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Zacks Small-Cap Research

Sponsored – Impartial - Comprehensive

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EyeGate Pharmaceuticals (EYEG-NASDAQ)

EYEG: Refreshed and moving forward

Our \$15.00 valuation for EYEG is based on a 10-year DCF with terminal market shares of 15-20% in the US, 20% royalties, 10% discount rate, 20% terminal EBIT margin, 25% tax rate and \$6.6 million in net cash.

OUTLOOK

EyeGate Pharmaceuticals is a late-stage clinical company developing better solutions to current treatments in ophthalmic diseases. In the past nine months, the Company has broadened its pipeline to three candidates to address a range of ophthalmic indications including, post-surgical wounds, dry eye disease and retinitis pigmentosa.

Current Price (09/29/21) \$1.83
Valuation \$15.00

SUMMARY DATA

52-Week High \$7.68
52-Week Low \$1.48
One-Year Return (%) -51.15
Beta 1.10
Average Daily Volume (sh) 2,010,040

Shares Outstanding (mil) 13
Market Capitalization (\$mil) \$24
Short Interest Ratio (days) N/A
Institutional Ownership (%) 56
Insider Ownership (%) 58

Annual Cash Dividend \$0.00
Dividend Yield (%) 0.00

5-Yr. Historical Growth Rates

Sales (%) N/A
Earnings Per Share (%) N/A
Dividend (%) N/A

P/E using TTM EPS N/A

P/E using 2021 Estimate -1.5

P/E using 2022 Estimate -2.0

Zacks Rank N/A

Risk Level High,
Type of Stock Small-Value
Industry Med-Drugs
Zacks Rank in Industry N/A

ZACKS ESTIMATES

Revenue

(in millions of \$)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2019	2.7 A	0.0 A	0.0 A	0.0 A	2.7 A
2020	0.0 A	0.0 A	0.0 A	0.0 A	0.0 A
2021	0.0 A	0.0 A			0.0 E
2022					8.3 E

Earnings per share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2019	\$0.15 A	-\$0.60 A	-\$1.15 A	-\$0.76 A	-\$2.23 A
2020	-\$0.43 A	-\$0.38 A	-\$0.44 A	-\$0.52 A	-\$1.77 A
2021	-\$0.37 A	-\$0.35 A	-\$0.39 E	-\$0.36 E	-\$1.47 E
2022					-\$0.94 E

Zacks Projected EPS Growth Rate - Next 5 Years % N/A

COMPANY UPDATE

The past year has been one of much change at EyeGate Pharmaceuticals. The pipeline has expanded from one to three candidates (with multiple possible indications). The Company has raised over \$20 million in funding and added key clinical and management hires. We expect a series of clinical milestones over the next 12-18 months to help refocus attention on an underappreciated company.

In early September, EYEG completed enrollment of 21 patients for its Phase 2 clinical trial to treat dry eye disease with its first-in-class dihydroorotate dehydrogenase (“DHODH”) inhibitor, PP-001. This study follows a Phase 1 safety and dose escalation study in 24 healthy volunteers. The Phase 2 study is expected to report top-line data in Q421.

The FDA changed the designation for EYEG’s Ocular Bandage Gel (OBG) candidate from a medical device to a drug. OBG is in development for ophthalmic wounds either post-surgery, or from injury. OBG may also be of value in treating dry eye. The upside to the regulatory reclassification is that OBG will be eligible for reimbursement under Medicare Part D plans; however, EYEG needs to redesign its clinical trials to meet the new approval criteria. EYEG plans to start a proof-of-concept study in Q421.

