

## Morning Note – 11<sup>th</sup> January 2024

### SPINEGUARD

Q4 sales: a low point probably reached

- The US is struggling, but the ROW is making progress
- The recovery in the US raises hopes for a good year in 2024
- Still a wait-and-see attitude

#### Sales down again over the period

Last night, SpineGuard published Q4 sales of EUR1.10m (down 30% on Q4 2022). Over the full year, sales fell by 23%. Once again, it was the United States that penalised the Group, due to the default of local partner Wishbone Medical, with whom the commercial relationship has now ended. On the ground, the decline in unit sales is levelling off. The team recruited is beginning to take control of Wishbone's customer accounts. In the rest of the world, sales were also down due to an unfavourable base effect (collection in Q4 2022 of a milestone payment by Adin), masking further solid growth in unit sales (+26%). This performance was driven by strong momentum in Europe and South America, as well as a first major order in China. We had anticipated the low point in Q3. These sales are therefore below our expectations of EUR1.3m.

#### A low point reached that should give way to a return to growth

SpineGuard suffered a double negative effect at the end of the year, with the end of the partnership with Wishbone, which had exclusivity in paediatrics, and the termination of the dental partnership with Adin (no milestone payments linked to project progress). While the search for an alternative to Adin to finalise and launch the dental surgery range is active, the visibility of initial revenues from this business is uncertain. On the other hand, the US team's work in the field should soon bear fruit. At the same time, real progress has been made with Omnia Medical, and we can expect to see the first orders from Q1 2024 (sacroiliac fusion device). In the rest of the world, momentum is favourable and double-digit growth is still realistic. At this stage, we therefore believe that our 2024 sales scenario of close to EUR5.8m remains tangible.

#### Valuation and rating

SpineGuard did not deliver in 2023 as expected. The setbacks experienced by Adin and Wishbone Medical (shareholder and refinancing issues) have unfortunately had an impact on the company, whose technological offering has not been called into question. Winning back the US market remains a real challenge, but the extension of the range should help the group to win over new surgeons. The company's financial position is healthy (cash position of EUR3.9m at 31 December, visibility to 2025). The kinetics of a rebound are difficult to define in terms of timing. We are maintaining our "Neutral" rating on the dossier pending Q1 figures, which will have to show very positive signs before we can revise our recommendation. We have adjusted the fair value to EUR 0.83 (vs. EUR 0.99) to take account of the dilution associated with the recent capital increase.

Next communication : full-year results and Q1 sales (April 17th)

### France - Medtech

**HOLD**

Fair value (EUR)	0.83 (vs 0.99)
Price (EUR)	0.253
Upside/down side	+228.1%

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#### Stock data (2024-01-10)

ISIN	FR0011464452
Ticker	ALSGD.PA
Price (EUR)	0.253
Market capitalisation (EURm)	12.0
Free float (%) est.	96.1
Floating capitalisation (EURm)	11.5
Number of shares (,000)	47,490
Average daily volume (3 m)	269,561

#### 12m performance



Change (%)	1 m	3 m	12m
Absolute	+22.8	-34.9	-61.7
Rel. to CAC SM190	+20.3	-38.8	-57.1
Rel. to Next Biotech	+31.3	-17.5	-55.4

#### Financials (31/12)

EURm	2021	2022E	2023E	2024E
Sales	5.6	4.5	5.8	7.3
EBITDA	-1.4	-2.5	-1.6	-0.8
EBIT	-1.7	-2.9	-2.0	-1.2
Net income	-2.4	-3.3	-2.2	-1.3
EPS (EUR)	-0.07	-0.08	-0.05	-0.03
Net debt	-0.3	1.0	1.5	1.0

#### Key ratios

	2021	2022E	2023E	2024E
EV/Sales	3.3x	3.1x	2.2x	1.6x
EV/EBITDA	na	na	na	na
EV/EBIT	na	na	na	na
PER	na	na	na	na
ROIC	na	na	na	na
ROE	na	na	na	na
EV/IC	3.6x	2.6x	2.7x	2.6x
Gearing	-6%	10%	16%	3%

