BIOTECH

BIOPHYTIS

BUY

TARGET PRICE : 1€ +34%

CLINICAL RESULTS

COVA, THE PARTY'S NOT OVER, ROUND 2!

BIOPHYTIS reported interim results yesterday for its Ph II/III COVA trial designed to evaluate the therapeutic potential of its flagship drug candidate, BIO101, to treat Covid-19 patients suffering from respiratory distress. Based on the data available to date, the DSMB recommended that the study be extended to at least double the size of the final cohort. Evaluation of the 155 first patients did not produce a statistically significant efficacy signal, though the DSMB did not say the trial should be stopped for futility. The final results obtained with the full patient cohort are now expected to be released in Q2 22.

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No positive or negative signals to justify stopping the trial prematurely…

After its meeting of September 10 2021, the DMC (Data Monitoring Committee) recommended that the Ph II/III COVA trial continue and that part 2 be continued with no protocol amendment. The second interim analysis, based on 155 hospitalized patients, showed no futility and efficacy was in the "promising zone" as defined by Mehta and Pocock in 2011. BIO101 thus remains a potential drug candidate to treat acute respiratory failure associated with Covid-19. The data evaluated by the DMC did not lead it to stop the trial for futility (a futility analysis is designed to stop a study if it can be established with a reasonable degree of certainty that it will not achieve its objectives), but nor did it conclude that the trial should be stopped because of the statistically significant efficacy demonstrated. It should be recalled that the primary endpoint of the study is the proportion of patients with "negative events" including all cause mortality and respiratory failure defined as requiring mechanical ventilation or extracorporeal oxygenation.

… leading the DSMB to recommend the expansion of the study and the continuation of part 2

This clinical trial was designed to follow one of two possible paths depending on the efficacy signals obtained at an interim stage:

- Part 1: Evaluate efficacy and tolerability in 155 patients with 2 possible scenarios:
  1. Efficacy is demonstrated with statistical significance and a good tolerability profile → the trial is stopped and the positive results suffice to begin the regulatory process to seek a conditional marketing approval in the very near term before securing final authorization within the normal timeframe,
  2. No signal is observed, or statistical power is not sufficient to formally establish the drug's therapeutic benefit vs. placebo, but tolerability is good, allowing part 2 to continue.
- Part 2: Recruitment of 155 or up to 310 additional patients to double or even triple the total number and evaluate efficacy on a larger cohort, increasing the chances of statistical power to yield an efficacy signal. As of today, 200 patients have been enrolled and 15 additional sites are slated to open in the US, Brazil, France, the UK and Belgium in order to accelerate patient recruitment. A total of 35

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

in € / share	2021e	2022e	2023e
Adjusted EPS	-0.01	-0.07	0.13
chg.	n.s.	n.s.	n.s.
est./consensus	n.s.	n.s.	n.s.

at 31/12	2021e	2022e	2023e
PE	n.a.	n.a.	5.7x
EV/Sales	6.7x	n.a.	2.6x
EV/Adjusted EBITDA	55.4x	n.a.	4.2x
EV/Adjusted EBITA	55.4x	n.a.	4.2x
FCF yield*	n.a.	n.a.	2.59%
Div. yield (5b)	n.a.	n.a.	n.a.

* After lease repayments

key points	
Closing share price 17/09/2021	0.7
Number of shares (m)	122.1
Market cap. (€m)	9
Free float (€m)	69
ISIN	FR0012616025
Ticker	ALDPS-FR
GICS Sector	Health Technology

	1m	3m	Ytd
Absolute perf.	+0.0%	-15.5%	-16.2%
Relative perf.	+2.4%	-15.5%	-10.7%

Source : Factset, Invest Securities estimates

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clinical centers are already open, and with the network expanding to 50, management estimates that it may be able to deliver the first results from the study in Q1 22, depending on the pandemic.

News flow could create value in the near term

Full results for the Ph II/III COVA study are now expected in Q1 22, if the Covid-19 situation improves. As for the Ph II SARA-INT study in sarcopenia, the full results, including an analysis of secondary endpoints and biomarkers and an analysis of subpopulations, should be presented during a dedicated seminar within the coming days, at the tail end of Q3 21:

- End-September 2021: Presentation of final results of the SARA-INT study to the ICFSR,
- Q1 22: Full results of the COVA study + submission of MAA to the FDA and EMA,
- H1 22: Under a favorable scenario, commercial launch of BIO101 to treat Covid-19.

