



# Crossject

Supergenerics / France

## An unsurprising additional financing round.

Financing issue - 11/12/2024

**Crossject announced another capital increase (and issue of warrants) that will provide it with c.€7.2m in the short term (before potential exercise of warrants which could provide another €10m). This was bound to happen in our view and, therefore, is no real surprise ahead of the filing and approval grant for Zepizure in the US. That said, this will weigh on the share price in the short term and H1 25 will be key for the group's credibility. We will amend our numbers in light of the cash inflow and dilution.**

### Fact

The group announced another capital increase and issue of warrants.

### Analysis

The transaction would comprise an issuance of new ordinary shares via a capital increase reserved for a specified category of investors and the concurrent private placement of warrants ("BSA") giving the right to subscribe to new ordinary shares.

The number of new shares issued was not to exceed 9m with a par value of €0.10 each, which would have represented c.17.43% of the outstanding share capital on a non-diluted basis. The subscription price was to be determined "at least equal to the weighted average by volume of the share prices over the fifteen trading days preceding the date the issue price is set; it being specified that this weighted average may be reduced by a discount of no more than 20%". The new shares are expected to be admitted to trading "on or about 13 December 2024.

Right after this announcement, the group announced the successful pricing of a reserved capital increase of €7.2m through the issuance of 3,635,756 shares with a nominal value of EUR 0.10 each, representing 8.8% of its current share capital, at a subscription price of €1.6012 per share, and the issuance of 3,635,756 warrants.

The warrants were issued at their fair market value calculated based on the Black Scholes model. The number of ordinary shares issued upon exercise of the warrants was not to exceed 9m ordinary shares. In fact, it was also announced today that 3,635,756 warrants were issued at a price of €0.3788 per warrant, 4 warrants giving the right to subscribe to 5 ordinary shares upon payment of an exercise price of €2.25 per ordinary share.

The proceeds are expected to result in a gross amount of at least €7m in immediate new funding for Crossject (prior to the exercise of warrants which could bring another €10.2m), to be used as follows: 50% for the development of Zepizure, the "EUA" approval of which is still expected in Q125, 20% for the industrial development of Zepizure and 30% for the R&D efforts of other therapeutic entities.

Gemmes Venture, the reference shareholder of Crossject with a c.26% stake in the Company on a non-diluted basis, had informed the Company of its intention to subscribe in the transaction for at least €2m.

Heights had informed the Company of its intention to subscribe in the transaction for €2m under certain conditions (total amount raised of at least €7m and Gemmes



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This research has been commissioned and paid for by the company and does therefore not constitute an inducement caught by the prohibition under MiFID II

Buy	Upside: 266%
Target Price (6 months)	€ 7.35
Share Price	€ 2.01
Market Cap. €M	83.0
Price Momentum	<b>NEGATIVE</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	2.03%	-6.51%	-6.07%	-56.9
Pharma	-0.90%	-0.05%	-10.3%	10.8
STOXX 600	0.57%	2.34%	2.08%	9.79

Last updated: 07/10/2024	12/23A	12/24E	12/25E	12/26E
Adjusted P/E (x)	-18.0	-8.45	114	6.48
Dividend yield (%)	0.00	0.00	0.00	0.00
EV/EBITDA(R) (x)	-32.3	-17.4	10.6	3.64
Adjusted EPS (€)	-0.22	-0.24	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	15.7	32.2	49.2
EBIT margin (%)	0.00	17.2	78.3	100
Attributable net profit (€M)	-8.64	-9.82	0.73	12.7
ROE (after tax) (%)	669	175	-13.9	188
Gearing (%)				138

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subscription of at least €2m).

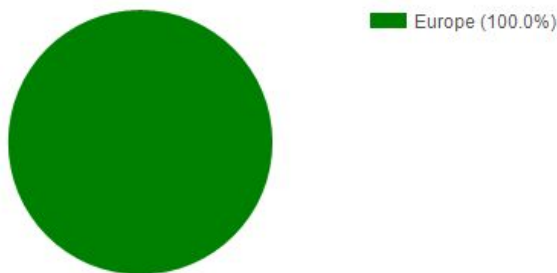
With this deal, “the Company expects that its net working capital would be sufficient to meet its obligations until the end of H125, allowing it to reach its main EUA regulatory milestone for ZEPIZURE”. Management added that it is “exploring dilutive and non-dilutive financing complements in order to extend its cash runway until the initial payments from its U.S. sponsor are received, such payments being expected in Q3 2025. The Company could also receive additional cash proceeds from the exercise of warrants to fulfil these”. In short, yet another dilution is not excluded in the short-term...and even almost anticipated, so to speak.

