ALPHAVALUE
CORPORATE SERVICES

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Sponsored research
Supergenerics
France

Crossject

Things are getting going...hopefully in FY25

Opinion	**Buy**
Upside (%)	293
Price (€)	1.72
Target Price (€)	6.75
Bloomberg Code	ALCJ FP
Market Cap (€M)	86.0
Enterprise Value (€M)	95.1

Momentum	UNFAVORABLE
Sustainability	3/10
Credit Risk	B

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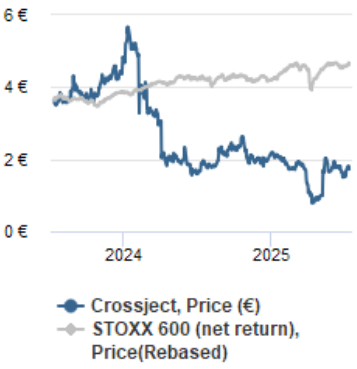


PROS

- A unique product (Zeneo) protected by numerous long patents (>400, up to 2036).
- The addressable market is almost “limitless” thanks to the large number of NTEs the group could consider (over 200 compared to the current 6 under developed).
- The potential upside is huge for Crossject, which is to be considered a start-up company.

CONS

- The group still has no products on the market.
- Crossject’s development has sometimes been slowed by delays in the production/registration processes and the group’s communication is not optimal.

KEY DATA	12/22A	12/23A	12/24E	12/25E	12/26E
Adjusted P/E (x)	**-7.78**	**-17.7**	**-8.63**	**ns**	**8.00**
Dividend yield (%)	*0.00*	*0.00*	*0.00*	*0.00*	*0.00*
EV/EBITDA(R) (x)	-16.1	-31.8	-18.1	11.2	3.45
Adjusted EPS (€)	**-0.36**	**-0.22**	**-0.30**	**0.00**	**0.21**
Growth in EPS (%)	*n/a*	*n/a*	*n/a*	*n/a*	*n/a*
Dividend (€)	0.00	0.00	0.00	0.00	0.00
Sales (€M)	9.72	13.3	13.3	32.2	49.2
EBIT margin (%)	*0.00*	*0.00*	*0.00*	*78.3*	*100*
Attributable net profit (€M)	-11.2	-8.64	-12.8	-0.14	11.8
ROE (after tax) (%)	**798**	**669**	**258**	**-3.91**	**55.1**
Gearing (%)	*420*			*112*	*28.8*

Conflicts of interest

Corporate broking	No
Trading in corporate shares	No
Analyst ownership	No
Advice to corporate	No
Research paid for by corporate	Yes
Corporate access	No
Brokerage activity at AlphaValue	No
Client of AlphaValue Research	No

Crossject (Buy)

Detailed financials at the end of this report

Key Ratios

		12/23A	12/24E	12/25E	12/26E
Adjusted P/E	x	-17.7	-8.63	ns	8.00
EV/EBITDA	x	-31.8	-18.1	11.2	3.45
P/Book	x	-30.3	-24.7	7.30	2.74
Dividend yield	%	0.00	0.00	0.00	0.00
Free Cash Flow Yield	%	-15.2	-7.74	-9.80	0.87
ROE (after tax)	%	669	258	-3.91	55.1
ROCE	%	-45.7	-56.7	7.98	42.6
Net debt/EBITDA	x	-3.37	-2.33	1.11	0.32

Consolidated P&L

		12/23A	12/24E	12/25E	12/26E
Sales	€M	13.3	13.3	32.2	49.2
EBITDA	€M	-5.61	-7.26	8.47	27.4
Underlying operating profit	€M	-11.8	-12.9	2.79	21.7
Operating profit (EBIT)	€M	-11.8	-12.9	2.79	21.7
Net financial expenses	€M	-0.50	-1.43	-3.00	-4.00
Pre-tax profit before exceptional items	€M	-12.3	-14.4	-0.21	17.7
Corporate tax	€M	2.87	2.83	0.07	-5.83
Attributable net profit	€M	-8.64	-12.8	-0.14	11.8
Adjusted attributable net profit	€M	-8.64	-12.8	-0.14	11.8

Cashflow Statement

		12/23A	12/24E	12/25E	12/26E
Total operating cash flows	€M	-21.5	-3.98	0.22	10.6
Capital expenditure	€M	-2.27	-3.43	-5.62	-5.88
Total investment flows	€M	-2.27	-3.43	-5.62	-5.88
Dividends (parent company)	€M				
New shareholders' equity	€M	0.00	15.1	15.9	0.00
Total financial flows	€M	-0.50	24.8	20.9	-4.00
Change in net debt position	€M	-24.3	1.36	7.50	0.74
Free cash flow (pre div.)	€M	-24.3	-8.84	-8.40	0.74

Balance Sheet

		12/23A	12/24E	12/25E	12/26E
Goodwill	€M	0.00	0.00	0.00	0.00
Total intangible	€M	10.7	9.59	9.02	8.45
Tangible fixed assets	€M	5.69	5.05	6.41	8.02
WCR	€M	2.93	2.48	10.8	21.7
Total assets (net of short term liabilities)	€M	22.9	19.4	28.2	39.9
Ordinary shareholders' equity (group share)	€M	-5.27	-4.62	11.7	31.3
Provisions for pensions	€M		0.00	0.00	0.00
Net debt / (cash)	€M	18.2	16.9	9.38	8.64
Total liabilities and shareholders' equity	€M	22.9	19.4	28.2	39.9
Gross Cash	€M	0.76	18.1	33.6	34.4

Per Share Data

		12/23A	12/24E	12/25E	12/26E
Adjusted EPS (bfr gwill amort. & dil.)	**€**	**-0.22**	**-0.30**	**0.00**	**0.21**
Net dividend per share	**€**	**0.00**	**0.00**	**0.00**	**0.00**
Free cash flow per share	€	-0.62	-0.20	-0.17	0.01
Book value per share	€	-0.13	-0.10	0.24	0.63
Number of diluted shares (average)	**Mio**	**39.3**	**43.1**	**49.5**	**55.1**

Contents

Businesses & Trends

A new entrant on the New Therapeutic Entities market (NTEs)

We regard Crossject as a new entrant in the speciality pharma field. Its differentiating feature is its delivery mechanism, Zeneo, a pretty unique needle-free injection system. Zeneo is the fruit of over 20 years of R&D. It is an automatic single-use pre-filled needle-free injection device to be used, for example, on the thigh or abdomen. The technology is based on a high-pressure injection allowing a drug to be administered rapidly (1/10 sec) into the tissue. This is a major technological breakthrough in relation to traditional injection methods (syringe and needle) and to the best current auto-injectors (injector pens). This new medical device is user-friendly, reliable and safe and is the best self-injection device among the known products being developed. Zeneo guarantees a safe, controlled and effective injection to patients. It can perform intramuscular or subcutaneous injections, the most commonly used methods. All tests on healthy volunteers and animal or human-skin *ex-vitro* models have shown that Zeneo is as efficient as current injection methods and easier/intuitive to use, avoids contamination issues due to needles and is more rapid than existing methods. The device has been tested on various molecules (size, structure, fragility….). This said, the device still needs to be approved "once it is combined with a drug", since it then represents a new therapeutic entity.

Crossject has initially chosen to address the NTE (New Therapeutic Entities) market, a concept that consists of using a known drug with an innovative delivery system, thus improving patient comfort. This strategy, particularly used by Teva, has proven to be successful since it typically results in an improved administration of the drug as well as offering its promoters patent protection, independent of the initial molecule. This results in better patient compliance and in turn enhanced overall drug efficacy. Crossject's strategy is to develop its NTE proprietary portfolio and to use partnerships for the marketing/distribution.

The portfolio is already wide

Today, Crossject has a portfolio of five products under development: Midazolam (epilepsy), Naloxone (opioid overdoses), Epinephrine (treatment of anaphylactic shocks), Hydrocortisone (anti inflammation) and Terbutaline (acute asthma). Lastly, Apomorphine (Parkinson's disease) has been put on stand-by (replaced by Terbutaline, within a financing programme of BPI France). We expect the first sales to take place in FY25 for Midazolam (under the "Zepizure" trade name) once clinical studies and the registration process have been completed.

The competition Crossject has to face depends on the NTEs currently under development one looks at: pens or nasal sprays already exist as far as Naloxone ("Evzio" pen and Narcan), Midazolam (Pfizer, Upsher-Smith) or Epinephrine (six pens on the market) are concerned, while injections are available for most of the diseases mentioned (as well as other routes, e.g. oral or inhalation). The key point is that Zeneo offers a superior quality (in terms of ease-of-use, efficiency, control and safety) and thus aims at gaining market share over existing products, while its needle-free feature is a clear competitive advantage. A study quoted by EMA (European Medicines Agency – 25/062015

EMA/478468/2015, Committee for Medicinal Products for Human Use – CHMP) showed that only 16% of pen users performed the injection correctly in cases of severe anaphylactic shock (Adrenaline), which gives a feeling for the sound prospects of Zeneo. Other needle-free devices are available on the market or being developed, but usually dedicated to other uses (vaccines, insulin), such as Bioject's Biojector, Zomacton or Prime.

A huge market backs sound growth prospects

It is not easy to determine the total size of the markets Crossject addresses: first, the company will develop other NTEs in the future. From c. 900 identified compounds that could be injected, Crossject estimates that 200 are compatible with the Zeneo device, 100 of which are free of rights. The company has thus identified 20 molecules which could be developed as first priorities. Secondly, each market should be looked at independently, since their size varies a lot. As an example, we estimate the Triptan market to be worth more than US$5bn (but of course less in the non-injectable form), the Methotrexate market to be worth US$1bn worldwide while the Midazolam (US$1bn) or Naloxone markets (US$2bn) also offer significant opportunities. The market for Terbutaline is also probably at least in the US$1bn region, considering that 8% of people suffer from asthma, of which 10% in its severe form, on both sides of the Atlantic (we have not considered the Asian opportunity). Lastly, Hydrocortisone, as far as it is concerned, is a niche market of c. US$50m. However, we can still derive from these numbers that the total addressable market today is worth a good US$5bn (for the NTEs under development) which gives Crossject ample room for growth. Moreover, the theoretical total market is much wider, since many NTEs are compatible with the Zeneo drug-delivering device, as stated earlier. Although this is not in management's plans today, we can only notice that the vaccine market (almost US$15bn, with a CAGR of c.10%) would more than double the total market targeted by Crossject, which gives an indication of the potential "limitless" growth the company could enjoy, without other potential fields such as hypoglycaemia for example.

