

BUY

TARGET PRICE : 1€  +39%

## H1 EARNINGS

### NET LOSS WIDER BUT CASH RUNWAY STILL COMFORTABLE

The H1 2021 results BIOPHYTIS reported last Friday were in line with our estimates on the whole. An acceleration of operating costs across the board, with no operating income to offset them, caused the net loss to widen. The bottom line was notably impacted by a one-off financial charge related to a judgment by the Paris commercial court against BIOPHYTIS in its dispute with NEGMA. The company's financial situation nonetheless remains comfortable, knowing that it has additional levers it can activate to secure close to €35m in additional funding in the near term.

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#### Earnings impacted by the legal dispute with NEGMA

BIOPHYTIS reported a net loss of €15.9m in H1 21 (our estimate was for -€13.4m) compared with a €9.5m loss a year earlier. This 67% increase was caused by an expected rise in operating expenses, but also a rise in net financial expenses after a Paris court ruled in favor of NEGMA in its legal dispute with BIOPHYTIS.

- Operating income: Since the company has no commercial activity or active co-development partnerships that could generate milestone payments, it did not record any income in H1 21,
- R&D expenses: €7.6m in H1 21 (our estimate was for €7.8m, which would have been a 50% increase fueled by the ramp-up of clinical activities since COVA), up from €5.2m in H1 20, for an increase of €2.4m (+46%), driven primarily by progress with the Ph II/III COVA program and activities associated with the completion of the SARA-INT program,
- G&A expenses: €2.9m in H1 21 (our estimate was for €3.06m, a 33% increase due to recent hiring, the Nasdaq IPO and preparations for the possible commercialization of BIO101 to treat Covid-19 in the near term) vs. €2.3m in H1 20, for a €0.6m increase (+26%) reflecting the Nasdaq listing,
- Net financial loss: €5.4m in H1 21 (vs. IS est. of €3.5m), up from €2.0m in H1 20, reflecting the financial costs resulting from the judgment handed down against BIOPHYTIS by the Paris court in its legal dispute with NEGMA on July 16 2021.

#### Visibility on finances good for 12 months, additional funding available for 12-18 months after that

As of June 30 2021, BIOPHYTIS had cash and cash equivalents of €23m (vs. €24.9m in our model: €13.5m from the Nasdaq IPO, €1m Deeptech subsidy and €6m from convertible bonds), up from €18.8m at December 31 2020 and €12.2m at June 30 2020. Without the one-off charge resulting from the NEGMA dispute, net cash burn in H1 21 was close to €12.5m. Based on this rate, visibility on financing is good for the next 12 months or so, bearing in mind that the company also has the equivalent of €35m of additional funding it could potentially activate in the form of convertible bonds (€3m) and ORNANE bonds (€32m). These instruments are clearly dilutive but could extend the company's cash runway by 12 to 18 months depending on how quickly spending accelerates, notably for the COVA program (potential marketing authorization application for BIO101), but also as the other, less mature programs gather momentum, notably in Duchenne Muscular Dystrophy.

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

in €/share	2021e	2022e	2023e
Adjusted EPS	-0.01	-0.07	0.13
EPS	n.s.	n.s.	n.s.
#Shares (mln)	n.s.	n.s.	n.s.
Jun 30 21	2021e	2022e	2023e
PE	< 1x	< 1x	5.5x
EV/Sales	8.0x	< 1x	2.6x
EV/Adjusted EBITDA	\$2.9x	< 1x	4.0x
EV/Adjusted EBITA	\$2.9x	< 1x	4.0x
TCF yield*	< 1x	< 1x	2.69%
Div. yield (5y)	< 1x	< 1x	< 1x

\* A Arrêté de l'ARCF before WCF

Key points			
Closing share 17/09/2021	0.7		
Number of Shares (M)	122.1		
Market cap. (€m)	86		
Free Cash (€m)	65		
ISIN	FR0012015025		
Ticker	ALDPS-FR		
IS Sector	Health Technology		
	1m	3m	Ytd
Absolute perf.	+2.19%	-16.96%	-22.07%
Relative perf.	+1.69%	-16.46%	-23.07%

