



# Crossject

Supergenerics / France

## H1 24: no real surprise, but a glimpse of disappointment

Earnings/sales releases - 25/09/2024

The company released its H1 24 numbers and reminded the milestones achieved over the past few months. Even if we still believe in the case, we are a bit perplexed about the ability of the group to have its products reach the market without another financing round. We also found that management shows a degree cautiousness with respect to the timing of such a launch. Whether this is a just a way to make sure not to disappoint investors or a sign that things are not running as smoothly as planned remains to be seen.

### Fact

Crossject released H1 24 results. Revenues reached €5,766k vs €7,926k, operating result €-6,719k vs €-6,535k, and net result €-6,402k vs €-4,562k. Gross cash at the end of H124 amounted to €5.9m vs €5.4m a year ago and €2.3m at the end of FY23.

### Analysis

Once again, we remind that the numbers are of little relevance for the time being since the story of the group is based on the future launch of Zeneo. That said, the “good news” though is that the net result is about the same as last year. In fact, a lower level of amortisation of capitalised production is compensating for lower revenues, which makes the news a little less “spectacular”.

The cash-burn looks reasonably contained even if the net debt is not released at this stage (we compute this cash-burn in the region of €8m and the liquidity is preserved (gross cash €5.9m, up €3.6m since December) with the group having raised c.€6.7m through a capital increase in June and cashed in about €6.3m through a convertible and/or repayable bond in two tranches (the second one not being available before Zepizure obtains the EUA in the US) to Heights Capital Management in February while the gross bank debt is also down by c. €1.6m).

Note that the H1 24 revenues include US\$3.2m as part of the cooperation with BARDA (Biomedical Advanced Research and Development Authority). As a reminder, the contract could be worth US\$155m in total for the French group if all options are exercised.

Altogether though, we are a bit disappointed by some elements in the set of results and presentation:

1- Starting with the group’s communication; we once again regret that the set of accounts is not more detailed (e.g. no statement of cash flows is provided or more explicit notes to the accounts). A small thing though.

2- With respect to the EUA for Zepizure in the US, we are a rather confused that management orally mentions “the first part of FY25” or sometimes “at the beginning on the year” or “early next year” while last year’s presentation was explicitly mentioning Q1 25. It is also worth mentioning that the former indicated “a response from the FDA in Q1 25”, which in our view was obviously a potential approval and not just the filing. This approval is now seen as “not much later” (whatever this means and, one could add, not much later than Q1 25 or not



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Buy	Upside: 241%
Target Price (6 months)	€ 7.82
Share Price	€ 2.29
Market Cap. €M	94.5
Price Momentum	<b>STRONG</b>
Extremes 12 Months	1.58 ▶ 5.77
Sustainability score	3.7 /10
Credit Risk	DDD ↗
Bloomberg	ALCJ FP Equity
Reuters	ALCJ.PA

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PERF	1w	1m	3m	12m
Crossject	-2.55%	-2.35%	35.5%	-39.9%
Pharma	-2.99%	-5.15%	-3.31%	14.8%
STOXX 600	0.49%	0.30%	0.16%	14.7%

Last updated: 07/08/2024	12/23A	12/24E	12/25E	12/26E
Adjusted P/E (x)	-18.0	-18.6	130	7.39
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-32.3	ns	11.2	3.87
Adjusted EPS (€)	-0.22	-0.12	0.02	0.31
Growth in EPS (%)	n/a	n/a	n/a	1,654
Dividend (€)	0.00	0.00	0.00	0.00
Sales (€M)	13.3	21.1	32.2	49.2
EBIT margin (%)	0.00	38.4	78.3	100
Attributable net profit (€M)	-8.64	-5.10	0.73	12.7
ROE (after tax) (%)	669	157	-142	111
Gearing (%)			9,582	88.3

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much later than “in the first part of FY25?”). We understand that the company has little visibility (and no means to really influence) this timing, but management’s speech and views are not as clear as they could be. We may seem to be quibbling about a few weeks or months, but the history of the group calls for cautiousness with respect to delays.

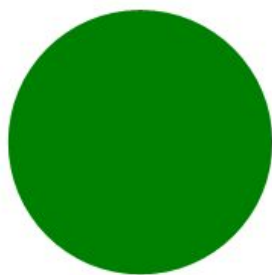
3- Although the group estimates that the financing until EUA without resorting to the market is actually the roadmap, management acknowledges it is also “looking at all alternatives, preferably non- or little-dilutive ones to secure its development and face potential delays”. Given the cash consumption, we agree and dare say that a new financing round is in our mind rather likely in the coming months. In short, we are less optimistic than the group on this matter. Of course, the EUA could be granted “any time” (i.e. even sooner than currently expected) which would be excellent news and obviously change our standpoint.

The group also reminded of a number of milestones achieved in H1 24 or this summer, such as filing a New Drug Application (NDA) for ZEPIZURE in H1 25, the grant by the French government of €6.9m as part of a call for projects under the France 2030 Plan (of which €1.7m to be cashed in H2 24), the appointment of Tony Tipton as the US Chief Operating Officer and Dr Chiche as Chief Medical Officer, North America. Fair points, but this is not “new news” of course.

## ■ Impact

We will revisit our numbers for the current year in the light of this release. That said, “nothing has changed” going forward and the hopes are still to see first deliveries to BARDA in FY25, so our numbers looking forward will not materially change, nor our target price leave room for the stock to perform.