Based on our estimates, Crossject should be able to generate a total turnover of over €150m in 2027 (at in-market prices), which should break down as follows:

Turnover per NTE (€m)	2022e	2023e	2024e	2025e	2026e	2027e	2028e	2029e	
Naloxone									
units sold (m)						0,5	1	1,2	price €40/ dose in Europe, US$70 in the US. Probability 50%. Target 2m doses in 2029. AMM 2025/market 2026.
Turnover									
Sumatriptan									
units sold (m)					0	0	0	0	US$80 in the US. Probability 50%. Target 0,6m doses in 2029. AMM 2025/market 2026. 100% US
Turnover									
Midazolam									
units sold (m)				0,2	0,5	0,7	0,8	1	price €50/ dose in Europe, US$150 in the US. Probability 80%. Target 1.5m doses in 2029. AMM 2025/market 2025.
Turnover									
Epinephrin									
units sold (m)					0,2	0,5	1,5	2	price €40/ dose in Europe, US$200 in the US. Probability 70%. Target 2m doses in 2029. AMM 2026/market 2027.
Turnover									
Methotrexate									
units sold (m)					0	0	0	0	price €15/ dose in Europe, US$80 in the US. Probability 50%. Target 3m doses in 2029. AMM 2025/market 2026.
Turnover									
Hydrocrotisone									
units sold (m)						0,1	0,2	0,3	price €100/ dose in Europe, US$250 in the US. Probability 70%. Target 0,3 m doses in 2029. AMM 2026/market 2027.
Turnover									
Terbutaline									
units sold (m)						0	0,7	1	price €40/ dose in Europe, US$130 in the US. Probability 40%. Target 1,5m doses in 2029. AMM 2026/market 2027.
Turnover									
Total turnover (€m)		0,0	18,0	56,0	109,3	156,5	267,6	345,2	

Divisional Breakdown Of Revenues

	Sector	12/23A	12/24E	12/25E	12/26E	Change 24E/23 €M	Change 24E/23 of % total	Change 25E/24E €M	Change 25E/24E of % total
Total sales		**13.3**	**13.3**	**32.2**	**49.2**	**0**	**NA**	**19**	**100%**
Methotrexate	Smaller Pharma	0.00	0.00	0.00	0.00	0	NA	0	0%
Epinephrine	Smaller Pharma	0.00	0.00	0.00	4.36	0	NA	0	0%
Sumatriptan	Smaller Pharma	0.00	0.00	0.00	0.00	0	NA	0	0%
Midazolam	Smaller Pharma	0.00	0.00	25.2	44.8	0	NA	25	133%
Hydrocortisone	Smaller Pharma	0.00	0.00	0.00	0.00	0	NA	0	0%
Naloxone	Smaller Pharma	0.00	0.00	0.00	0.00	0	NA	0	0%
Apomorphine	Smaller Pharma	0.00	0.00	0.00	0.00	0	NA	0	0%
Terbutaline	Supergenerics	0.00	0.00	0.00	0.00	0	NA	0	0%
Other		13.3	13.3	7.00	0.00	0	NA	-6	-33%

Key Exposures

	Revenues	Costs	Equity
Dollar	80.0%	5.0%	0.0%
Emerging currencies	5.0%	0.0%	0.0%
Long-term global warming	0.0%	0.0%	0.0%

Sales By Geography

Europe	100.0%
Of which France	100.0%

We address exposures (eg. how much of the turnover is exposed to the $) rather than sensitivities (say, how much a 5% move in the $ affects the bottom line). This is to make comparisons easier and provides useful tools when extracting relevant data.
Actually, the subject is rather complex on the ground. The default position is one of an investor managing in €. An investor in £ will obviously not react to a £ based stock trading partly in € as would a € based investor. In addition, certain circumstances can prove difficult to unravel such as for eg. a € based investor confronted to a Swiss company reporting in $ but with a quote in CHF... Sales exposure is probably straightforward but one has to be careful with deep cyclicals. Costs exposure is a bit less easy to determine (we do not allow for hedges as they can only be postponing the day of reckoning). How much of the equity is exposed to a given subject is rarely straightforward but can be quite telling
In addition, subjects are frequently intertwined. A $ exposure may encompass all revenues in $ pegged currencies and an emerging currency exposure is likely to include $ pegged currencies as well.
Exposure to global warming issues is frequently indirect and may require to stretch a bit imagination.

Money Making

The group's business model revolves around the commercialization of Zeneo, its needle-free injection device, which can be used to inject virtually any therapeutical entity into the body. The manufacturing costs are low (around €10 per unit according to AV) compared with the market value of the final product (i.e. the device and its content). As a result, the upside is huge once Zeneo reaches the market (hopefully in the course of FY25), as should be the returns. Until then, the key issue is the financing of the project, be that through the financial markets, bank debt, licensing or a number of government incentives both in France and the US. Looking forward, Crossject's profile will be one of the provider of such devices and pretty much like an "industrial" company creating value in the mass production of Zeneo with the highest quality/reliability standards. Our estimates for the forecast business of the group are built as follows:

Rather conservative assumptions

Our assumptions are based on the launches of the current NTEs the group is developing. the remaining specialities, clinical studies will be carried out in FY25-27. Thereafter, regulatory approvals can be obtained with commercial launches expected in FY25 (Midazolam or "Zepizure). We have based our estimates on the following assumptions: first, products will be sold through partnership agreements. This means Crossject will benefit from upfront fees and royalties, the former financing part of the clinical studies. Altogether, this boils down to considering that Crossject's turnover is a fraction (40%) of the final user's purchasing price, the difference representing the distributor/wholesaler's margin to account for logistics and marketing costs. We have also considered a risk factor, from a 10% to a 50% risk of failure depending on the product. This seems to be reasonable and quite conservative, given the fact that the registration/filing process is much lighter and, in all odds, much quicker than for a new compound (which typically takes 10 years from early development stages to the market). In the case of NTEs, the time needed is closer to three years, depending on which product/geography is involved and should never exceed five years in our view. The efficacy of molecules has already been proven (as is the lack of safety). The application for NTEs should only require bioequivalence studies (and not the full scope of clinical surveys), reducing costs (€3-4m vs €200m for a new chemical entity, i.e. a new drug) and, just as important, the time needed before products reach the market. In brief, the filing (FDA and EMA) will then only focus on the product's reliability (technical file) and the bioequivalence results.

Our forecasts are not that aggressive

As a result, our estimates are based on the group's assumptions in terms of number of units sold (i.e. Zeneo devices) and their ramp-up from commercial launch to maturity, for each sub-market (i.e. each NTE), with a probability that is the risk factor assessing both potential issues in the approval process and the risk not being able to find a suitable partner. Although it is not easy to determine so early on the market share Crossject could gain in each sub-market, the group has reasonable targets (10-20% except for Hydrocortisone

where it claims to be able to control 30% of this small market). To be on the conservative side, we have also considered that these market share targets will not be reached before 2030 that is some 3 to 5 years after market launch depending on the NTE.

As an example, we have assumed Adrenaline will be launched in 2027, but we have also considered a 60% probability, and that Crossject will sell 2m doses a year by 2029 for an in-market price of €40 in Europe and US$100 in the US. This results in a theoretical €160m turnover by 2029 (at end-user price), or €112m given the 70% probability we assign to this NTE (even if, from an accounting standpoint, Crossject will get only a share of it (45%) and the "full" turnover (volumes at in-market price) will be booked on its partner's books.

Lastly, the company will be quite heavily dependent on the US$, first because volumes will be significant in the US and, second, since prices are also much higher there (sometimes as much as 5-6 times the price in the EU). The impact will be both translation-wise (pure US$/€ parity) and transaction-wise (costs are mainly in €).

Divisional EBIT

	12/23A	12/24E	12/25E	12/26E	Change 24E/23		Change 25E/24E	
					€M	of % total	€M	of % total
Total	**0.00**	**0.00**	**25.2**	**49.2**	**0**	**NA**	**25**	**100%**
Royalty income								
Product sales	0.00	0.00	25.2	49.2	0	NA	25	100%
Other/cancellations								

Divisional EBIT margin

	12/23A	12/24E	12/25E	12/26E
Total	**0.00%**	**0.00%**	**78.3%**	**100%**

Valuation

All peer-based valuations have no meaning since Crossject currently has no revenues and negative results. Our NAV valuation is based on a 3x multiple of 2025-27 revenues for all segments. On the one hand, these revenues will not be booked “before” for three years (at least for the ones of FY27), which should lead us to a discount, however, they only correspond to the ramp-up in sales, meaning that growth rates will be high after 2025 and that these figures are very conservative ones indeed, which explains why we chose not to discount them. The multiple used is rather common for biotech and pharma companies, particularly for those that have a significant R&D pipeline and, thus, high growth prospects. A transaction value would certainly end up at a higher level (5-10x sales, depending on the pharma segment). As an indication of this, Emergent Biosolutions announced that it would buy Adapt Pharma (the developer of Narcan, an FDA-approved naloxone nasal spray for US$635m (+US$100m in sales milestones), while we estimate sales of c.US$150m at that time, implying a c.4.9x sales multiple.

Our DCF is based on our forecasts for each of the NTEs currently under development, considering that all of them will be sold through partnerships. We have also factored in a risk associated with the development of each specialty (50% to 90% probability of success as discussed in the Money Making section, depending on the status of clinical trials and the need to find a partner).

It is worth noting that our target price is derived from a weighted average of all methods used, NAV and DCF both showing huge potential upsides (which together account for 55% of our total valuation), while all comparison-based methods lead to weak numbers in the absence of results for the time being. In other words, the valuation of the stock is penalized and should go up quickly when the first products reach the market and enable Crossject to post profits. This also suggests it will take some time for the market to reflect the group’s potential fully. Patience will indeed be needed but the reward could be huge.

Valuation Summary

Benchmarks		Values (€)	Upside	Weight
DCF		6.31	267%	40%
NAV/SOTP per share		10.0	483%	40%
P/E	*Peers*	1.39	-19%	5%
EV/Ebitda	*Peers*	2.07	20%	5%
P/Book	*Peers*	0.86	-50%	5%
Dividend Yield	*Peers*	0.00	-100%	5%
Target Price		**6.75**	**293%**	

Comparison based valuation

Computed on 18 month forecasts	P/E (x)	Ev/Ebitda (x)	P/Book (x)	Yield(%)
Peers ratios	22.5	11.8	2.75	0.95
Crossject's ratios	13.9	4.99	3.79	0.00
Premium	-50.0%	-50.0%	-50.0%	-50.0%
Default comparison based valuation (€)	**1.39**	**2.07**	**0.86**	**0.00**
UCB	27.1	13.7	2.79	0.61
Sartorius	40.8	19.2	4.88	0.36
bioMerieux	23.8	12.0	2.86	0.97
Ipsen	12.0	5.74	1.69	1.47
Hikma Pharmaceuticals	12.5	7.57	2.15	3.35
Faes Farma	14.0	10.5	1.81	3.17
Innate Pharma	4.94	3.65	1.98	0.00

DCF Valuation Per Share

WACC	%	7.94	Avg net debt (cash) at book value	€M	13.1
PV of cashflow FY1-FY11	€M	121	Provisions	€M	0.00
FY11CF	€M	32.4	Unrecognised actuarial losses (gains)	€M	0.00
Normalised long-term growth"g"	%	2.00	Financial assets at market price	€M	0.00
Sustainability "g"	%	1.65	Minorities interests (fair value)	€M	0.00
Terminal value	€M	516	Equity value	€M	348
PV terminal value	€M	240	Number of shares	Mio	55.1
PV terminal value in % of total value	*%*	*66.6*	**Implied equity value per share**	**€**	**6.31**
Total PV	€M	361	Sustainability impact on DCF	%	-3.91