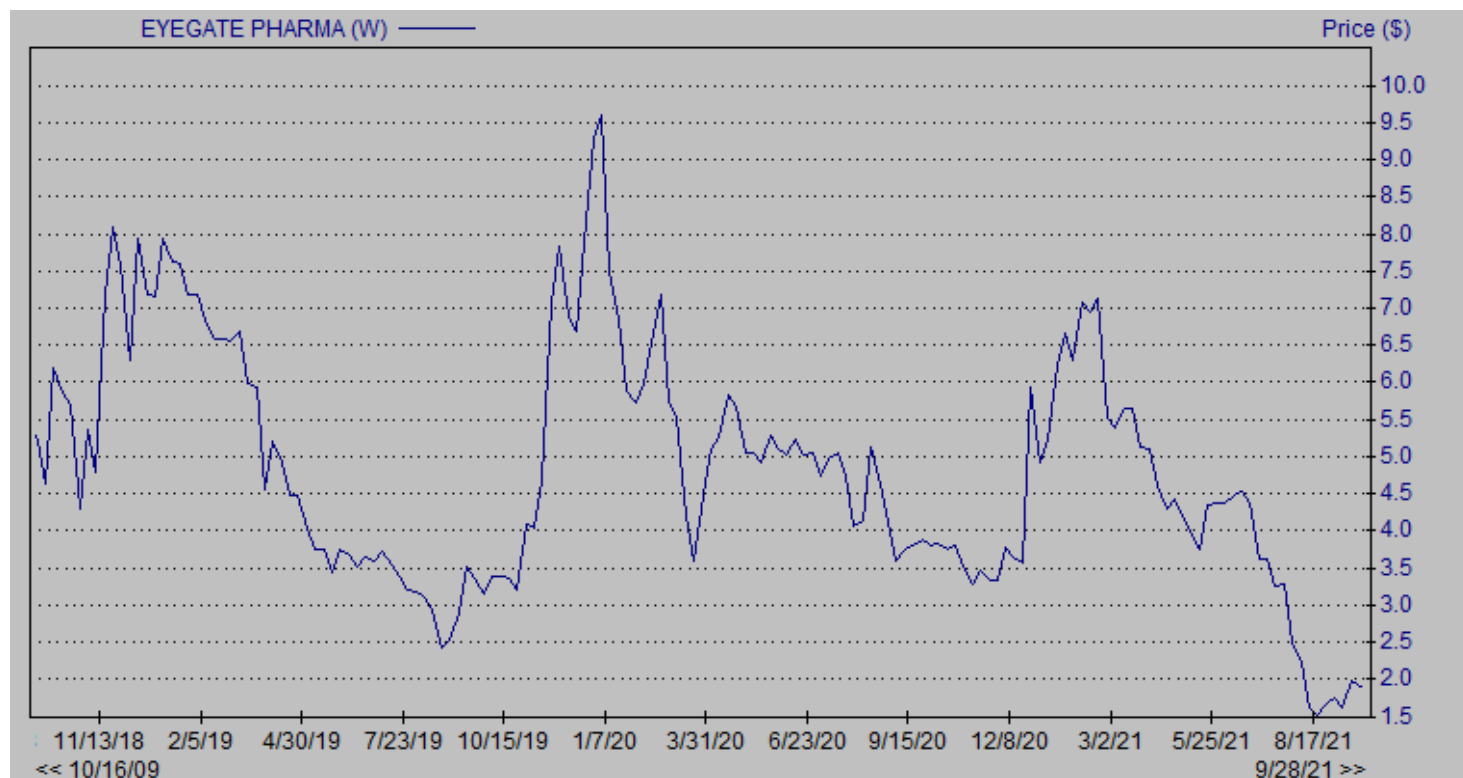
Finally, in July, EYEG signed a letter of intent to acquire Bayon Therapeutics, a private, clinical-stage ophthalmic pharmaceutical company working with light-sensitive molecules as potential treatment for patients with degenerative retinal diseases. In 2Q22, EYEG will have a pre-IND meeting for Bayon’s lead candidate, B-203, and plans to initiate a Phase 1b proof-of-concept study in retinitis pigmentosa.

In August, EyeGate raised \$9.7 million net proceeds in a direct offering of 4.7 million shares at \$2.30 per share. Separately, the Company issued 2.3 million warrants with an exercise price of \$2.24 per share. At June 30, 2021, cash and cash equivalents were \$3.7 million compared to \$1.2 million at the end of December. The increase in cash and cash equivalents was mainly due to net proceeds of \$7.989 million received from the completion of a private placement in January of 2021, partially offset by cash outflows to fund the Company’s operations.

In the second quarter, research and development expenses were \$1.4 million, compared to \$0.6 million in the year-earlier period. The increase was primarily due to the December 2020, Panoptes acquisition, including development costs for PP-001 and personnel related costs, partially offset by a decrease in costs related to OBG.

General and administrative expenses were \$1.3 million for the second quarter, compared to \$1.1 million in 2Q20. The increase was primarily due to increases in professional fees and personnel related costs.

HISTORICAL STOCK PRICE



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