Advanced preparations for a possible marketing authorization for Covid-19 in 2022

In anticipation of a favorable scenario in which the results in Covid-19 prove conclusive and at least one of the regulatory agencies asked to authorize the marketing of BIO101 (EMA and FDA) gives a green light, BIOPHYTIS moved to secure a production deal in H1 2021. It signed several contracts with a top-tier CDMO (Custom Development and Manufacturing Organization) to produce registration batches of BIO101. These contracts were signed with an eye to a possible application for an EUA (Emergency Use Authorization) from the FDA and/or a CMA (Conditional Market Approval) from the EMA in H1 2022 based on the company's forecasts and recently updated clinical timeline.

A comfortable financial situation as of today

BIOPHYTIS ended 2020 with cash of €18.8m, and its debut on the Nasdaq in February of 2021 allowed it to raise $20.1m gross (for net proceeds of $16.35m, or €13.5m). In June 2021, it announced up to €32m of possible new financing with Atlas in the form of ORNANE bonds (bonds redeemable in cash and/or new and existing shares). This financing instrument allows for the issuance of 1,280 ORNANE bonds subject to the drawing of the 8th and final tranche of the previous contract entered into with Atlas in 2020 (eight tranches totaling €24m to be drawn over a period of three years). At the time, BIOPHYTIS had activated five €3m tranches from the first contract with Atlas, leaving €9m that could still be drawn, in addition to the €32m potentially available under the second contract signed in June. Under the new agreement, BIOPHYTIS will have the possibility (but not the obligation) to draw up to €32m in eight successive tranches of €4m each over the next three years. BIOPHYTIS also indicated in June of 2021 that it had drawn two tranches on the first Atlas bond for a total of €6m. The significant new cash raised will be used primarily to:

(i) Source starting materials for the registration batches and commercial batches of BIO101 – subject to positive results for the COVA study,
(i') Scale up industrialization activities,
(i'') Launch the Expanded Access COVA program if the pivotal study underway is a success.

Rating and TP reiterated

No change to our estimates for now, as we wait for the final results of the sarcopenia trial to be published at the International Conference on Frailty and Sarcopenia Research (ICFSR), which will be held from September 29 to October 2 2021, and for the full results of the Covid-19 trial that are now expected to be available early in 2022. In the meantime, we remain BUYERS of the stock with a TP of €1.

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FINANCIAL DATA

Share information	2016	2017	2018	2019	2020	2021e	2022e	2023e
Published EPS (€)	-1.26	-2.05	-1.04	-1.05	-2.26	-0.01	-2.07	0.13
Adjusted EPS (€)	-1.26	-0,95	-1.04	-1.05	-0,26	-0,01	-0,07	0.13
Diff. I.S. vs Consensus	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
Dividend	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.

Valuation ratios	2016	2017	2018	2019	2020	2021e	2022e	2023e
P/E	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	5.7x
EV/Sales	n.a.	n.a.	n.a.	n.a.	n.a.	8,67x	n.a.	2.64x
EV/Adjusted EBITDA	n.a.	n.a.	n.a.	n.a.	n.a.	55,4x	n.a.	4.2x
EV/Adjusted EBITA	n.a.	n.a.	n.a.	n.a.	n.a.	55,4x	n.a.	4.2x
Op. FCF bef. WCR yield	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	2.59%
Op. FCF yield	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	3.09%
Div. yield (%)	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

NB : valuation based on actual dividend paid for past exercise

Entreprise Value (€m)	2016	2017	2018	2019	2020	2021e	2022e	2023e
Share price in €	4.6	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Market cap.	30	10	10	12	45	90	90	90
Net Debt	-2	-19	-6	9	3	-5	16	12
Minorities	0	0	0	0	0	0	0	0
Provisions/ Pension	0	0	0	0	0	0	0	0
+/- Adjustments	0	0	0	0	0	0	0	0
Entreprise Value (EV)	28	-9	3	21	48	85	106	102

Income statement (€m)	2016	2017	2018	2019	2020	2021e	2022e	2023e
Sales	0	0	0	0	0	10	0	36
chg.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	-100.0%	n.s.
Adjusted EBITDA	-9	-10	-14	-16	-14	1	-9	25
adjusted EBITA	-9	-10	-14	-16	-14	1	-9	25
chg.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
EBIT	-9	-10	-14	-16	-14	1	-9	25
Financial result	0	-2	0	-2	-1	0	0	0
Corp. tax	0	0	0	0	0	-2	0	-9
Minorities/affiliates	0	0	0	0	0	0	0	0
Net attributable profit	-9	-1	-14	-18	-17	-1	-9	16
Adjusted net att. profit	-9.0	-11,4	-14,0	-17,9	-17,1	-0,9	-9.1	15,7
chg.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.