Assessing The Cost Of Capital

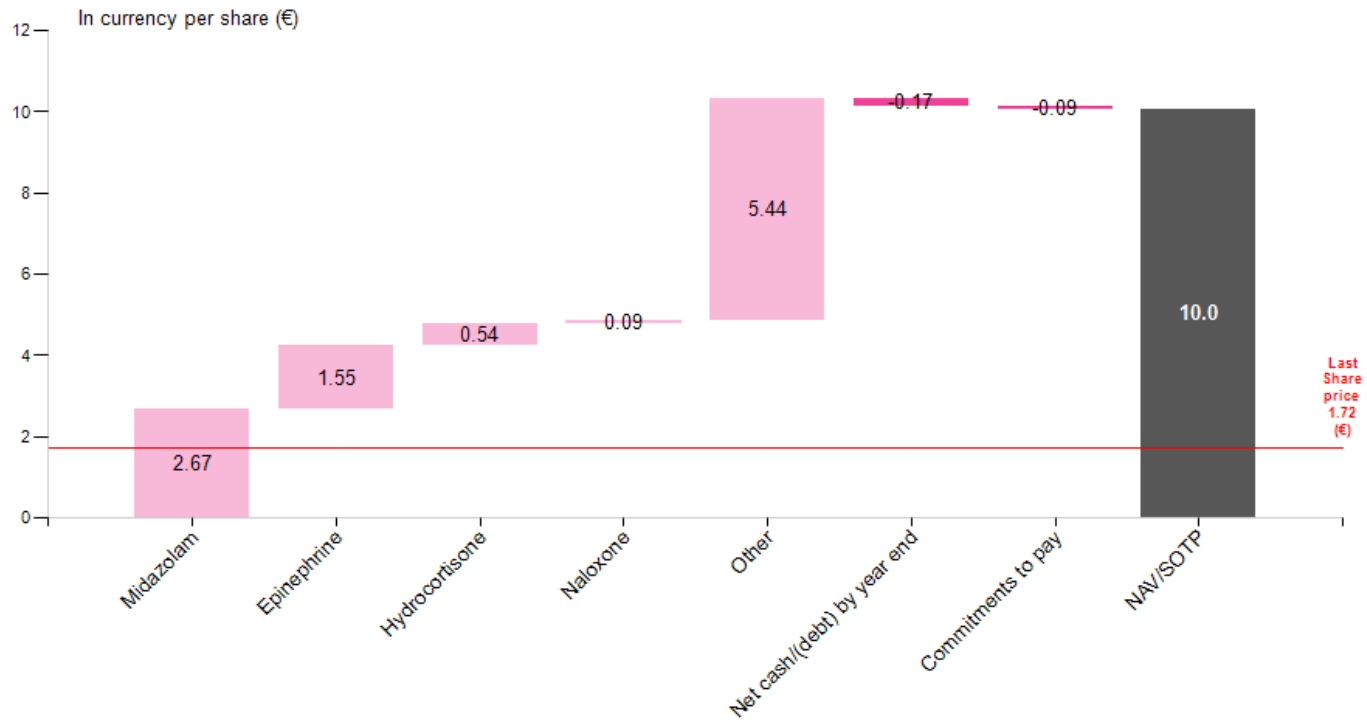
Synthetic default risk free rate	%	3.50	Company debt spread	bp	150
Target equity risk premium	%	5.00	Marginal Company cost of debt	%	5.00
Tax advantage of debt finance (normalised)	%	25.0	**Company beta (leveraged)**	**x**	**1.04**
Average debt maturity	Year	5	Company gearing at market value	%	19.7
Sector asset beta	x	0.92	Company market gearing	%	16.5
Debt beta	x	0.30	**Required return on geared equity**	**%**	**8.71**
Market capitalisation	€M	85.7	Cost of debt	%	3.75
Net debt (cash) at book value	€M	16.9	**Cost of ungeared equity**	**%**	**8.08**
Net debt (cash) at market value	€M	15.8	WACC	%	7.94

DCF Calculation

		12/23A	12/24E	12/25E	12/26E	12/27E	12/28E	Growth	12/29E
Sales	€M	13.3	13.3	32.2	49.2	70.4	120	**4.00%**	125
EBITDA	€M	-5.61	-7.26	8.47	27.4	40.9	75.3	**5.00%**	79.0
EBITDA Margin	*%*	*-42.1*	*-54.7*	*26.3*	*55.6*	*58.1*	*62.5*		*63.1*
Change in WCR	€M	-15.9	0.45	-8.32	-10.9	-9.67	-22.8	**5.00%**	-23.9
Total operating cash flows (pre tax)	€M	-24.4	-6.81	0.15	16.5	31.3	52.5		55.1
Corporate tax	€M	2.87	2.83	0.07	-5.83	-9.98	-21.3	**5.00%**	-22.4
Net tax shield	**€M**	**-0.12**	**-0.36**	**-0.75**	**-1.00**	**-1.25**	**-1.25**	**0.00%**	**-1.25**
Capital expenditure	€M	-2.27	-3.43	-5.62	-5.88	-6.17	-6.48	**5.00%**	-6.81
Capex/Sales	*%*	*-17.0*	*-25.8*	*-17.4*	*-12.0*	*-8.75*	*-5.38*		*-5.43*
Pre financing costs FCF (for DCF purposes)	€M	-23.9	-7.76	-6.15	3.74	13.9	23.4		24.7
Various add backs (incl. R&D, etc.) for DCF purposes	€M								
Free cash flow adjusted	**€M**	**-23.9**	**-7.76**	**-6.15**	**3.74**	**13.9**	**23.4**		**24.7**
Discounted free cash flows	**€M**	**-23.9**	**-7.76**	**-5.69**	**3.21**	**11.0**	**17.2**		**16.8**
Invested capital	€	19.3	17.1	26.2	38.2	49.2	73.6		77.3

NAV/SOTP Calculation

	% owned	Valuation technique	Multiple used	Valuation at 100% (€M)	Stake valuation (€M)	In currency per share (€)	% of gross assets
Midazolam	100%	EV/Sales	1.5	147	147	2.67	25.9%
Epinephrine	100%	EV/Sales	1.5	85.5	85.5	1.55	15.1%
Hydrocortisone	100%	EV/Sales	3	30.0	30.0	0.54	5.29%
Naloxone	100%	EV/Sales	3	4.80	4.80	0.09	0.85%
Methotrexate	100%	EV/Sales	3	0.00	0.00	0.00	0.00%
Sumatriptan	100%	EV/Sales	3	0.00	0.00	0.00	0.00%
Apomorphine	100%	EV/Sales	3	0.00	0.00	0.00	0.00%
Terbutaline	100%	EV/Sales	3	0.00	0.00	0.00	0.00%
Other					300	5.44	52.9%
Total gross assets					**567**	**10.3**	**100%**
Net cash/(debt) by year end					-9.38	-0.17	-1.65%
Commitments to pay					-5.00	-0.09	-0.88%
Commitments received							
NAV/SOTP					553	10.0	97.5%
Number of shares net of treasury shares - year end (Mio)					**55.1**		
NAV/SOTP per share (€)					**10.0**		
Current discount to NAV/SOTP (%)					**82.9**		



Debt

At year-end 2023, the group had a net debt position of c.€18m. The bulk of the capex has been spent (i.e. the industrial investment needed for the production of c.1.5m Zeneo devices). This includes €3.8m in capex in 2014-15, €3.2m in FY18, €4.4m in FY19 and another €6m in FY20 as well as a"recurring" net capex of about €3m yearly. Looking onwards, we have considered a recurring capex (€2m) to which is added an "expansion" capex of €3m for each additional 2.5m units sold (which is probably not the way capex will be spent since these "thresholds" do not necessarily require such high levels of investment). Another important issue before first sales are booked is the amount needed to finance the clinical studies. According to management, the full development of each NTE costs c. €2-3m (including clinical studies) and is spent in the two years preceding market approval. This comes on top of the "normal" cash-burn of the company before its products are on shelves. However, Crossject will also benefit from upfront fees once partnership agreements are signed, on top of the benefit for tax credits and the remaining part of the "PIAVE" financing. At the end of the day, our view is that the group is self-financed provided it is able to sign partnerships in the short term. Otherwise, Crossject may have to resort to the financial markets or find another financial solution to raise cash (for instance, by "selling" future royalties to a financial partner). The group, which has already resorted to capital increases to finance its short-term needs (first through an equity line in place since FY16 and a €5m capital increase in March 2017), has issued a €5.3m convertible bond in March 2018 and another €2.5m in July. A €3.9m capital increase was announced on 28 November 2018, at a price of €1.16, with the new 3.4m shares listed before the year-end (28 December 2018). The conversion of convertible bonds in FY19 has reduced bond debt by c. €5m. At the end of FY19, the group issued a new convertible bond worth €5.7m.
More recently, the group issued two bonds (each worth €5.24m, one of which is a convertible) in December 2020. The group also issued €7.5m worth of convertible bonds in December 2021, with a conversion price of the minimum between €3.30 and 92% of the market price while existing shareholders were granted a free subscription price (with 20 rights needed to buy one share). In February 2024, the group announced the issue of 70 amortizable bonds convertible into new stock with a nominal value of €100,000, in the amount of €7m, waiving preferential subscription rights.

In April 2024, the latest issue concerned a capital increase of €8m, mainly to finance the launch of Zepizure in the US (€6m) and the development costs on other NTEs (Hydrocortisone and Epinephrin).

Detailed financials at the end of this report

Funding - Liquidity

		12/23A	12/24E	12/25E	12/26E
EBITDA	€M	-5.61	-7.26	8.47	27.4
Funds from operations (FFO)	€M	-6.11	-5.86	5.54	17.5
Ordinary shareholders' equity	**€M**	**-5.27**	**-4.62**	**11.7**	**31.3**
Gross debt	€M	19.0	35.0	43.0	43.0
+ Gross Cash	€M	0.76	18.1	33.6	34.4
= Net debt / (cash)	**€M**	**18.2**	**16.9**	**9.38**	**8.64**
Gearing (at book value)	%			112	28.8
Equity/Total asset (%)	%	-23.0	-23.8	41.6	78.3
Adj. Net debt/EBITDA(R)	*x*	*-3.37*	*-2.33*	*1.11*	*0.32*
Adjusted Gross Debt/EBITDA(R)	*x*	*-3.51*	*-4.82*	*5.07*	*1.57*
Adj. gross debt/(Adj. gross debt+Equity)	*%*	*137*	*115*	*78.6*	*57.9*
Ebit cover	*x*	*-23.7*	*-9.05*	*0.93*	*5.42*
FFO/Gross Debt	*%*	*-31.0*	*-16.7*	*12.9*	*40.8*
FFO/Net debt	*%*	*-33.5*	*-34.7*	*59.1*	*203*
FCF/Adj. gross debt (%)	*%*	*-123*	*-25.2*	*-19.5*	*1.73*
(Gross cash+ "cash" FCF+undrawn)/ST debt	*x*	*-23.5*	*9.28*	*25.2*	*35.1*
"Cash" FCF/ST debt	*x*	*-24.3*	*-8.84*	*-8.40*	*0.74*

Worth Knowing

Zeneo, an automatic, single-use needle-free injection device was originally developed within Laboratoires Fournier in its « drug delivery » division, together with SNPE (Société Nationale des Poudres et Explosifs). In 2001, the technology was sold to the newly-created Crossject. GSK was originally the main partner of Crossject, with a view to developing a solution for its vaccines. This market was ultimately considered as too risky in terms of investment needs, low margins and the high volumes required and so Crossject was restructured in 2011-13, with a change in the group's strategy: the goal of Crossject is no longer to sell a device to the Big Pharmas to market their own chemical entities, but to provide the market with its own pre-filled devices, on the basis of New Therapeutic Entities, using a known drug with an innovative delivery system. An industrial partnership has also been signed with Cenexi in 2016 (aseptic filling and final packaging) and Eurofins in FY24. Today, the Zeneo device is protected by over 400 patents in countries covering 80% of the global market (including the US, Europe and Japan) and valid until 2036.

