

BUY

TARGET PRICE : 4,9€  +32%

CLINICAL

CESTO II NOW AN INTERNATIONAL TRIAL

The company announced yesterday, before the market opened, that its CESTO II Phase II/III clinical trial for NFL-101 for smoking cessation had been approved by France's National Agency for the Safety of Medicines and Health Products (ANSM), and received a favorable opinion from the French Ethical Review Board (CPP). These approvals will allow it to begin patient recruitment in France in the near future. It should be recalled that this trial aims to show a significant difference of at least 19% vs. placebo on two primary endpoints: continuous abstinence for four weeks (FDA criterion) and continuous abstinence for six months (EMA). Results are expected in Q2 23. We are standing by our TP of €4.9 and our BUY rating.

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Approval in France makes CESTO II an international trial

The company announced yesterday, before the market opened, that its CESTO II Phase II/III clinical trial for NFL-101 for smoking cessation had been approved by France's ANSM and received a favorable opinion from the country's CPP ethics committee. This paves the way for NFL Biosciences to start recruiting patients in France, initially at the Clinical Investigation Centers (CIC) of Poitiers, Bordeaux and Rennes. CESTO II is thus now an international trial, as it was previously approved in Australia in May 2021. While there are multiple benefits to conducting the study in Australia (recognized expertise, penetration of English-speaking markets, research tax credit of 43.5%, higher than in France), the approval in France further enhances the company's credibility in its home market. With these approvals secured, we expect NFL Biosciences to start recruitment in France in the near future. Having sites in two countries will allow it to reach its enrolment target of 318 patients more quickly.

Rigorous clinical trial design, results expected in Q3 23

CESTO II is an international, multicenter, randomized, double-blind versus placebo trial that will divide 318 patients into three arms: a placebo group; a group receiving 100µg of NFL-101, and a group receiving 200µg of NFL-101 at each injection. Each arm will comprise 106 patients. Unlike in CESTO I, each participant will receive a first subcutaneous injection on a target quit date (D1), a second injection a week later (D8) and, if the participant has not stopped smoking, an optional third and even fourth injection at three and six months. The goal is to demonstrate a significant difference of at least 19% vs. placebo on the two primary endpoints: continuous abstinence for four weeks (FDA criterion) and continuous abstinence for six months (EMA). Trial results are expected in Q3 23 with 50% of patients potentially being enrolled by the end of Q2 22.

No change to our €4.9 target price or BUY rating

We are standing behind our target price of €4.9, which leaves 32% upside potential, and our BUY rating. Our valuation is based on the combined rNPV of NFL-101 in four markets: Europe, the US/Australia, the main APAC countries and India. The model assumes a commercial launch of NFL-101 in Europe/US/Australia/India mid-2026 then in the main APAC countries in 2028. Our TP does not factor in early candidates such as NFL-201 for cannabis addiction or NFL-301 for alcohol addiction.

in € / share	2021e	2022e	2023e
Adjusted EPS	-0,18	-0,53	-1,04
chg.	n.s.	n.s.	n.s.
estimates chg.	+0,0%	+0,0%	+0,0%

au 31/12	2021e	2022e	2023e
PE	n.s.	n.s.	n.s.
EV/Sales	n.s.	n.s.	n.s.
EV/Adjusted EBITD	n.s.	n.s.	n.s.
EV/Adjusted EBITA	n.s.	n.s.	n.s.
FCF yield*	n.s.	n.s.	n.s.
Div. yield (%)	n.s.	n.s.	n.s.

* After tax op. FCF before WCR

key points	
Closing share price	15/09/2021 3,7
Number of Shares (m)	5,2
Market cap. (€m)	17
Free float (€m)	3
ISIN	FR0014003XT0
Ticker	ALNFL-FR
DJ Sector	Health Technology

	1m	3m	Ytd
Absolute perf.	-7,0%	n.d.	n.d.
Relative perf.	-5,4%	n.d.	n.d.

Source : Factset, Invest Securities estimates

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FINANCIALS

Share information	2020	2021e	2022e	2023e	2024e	2025e	2026e	2027e
Published EPS (€)	-0,07	-0,19	-0,56	-1,10	-1,31	-1,94	9,17	8,41
Adjusted EPS (€)	-0,06	-0,18	-0,53	-1,04	-1,24	-1,84	8,70	7,97
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	2020	2021e	2022e	2023e	2024e	2025e	2026e	2027e
P/E	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
EV/Sales	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
EV/Adjusted EBITDA	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
EV/Adjusted EBITA	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
Op. FCF bef. WCR yield	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
Op. FCF yield	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
Div. yield (%)	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.