Furthermore, Crossject has agreed with Heights Capital Management on amendments of the terms and conditions of the existing convertible bonds issued in February 2024. The amendments include the issuance of a second tranche of approximately €2.5m, no longer conditional upon the ZEPIZURE Emergency Use Authorization by the FDA and an extension of the maturity of the convertible bonds to December 2027 (from February 2027). This confirms our previous belief that the company was not fully financed before Zepizure reaches the market and generates cash (current cash burn, building of working capital, R&D etc...). This is a third round of financing for FY24 alone. One could also add that the amendments of the terms and conditions of the OCAs as well as the new tranche suggest financing is definitely still an issue for the group. This is not new, but not exactly reassuring for minority shareholders...As is the “complexity” of the transaction given the relatively small size of the company.

#### ■ Impact

We will obviously amend our numbers in light of the cash inflow and dilution. The latter will weigh on the share price in the short term, even if it should secure the group's financing for two reasons: 1 – as stated, an obvious dilution with this transaction and 2 – the still potential next round of financing after H125.

## Sales by Geography



## Consolidated P&L Accounts

		12/23A	12/24E	12/25E
Sales	€M	13.3	15.7	32.2
Change in sales	%	37.1	17.8	105
Change in staff costs	%	0.00	14.3	12.5
EBITDA	€M	-5.61	-5.71	10.3
<b>EBITDA(R) margin</b>	<b>%</b>	<b>-42.1</b>	<b>-36.4</b>	<b>31.9</b>
Depreciation	€M	-6.19	-6.19	-6.19
Underlying operating profit	€M	-11.8	-11.9	4.08
<b>Operating profit (EBIT)</b>	<b>€M</b>	<b>-11.8</b>	<b>-11.9</b>	<b>4.08</b>
Net financial expense	€M	-0.50	-1.20	-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	3.27	-0.36
Equity associates	€M			
Minority interests	€M			
<b>Adjusted attributable net profit</b>	<b>€M</b>	<b>-8.64</b>	<b>-9.82</b>	<b>0.73</b>
NOPAT	€M	-8.85	-8.92	3.06

## Cashflow Statement

		12/23A	12/24E	12/25E
EBITDA	€M	-5.61	-5.71	10.3
Change in WCR	€M	-15.9	2.56	-10.3
Actual div. received from equity holdi...	€M	0.00	0.00	0.00
Paid taxes	€M		3.27	-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	0.13	-0.41
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	-1.20	-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	22.6	5.00
Change in cash position	€M	-24.3	17.4	-1.03
<b>Free cash flow (pre div.)</b>	<b>€M</b>	<b>-24.3</b>	<b>-6.45</b>	<b>-9.03</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>-0.24</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	€ 7.71	40%	● UCB
NAV/SOTP per share	€ 10.3	40%	● Faes Farma
P/E	€ 1.01	5%	● bioMerieux
EV/Ebitda	€ 1.11	5%	● Hikma Pharmaceuti...
P/Book	€ 1.01	5%	● Ipsen
Dividend Yield	€ 0.00	5%	● Sartorius
TARGET PRICE	€ 7.35	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	0.36	10.7
Other assets	€M	1.41	1.14	0.88
Total assets (net of short term liab.)	€M	22.9	20.2	30.6
<b>Ordinary shareholders' equity</b>	<b>€M</b>	<b>-5.27</b>	<b>-5.93</b>	<b>-4.54</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>16.9</b>	<b>25.9</b>
Total liab. and shareholders' equity	€M	22.9	20.2	30.6

## Capital Employed

		12/23A	12/24E	12/25E
Capital employed after depreciation	€M	19.3	16.9	27.6

## Profits & Risks Ratios

		12/23A	12/24E	12/25E
<b>ROE (after tax)</b>	<b>%</b>	<b>669</b>	<b>175</b>	<b>-13.9</b>
ROCE	%	-45.7	-52.8	11.1
<b>Gearing (at book value)</b>	<b>%</b>			
Adj. Net debt/EBITDA(R)	x	-3.37	-2.96	2.52
Interest cover (x)	x	-23.7	-9.91	1.36

## Valuation Ratios

		12/23A	12/24E	12/25E
<b>Reference P/E (benchmark)</b>	<b>x</b>	<b>-18.0</b>	<b>-8.45</b>	<b>114</b>
Free cash flow yield	%	-15.0	-7.81	-10.9
P/Book	x	-30.8	-13.9	-18.2
<b>Dividend yield</b>	<b>%</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	82.6	82.6
+ 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	16.9	25.9
+ Leases debt equivalent	€M	0.00	0.00	0.00
- Financial fixed assets (fair value)	€M			
+ Minority interests (fair value)	€M			
= EV	€M	181	99.4	108
<b>EV/EBITDA(R)</b>	<b>x</b>	<b>-32.3</b>	<b>-17.4</b>	<b>10.6</b>
EV/Sales	x	13.6	6.33	3.37

Analyst : Fabrice Farigoule, Changes to Forecasts : 07/10/2024.