



# Crossject

Supergenerics / France

## We welcome the securing of the group's financial needs

Financing issue - 02/05/2024

We welcome the launch of a c. €8m capital increase aimed at securing the needs of the group until the Emergency Use Authorization is reached, in the Q125 according to the management. It will give the management some room for manoeuvre as well as calm investor fears in a context where the financing of the development of Zepizure was not clear after September 2024.

### Fact

Crossject has announced a capital increase with preferential subscription rights.

### Analysis

The total number of new shares would reach 4.33m with a €0.1 nominal value, that is a €0.433m capital increase with a €7.56m issue premium. 17 shares will enable investors to buy 2 new shares at a price of €1.848 or a 10% discount to the share price as at 30 April and a 23% discount over the average price over the last 30 days. At the end of the day, the new number of shares would reach 41.1m.

The subscription periods runs from 16 to 30 May 2024, with the subscription rights listed between 14 and 28 May and the final outcome of the capital increase announced on 4 June.

In all, Crossject would raise €8m, mainly to finance the launch of Zepizure in the US (€6m) and the development costs of other NTEs (Hydrocortisone and Epinephrin)

All in all, we like this move since:

- It solves the financing issue, the group having made public that it was only financed until September 2024 which was obviously a major concern for investors.

- Gemmes Venture, the main shareholder of the group with 24.48% is committed to subscribing up to €6m of the capital increase or 75%) and has the right to subscribe to 100% of the offer. This is a clear sign of confidence from this shareholder and can only please the market.

- This financing tool is potentially far less dilutive than the previous one (70 amortizable bonds convertible into new stock with a nominal value of €100,000, for an amount of €7m that could lead to the issuance of 7.8m shares). It also, by definition, does not increase the net debt of the group and does not bearing interest unlike the 7.5% coupon on the bonds.

- It also avoids the group needing to resort to such bonds which investors tend to dislike with a number of examples where share prices have remained under pressure for sometimes a very long period of time.

- It will finance the company's needs until the EUA authorization is granted (in the Q125 according to management), together with the financing already provided by BARDA.



**Fabrice FARIGOULE**  
pharma@alphavalue.eu  
+33 (0) 1 70 61 10 50  
corporate.alphavalue.com

This research has been commissioned and paid for by the company and is deemed to constitute an acceptable minor non-monetary benefit as defined in MiFID II

<b>Buy</b>	<b>Upside: 451%</b>
Target Price (6 months)	€ 11.3
Share Price	€ 2.05
Market Cap. €M	74.9
Price Momentum	<b>NEGATIVE</b>
Extremes 12Months	1.87 ▶ 5.83
Sustainability score	4.3 /10
Credit Risk	BBB →
Bloomberg	ALCJ FP Equity
Reuters	ALCJ.PA

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PERF	1w	1m	3m	12m
Crossject	-3.76%	-34.9%	-60.7%	-39.3%
Pharma	1.24%	1.75%	9.18%	10.8%
STOXX 600	-0.57%	-1.52%	3.97%	8.20%

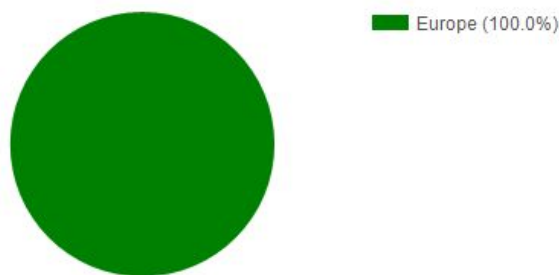
Last updated: 25/07/2023	12/22A	12/23E	12/24E	12/25E
Adjusted P/E (x)	-8.01	-17.5	4.12	1.96
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-16.5	-28.5	3.28	1.87
Adjusted EPS (€)	-0.36	-0.23	0.50	1.05
Growth in EPS (%)	n/a	n/a	n/a	111
Dividend (€)	0.00	0.00	0.00	0.00
Sales (€M)	9.72	14.0	59.0	92.9
EBIT margin (%)	0.00	0.00	78.0	100
Attributable net profit (€M)	-11.2	-8.47	18.4	38.8
ROE (after tax) (%)	798	550	410	112
Gearing (%)	418		173	79.2

[Company Valuation](#) - [Company Financials](#)

## ■ Impact

We welcome this move which allows the group to move forward calmly towards the granting of the EUA (Emergency Use Authorization) in the US planned for the Q125. We will integrate the impact of the capital increase on our forecasts and valuation.

