

## Morning Note – 13th July 2022

### SPINEGUARD

Q2 revenues: the return to growth is confirmed

- A good trend in the US and the rest of the world
- Adjustment of our expectations and fair value
- xStill undervalued

#### Towards a gradual return to normal situation

SpineGuard published last night its Q2 turnover which shows a nice growth in facial (EUR1.4m, +20%), performance found in the United States (+19%) and in the rest of the world (+24%). The group nevertheless benefited from the rise in the USD vs EUR. On a like for like basis, growth was +10%, reflecting the growth in PediGuard units sold (1,487 units, +8%). This is the highest revenues since Q1 2020. After a very challenging period in North America, this quarter saw the first effects of the strengthening of the commercial presence (recruitments) and the partnership with Wishbone which exceeded the initial sales targets. The situation remains fragile in hospitals, which are still affected by the Covid waves and the temporary absence of infected healthcare staff despite vaccination campaigns (tension in many departments). Average sales prices were relatively stable over the period. H1 sales are reassuring. They are below our expectation of end 2021, due to a weaker Q1 than expected, but the trend is good.

#### A necessary adjustment to our scenario

The repeated waves of Covid make anticipation difficult and the disruption of surgery schedules impossible to predict. We have been waiting for this publication to adjust our scenario. We believe that activity in H2 will grow significantly: vaccines are globally effective, patients in distress must be operated on (a large pool to manage following repeated postponements of surgeries), and the rebound in the US must be confirmed and amplified. Our new model now forecasts 2022E sales of EUR 5.6m (compared with EUR 6.7m before the publication of 2021 sales, which were particularly low), up by 28%. 2023E and 2024E are expected to grow strongly (+27% and +24% respectively) as a result of the penetration of DSG Connect (active launch in H2), the impact of new commercial agreements under discussion (US and rest of the world) and the first sales in the dental field (partnership with Confident).

#### Valuation and rating

2021 is well behind us and the indicators are well oriented for H2. Our new expectations result in an adjustment of the fair value, which is now EUR1.56 (vs 1.70). It takes into account future cash flows and the issuance of shares (drawdowns on financing lines). These drawings are essential to ensure good financial visibility. In this respect, SpineGuard publishes a cash position of EUR4.5m at 30/06 which secures the dossier for 24 months, the horizon for reaching a sustainable break even. We therefore remain very positive on this dossier with its obvious technological assets.

*Next communication: HY results - September 14th (after market)*

### France - Medtech

**BUY**

Fair value (EUR)	<b>1.56 (vs 1.70)</b>
Price (EUR)	0.700
Upside/down side	+122.9%

Lionel Labourdette, PhD, MBA

lionel@biostrategic-research.com

+33 617 965 019

#### Stock data (2022-07-12)

ISIN	FR0011464452
Ticker	ALSGD.PA
Price (EUR)	0.700
Market capitalisation (EURm)	22.2
Free float (%) est.	96.1
Floating capitalisation (EURm)	21.4
Number of shares (,000)	31,741
Average daily volume (3 m)	79,883

#### 12m performance



Change (%)	1 m	3 m	12m
Absolute	-17.5	-33.6	-35.8
Rel. to CAC SM190	-14.8	-21.7	-22.9
Rel. to Next Biotech	-23.1	-33.5	-31.7

#### Financials (31/12)

EURm	2021	2022E	2023E	2024E
Sales	4.4	5.6	7.2	8.9
EBITDA	-1.5	-0.4	0.3	1.0
EBIT	-1.8	-0.7	0.0	0.6
Net income	-2.7	-1.1	-0.3	0.5
EPS (EUR)	-0.10	-0.03	-0.01	0.01
Net debt	4.4	-1.0	-1.6	-2.8

#### Key ratios

	2021	2022E	2023E	2024E
EV/Sales	7.0x	5.8x	4.5x	3.5x
EV/EBITDA	na	na	na	31.9x
EV/EBIT	na	na	na	49.2x
PER	na	na	na	69.8x
ROIC	na	na	na	17%
ROE	na	na	na	7%
EV/IC	7.3x	7.8x	8.1x	8.3x
Gearing	na	-19%	-28%	-42%