Shareholders

Name	% owned	Of which % voting rights	Of which % free to float
Gemmes Ventures	24.5%	30.0%	0.00%
Vester Finance	5.30%	7.00%	5.30%
Treasury Shares	0.21%	0.00%	0.00%
SNPE	0.00%	0.00%	0.00%
IDEB	0.00%	0.00%	0.00%
Other	0.00%	0.00%	0.00%
Apparent free float			**75.3%**

Sustainability

As a small cap company, Crossject probably still pays less attention to ESG issues than larger groups. A brief section of its annual report still describes what the company considers as the seven fields where these concerns are destined to rise in the future: governance (see the relevant section), human rights, the environment, working relations, ethics, local development and consumer-related issues. The group also indicates that an ethical charter (particularly useful in the US context) was published in the FY20.

Sustainability score

Sustainability is made of analytical items contributing to the E, the S and the G, that can be highlighted as sustainability precursors and can be combined in an intellectually acceptable way. This is the only scale made available

	Score	Weight
Governance		
Independent directors rate	**5/10**	25%
Board geographic diversity	**0/10**	20%
Chairman vs. Executive split	✔	5%
Environment		
CO^2 Emission	**1/10**	25%
Water withdrawal	**1/10**	10%
Social		
Wage dispersion trend	**6/10**	5%
Job satisfaction	**10/10**	5%
Internal communication	**10/10**	5%
Sustainability score	**3.4/10**	100%

Governance & Management

The Board is composed of five members, mainly representing the group's main shareholder (Gemmes Venture) and chaired by Philippe Monnot, the CEO, representing this shareholder. For this reason, we do not consider it very independent which is quite usual for small-cap companies.

Governance score

Company (Sector)

6.3 (6.6)

Independent board

Yes

Parameters	Company	Sector	Score	Weight
Number of board members	2	10	10/10	5.0%
Board feminization (%)	0	38	1/10	5.0%
Board domestic density (%)	100	51	0/10	5.0%
Average age of board's members	60	60	5/10	5.0%
Type of company : Small cap, not controlled			10/10	25.0%
Independent directors rate	50	38	5/10	20.0%
One share, one vote			✗	5.0%
Chairman vs. Executive split			✓	5.0%
Chairman not ex executive			✓	5.0%
Full disclosure on mgt pay			✗	5.0%
Disclosure of performance anchor for bonus trigger			✗	5.0%
Compensation committee reporting to board of directors			✓	5.0%
Straightforward, clean by-laws			✓	5.0%
Governance score			**6.3/10**	**100.0%**

Management

Name		Function	Birth date	Date in	Date out	Compensation, in k€ (year) Cash	Equity linked
Patrick ALEXANDRE	M	CEO	1955	2001		(2024)	
Olivier GIRÉ	M	Member of the management board		2016			
Isabelle LIEBSCHUTZ	F	Member of the management board		2013			

Board of Directors

Name		Indep.	Function	Completion of current mandate	Birth date	Date in	Date out	Fees / indemnity, in k€ (year)	Value of holding, in k€ (year)
Yannick PLÉTAN	M	✓	Member		1965	2019	2027		
Daniel TEPER	M	✗	Member				2027		

Environment

As a small cap company, Crossject still releases a very limited amount of information of this topic. The annual report briefly addresses some sustainability issues (see the related section), but it is clearly not unusual for a small cap company not to close too many details at this point in time.

Environmental score

Data sets evaluated as trends on rolling calendar, made sector relative

Parameters	Score	Sector	Weight
CO^2 Emission	1/10	3/10	30%
Water withdrawal	1/10	4/10	30%
Energy	1/10	4/10	25%
Waste	1/10	4/10	15%
Environmental score	**1.0**		**100%**

Company (Sector)

1.0 (3.8)

Environmental metrics

	Company		
2022	2023	2024	2025
1.3	1.4	1.3	1.0

Sector figures

Company	Country	Environment score	Energy (total, in GJ)	CO2 Emissions (in tons)	Water Withdrawal (in m3)	Waste (total, (in tons)
BioNTech		8/10	253,544	6,449	201,000	1,510
CureVac		1/10				
PolyPeptide		4/10	116,060	9,927	138	
Sandoz		3/10	3,000,000	239,700	18,100,000	60,800
GSK plc		5/10	9,277,200	565,000	7,000,000	47,300
Novartis		7/10	5,800,000	237,000	33,300,000	31,100
Sanofi		7/10	10,896,656	374,349	10,300,000	146,950
AstraZeneca		8/10	6,033,874	139,596	3,440,000	26,285
Bayer		3/10	32,598,000	2,960,000	53,000,000	1,021,000
Novo Nordisk		10/10	5,040,821	101,000	5,213,000	229,690
Merck		5/10	8,620,992	1,085,123	12,430,923	161,143
Roche Holding		6/10	8,492,000	315,030	15,500,000	25,279
Lonza Group		3/10	6,658,000	537,000	28,097,000	57,100
Grifols		6/10	3,245,093	180,165	3,587,357	51,808
Novonesis		3/10	5,677,646	445,361	10,469,560	831,563
UCB		8/10	704,495	21,723	497,606	6,303
H Lundbeck		9/10	404,118	27,497	254,025	9,598
Faes Farma		6/10	100,641	6,005	167,623	1,520
BB Biotech		4/10		33	3,434	9
Genmab		5/10	43,916	1,697	n/a	n/a
Hikma Pharmaceuticals		4/10	1,514,880	123,307	1,365,980	12,311
Ipsen		8/10	313,798	15,712	110,711	4,390
Bachem		1/10	155,705	8,476	139,315	14,439
Virbac		5/10	375,458	30,277	148,614	6,556
Siegfried		2/10	1,901,627	68,166	6,329,000	80,605
Crossject		1/10				

Social

The level of social information is also quite limited, which is no real surprise for a small cap company. However, the group indicates that its equality index (Gaia index) reached 73/100 in FY23 vs 60/100 for FY22 and 46 in FY21. Note that the ESG rating agency Gaia Research rates the ESG performance of SMEs and midcaps listed on the European markets, i.e. more than 2,300 companies (also see the “workforce section”).

Social score

Company (Sector)

4.9 (6.4)

Quantitative metrics (67%)

Set of staff related numerical metrics available in AlphaValue proprietary modelling aimed at ranking on social/HR matters

Parameters	Score	Weight
Staffing Trend	9/10	15%
Average wage trend	4/10	30%
Share of added value taken up by staff cost	1/10	20%
Share of added value taken up by taxes	1/10	15%
Wage dispersion trend	6/10	20%
Pension bonus (0 or 1)	0	
Quantitative score	**4.1/10**	**100%**

Qualitative metrics (33%)

Set of listed qualitative criterias and for the analyst to tick

Parameters	Score	Weight
Accidents at work	4/10	25%
Human resources development	8/10	35%
Pay	3/10	20%
Job satisfaction	10/10	10%
Internal communication	10/10	10%
Qualitative score	**6.4/10**	**100%**

Crossject (Buy)

AlphaValue analysts tick boxes on essential components of the social/HR corporate life.
Decision about ticking Yes or No is very much an assessment that combines the corporate's communication on relevant issue and the analyst's better judgment from experience.

Qualitative score

Parameters	Yes ✔ / No ✖	Weight
Accidents at work		**25%**
Set targets for work safety on all group sites?	✔	10.0%
Are accidents at work declining?	✖	15.0%
Human resources development		**35%**
Are competences required to meet medium term targets identified?	✔	3.5%
Is there a medium term (2 to 5 years) recruitment plan?	✔	3.5%
Is there a training strategy tuned to the company objectives?	✔	3.5%
Are employees trained for tomorrow's objectives?	✔	3.5%
Can all employees have access to training?	✖	3.5%
Has the corporate avoided large restructuring lay-offs over the last year to date?	✔	3.5%
Have key competences stayed?	✔	3.5%
Are managers given managerial objectives?	✔	3.5%
If yes, are managerial results a deciding factor when assessing compensation level?	✔	3.5%
Is mobility encouraged between operating units of the group?	✖	3.5%
Pay		**20%**
Is there a compensation committee?	✔	6.0%
Is employees' performance combining group AND individual performance?	✖	14.0%
Job satisfaction		**10%**
Is there a measure of job satisfaction?	✔	3.3%
Can anyone participate ?	✔	3.4%
Are there action plans to prop up employees' morale?	✔	3.3%
Internal communication		**10%**
Are strategy and objectives made available to every employee?	✔	10.0%
Qualitative score	**6.4/10**	**100.0%**

Staff & Pension matters

At year-end 2023, Crossject employed 119 people (102 in FY22, 99 in 2021,97 in 2020, 79 in 2019, 72 in 2018, 59 employees in 2017, 39 in FY16 and 23 in FY15). We expect this number to rise, although we have considered that all NTEs under development will be marketed through partnerships, which does not require a significant workforce. Of course, the situation could be different if the group decided to change this marketing policy in the future, although we don't believe Crossject will market its products on its own in the foreseeable future.

Recent updates

09/06/2025

Here we are for the announced capital increase

Financing issue

After Crossject had announced the "preparation of the launch" of a c. €5m capital increase aimed at securing the needs of the group until the Emergency Use Authorization is reached (€5.8m if the extension clause is exercised), the group confirmed it will proceed with it. While it was doomed to happen, the real news that the market is expecting is of course the filing of Zepizure, still planned…for this month.

Fact

The group will issue new shares for an initial total amount of around €5m, with shareholders maintaining their preferential subscription rights, which may be increased to around €5.7m if the extension clause is exercised.

Analysis

The issue price for the new shares set at €1.40 (a 22.6% discount to the closing price of the Crossject share on 3 June), with the subscription period running from 12 to 20 June.

As already communicated in May, approximately 60% will be allocated to the final development phases of ZEPIZURE and to the initiation of production steps, including the related build-up of inventories, ahead of any reimbursement by the U.S. partner while the remaining c. 40% will be used to finance R&D for its other projects, ZENEO Adrenaline and ZENEO Hydrocortisone.
With the net proceeds of the issue, the Company estimates that its net working capital would be sufficient to meet its obligations until the end of 2025, assuming the first payments from its American partner following the first deliveries.

As we mentioned earlier, this capital increase was bound to happen given the cash-burn of the group before Zepizure is launched (and cashed-in). The dilution, considering the c. 46m current number of shares, will be around 8% (9% with the extension clause) which we deem reasonable. That said, the key topic is and remains the filing of Zepizure expected "any time soon".

Impact

We will integrate the impact of the dilution and the benefit of the cash inflow in the group's balance sheet.

21/05/2025

Another capital increase in the pipe…

Financing issue

Crossject announced the preparation for a capital increase of approximately €5m, intended to meet the group's needs until the Emergency Use Authorization is obtained. This amount could rise to €5.8m if the extension clause is exercised. This capital increase will provide management with flexibility for commercial and production activities related to this approval.

Fact

Crossject announced it is preparing a capital increase (beginning of June) with preferential subscription rights.