NB : valuation based on annual average price for past exercise

Entreprise Value (€k)	2020	2021e	2022e	2023e	2024e	2025e	2026e	2027e
Share price in €	n.s.	3,7	3,7	3,7	3,7	3,7	3,7	3,7
Market cap.	n.s.	17 484	17 484	17 484	17 484	17 484	17 484	17 484
Net Debt	27	-4 963	-2 817	1 460	6 570	14 158	-21 673	-53 256
Minorities	0	0	0	0	0	0	0	0
Provisions/ near-debt	0	0	0	0	0	0	0	0
+/- Adjustments	0	0	0	0	0	0	0	0
Entreprise Value (EV)	n.s.	12 520	14 667	18 944	24 053	31 641	-4 189	-35 772

Income statement (€k)	2020	2021e	2022e	2023e	2024e	2025e	2026e	2027e
Sales	0	0	0	0	3 305	0	49 350	48 796
chg.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
Adjusted EBITDA	-276	-767	-2 300	-4 582	-4 825	-8 130	47 959	44 212
adjusted EBITA	-276	-767	-2 300	-4 582	-4 825	-8 130	47 959	44 212
chg.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
EBIT	-313	-805	-2 336	-4 606	-4 841	-8 140	47 933	43 994
Financial result	0	0	0	0	0	0	0	0
Corp. tax	52	51	153	305	-284	542	-11 990	-11 053
Minorities+affiliates	0	0	0	0	0	0	0	0
Net attributable profit	-262	-754	-2 183	-4 300	-5 125	-7 598	35 943	32 941
Adjusted net att. profit	-262	-754	-2 183	-4 300	-5 125	-7 598	35 943	32 941
chg.	-29%	+188%	+190%	+97%	+19%	+48%	-573%	-8%

Cash flow statement (€k)	2020	2021e	2022e	2023e	2024e	2025e	2026e	2027e
EBITDA	-276	-767	-2 300	-4 582	-4 825	-8 130	47 959	44 212
Theoretical Tax / EBITA	0	0	0	0	0	0	-11 990	-11 053
Capex	-32	-32	0	0	0	0	-20	-214
Operating FCF bef. WCR	-308	-799	-2 300	-4 582	-4 825	-8 130	35 949	32 945
Change in WCR	0	0	0	0	0	0	-119	-1 362
Operating FCF	-308	-799	-2 300	-4 582	-4 825	-8 130	35 830	31 583
Acquisitions/disposals	0	0	0	0	0	0	0	0
Capital increase/decrease	0	5 738	0	0	0	0	0	0
Dividends paid	0	0	0	0	0	0	0	0
Other adjustments	52	51	153	305	-284	542	0	0
Published Cash-Flow	-256	4 990	-2 147	-4 277	-5 110	-7 588	35 830	31 583

Balance Sheet (€k)	2020	2021e	2022e	2023e	2024e	2025e	2026e	2027e
Assets	109	103	67	44	28	18	12	8
Intangible assets/GW	109	103	67	44	28	18	12	8
WCR	68	68	68	68	68	68	187	1 549
Group equity capital	150	5 134	2 951	-1 349	-6 474	-14 072	21 871	54 812
Minority shareholders	0	0	0	0	0	0	0	0
Provisions	0	0	0	0	0	0	0	0
Net financial debt	27	-4 963	-2 817	1 460	6 570	14 158	-21 673	-53 256

Financial ratios	2020	2021e	2022e	2023e	2024e	2025e	2026e	2027e
EBITDA margin	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	97%	91%
EBITA margin	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	97%	91%
Adjusted Net Profit/Sales	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	73%	68%
ROCE	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	24106%	2840%
ROE adjusted	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	164%	60%
Gearing	17,9%	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.
ND/EBITDA (in x)	n.s.	n.s.	n.s.	n.s.	n.s.	n.s.	-0,5x	-1,2x

Source : company, Invest Securities Estimates

INVESTMENT CASE

Following the success of the IPO, we initiate with a BUY recommendation and a fully-diluted TP of €4.9/share with an upside of +36%. We appreciate the positioning of NFL BIOSCIENCES in treating addiction—to tobacco, cannabis and alcohol— with three botanical drugs in its pipeline. The preliminary results for its flagship product, NFL-101, confirmed safety and efficacy. The treatment will now start Phase II/III clinical trials with results expected in Q3 2023. As things stand, we expect the product to launch on the market in 2026 at a peak sales of €900m. The €5m capital increase should offer a financial visibility until Q3 23.

