September 28, 2020

Zacks Small-Cap Research

Sponsored – Impartial - Comprehensive

Elizabeth Senko, CFA
312-265-9484
esenko@zacks.com

scr.zacks.com
10 S. Riverside Plaza, Chicago, IL 60606

EyeGate Pharmaceuticals (EYEG-NASDAQ)

Moving towards approval

We are adjusting our valuation target to reflect progress in EYEG's PRK and dry eye pipeline and the announcement of Moxigel for bacterial conjunctivitis. Our valuation goes from $12.00 to $15.00 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 million in net cash.

OUTLOOK

EyeGate Pharmaceuticals is a late-stage clinical company developing better solutions to current treatments for post-surgical eye care and moderate to severe dry eye using OBG, its proprietary cross-linked formulation of sodium hyaluronate (HA). The Company is preparing its IND filing for OBG as an alternative to a bandage contact lens following PRK surgery. EYEG is completing a follow-on pilot study for OBG in punctate epitheliopathies (PE), a condition arising from dry eye and other forms of eye irritation.

Current Price (09/25/20)	$3.80
Valuation	**$15.00**

SUMMARY DATA

52-Week High	**$12.20**
52-Week Low	**$2.91**
One-Year Return (%)	**14.06**
Beta	**1.28**
Average Daily Volume (sh)	**26,268**
Shares Outstanding (mil)	**5**
Market Capitalization ($mil)	**$17**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**42**
Insider Ownership (%)	**57**
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 2020 Estimate	**-2.3**
P/E using 2021 Estimate	**-2.7**
Zacks Rank	**N/A**

Risk Level	**High,**
Type of Stock	**Small-Blend**
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)
2018	1.1 A	0.2 A	0.3 A	0.1 A	1.7 A
2019	2.7 A	0.0 A	0.0 A	0.0 A	2.7 A
2020					0.1 E
2021					8.0 E

Earnings per share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2018	-$2.10 A	-$1.05 A	-$1.05 A	-$0.75 A	-$4.50 A
2019	$0.15 A	-$0.60 A	-$1.15 A	-$0.76 A	-$2.23 A
2020	-$0.43 A	-$0.38 A			-$2.67 E
2021					-$1.36 E

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

COMPANY UPDATE

We are raising our target valuation for EyeGate Pharmaceuticals from $12.00 to $15.00 based on solid progress in its existing pipeline and the introduction of a new candidate for treating bacterial conjunctivitis.

Since early 2019, the Company focused all its efforts on its OBG (Ocular Bandage Gel) platform technology. The Company has completed four clinical trials for OBG, three for PRK and one for PE (punctate epitheliopathies).

EyeGate filed its IDE for OBG in corneal wound repair post photorefractive keratectomy (PRK) surgery in May 2019 and began its pivotal trial in June that year. In November and December, the Company received top-line data showing superiority in its primary endpoint of superiority in wound healing over standard-of-care a bandage contact lens (BCL). In the study, by day 3, 80% of study eyes receiving OBG were completely healed, compared with 67% in the control group.

In June 2020, EYEG received positive feedback from the FDA on its proposed packaging (a unique multi-dose bottle) and asked for several additional tests on the bottle. The Company expects to complete the tests and file a *de novo* application for OBG in PRK by the end of this year, with a decision in mid-2021.

A month later, EYEG received the go-ahead from the FDA for its pivotal study for using OBG in the treatment of punctate epitheliopathies (PEs) in dry eye. The Company expects to enroll patients in the first half of 2021. Top-line data is anticipated in the second half of 2021 and will be part of the *de novo* filing planned for later that year.

Finally, following a meeting with the FDA in August, EYEG announced plans for an IND for OBG in the treatment of bacterial conjunctivitis. The product, Moxigel, combines EYEG's OBG technology with moxifloxacin, an antibiotic. The IND filing requires a short (28-day) toxicity study and the Company expects to file its IND in the first half of 2021. Once the IND is approved, the Company is expected to proceed with two clinical studies, beginning in the second half of 2021.

Based on the Company's positive progress, we are raising our valuation from $12.00 to $15.00 based on a 10-year DCF with terminal market shares of 15-20% in the US for both its PRK and PE products, 20% royalties, 10% discount rate, 20% terminal EBIT margin, 25% tax rate and $6 million in net cash.

HISTORICAL STOCK PRICE

DISCLOSURES

The following disclosures relate to relationships between Zacks Small-Cap Research ("Zacks SCR"), a division of Zacks Investment Research ("ZIR"), and the issuers covered by the Zacks SCR Analysts in the Small-Cap Universe.

ANALYST DISCLOSURES

I, Elizabeth Senko, Senior Analyst, hereby certify that the view expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the recommendations or views expressed in this research report. I believe the information used for the creation of this report has been obtained from sources I considered to be reliable, but I can neither guarantee nor represent the completeness or accuracy of the information herewith. Such information and the opinions expressed are subject to change without notice.

INVESTMENT BANKING AND FEES FOR SERVICES

Zacks SCR does not provide investment banking services nor has it received compensation for investment banking services from the issuers of the securities covered in this report or article.

Zacks SCR has received compensation from the issuer directly, from an investment manager, or from an investor relations consulting firm engaged by the issuer for providing non-investment banking services to this issuer and expects to receive additional compensation for such non-investment banking services provided to this issuer. The non-investment banking services provided to the issuer includes the preparation of this report, investor relations services, investment software, financial database analysis, organization of non-deal road shows, and attendance fees for conferences sponsored or co-sponsored by Zacks SCR. The fees for these services vary on a per-client basis and are subject to the number and types of services contracted. Fees typically range between ten thousand and fifty thousand dollars per annum. Details of fees paid by this issuer are available upon request.

POLICY DISCLOSURES

This report provides an objective valuation of the issuer today and expected valuations of the issuer at various future dates based on applying standard investment valuation methodologies to the revenue and EPS forecasts made by the SCR Analyst of the issuer's business.
SCR Analysts are restricted from holding or trading securities in the issuers that they cover. ZIR and Zacks SCR do not make a market in any security followed by SCR nor do they act as dealers in these securities. Each Zacks SCR Analyst has full discretion over the valuation of the issuer included in this report based on his or her own due diligence. SCR Analysts are paid based on the number of companies they cover. SCR Analyst compensation is not, was not, nor will be, directly or indirectly, related to the specific valuations or views expressed in any report or article.

ADDITIONAL INFORMATION

Additional information is available upon request. Zacks SCR reports and articles are based on data obtained from sources that it believes to be reliable, but are not guaranteed to be accurate nor do they purport to be complete. Because of individual financial or investment objectives and/or financial circumstances, this report or article should not be construed as advice designed to meet the particular investment needs of any investor. Investing involves risk. Any opinions expressed by Zacks SCR Analysts are subject to change without notice. Reports or articles or tweets are not to be construed as an offer or solicitation of an offer to buy or sell the securities herein mentioned.

CANADIAN COVERAGE

This research report is a product of Zacks SCR and prepared by a research analyst who is employed by or is a consultant to Zacks SCR. The research analyst preparing the research report is resident outside of Canada, and is not an associated person of any Canadian registered adviser and/or dealer. Therefore, the analyst is not subject to supervision by a Canadian registered adviser and/or dealer, and is not required to satisfy the regulatory licensing requirements of any Canadian provincial securities regulators, the Investment Industry Regulatory Organization of Canada and is not required to otherwise comply with Canadian rules or regulations.