Cash flow statement (€m)	2016	2017	2018	2019	2020	2021e	2022e	2023e
EBITDA	-9	-10	-14	-16	-14	1	-9	25
Theoretical Tax / EBITA	0	0	0	0	0	-2	0	-9
Capex	0	0	0	0	-13	-13	-13	-13
Operating FCF bef. WCR	-9	-10	-14	-16	-27	-14	-21	3
Change in WCR	0	0	1	0	3	9	0	0
Operating FCF	-9	-10	-13	-16	-24	-5	-21	3
Acquisitions/d sposals	0	0	0	0	0	0	0	0
Capital increase/decrease	0	22	0	0	23	12	0	0
Dividends paid	0	0	0	0	0	0	0	0
Other adjustments	0	-2	0	-2	-1	0	0	0
Published Cash-Flow	-9	10	-13	-18	-3	8	-21	3

Balance Sheet (€m)	2016	2017	2018	2019	2020	2021e	2022e	2023e
Assets	2.5	2.5	2.5	3.0	3.2	15,6	20.1	40,5
Intangible assets/GW	2.2	2.0	1.9	2.4	2.7	15,1	27.5	40,0
WCR	0.1	-0.1	-1.5	-1.4	7.1	-2.2	-2.2	-2.7
Group equity (excl.)	4.5	21,2	7,0	-7,5	5.0	10.1	10,0	25,7
Minority shareholders	0	0	0	0	0	0	0	0
Provisions	0.0	0.1	0.2	0.1	0.2	0.2	0.2	0.2
Net financial debt	-2.0	-18,8	-6.2	8,9	3,2	-4.9	15,6	11,9

Financial ratios	2016	2017	2018	2019	2020	2021e	2022e	2023e
EBITDA margin	n.a.	n.a.	n.a.	n.a.	n.a.	12,34%	n.a.	52,56%
EBITA margin	n.a.	n.a.	n.a.	n.a.	n.a.	12,34%	n.a.	52,56%
Adjusted Net Profit/Sales	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	40,70%
ROCE	n.a.	n.a.	n.a.	n.a.	n.a.	9.79%	n.a.	54,09%
ROE adjusted	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	51.74%
Gearing	n.a.	n.a.	n.a.	n.a.	47,50%	n.a.	155.09%	46,4%
ND/EBITDA (x)	n.a.	n.a.	n.a.	n.a.	n.a.	-3.0x	n.a.	0.5x

Source : données sociétés, estimations Invest Securities

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INVESTMENT CASE

The Biophytis platform is derived from natural molecules to which the body is already naturally exposed through food (phytonutrients), and which therefore in principle offer a favorable pharmacological profile. The company targets age-related diseases, notably those involving degeneration of the muscle or retina. Its leading drug candidate aims to improve mobility in elderly sarcopenia patients. Sarconeos (BIO101) launched a Ph IIb study in 2017 on 300 patients, paving the way for a possible transfer of the drug, depending on the strategy the company adopts. Biophytis has since launched other programs to evaluate BIO101 for a variety of indications including Covid-19 and Duchenne Muscular Dystrophy, to determine its "myotonic" potential.

SWOT ANALYSIS

STRENGTHS

- Drug candidate for treating Covid-19
- Natural molecules with a favorable pharmacological profile
- One of the most advanced sarcopenia drugs in development

WEAKNESSES

- Pipeline not very diversified
- Very dilutive financing mode
- Significant share price volatility

OPPORTUNITIES

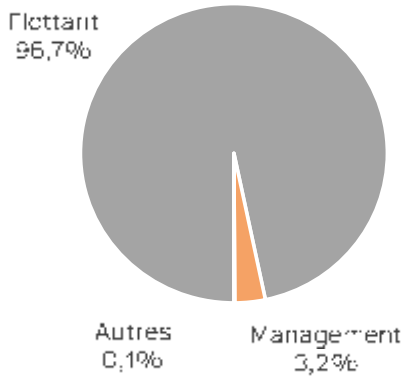
- Potential partnerships
- Long-term catalysts: aging population with conditions associated with considerable medical needs
- Growing disease awareness in the public and in the industry