## Profit and Loss

As of 31/12 (EURm)	2017	2018	2019	2020	2021	2022E	2023E	2024E
<b>Sales</b>	<b>8.17</b>	<b>7.58</b>	<b>6.83</b>	<b>4.85</b>	<b>4.41</b>	<b>5.62</b>	<b>7.16</b>	<b>8.91</b>
Change n-1	9.5%	-7.3%	-9.9%	-29.0%	-9.2%	27.6%	27.4%	24.4%
Other revenues	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>8.17</b>	<b>7.58</b>	<b>6.83</b>	<b>4.85</b>	<b>4.41</b>	<b>5.62</b>	<b>7.16</b>	<b>8.91</b>
Gross margin	6.95	6.55	5.77	4.04	3.61	4.56	5.90	7.38
<b>EBITDA</b>	<b>-2.66</b>	<b>-0.86</b>	<b>-0.14</b>	<b>-1.49</b>	<b>-1.04</b>	<b>-0.38</b>	<b>0.35</b>	<b>0.97</b>
Change n-1	20%	68%	84%	-993%	30%	63%	191%	-178%
Depreciation & amortisation	0.31	0.26	0.30	0.35	0.31	0.33	0.34	0.35
Goodwill	-	-	-	-	-	-	-	-
<b>EBIT</b>	<b>-2.96</b>	<b>-1.11</b>	<b>-0.43</b>	<b>-1.84</b>	<b>-1.35</b>	<b>-0.71</b>	<b>0.01</b>	<b>0.63</b>
Change n-1	18%	63%	61%	-326%	27%	47%	102%	-4338%
Net financial income	-1.16	-1.21	-0.64	-0.84	-0.30	-0.40	-0.28	-0.15
Minorities	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<b>Net profit before tax</b>	<b>-4.13</b>	<b>-2.32</b>	<b>-1.07</b>	<b>-2.68</b>	<b>-1.65</b>	<b>-1.11</b>	<b>-0.26</b>	<b>0.48</b>
Tax	-	-0.02	0.39	-0.04	-0.08	-	-	-
<b>Net in come</b>	<b>-4.13</b>	<b>-2.33</b>	<b>-0.69</b>	<b>-2.72</b>	<b>-1.72</b>	<b>-1.11</b>	<b>-0.26</b>	<b>0.48</b>
Change n-1	1%	43%	71%	-296%	37%	35%	77%	285%
EPS	-0.72	-0.34	-0.05	-0.12	-0.06	-0.04	-0.01	0.02
EPS fully diluted	-0.65	-0.31	-0.05	-0.10	-0.05	-0.03	-0.01	0.01
Gross margin (% of sales)	85.1%	86.5%	84.5%	83.2%	81.9%	81.2%	82.5%	82.9%
EBITDA (% of sales)	NA	NA	NA	NA	NA	NA	4.9%	10.9%
EBIT (% of sales)	NA	NA	NA	NA	NA	NA	0.2%	7.1%
Net margin (% of sales)	NA	NA	NA	NA	NA	NA	NA	5.4%