Analysis

The transaction will be announced through a specific press release upon the decision to launch. In preparation, CROSSJECT will temporarily suspend the exercise of dilutive instruments, including warrants and convertible bonds (OCA). Gemmes Venture, holding approximately 26% of the group's shares, has committed to subscribe to up to 75% of the capital increase. Another press release will detail the terms, conditions, and timetable of the transaction.

Approximately 60% of the funds will be allocated to the final development phases of ZEPIZURE and the initiation of production steps, including inventory build-up, prior to any reimbursement by the U.S. partner. The remaining 40% will finance R&D for other projects, ZENEO Adrenaline and ZENEO Hydrocortisone.

The issue is expected, given the cash burn of approximately €1 million monthly and the need to secure ZEPIZURE's launch once the EUA is granted. We will adjust our projections to account for the anticipated dilution, estimated at around 7%, subject to the issue's exact terms.

07/05/2025

Back to life?

Earnings/sales releases

CROSSJECT has provided an update on the EUA filing for Zepizure. Management has confirmed the filing will occur in June 2025, as previously indicated, demonstrating adherence to their timeline. This development is likely to enhance investor confidence, which had recently declined. Consequently, the market has reacted positively, although the successful launch of Zeneo is not yet fully reflected in the share price. Our target price remains unchanged at €6.76.

Fact

Crossject and its CDMO partner, Eurofins, have successfully completed the aseptic filling of all ZEPIZURE® registration batches. They expect to deliver the final manufacturing data required for the US FDA Emergency Use Authorization (EUA) submission by June 2025. Crossject has initiated the final regulatory activities for the Zepizure dossier submission under the EUA. The

group has commenced manufacturing EUA batches, which are intended for the initial delivery to the “Chempack program,” supporting U.S. national preparedness against chemical threats.

Analysis

Eurofins has successfully completed the production of Zepizure batches, as reported by Crossject’s management. The final assembly and packaging are proceeding as planned. The final manufacturing data will be submitted once available, with initial feedback from the FDA expected within one month of submission, acknowledging receipt of the complete dossier.

The positive development confirms that the dossier will be filed within the anticipated two-month timeframe, a significant achievement given the group’s historical challenges. The market reacted strongly, with the share price increasing by over 50%. However, it is important to note that the share price remains low, having declined by 40% over the past 12 months and 55% over two years. Previously, market confidence had waned due to delays in the group’s roadmap and inconsistent communication. However, this trend appears to be reversing.

We maintain our view that the success of Zeneo is not yet fully reflected in the share price, as indicated by our current target price of €6.76.

Impact

We will maintain our current projections for the release. However, today’s news is reassuring and indicates that the group may achieve its first sales in FY25.

30/03/2025

Integrating the FY24 numbers.

Change in EPS	2024 : € -0.30 vs -0.23	ns
	2025 : € 0.00 vs 0.02	ns

We have integrated the set of FY24 numbers released yesterday. The FY24 net loss came in higher than our forecast, mainly owing to higher financial expenses (bond issuance to HCM) and a lower tax credit. This does not change our forecasts and view looking forward, based on the launch of Zepizure.

Change in DCF	€ 6.97 vs 7.51	-7.23%

Our DCF valuation has reset lower owing to a higher-than-expected net debt at year-end 2024, due to a higher cash loss and higher than expected WCR. That said, the valuation of the group remains largely dependent on new product launches, thus there is a limited total impact on our target price.

27/03/2025

FY24 and outlook: long is the road…

Earnings/sales releases

The group has released its FY24 results. The figures are not particularly meaningful, as they pertain to products still under development. However, we recognise that financing needs remain a concern. The expected EUA filing in Q225 is confirmed, which is positive. Nonetheless, the immediate requirement for additional funding is evident.

Fact

The group released its FY24 results. Operating income was €13.256m compared to €13.326m in the previous year. The operating result was €-12.962m, down from €-11.800m, and the net result was €-12.295m, compared to €-8.639m. The company had €7m in (gross) cash at the end of 2024.

Analysis

The financial narrative of Crossject centres on the anticipated launch of Zeneo and the targeted New Therapeutic Entities (NTEs). The current revenue figures and reported losses are less significant in this context. Notably, the invoicing of R&D expenses to BARDA amounted to €8.2m, up from €6.2m the previous year. The group remains on track to file for Zepizure in Q2 25, which is reassuring. Crossject also plans to submit a New Drug Application to the FDA by mid-2026 for the commercialisation of ZEPIZURE® in the United States for treating status epilepticus.

On a less positive note, the gross cash position stands at €7m, despite raising €24m last year and repaying approximately €5m in debt through capital increases, bond issuances, and private placements. This highlights the ongoing need for financing. Crossject is allocating resources to R&D for other candidate products, such as hydrocortisone and adrenaline, and intends to explore various financing options, including equity, debt, public funding, and other methods, throughout 2025. Filings for registrations are anticipated from H2 26 onwards in the US or Europe.

The market reacted coolly to the prospect of new financing rounds. The cash burn rate is significant, at approximately €1m per month, and any delays in the Zepizure launch (EUA and later NDA) could lead to further shareholder dilution. In this context, investors are advised to remain patient.

Impact

We will incorporate the figures for FY24. Looking forward, we anticipate no significant changes to our figures following this release.

10/02/2025

A complex financing given the amounts involved

Financing issue

The group announced the issuance of a second tranche of bonds to Heights Capital, related to the February 2024 issuance, and amended the bond conditions. Overall, this will not significantly impact our figures, as the additional dilution is at least partially or fully offset by the cash inflow.

Fact

Crossject announced the issuance to Heights of a second tranche with a nominal value of €2,496,400, at an issue price of 90% of the nominal value, equating to €2,246,400. The group also amended the terms and conditions of the OCAs issued on 28 February 2024.

Analysis

Crossject has revised the terms of the first tranche as follows: the maturity date for the OCAs has been extended from 28 February 2027 to 28 December 2027; the bi-monthly amortisation per OCA has been reduced from €6,000 to €4,500, with certain exceptions; OCA holders' right to request early redemption has been modified, allowing up to two redemption dates without requiring Crossject to pay the final redemption in shares; the conversion price of the OCAs is now the lower of €1.677 or 110% of the market value on the issue date of the new tranche, with a minimum of €1; and the period for conversion price adjustment in the event of securities issuance for a minimum gross amount of €5m has been extended to include 28 February 2027. The new tranche of OCAs, with a nominal amount of €2.246m, is not contingent on FDA/EUA approval.

The conversion price for all OCAs, if converted at the OCA holders' discretion, is set at €1.677, which is the lower of €1.677 or 110% of the market value on the issue date of the new tranche.

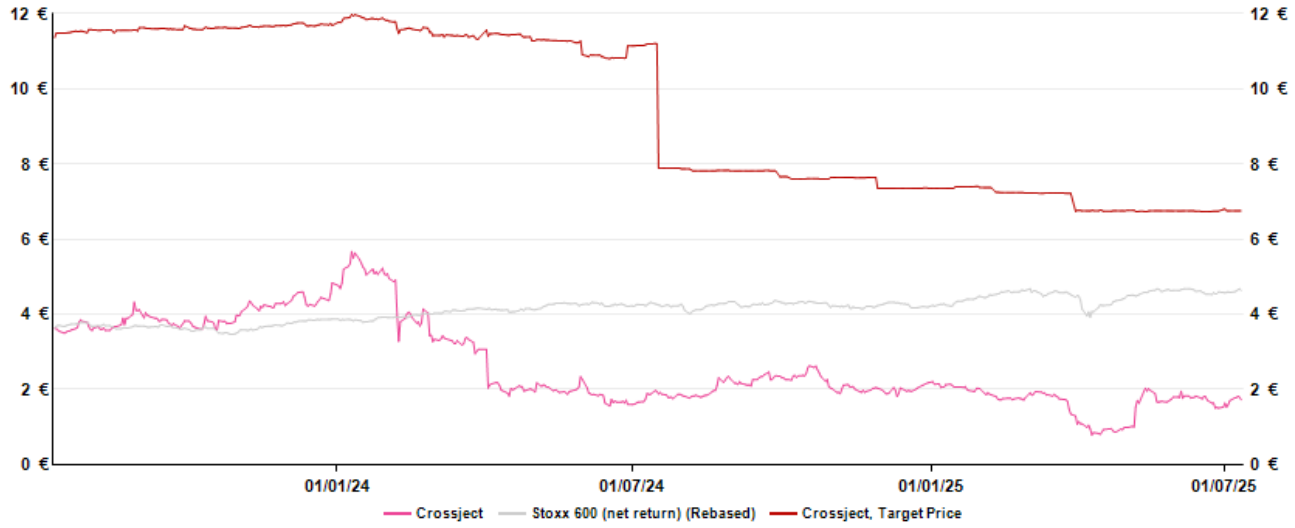
In summary, the potential number of new shares from converting all OCAs ranges from 5,251,905 to 8,807,045. Including the recent capital increase in December 2024, which has been accounted for, the total number of shares could rise from approximately 44 million to a maximum of 55 million. Based on our projections of share price trends, we estimate 50.7 million shares, which does not significantly affect our target price. However, we find these operations and amendments somewhat complex given the limited amounts involved.

Impact

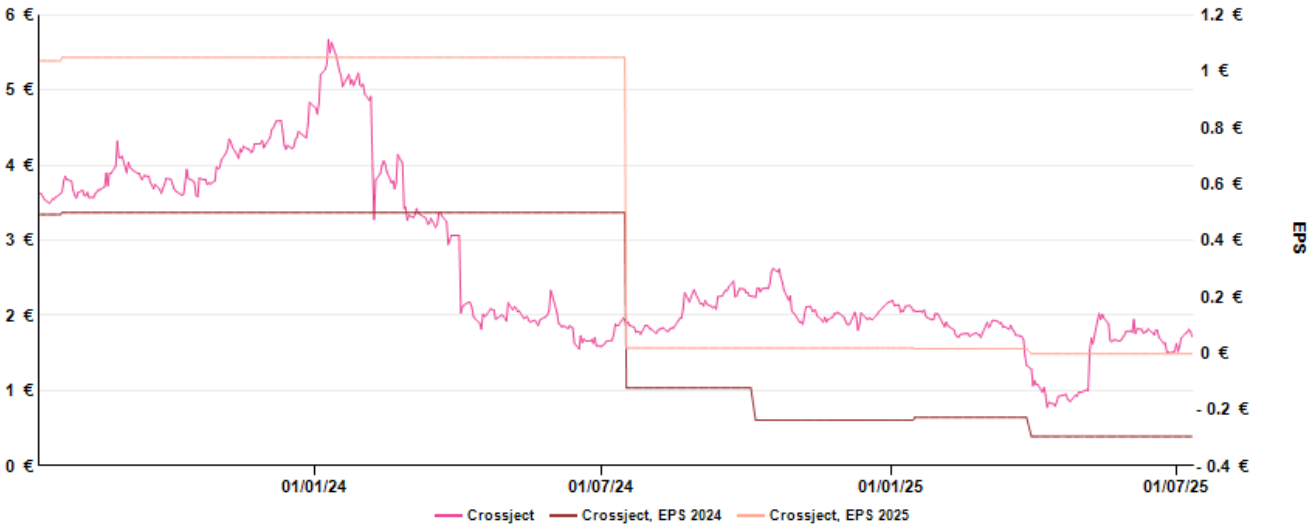
Our forecasts remain largely unchanged in light of the news. We will account for a degree of dilution, which will be partially or fully offset by the cash inflow.