## Sales by Geography



## Consolidated P&L Accounts

		12/22A	12/23E	12/24E
Sales	€M	9.72	14.0	59.0
Change in sales	%	43.5	44.2	321
Change in staff costs	%	16.7	0.00	14.3
EBITDA	€M	-6.93	-5.59	34.5
<b>EBITDA(R) margin</b>	%	<b>-71.3</b>	<b>-39.9</b>	<b>58.5</b>
Depreciation	€M	-6.36	-6.36	-6.36
Underlying operating profit	€M	-13.3	-11.9	28.2
<b>Operating profit (EBIT)</b>	<b>€M</b>	<b>-13.3</b>	<b>-11.9</b>	<b>28.2</b>
Net financial expense	€M	0.11	-0.70	-0.70
of which related to pensions	€M		0.00	0.00
Exceptional items & other	€M	-0.20	0.00	0.00
Corporate tax	€M	2.22	4.17	-9.07
Equity associates	€M			
Minority interests	€M			
<b>Adjusted attributable net profit</b>	<b>€M</b>	<b>-11.2</b>	<b>-8.47</b>	<b>18.4</b>
NOPAT	€M	-9.97	-8.96	21.1

## Cashflow Statement

EBITDA	€M	-6.93	-5.59	34.5
Change in WCR	€M	-2.80	1.11	-46.0
Actual div. received from equity holdi...	€M	0.00	0.00	0.00
Paid taxes	€M	2.22	4.17	-9.07
Exceptional items	€M	0.00	0.00	0.00
Other operating cash flows	€M	2.00	0.00	0.00
Total operating cash flows	€M	-5.50	-0.31	-20.6
Capital expenditure	€M	-6.78	-2.27	-5.38
Total investment flows	€M	-6.78	-2.27	-5.38
Net interest expense	€M	0.11	-0.70	-0.70
Dividends (parent company)	€M			
Dividends to minorities interests	€M	0.00	0.00	0.00
New shareholders' equity	€M	4.09	0.00	0.00
Total financial flows	€M	11.2	-3.34	51.1
Change in cash position	€M	-1.08	-5.92	25.2
<b>Free cash flow (pre div.)</b>	<b>€M</b>	<b>-12.2</b>	<b>-3.27</b>	<b>-26.6</b>

## Per Share Data

No. of shares net of treas. stock (year...	Mio	36.4	36.4	36.4
Number of diluted shares (average)	Mio	31.2	37.0	37.0
<b>Benchmark EPS</b>	<b>€</b>	<b>-0.36</b>	<b>-0.23</b>	<b>0.50</b>
Restated NAV per share	€			
<b>Net dividend per share</b>	<b>€</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

## Valuation Summary

Benchmarks	Value	Weight	Largest comparables
DCF	€ 14.3	40%	● UCB
NAV/SOTP per share	€ 12.5	40%	● Coloplast
P/E	€ 4.10	5%	● Faes Farma
EV/Ebitda	€ 4.10	5%	● bioMerieux
P/Book	€ 3.18	5%	● Hikma Pharmaceuti...
Dividend Yield	€ 0.00	5%	● Ipsen
TARGET PRICE	€ 11.3	100%	● Carl Zeiss Meditec
			● Sartorius

### NAV/SOTP Calculation

## Balance Sheet

		12/22A	12/23E	12/24E
Goodwill	€M	0.00	0.00	0.00
Total intangible	€M	10.7	10.1	9.42
Tangible fixed assets	€M	7.67	5.17	5.78
Financial fixed assets	€M	0.00	0.00	0.00
WCR	€M	1.08	-0.02	46.0
Other assets	€M	1.48	1.22	0.96
Total assets (net of short term liab.)	€M	22.3	17.1	62.8
<b>Ordinary shareholders' equity</b>	<b>€M</b>	<b>2.69</b>	<b>-5.77</b>	<b>14.8</b>
Quasi Equity & Preferred	€M			
Minority interests	€M			
Provisions for pensions	€M		0.00	0.00
Other provisions for risks and liabilities	€M	1.42	1.42	
Total provisions for risks and liabilities	€M	1.42	1.42	0.00
Tax liabilities	€M	0.00	0.00	0.00
Other liabilities	€M	9.30	9.30	9.30
<b>Net debt (cash)</b>	<b>€M</b>	<b>8.86</b>	<b>12.1</b>	<b>38.8</b>
Total liab. and shareholders' equity	€M	22.3	17.1	62.8

## Capital Employed

Capital employed after depreciation	€M	19.4	15.2	61.2
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## Profits & Risks Ratios

<b>ROE (after tax)</b>	%	<b>798</b>	<b>550</b>	<b>410</b>
ROCE	%	-51.3	-58.9	34.5
<b>Gearing (at book value)</b>	%	<b>418</b>		<b>173</b>
Adj. Net debt/EBITDA(R)	x	-1.28	-2.17	1.12
Interest cover (x)	x	121	-17.1	40.3

## Valuation Ratios

<b>Reference P/E (benchmark)</b>	<b>x</b>	<b>-8.01</b>	<b>-17.5</b>	<b>4.12</b>
Free cash flow yield	%	-11.7	-2.24	-35.7
P/Book	x	38.8	-25.3	5.05
<b>Dividend yield</b>	%	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

## EV Calculation

Market cap	€M	104	146	74.5
+ Provisions	€M	1.42	1.42	0.00
+ Unrecognised actuarial losses/(gains)	€M	0.00	0.00	0.00
+ Net debt at year end	€M	8.86	12.1	38.8
+ Leases debt equivalent	€M	0.00	0.00	0.00
- Financial fixed assets (fair value)	€M			
+ Minority interests (fair value)	€M			
= EV	€M	114	159	113
<b>EV/EBITDA(R)</b>	<b>x</b>	<b>-16.5</b>	<b>-28.5</b>	<b>3.28</b>
EV/Sales	x	11.8	11.4	1.92

Analyst : Fabrice Farigoule, Changes to Forecasts : 25/07/2023.