-2 system, where a stimulator of that receptor drives efficacy in narcolepsy, nevertheless the Lilly/Centessa transaction is directly relevant as a potential value indicator given the far larger market for the treatment of addiction and the target orexin system.

The 28-day toxicology study of TheraCryf's Ox-1 asset is now underway and is the last major preclinical study prior to submission for regulatory approval for in human clinical trials with the company on track to achieve clinical trial readiness by the end of this year and for which it is fully funded.

Relevant licensing transactions between biotech and pharma for CNS disease assets indicates typical deal cash upfront payments of US$26m at the pre-clinical stage and US$49m at Phase 1 readiness with equivalent total deal values, excluding royalties, of US$409m and US$571m respectively. The cash upfronts alone currently represent c5x of TheraCryf's current market capitalisation rising to c9x at clinical readiness against a market background in which big pharma is demonstrably willing to risk billions of dollars.

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)
FY25A	0	(2,124)	(1,941)	(0.36)	(4,114)
FY26E	0	(3,084)	(2,477)	(0.12)	(1,750)
FY27E	0	(3,084)	(2,535)	(0.12)	334

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

Orexin programme

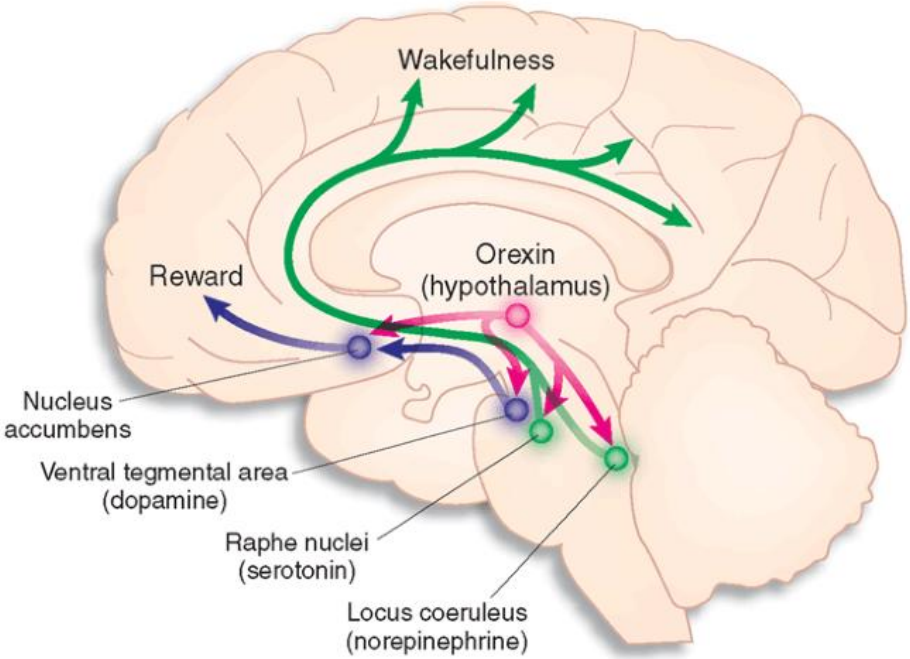
TheraCryf's orexin programme targets addictive disorders and anxiety. The lead pre-clinical candidate in the programme is an orexin 1 receptor antagonist (Ox-1) which is initially targeted at the treatment of Binge Eating Disorder, a condition more common than anorexia and bulimia combined. Pre-clinical proof of concept for the Ox-1 molecule had already been demonstrated in an *in-vivo* model prior to the current phase of drug development. Results to date from the current programme continue to confirm high tolerability while the molecule is believed to be the most selective orexin-1 blocker under development.

Ox-1 is TheraCryf's lead clinical candidate and is an orexin 1 receptor antagonist whose target is addictive disorders. Prior research indicates a potential annual market value in excess of US$1bn pa while the overall addiction market was worth an estimated US$42bn in 2025, growing at 8% pa.

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 1). The Ox-1 receptor binds differentially to Orexin-A.

Figure 1: 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. TheraCryf's Ox-1 molecule had already demonstrated positive pre-clinical proof of concept for the compound in an *in vivo* rodent model of binge eating, prior to its current programme of development.

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 indicated a peak sales projection for Ox-1 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.

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	100	30
Pre-tax loss	**(5,006)**	**(3,566)**	**(2,085)**	**(2,984)**	**(3,054)**
Taxation	963	429	144	507	519
Attributable loss	**(4,043)**	**(3,137)**	**(1,941)**	**(2,477)**	**(2,535)**
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)	(2,984)	(3,054)
Interest (income)/expense	(98)	0	(5)	(100)	(30)
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	400	750
Net cash used in operations	**(4,127)**	**(2,996)**	**(2,367)**	**(2,462)**	**(2,112)**
Monies (to)/from short term investments	4,520	0	(2,005)	0	0
Interest income	98	0	5	100	30
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)**	**98**	**28**
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)**	**2,364**	**2,084**
Summary balance sheet					
Total non-current assets	46	34	2,460	2.390	2,320
Net assets	5,341	2,341	5,969	3,642	1,257
Total equity	5,341	2,341	5,969	3,642	1,257
Net debt/(cash) (IAS 17)	**(5,000)**	**(2,004)**	**(4,114)**	**(1,750)**	**334**
Net debt/(cash) (IFRS 16)	**(5,000)**	**(2,004)**	**(4,114)**	**(1,750)**	**334**

Source: TheraCryf, CAG Research.

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