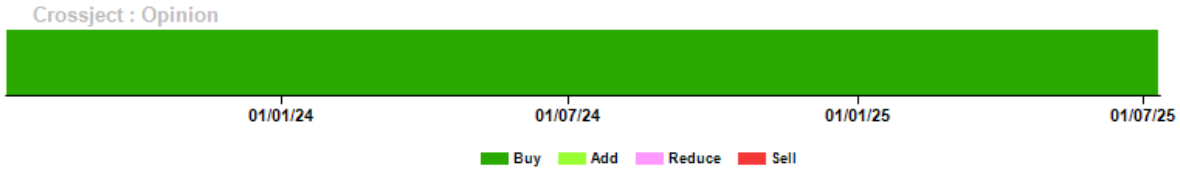
Crossject (Buy)

Stock Price and Target Price



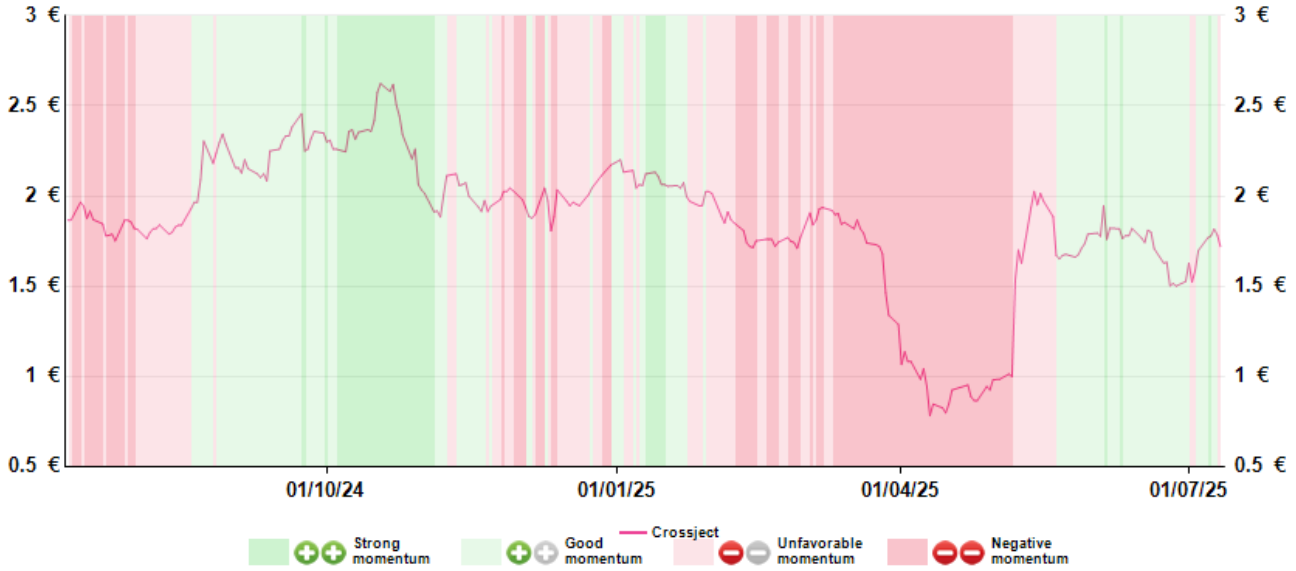
Earnings Per Share & Opinion





Crossject (Buy)

Momentum



Momentum analysis consists in evaluating the stock market trend of a given financial instrument, based on the analysis of its trading flows.
The main indicators used in our momentum tool are simple moving averages over three time frames: short term (20 trading days), medium term (50 days) and long term (150 days). The positioning of these moving averages relative to each other gives us the direction of the flows over these time frames.
For example, if the short and medium-term moving averages are above the long-term moving average, this suggests an uptrend which will need to be confirmed. Attention is also paid to the latest stock price relative to the three moving averages (advance indicator) as well as to the trend in these three moving averages - downtrend, neutral, uptrend - which is more of a lagging indicator.
The trend indications derived from the flows through moving averages and stock prices must be confirmed against trading volumes in order to confirm the signal. This is provided by a calculation based on the average increase in volumes over ten weeks together with a buy/sell volume ratio.

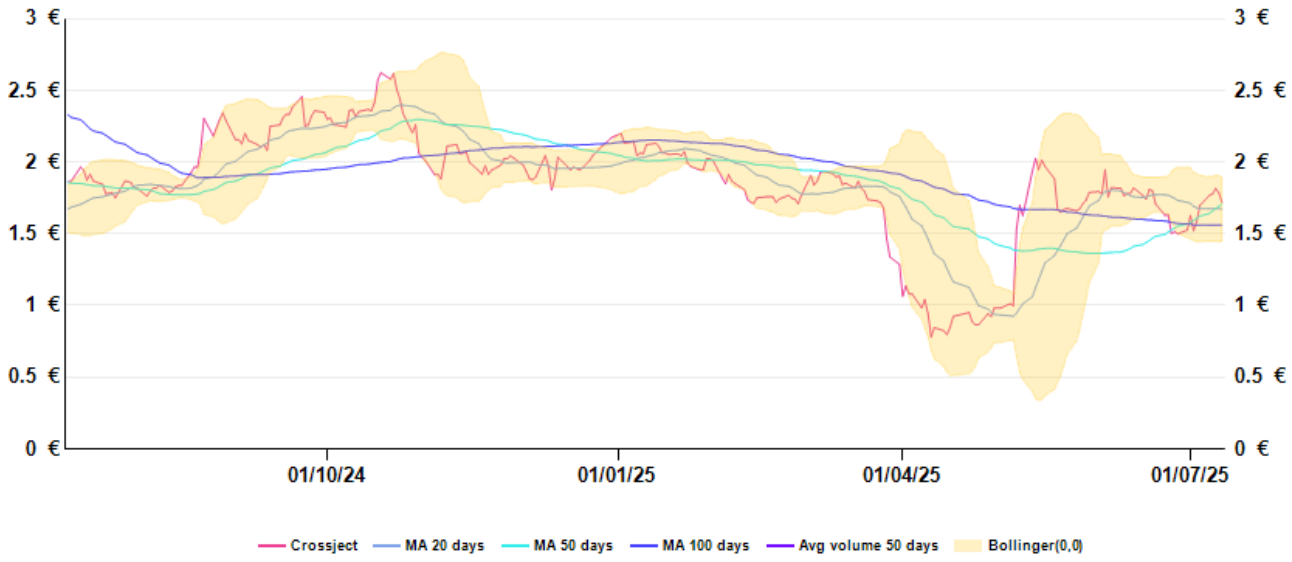
: Strong momentum corresponding to a continuous and overall positive moving average trend confirmed by volumes

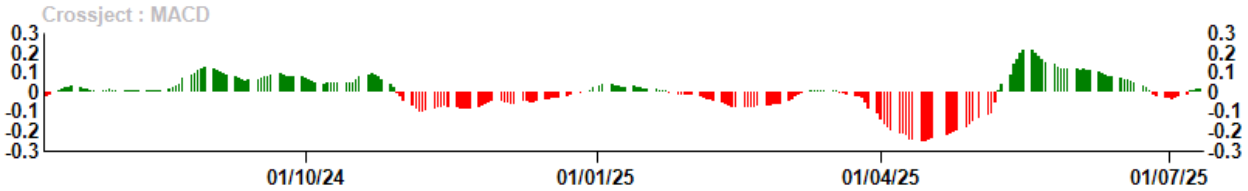
: Relatively good momentum corresponding to a positively-oriented moving average, but offset by an overbought pattern or lack of confirmation from volumes

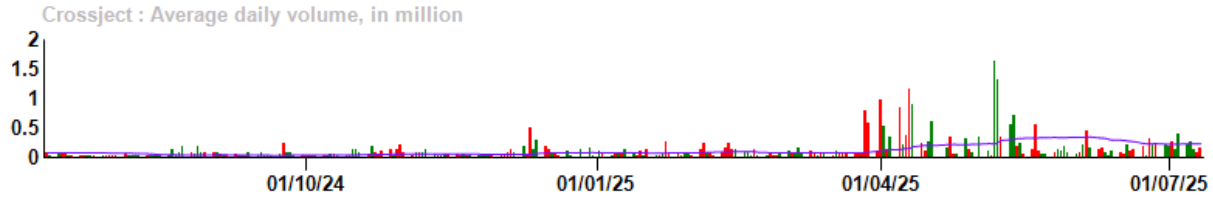
: Relatively unfavorable momentum with a neutral or negative moving average trend, but offset by an oversold pattern or lack of confirmation from volumes

: Strongly negative momentum corresponding to a continuous and overall negative moving average trend confirmed by volumes

Moving Average MACD & Volume

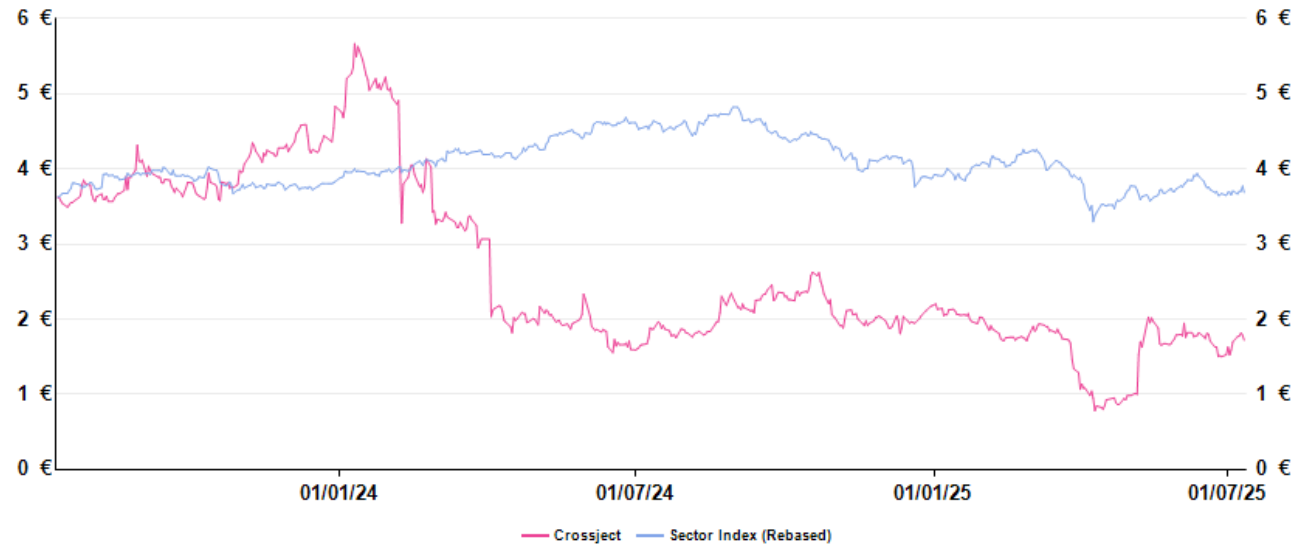






€/$ sensitivity

Sector Pharma



Detailed Financials

Valuation Key Data

		12/23A	12/24E	12/25E	12/26E
Adjusted P/E	**x**	**-17.7**	**-8.63**	**ns**	**8.00**
Reported P/E	x	-18.5	-8.94	-616	7.23
EV/EBITDA(R)	**x**	**-31.8**	**-18.1**	**11.2**	**3.45**
EV/EBIT	x	-15.1	-10.1	34.0	4.35
EV/Sales	x	13.4	9.89	2.95	1.92
P/Book	**x**	**-30.3**	**-24.7**	**7.30**	**2.74**
Dividend yield	**%**	**0.00**	**0.00**	**0.00**	**0.00**
Free cash flow yield	*%*	*-15.2*	*-7.74*	*-9.80*	*0.87*
Average stock price	€	3.90	2.55	1.72	1.72