## Sales by Geography



Europe (100.0%)

## Consolidated P&L Accounts

		12/23A	12/24E	12/25E
Sales	€M	13.3	21.1	32.2
Change in sales	%	37.1	58.3	52.7
Change in staff costs	%	0.00	14.3	12.5
EBITDA	€M	-5.61	-0.42	10.3
<b>EBITDA(R) margin</b>	%	<b>-42.1</b>	<b>-1.99</b>	<b>31.9</b>
Depreciation	€M	-6.19	-6.19	-6.19
Underlying operating profit	€M	-11.8	-6.61	4.08
<b>Operating profit (EBIT)</b>	<b>€M</b>	<b>-11.8</b>	<b>-6.61</b>	<b>4.08</b>
Net financial expense	€M	-0.50	-1.00	-3.00
of which related to pensions	€M		0.00	0.00
Exceptional items & other	€M	0.79	0.00	0.00
Corporate tax	€M	2.87	2.51	-0.36
Equity associates	€M			
Minority interests	€M			
<b>Adjusted attributable net profit</b>	<b>€M</b>	<b>-8.64</b>	<b>-5.10</b>	<b>0.73</b>
NOPAT	€M	-8.85	-4.95	3.06

## Cashflow Statement

		12/23A	12/24E	12/25E
EBITDA	€M	-5.61	-0.42	10.3
Change in WCR	€M	-15.9	0.26	-8.02
Actual div. received from equity holdi...	€M	0.00	0.00	0.00
Paid taxes	€M		2.51	-0.36
Exceptional items	€M	0.00	0.00	0.00
Other operating cash flows	€M	0.00	0.00	0.00
Total operating cash flows	€M	-21.5	2.35	1.89
Capital expenditure	€M	-2.27	-5.38	-5.62
Total investment flows	€M	-2.27	-5.38	-5.62
Net interest expense	€M	-0.50	-1.00	-3.00
Dividends (parent company)	€M			
Dividends to minorities interests	€M	0.00	0.00	0.00
New shareholders' equity	€M	0.00	7.80	0.00
Total financial flows	€M	-0.50	22.8	5.00
Change in cash position	€M	-24.3	19.8	1.27
<b>Free cash flow (pre div.)</b>	<b>€M</b>	<b>-24.3</b>	<b>-4.02</b>	<b>-6.73</b>

## Per Share Data

		12/23A	12/24E	12/25E
No. of shares net of treas. stock (year...	Mio	40.9	41.1	41.1
Number of diluted shares (average)	Mio	39.3	41.3	41.1
<b>Benchmark EPS</b>	<b>€</b>	<b>-0.22</b>	<b>-0.12</b>	<b>0.02</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	€ 8.90	40%	● UCB
NAV/SOTP per share	€ 10.3	40%	● Faes Farma
P/E	€ 1.15	5%	● bioMerieux
EV/Ebitda	€ 0.64	5%	● Hikma Pharmaceuti...
P/Book	€ 1.15	5%	● Ipsen
Dividend Yield	€ 0.00	5%	● Sartorius
TARGET PRICE	€ 7.82	100%	

### NAV/SOTP Calculation

## Balance Sheet

		12/23A	12/24E	12/25E
Goodwill	€M	0.00	0.00	0.00
Total intangible	€M	10.7	10.1	9.49
Tangible fixed assets	€M	5.69	6.43	7.41
Financial fixed assets	€M	0.00	0.00	0.00
WCR	€M	2.93	2.66	10.7
Other assets	€M	1.41	1.14	0.88
Total assets (net of short term liab.)	€M	22.9	22.5	30.6
<b>Ordinary shareholders' equity</b>	<b>€M</b>	<b>-5.27</b>	<b>-1.21</b>	<b>0.19</b>
Quasi Equity & Preferred	€M			
Minority interests	€M			
Provisions for pensions	€M		0.00	0.00
Other provisions for risks and liabilities	€M	0.69		
Total provisions for risks and liabilities	€M	0.69	0.00	0.00
Tax liabilities	€M	0.00	0.00	0.00
Other liabilities	€M	9.21	9.21	9.21
<b>Net debt (cash)</b>	<b>€M</b>	<b>18.2</b>	<b>14.5</b>	<b>21.2</b>
Total liab. and shareholders' equity	€M	22.9	22.5	30.6

## Capital Employed

		12/23A	12/24E	12/25E
Capital employed after depreciation	€M	19.3	19.2	27.6

## Profits & Risks Ratios

		12/23A	12/24E	12/25E
<b>ROE (after tax)</b>	%	<b>669</b>	<b>157</b>	<b>-142</b>
ROCE	%	-45.7	-25.8	11.1
<b>Gearing (at book value)</b>	%			<b>9,582</b>
Adj. Net debt/EBITDA(R)	x	-3.25	-34.5	2.06
Interest cover (x)	x	-23.7	-6.61	1.36

## Valuation Ratios

		12/23A	12/24E	12/25E
<b>Reference P/E (benchmark)</b>	<b>x</b>	<b>-18.0</b>	<b>-18.6</b>	<b>130</b>
Free cash flow yield	%	-15.0	-4.28	-7.15
P/Book	x	-30.8	-78.0	505
<b>Dividend yield</b>	%	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

## EV Calculation

		12/23A	12/24E	12/25E
Market cap	€M	162	94.1	94.1
+ Provisions	€M	0.69	0.00	0.00
+ Unrecognised actuarial losses/(gains)	€M	0.00	0.00	0.00
+ Net debt at year end	€M	18.2	14.5	21.2
+ Leases debt equivalent	€M	0.00	0.00	0.00
- Financial fixed assets (fair value)	€M			
+ Minority interests (fair value)	€M			
= EV	€M	181	109	115
<b>EV/EBITDA(R)</b>	<b>x</b>	<b>-32.3</b>	<b>ns</b>	<b>11.2</b>
EV/Sales	x	13.6	5.14	3.58

Analyst : Fabrice Farigoule, Changes to Forecasts : 07/08/2024.