## Cash Flow statement

Au 31/12 (MEUR)	2017	2018	2019	2020	2021	2022E	2023E	2024E
<b>Net income</b>	<b>-4.13</b>	<b>-2.33</b>	<b>-0.69</b>	<b>-2.72</b>	<b>-1.72</b>	<b>-1.11</b>	<b>-0.26</b>	<b>0.48</b>
Depreciation and amortisation	0.31	0.26	0.30	0.35	0.31	0.33	0.34	0.35
Goodwill	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Change in WCR	0.26	-0.08	0.27	0.64	-0.09	0.14	0.46	0.40
Others	1.05	1.49	0.71	1.04	0.27	0.34	0.26	0.13
<b>Cash-flow from operations</b>	<b>-2.51</b>	<b>-0.67</b>	<b>0.60</b>	<b>-0.68</b>	<b>-1.23</b>	<b>-0.30</b>	<b>0.80</b>	<b>1.36</b>
Capex	-0.05	-0.05	-0.08	-0.05	-0.04	-0.08	-0.08	-0.08
<b>Free cash flow</b>	<b>-2.56</b>	<b>-0.72</b>	<b>0.52</b>	<b>-0.73</b>	<b>-1.27</b>	<b>-0.38</b>	<b>0.72</b>	<b>1.28</b>
Acquisitions	-	-	-0.15	-0.15	-0.33	-0.15	-0.15	-0.15
Divestments	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-
Capital increase	2.21	1.68	1.75	1.75	6.48	1.00	-	-
Financing (bank and others)	0.01	4.64	0.22	0.01	0.04	-	-	-
Others	-0.26	-5.73	-1.54	-0.99	-0.91	-1.19	-1.13	-1.06
<b>Change in cash over the period</b>	<b>-0.61</b>	<b>-0.13</b>	<b>0.80</b>	<b>-0.12</b>	<b>4.01</b>	<b>-0.72</b>	<b>-0.56</b>	<b>0.07</b>
Opening cash position	1.80	1.19	1.05	2.01	2.03	6.33	5.76	5.36
Closing cash position	1.19	1.06	1.85	1.89	6.04	5.61	5.21	5.43

## Balance sheet

Au 31/12 (MEUR)	2017	2018	2019	2020	2021	2022E	2023E	2024E
Fixed assets	0.14	0.12	0.63	0.50	0.37	0.30	0.21	0.12
Intangible assets	0.90	0.72	0.72	0.69	0.89	0.72	0.55	0.38
Goodwill	3.08	3.08	3.08	3.08	3.08	3.08	3.08	3.08
Financial assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Inventories	0.81	0.84	0.66	0.66	0.68	0.56	0.71	0.88
Account receivables	1.38	1.32	0.95	0.71	0.62	0.95	1.20	1.50
Other receivables	0.54	0.59	0.55	0.67	0.57	0.51	0.65	0.83
Cash and cash equivalents	1.19	1.06	1.40	1.22	5.21	4.64	4.23	4.45
Prepaid expenses	-	-	-	-	-	-	-	-
Other non-current assets	0.12	0.13	0.50	0.51	0.48	0.48	0.48	0.48
<b>Total assets</b>	<b>8.15</b>	<b>7.86</b>	<b>8.50</b>	<b>8.06</b>	<b>11.90</b>	<b>11.23</b>	<b>11.12</b>	<b>11.73</b>
Equity	-0.21	-0.50	0.59	-0.01	5.06	5.30	5.65	6.64
Others	-	-	-	-	-	-	-	-
Provisions	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05
Financial debt	6.23	6.07	6.08	5.64	4.47	3.65	2.66	1.67
Account payables	1.04	1.16	1.04	1.34	1.00	0.71	0.91	1.13
Other debts	0.98	0.81	0.62	0.88	1.00	1.21	1.54	1.92
Deferred income and other liabilities	0.06	0.26	0.11	0.15	0.32	0.32	0.32	0.32
<b>Total liabilities</b>	<b>8.15</b>	<b>7.86</b>	<b>8.50</b>	<b>8.06</b>	<b>11.90</b>	<b>11.23</b>	<b>11.12</b>	<b>11.73</b>

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**Swiss Life Banque Privée**

Société Anonyme au capital de 37.092.080 €  
Code établissement bancaire n°11 238  
RCS Paris 382 490 001  
7. place Vendôme - F 75041 Paris Cedex 01 – France  
Tél. : +33 1 53 29 14 14

**BioStrategic Partners SAS**

Société par Actions Simplifiée au capital de 30. 000 €  
RCS Paris 530 430 487  
140 bis. rue de Rennes - F 75006 Paris – France  
Tél. : +33 6 17 96 50 19

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