Consolidated P&L		12/23A	12/24E	12/25E	12/26E
Sales	€M	13.3	13.3	32.2	49.2
Sales growth	*%*	*37.1*	*-0.53*	*143*	*52.6*
Sales per employee	*€th*	*112*	*121*	*269*	*289*
Purchases and external costs (incl. IT)	€M	10.5	12.4	13.9	16.4
R&D costs as % of sales	%	0.00	0.00	0.00	0.00
Staff costs	€M	-7.00	-8.00	-9.00	-11.0
Operating lease payments	€M				
Cost of sales/COGS (indicative)	€M	10.5	12.4	12.7	13.9
EBITDA	€M	-5.61	-7.26	8.47	27.4
EBITDA(R)	€M	-5.61	-7.26	8.47	27.4
EBITDA(R) margin	*%*	*-42.1*	*-54.7*	*26.3*	*55.6*
EBITDA(R) per employee	*€th*	*-47.2*	*-66.0*	*70.6*	*161*
Depreciation	€M	-6.19	-5.68	-5.68	-5.68
Depreciations/Sales	*%*	*46.4*	*42.9*	*17.6*	*11.6*
Amortisation	€M				
Additions to provisions	€M	0.00	0.00	0.00	0.00
Underlying operating profit	€M	-11.8	-12.9	2.79	21.7
Underlying operating margin	*%*	*-88.5*	*-97.6*	*8.67*	*44.1*
Other income/expense (cash)	€M	0.00	0.00	0.00	0.00
Impairment charges/goodwill amortisation	€M				
Operating profit (EBIT)	€M	-11.8	-12.9	2.79	21.7
Interest expenses	€M	-0.50	-1.43	-3.00	-4.00
of which effectively paid cash interest expenses	*€M*	*-0.50*			
Financial income	€M	0.00	0.00	0.00	0.00
Other financial income (expense)	€M				
Net financial expenses	€M	-0.50	-1.43	-3.00	-4.00
of which related to pensions	*€M*		*0.00*	*0.00*	*0.00*
Pre-tax profit before exceptional items	€M	-12.3	-14.4	-0.21	17.7
Exceptional items and other (before taxes)	€M	0.79	-1.23	0.00	0.00
Current tax	€M	2.87	2.83	0.07	-5.83
Deferred tax	€M				
Corporate tax	€M	2.87	2.83	0.07	-5.83
Tax rate	*%*	*23.3*	*19.7*	*33.0*	*33.0*
Net margin	*%*	*-70.8*	*-87.1*	*-0.43*	*24.1*
Equity associates	€M				
Actual dividends received from equity holdings	*€M*				
Minority interests	€M				
Income from discontinued operations	€M				
Attributable net profit	€M	-8.64	-12.8	-0.14	11.8
Impairment charges/goodwill amortisation	€M	0.00	0.00	0.00	0.00
Other adjustments	€M				
Adjusted attributable net profit	€M	-8.64	-12.8	-0.14	11.8
Fully diluted adjusted attr. net profit	€M	-8.64	-12.8	-0.14	11.8
NOPAT	€M	-8.85	-9.70	2.09	16.3

Cashflow Statement		12/23A	12/24E	12/25E	12/26E
EBITDA	€M	-5.61	-7.26	8.47	27.4
Change in WCR	€M	-15.9	0.45	-8.32	-10.9
of which (increases)/decr. in receivables	*€M*	*-17.5*	*0.48*	*-8.36*	*-12.0*
of which (increases)/decr. in inventories	*€M*	*-14.4*	*-0.28*	*-6.96*	*-9.86*
of which increases/(decr.) in payables	*€M*	*15.9*	*0.32*	*6.96*	*10.9*
of which increases/(decr.) in other curr. liab.	*€M*	*0.04*	*-0.07*	*0.03*	*0.04*
Actual dividends received from equity holdings	€M	0.00	0.00	0.00	0.00
Paid taxes	€M		2.83	0.07	-5.83
Exceptional items	€M	0.00	0.00	0.00	0.00
Other operating cash flows	€M	0.00	0.00	0.00	0.00
Total operating cash flows	€M	-21.5	-3.98	0.22	10.6
Capital expenditure	€M	-2.27	-3.43	-5.62	-5.88
Capex as a % of depreciation & amort.	*%*	*36.6*	*60.3*	*98.9*	*103*
Net investments in shares	€M	0.00	0.00	0.00	0.00
Other investment flows	€M	0.00	0.00	0.00	0.00
Total investment flows	€M	-2.27	-3.43	-5.62	-5.88
Net interest expense	€M	-0.50	-1.43	-3.00	-4.00
of which cash interest expense	*€M*	*-0.50*	*-1.43*	*-3.00*	*-4.00*
Dividends (parent company)	€M				
Dividends to minorities interests	€M	0.00	0.00	0.00	0.00
New shareholders' equity	€M	0.00	15.1	15.9	0.00
of which (acquisition) release of treasury shares	*€M*				
Change in gross debt	€M		16.0	8.00	0.00
Other financial flows	€M	0.00	-4.89	0.00	0.00
Total financial flows	€M	-0.50	24.8	20.9	-4.00
Change in cash position	€M	-24.3	17.4	15.5	0.74
Change in net debt position	€M	-24.3	1.36	7.50	0.74
Free cash flow (pre div.)	€M	-24.3	-8.84	-8.40	0.74
Operating cash flow (clean)	€M	-21.5	-3.98	0.22	10.6
Reinvestment rate (capex/tangible fixed assets)	*%*	*39.8*	*67.8*	*87.7*	*73.3*

Balance Sheet

		12/23A	12/24E	12/25E	12/26E
Capitalised R&D	€M	10.7	9.59	9.02	8.45
Goodwill	€M	0.00	0.00	0.00	0.00
Contracts & Rights (incl. concession) intangible assets	€M	0.00	0.00	0.00	0.00
Other intangible assets	€M	0.00	0.00	0.00	0.00
Total intangible	€M	10.7	9.59	9.02	8.45
Tangible fixed assets	€M	5.69	5.05	6.41	8.02
Financial fixed assets (part of group strategy)	€M	0.00	0.00	0.00	0.00
Financial hedges (LT derivatives)	€M	0.00	0.00	0.00	0.00
Other financial assets (investment purpose mainly)	€M	2.13	1.04	1.04	1.04
of which available for sale	*€M*	*0.00*	*0.00*	*0.00*	*0.00*
WCR	€M	2.93	2.48	10.8	21.7
of which trade & receivables (+)	*€M*	*4.78*	*4.30*	*12.7*	*24.7*
of which inventories (+)	*€M*	*3.13*	*3.42*	*10.4*	*20.2*
of which payables (+)	*€M*	*4.23*	*4.55*	*11.5*	*22.5*
of which other current liabilities (+)	*€M*	*0.75*	*0.68*	*0.72*	*0.75*
Other current assets	€M	1.41	1.20	0.94	0.68
of which tax assets (+)	*€M*	*2.65*	*0.80*	*0.80*	*0.00*
Total assets (net of short term liabilities)	€M	22.9	19.4	28.2	39.9
Ordinary shareholders' equity (group share)	€M	-5.27	-4.62	11.7	31.3
Minority interests	€M				
Provisions for pensions	€M		0.00	0.00	0.00
Other provisions for risks and liabilities	€M	0.69			
Deferred tax liabilities	€M	0.00	0.00	0.00	
Other liabilities	€M	9.21	7.09	7.09	
Net debt / (cash)	€M	18.2	16.9	9.38	8.64
Total liabilities and shareholders' equity	€M	22.9	19.4	28.2	39.9
Gross Cash	€M	0.76	18.1	33.6	34.4
Average net debt / (cash)	€M	13.6	17.6	13.1	9.01
Adjusted net debt	€M	18.9	16.9	9.38	8.64

EV Calculations

		12/23A	12/24E	12/25E	12/26E
EV/EBITDA(R)	**x**	**-31.8**	**-18.1**	**11.2**	**3.45**
EV/EBIT	**x**	**-15.1**	**-10.1**	**34.0**	**4.35**
EV/Sales	**x**	**13.4**	**9.89**	**2.95**	**1.92**
EV/Invested capital	x	9.22	7.66	3.62	2.47
Market cap	€M	160	114	85.7	85.7
+ Provisions (including pensions)	€M	0.69	0.00	0.00	0.00
+ Unrecognised actuarial losses/(gains)	€M	0.00	0.00	0.00	0.00
+ Net debt at year end (ex Right-of-use from 2019)	€M	18.2	16.9	9.38	8.64
+ Right-of-use (from 2019)/Leases debt equivalent	€M	0.00	0.00	0.00	0.00
- Financial fixed assets (fair value) & Others	€M				
+ Minority interests (fair value)	€M				
= Enterprise Value	**€M**	**178**	**131**	**95.1**	**94.3**

Per Share Data		12/23A	12/24E	12/25E	12/26E
Adjusted EPS (bfr gwill amort. & dil.)	**€**	**-0.22**	**-0.30**	**0.00**	**0.21**
Growth in EPS	*%*	*n/a*	*n/a*	*n/a*	*n/a*
Reported EPS	€	-0.21	-0.29	0.00	0.24
Net dividend per share	**€**	**0.00**	**0.00**	**0.00**	**0.00**
Free cash flow per share	€	-0.62	-0.20	-0.17	0.01
Operating cash flow per share	€	-0.56	-0.09	0.00	0.21
Book value per share	€	-0.13	-0.10	0.24	0.63
Number of ordinary shares	**Mio**	**41.1**	**44.9**	**50.0**	**50.0**
Number of equivalent ordinary shares (year end)	Mio	41.1	44.9	50.0	50.0
Number of shares market cap.	Mio	41.1	44.9	50.0	50.0
Treasury stock (year end)	Mio	0.16	0.21	0.21	0.21
Number of shares net of treasury stock (year end)	Mio	40.9	44.7	49.8	49.8
Number of common shares (average)	**Mio**	**38.6**	**42.8**	**47.3**	**49.8**
Conversion of debt instruments into equity	Mio	0.61	0.00	0.00	
Settlement of cashable stock options	Mio				
Probable settlement of non mature stock options	Mio				
Other commitments to issue new shares	Mio			4.54	6.04
Increase in shares outstanding (average)	Mio	0.61	0.31	2.27	5.29
Number of diluted shares (average)	**Mio**	**39.3**	**43.1**	**49.5**	**55.1**
Goodwill per share (diluted)	€	0.00	0.00	0.00	0.00
EPS after goodwill amortisation (diluted)	€	-0.22	-0.30	0.00	0.21
EPS before goodwill amortisation (non-diluted)	€	-0.22	-0.30	0.00	0.24
Payout ratio	**%**	**0.00**	**0.00**	**0.00**	**0.00**
Capital payout ratio (div +share buy back/net income)	**%**	**0.00**	**0.00**	**0.00**	**0.00**