## Profit and Loss

As of 31/12 (EURm)	2018	2019	2020	2021	2022	2023E	2024E	2025E
<b>Sales</b>	<b>7.58</b>	<b>6.83</b>	<b>4.85</b>	<b>4.41</b>	<b>5.60</b>	<b>4.48</b>	<b>5.82</b>	<b>7.35</b>
Change n-1	-7.3%	-9.9%	-29.0%	-9.2%	27.1%	-20.0%	30.0%	26.2%
Other revenues	-	-	-	-	-	-	-	-
<b>Total revenues</b>	<b>7.58</b>	<b>6.83</b>	<b>4.85</b>	<b>4.41</b>	<b>5.60</b>	<b>4.48</b>	<b>5.82</b>	<b>7.35</b>
Gross margin	6.55	5.77	4.04	3.61	4.71	3.68	4.85	6.17
<b>EBITDA</b>	<b>-0.86</b>	<b>-0.14</b>	<b>-1.49</b>	<b>-1.04</b>	<b>-1.37</b>	<b>-2.52</b>	<b>-1.61</b>	<b>-0.77</b>
Change n-1	68%	84%	-993%	30%	-31%	-84%	36%	52%
Depreciation & amortisation	0.26	0.30	0.35	0.31	0.43	0.51	0.52	0.53
Goodwill	-	-	-	-	-	-	-	-
<b>EBIT</b>	<b>-1.11</b>	<b>-0.43</b>	<b>-1.84</b>	<b>-1.35</b>	<b>-1.66</b>	<b>-2.89</b>	<b>-1.99</b>	<b>-1.16</b>
Change n-1	63%	61%	-326%	27%	-23%	-74%	31%	42%
Net financial income	-1.21	-0.64	-0.84	-0.30	-0.43	-0.31	-0.18	-0.05
Minorities	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<b>Net profit before tax</b>	<b>-2.32</b>	<b>-1.07</b>	<b>-2.68</b>	<b>-1.65</b>	<b>-2.09</b>	<b>-3.20</b>	<b>-2.17</b>	<b>-1.21</b>
Tax	-0.02	0.39	-0.04	-0.08	-0.30	-0.07	-0.07	-0.07
<b>Net in come</b>	<b>-2.33</b>	<b>-0.69</b>	<b>-2.72</b>	<b>-1.72</b>	<b>-2.39</b>	<b>-3.27</b>	<b>-2.24</b>	<b>-1.28</b>
Change n-1	43%	71%	-296%	37%	-39%	-37%	31%	43%
EPS	-0.34	-0.05	-0.12	-0.06	-0.07	-0.09	-0.06	-0.03
EPS fully diluted	-0.31	-0.05	-0.10	-0.05	-0.07	-0.08	-0.05	-0.03
Gross margin (% of sales)	86.5%	84.5%	83.2%	81.9%	84.2%	82.1%	83.3%	83.9%
EBITDA (% of sales)	na	na	na	na	na	na	na	na
EBIT (% of sales)	na	na	na	na	na	na	na	na
Net margin (% of sales)	na	na	na	na	na	na	na	na

## Cash Flow statement

Au 31/12 (MEUR)	2018	2019	2020	2021	2022	2023E	2024E	2025E
<b>Net income</b>	<b>-2.33</b>	<b>-0.69</b>	<b>-2.72</b>	<b>-1.72</b>	<b>-2.39</b>	<b>-3.27</b>	<b>-2.24</b>	<b>-1.28</b>
Depreciation and amortisation	0.26	0.30	0.35	0.31	0.43	0.51	0.52	0.53
Goodwill	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Change in WCR	-0.08	0.27	0.64	-0.09	-0.51	-0.22	-0.34	-0.23
Others	1.49	0.71	1.04	0.35	1.07	0.89	0.76	0.64
<b>Cash-flow from operations</b>	<b>-0.67</b>	<b>0.60</b>	<b>-0.68</b>	<b>-1.16</b>	<b>-1.40</b>	<b>-2.09</b>	<b>-1.30</b>	<b>-0.35</b>
Capex	-0.05	-0.08	-0.05	-0.04	-0.14	-0.08	-0.08	-0.08
<b>Free cash flow</b>	<b>-0.72</b>	<b>0.52</b>	<b>-0.73</b>	<b>-1.19</b>	<b>-1.54</b>	<b>-2.17</b>	<b>-1.38</b>	<b>-0.43</b>
Acquisitions	-	-	-	-	-	-	-	-
Divestments	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-
Capital increase	1.69	1.75	1.75	6.51	1.20	1.00	1.00	1.00
Financing (bank and others)	4.63	0.22	0.00	-	-	-	-	-
Others	-5.73	-1.54	-0.99	-0.91	-1.09	-1.11	-1.04	-0.98
<b>Change in cash over the period</b>	<b>-0.13</b>	<b>0.96</b>	<b>0.03</b>	<b>4.41</b>	<b>-1.44</b>	<b>-2.28</b>	<b>-1.42</b>	<b>-0.41</b>
Opening cash position	1.29	1.16	2.12	2.15	6.56	5.12	2.85	1.42
Closing cash position	1.16	2.12	2.15	6.56	5.12	2.85	1.42	1.02

## Balance sheet

Au 31/12 (MEUR)	2018	2019	2020	2021	2022	2023E	2024E	2025E
Fixed assets	0.12	0.63	0.50	0.37	0.28	0.19	0.10	0.00
Intangible assets	0.72	0.72	0.69	0.89	1.27	1.07	0.86	0.66
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	0.84	0.66	0.66	0.68	0.87	0.70	0.91	1.14
Account receivables	1.32	0.95	0.71	0.62	1.10	0.88	1.14	1.44
Other receivables	0.59	0.55	0.67	0.57	0.63	0.79	0.64	0.83
Cash and cash equivalents	1.06	1.40	1.22	5.21	4.12	1.84	0.42	0.01
Prepaid expenses	-	-	-	-	-	-	-	-
Other non-current assets	0.13	0.50	0.51	0.48	0.17	0.50	0.50	0.50
<b>Total assets</b>	<b>7.86</b>	<b>8.50</b>	<b>8.06</b>	<b>11.90</b>	<b>11.50</b>	<b>9.05</b>	<b>7.64</b>	<b>7.66</b>
Equity	-0.50	0.59	-0.01	5.06	5.14	4.40	3.83	4.45
Others	-	-	-	-	-	-	-	-
Provisions	0.05	0.05	0.05	0.05	0.18	0.04	-0.10	-0.25
Financial debt	6.07	6.08	5.64	4.47	3.83	2.87	1.93	0.99
Account payables	1.16	1.04	1.34	1.00	1.14	0.57	0.74	0.93
Other debts	0.81	0.62	0.88	1.00	1.00	0.96	1.04	1.32
Deferred income and other liabilities	0.26	0.11	0.15	0.32	0.21	0.21	0.21	0.21
<b>Total liabilities</b>	<b>7.86</b>	<b>8.50</b>	<b>8.06</b>	<b>11.90</b>	<b>11.50</b>	<b>9.05</b>	<b>7.64</b>	<b>7.66</b>

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