SWOT ANALYSIS

STRENGTHS

- Large market with significant unmet medical need
- Innovative plant-based approach to quitting
- Convincing initial clinical trial results

WEAKNESSES

- Clinical development at an early stage
- Mechanism of action requiring clarification
- Administration not suitable for OTC

OPPORTUNITIES

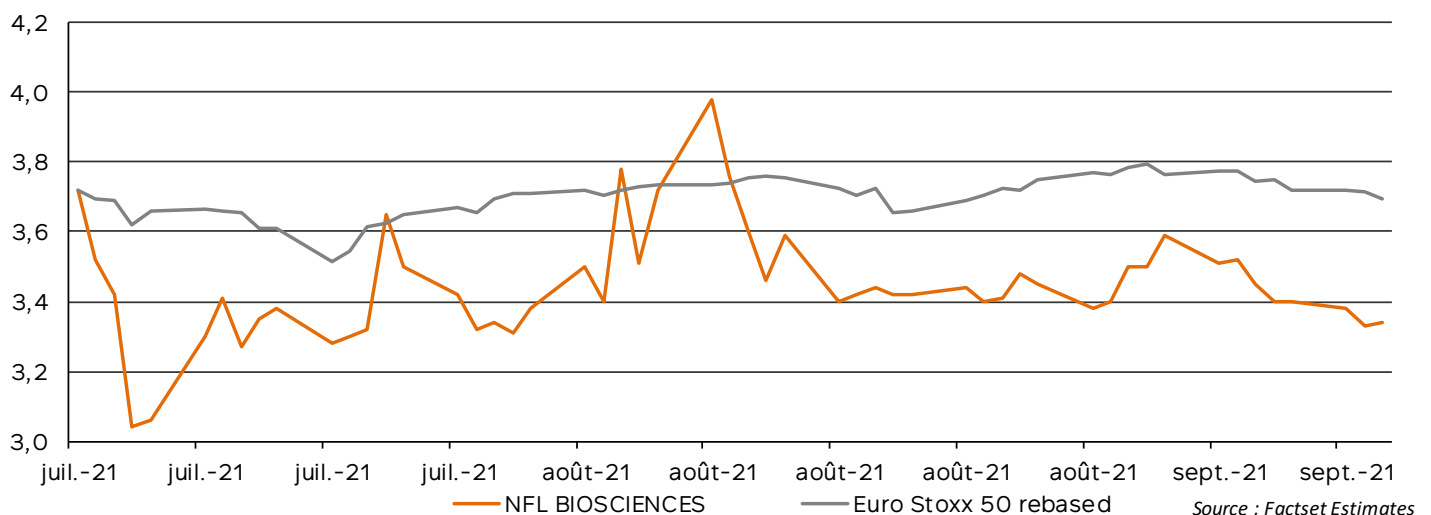
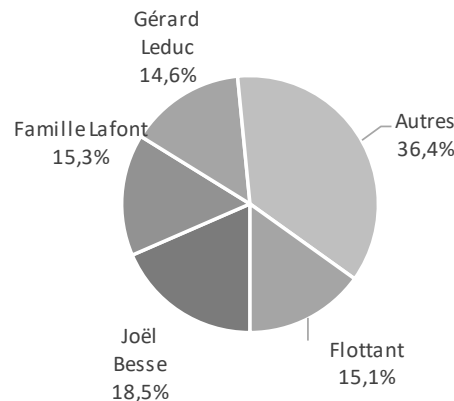
- Licence agreements
- New administration methods
- Expanding the pipeline to other addictions

THREATS

- Clinical failure
- Regulatory and patent risk
- Risk of new entrants

ADDITIONAL INFORMATION

Actionnariat fully-diluted



12-MONTH HISTORY OF OPINION

Le tableau ci-dessous reflète l'historique des changements de recommandation et d'objectif de cours réalisés par le bureau d'analyse financière d'Invest Securities au cours des 12 derniers mois.

Company Name	Main Author	Release Date	Rating	Target Price	Potential
NFL Biosciences	Thibaut Voglimacci	03-sept.-21	ACHAT	4,9	+36%

DETECTION OF CONFLICTS OF INTEREST

	NFL Biosciences
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.	Yes
Invest Securities has signed a liquidity contract with the issuer.	Yes
Invest Securities and the issuer have signed a research service agreement.	Yes
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).	Yes
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

La politique de gestion des conflits d'intérêts d'Invest Securities est accessible sur le site d'Invest Securities dans la rubrique Règlements. Une liste de toutes les recommandations diffusées sur 12 mois ainsi que la publication trimestrielle de la part des « ACHAT, VENTE, NEUTRE, AUTRES » sur 12 mois, sont accessibles sur le site de recherche d'Invest Securities.

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