Funding - Liquidity

		12/23A	12/24E	12/25E	12/26E
EBITDA	€M	-5.61	-7.26	8.47	27.4
Funds from operations (FFO)	€M	-6.11	-5.86	5.54	17.5
Ordinary shareholders' equity	**€M**	**-5.27**	**-4.62**	**11.7**	**31.3**
Gross debt	€M	19.0	35.0	43.0	43.0
o/w Less than 1 year - Gross debt	€M	1.00	1.00	1.00	1.00
o/w 1 to 5 year - Gross debt	€M	6.00	4.00	2.00	2.00
of which Y+2	€M	8.00	6.00	4.00	2.00
of which Y+3	€M	2.00	8.00		
of which Y+4	€M	2.00			
o/w Beyond 5 years - Gross debt	€M	12.0	30.0	40.0	40.0
+ Gross Cash	€M	0.76	18.1	33.6	34.4
= Net debt / (cash)	**€M**	**18.2**	**16.9**	**9.38**	**8.64**
Bank borrowings	€M	10.0	15.0	35.0	35.0
Issued bonds	€M	1.00	1.00		
Other financing	€M	8.00	19.0	8.00	8.00
Gearing (at book value)	%			112	28.8
Equity/Total asset (%)	%	-23.0	-23.8	41.6	78.3
Adj. Net debt/EBITDA(R)	*x*	*-3.37*	*-2.33*	*1.11*	*0.32*
Adjusted Gross Debt/EBITDA(R)	*x*	*-3.51*	*-4.82*	*5.07*	*1.57*
Adj. gross debt/(Adj. gross debt+Equity)	*%*	*137*	*115*	*78.6*	*57.9*
Ebit cover	*x*	*-23.7*	*-9.05*	*0.93*	*5.42*
FFO/Gross Debt	*%*	*-31.0*	*-16.7*	*12.9*	*40.8*
FFO/Net debt	*%*	*-33.5*	*-34.7*	*59.1*	*203*
FCF/Adj. gross debt (%)	*%*	*-123*	*-25.2*	*-19.5*	*1.73*
(Gross cash+ "cash" FCF+undrawn)/ST debt	*x*	*-23.5*	*9.28*	*25.2*	*35.1*
"Cash" FCF/ST debt	*x*	*-24.3*	*-8.84*	*-8.40*	*0.74*

ROE Analysis (Dupont's Breakdown)

		12/23A	12/24E	12/25E	12/26E
Tax burden (Net income/pretax pre excp income)	x	0.70	0.89	0.67	0.67
EBIT margin (EBIT/sales)	%	-88.5	-97.6	8.67	44.1
Assets rotation (Sales/Avg assets)	%	59.0	62.8	135	144
Financial leverage (Avg assets /Avg equity)	x	-17.5	-4.27	6.68	1.58
ROE	**%**	**669**	**258**	**-3.91**	**55.1**
ROA	%	-61.0	-75.6	10.6	56.8

Shareholder's Equity Review (Group Share)

		12/23A	12/24E	12/25E	12/26E
Y-1 shareholders' equity	€M	1.12	-7.52	-4.62	11.7
+ Net profit of year	€M	-8.64	-12.8	-0.14	11.8
- Dividends (parent cy)	€M	0.00	0.00	0.00	0.00
+ Additions to equity	€M	0.00	15.1	15.9	0.00
o/w reduction (addition) to treasury shares	*€M*	*0.00*	*0.00*	*0.00*	*0.00*
- Unrecognised actuarial gains/(losses)	€M	0.00	0.00	0.00	0.00
+ Comprehensive income recognition	€M		0.58	0.59	7.68
= Year end shareholders' equity	**€M**	**-7.52**	**-4.62**	**11.7**	**31.3**

Staffing Analytics

		12/23A	12/24E	12/25E	12/26E
Sales per staff	€th	112	121	269	289
Staff costs per employee	€th	-58.8	-72.7	-75.0	-64.7
Change in staff costs	*%*	*0.00*	*14.3*	*12.5*	*22.2*
Change in unit cost of staff	*%*	*-29.4*	*23.6*	*3.13*	*-13.7*
Staff costs/(EBITDA+Staff costs)	*%*	*505*	*1,074*	*51.5*	*28.7*
Average workforce	**unit**	**119**	**110**	**120**	**170**
Europe	unit	117	100	105	155
North America	unit	2.00	10.0	15.0	15.0
South Americas	unit	0.00	0.00	0.00	0.00
Asia	unit	0.00	0.00	0.00	0.00
Other key countries	unit	0.00	0.00	0.00	0.00
Total staff costs	**€M**	**-7.00**	**-8.00**	**-9.00**	**-11.0**
Wages and salaries	€M	-7.00	-8.00	-9.00	-11.0
of which social security contributions	*€M*	*-3.00*	*-3.00*	*-3.00*	*-4.00*
Pension related costs	€M		0.00	0.00	0.00

Divisional Breakdown Of Revenues

		12/23A	12/24E	12/25E	12/26E
Total sales	**€M**	**13.3**	**13.3**	**32.2**	**49.2**
Methotrexate	€M	0.00	0.00	0.00	0.00
Epinephrine	€M	0.00	0.00	0.00	4.36
Sumatriptan	€M	0.00	0.00	0.00	0.00
Midazolam	€M	0.00	0.00	25.2	44.8
Hydrocortisone	€M	0.00	0.00	0.00	0.00
Naloxone	€M	0.00	0.00	0.00	0.00
Apomorphine	€M	0.00	0.00	0.00	0.00
Terbutaline	€M	0.00	0.00	0.00	0.00
Other	€M	13.3	13.3	7.00	0.00

Divisional Breakdown Of Earnings

		12/23A	12/24E	12/25E	12/26E
EBIT Analysis					
Royalty income	€M				
Product sales	€M	0.00	0.00	25.2	49.2
Other/cancellations	€M				
Total	**€M**	**0.00**	**0.00**	**25.2**	**49.2**
EBIT margin	%	0.00	0.00	78.3	100

Revenue Breakdown By Country

		12/23A	12/24E	12/25E	12/26E
Europe	%	100	100		
o/w France	%	100	100		
Americas	%	0.00	0.00		
Asia	%	0.00	0.00		
o/w China	%	0.00	0.00		
Other	%	0.00	0.00		

ROCE

		12/23A	12/24E	12/25E	12/26E
ROCE (NOPAT+lease exp.(1-tax))/(net) cap employed adjusted*	*%*	*-45.7*	*-56.7*	*7.98*	*42.6*
CFROIC	*%*	*-126*	*-51.6*	*-32.0*	*1.95*
Goodwill	€M	0.00	0.00	0.00	0.00
Accumulated goodwill amortisation	*€M*	*0.00*	*0.00*	*0.00*	*0.00*
All intangible assets	€M	0.00	0.00	0.00	0.00
Accumulated intangible amortisation	*€M*	*0.00*	*0.00*	*0.00*	*0.00*
Financial hedges (LT derivatives)	€M	0.00	0.00	0.00	0.00
Capitalised R&D	€M	10.7	9.59	9.02	8.45
Rights of use/ Capitalised leases	€M	0.00	0.00	0.00	0.00
Other fixed assets	€M	5.69	5.05	6.41	8.02
Accumulated depreciation	*€M*	*0.00*	*0.00*	*0.00*	*0.00*
WCR	€M	2.93	2.48	10.8	21.7
Other assets	€M	0.00	0.00	0.00	0.00
Unrecognised actuarial losses/(gains)	€M	0.00	0.00	0.00	0.00
Capital employed after deprec. (Invested capital)	**€M**	**19.3**	**17.1**	**26.2**	**38.2**
Capital employed before depreciation	€M	19.3	17.1	26.2	38.2

Divisional Breakdown Of Capital Employed

		12/23A	12/24E	12/25E	12/26E
Royalty income	€M				
Product sales	€M				
Other	€M	19.3	17.1	26.2	38.2
Total capital employed	**€M**	**19.3**	**17.1**	**26.2**	**38.2**

Fundamental Opinion

It is implicit that recommendations are made in good faith but should not be regarded as the sole source of advice.

Recommendations are geared to a "**value**" approach.

Valuations are computed from the point of view of a **secondary market minority holder** looking at a medium term (say 6 months) performance.

Valuation tools are built around the concepts of **transparency,** all underlying figures are accessible, and **consistency,** same methodology whichever the stock, allowing for differences in nature between financial and non financial stocks. A stock with a target price below its current price should not and will not be regarded as an Add or a Buy.

Recommendations are based on target prices with no allowance for dividend returns. The thresholds for the four recommendation levels may change from time to time depending on market conditions. Thresholds are defined as follows, ASSUMING long risk free rates remain in the 2-5% region.

Recommendation	Low Volatility 10 < VIX index < 30	Normal Volatility 15 < VIX index < 35	High Volatility 35 < VIX index
Buy	More than 15% upside	More than 20% upside	More than 30% upside
Add	From 5% to 15%	From 5% to 20%	From 10% to 30%
Reduce	From -10% to 5%	From -10% to 5%	From -10% to 10%
Sell	Below -10%	Below -10%	Below -10%

There is deliberately no "neutral" recommendation. The principle is that there is no point investing in equities if the return is not at least the risk free rate (and the dividend yield which again is not allowed for).

Although recommendations are automated (a function of the target price whenever a new equity research report is released), the management of AlphaValue intends to maintain global consistency within its universe coverage and may, from time to time, decide to change global parameters which may affect the level of recommendation definitions and /or the distribution of recommendations within the four levels above. For instance, lowering the risk premium in a gloomy context may increase the proportion of positive recommendations.

Valuation

Valuation processes have been organized around transparency and consistency as primary objectives.

Stocks belong to different categories that recognise their main operating features : Banks, Insurers and Non Financials.

Within those three universes, the valuation techniques are the same and in relation to the financial data available.

The weighting given to individual valuation techniques is managed centrally and may be changed from time to time. As a rule, all stocks of a similar profile are valued using equivalent weighting of the various valuation techniques. This is for obvious consistency reasons.

Within the very large universe of Non Financials, there are in effect 4 sub-categories of weightings to cater for subsets: 1) 'Mainstream' stocks; 2) 'Holding companies' where the stress is on NAV measures; 3) 'Growth' companies where the stress is on peer based valuations; 4) 'Loss making sectors' where peers review is essentially pointing nowhere (ex: Bio techs). The bulk of the valuation is then built on DCF and NAV, in effect pushing back the time horizon.

Valuation Issue	Normal industrials	Growth industrials	Holding company	Loss runners	Bank	Insurers
DCF	35%	35%	10%	40%	0%	0%
NAV	20%	20%	55%	40%	50%	15%
PE	10%	10%	10%	5%	10%	20%
EV/EBITDA	20%	20%	0%	5%	0%	0%
Yield	10%	10%	20%	5%	10%	15%
Book	5%	5%	5%	5%	10%	10%
Banks' instrinsic method	0%	0%	0%	0%	10%	0%
Embedded Value	0%	0%	0%	0%	0%	40%
Mkt Cap/Gross Operating Profit	0%	0%	0%	0%	10%	0%