Source : Fortis, Invest Securities estimator

## FINANCIAL DATA

Share information	2016	2017	2018	2019	2020	2021e	2022e	2023e
Published EPS (€)	-1.28	-0.95	-1.04	-1.05	-0.28	-0.01	-0.07	0.13
Adjusted EPS (€)	-1.28	-0.95	-1.04	-1.05	-0.28	-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	∞	∞	∞	∞	∞	∞	∞	5.5x
EV/Sales	∞	∞	∞	∞	∞	8.25x	∞	2.55x
EV/Adjusted EBITDA	∞	∞	∞	∞	∞	52.6x	∞	4.0x
EV/Adjusted EBITA	∞	∞	∞	∞	∞	52.6x	∞	4.0x
Op. TCF bef. WCR yield	∞	∞	∞	∞	∞	∞	∞	2.69%
Op. TCF yield	∞	∞	∞	∞	∞	∞	∞	3.1%
Div. yield (5y)	∞	∞	∞	∞	∞	∞	∞	∞
NB : valuation based on annual average price for past exercise								
Entreprise Value (€m)	2016	2017	2018	2019	2020	2021e	2022e	2023e
Share price in €	4.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Market cap.	30	10	10	12	43	87	87	87
Net Debt	-2	-19	-6	9	3	-5	16	12
Minorities	0	0	0	0	0	0	0	0
Provisions/Reserves	0	0	0	0	0	0	0	0
± Adjustments	0	0	0	0	0	0	0	0
Entreprise Value (EV)	28	-9	3	21	46	82	102	99
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.
COF	-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
Minority affiliates	0	0	0	0	0	0	0	0
Net attributable profit	-9	-11	-14	-16	-17	-1	-9	16
Adjusted net attr. 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/disposals	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	-16	-3	9	-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 capital	4.5	21.2	7.0	-7.3	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	∞	∞	∞	∞	∞	10.3%	∞	50.5%
EBITA margin	∞	∞	∞	∞	∞	10.3%	∞	50.5%
Adjusted Net Profit/Sales	∞	∞	∞	∞	∞	∞	∞	40.7%
ROCE	∞	∞	∞	∞	∞	9.7%	∞	54.0%
ROCE adjusted	∞	∞	∞	∞	∞	∞	∞	51.1%
Gearing	∞	∞	∞	∞	47.5%	∞	155.0%	46.4%
Δ/EBITDA (1/y)	∞	∞	∞	∞	∞	-1.0x	∞	0.5x

Source : données sociales estimations Invest Securities

## 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

### 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

### WEAKNESSES

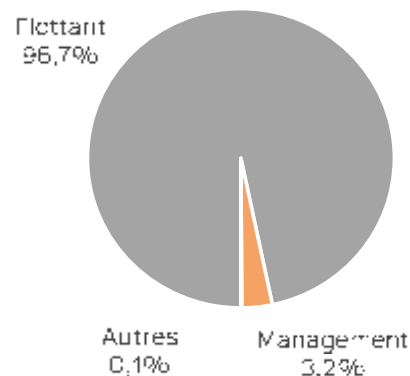
- Pipeline not very diversified
- Very dilutive financing mode
- Significant share price volatility

### THREATS

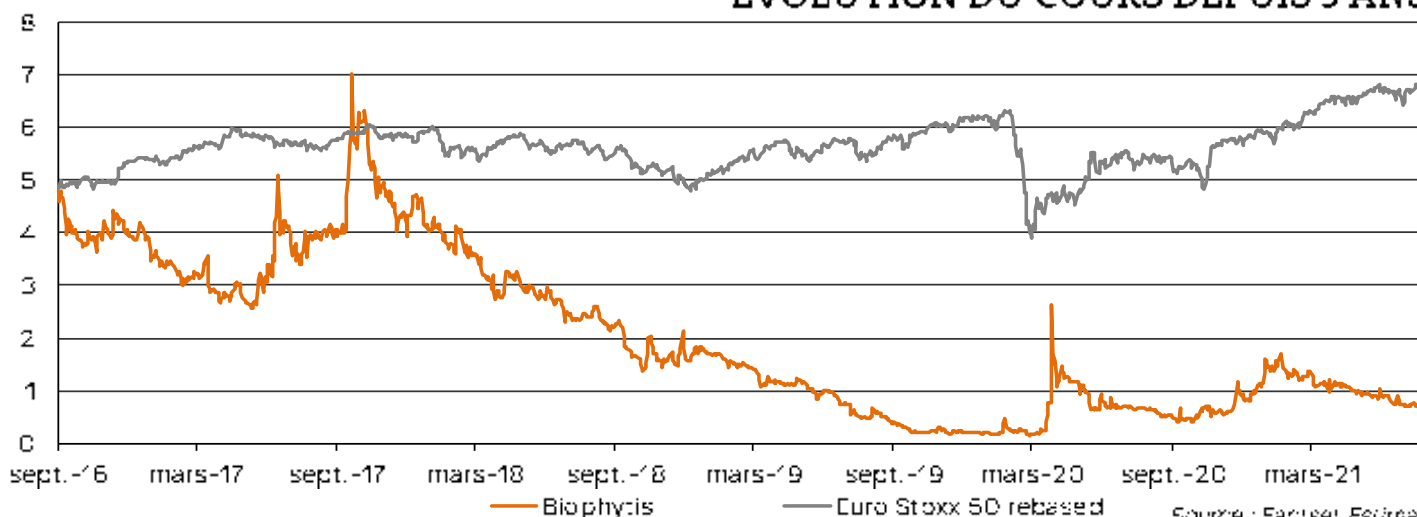
- Clinical failure of programs in development
- Quality issues at suppliers' production facilities
- Emergence of new competitors

## ADDITIONAL INFORMATION

### Shareholders



## ÉVOLUTION DU COURS DEPUIS 5 ANS



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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.)
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- 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-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
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	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

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