THREATS

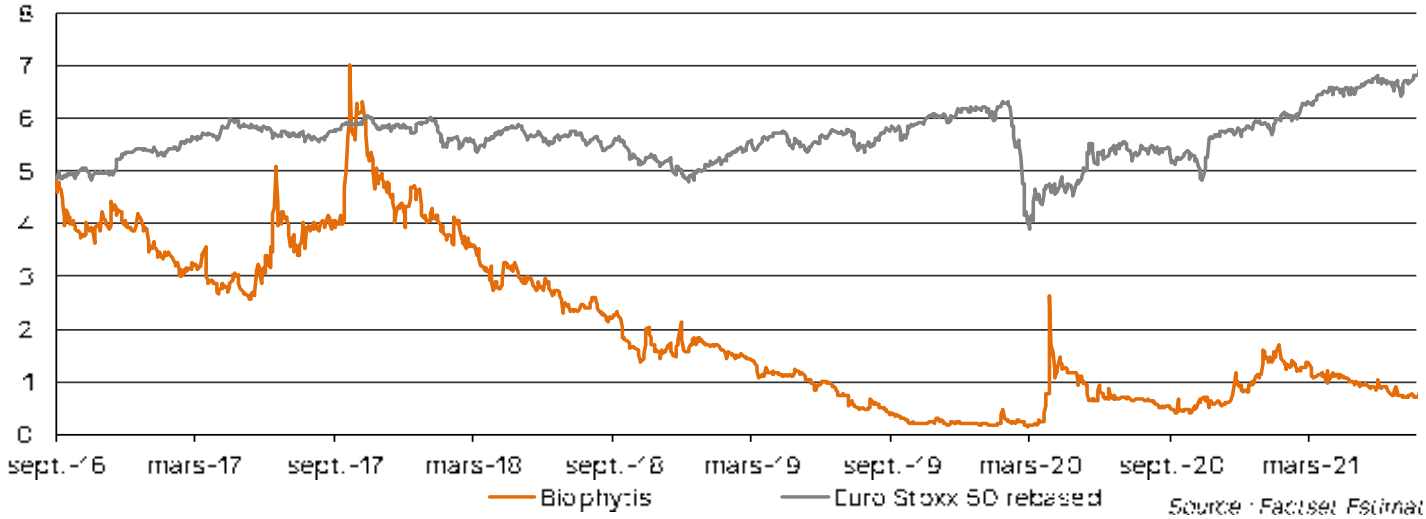
- Clinical failure of programs in development
- Quality issues at suppliers' production facilities
- Emergence of new competitors

ADDITIONAL INFORMATION

Shareholders



ÉVOLUTION DU COURS DEPUIS 5 ANS



Source : Factset, Estimates

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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.

Ratings assigned by the Invest Securities analysis office are defined as follows:

- BUY: Upside potential of more than 10% (the minimum upside required may be revised upward depending on the company's risk profile)
- NEUTRAL: Between -10% downside and +10% upside potential (the maximum required may be revised upward depending on the company's risk profile)
- 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

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12-MONTH HISTORY OF OPINION

The table below reflects the history of price recommendation and target changes made by the financial analysis office of Invest Securities over the past 12 months.

Company Name	Main Author	Release Date	Rating	Target Price	Potential

DETECTION OF CONFLICTS OF INTEREST

	Biophytis
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
Invest Securities has signed a liquidity contract with the issuer.	No
Invest Securities and the issuer have signed a research service agreement.	No
Invest Securities and the issuer have signed a Listing Sponsor agreement.	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
This document was sent to the issuer prior to its publication. This rereading did not lead the analyst to modify the valuation.	No
This document was sent to the issuer for review prior to its publication. This rereading led the analyst to modify the valuation.	No
The financial analyst has an interest in the capital of the issuer.	No
The financial analyst acquired equity securities of the issuer prior to the public offering transaction.	No
The financial analyst receives remuneration directly linked to the transaction or to an investment service provided by Invest Securities.	No
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.	No
Invest Securities or the All Invest group owns or controls 5% or more of the share capital issued by the issuer.	No
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.	No
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.	No
The issuer owns or controls 5% or more of the capital of Invest Securities or the All Invest group.	No

Invest Securities's conflict of interest management policy is available on the Invest Securities website in the Regulation section. A list of all recommendations released over 12 months as well as the quarterly publication of "BUY, SELL, NEUTRAL, OTHERS" over 12 months, are available on the Invest Securities research platform.

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