

Morning Note – 16th April 2025

SPINEGUARD

Annual results, Q1 sales: challenges ahead

- Improved operating performance in 2024
- Omnia Medical makes break-even target end 2026 realistic
- Technology still undervalued

Costs under control, a smaller loss in 2024

SpineGuard published its annual results last night. Sales for 2024 were known (EUR4.65m, up +7.8%). Performance for the year was below expectations, due in particular to a backlog of orders in China, mitigated activity in Latin America and a transition period in the United States. Gross margin remained stable in 2024 (78.1% vs. 78.3% in 2023). The rest of the income statement shows a significant drop in all operating items, thanks to tight control of all expenses (marketing, administration and R&D), resulting in substantial savings and a logical improvement in operating income of around EUR0.9m. As a result, the operating loss will be EUR-3.06m (vs EUR-3.92m in 2023). With a reduced financial burden (lower debt), the net loss for the year comes out at EUR-3.08m (vs EUR-4.18m in 2023). The cash position of EUR650k at 31-12 was reinforced in early January by a EUR1m bond issue and a EUR700k capital increase in April, giving financial visibility to October 2025).

Q1: transition to the new business model in the United States

In addition to its annual results, the company also published its Q1 sales, down -10.7% to EUR1.206m. While business in France was very satisfactory (+23%), the underperformance resulted from 1/ the postponement of significant orders now expected in Q2 (China and Latin America) and Q3 (Middle East), and 2/ the implementation of a new business model in the United States. In this strategic region, the subsidiary will eventually be absorbed by the local partner (Omnia Medical). This new configuration will place SpineGuard as a supplier to Omnia, which will market the co-developed devices (notably PsiFGuard) and the PediGuard range of drilling instruments. As a result, sales recorded by SpineGuard will be made at transfer prices lower than those charged for direct sales to hospitals. On the face of it, this new situation is penalizing in terms of the absolute value of sales to be generated on American soil, but will ultimately be beneficial in terms of profitability (marketing costs will from now be supported by Omnia). Despite a still significant net loss in 2024, management reiterates its target of breaking even by the end of 2026, a scenario which we believe to be entirely realistic in view of the expected growth in the US and the synergy between the product ranges of the two partners, who are positioned in markets where the major Medtech players have little presence (office/outpatient surgery).

Challenges for 2025

The weaker Q1 performance should not overshadow the rather reassuring outlook for the coming quarters. A continued improvement in profitability is anticipated, resulting from cost control and the cash flow generated by Omnia sales, which are no longer impacted by the subsidiary's overheads or the costs of marketing campaigns.

France - Medtech

BUY

Fair value (EUR)	0.63
Price (EUR)	0.1104
Upside/down side	+470.7%

Lionel Labourdette, PhD, MBA

lionel@biostrategic-research.com

+33 617 965 019

Stock data (2025-04-15)

ISIN	FR0011464452
Ticker	ALSGD.PA
Price (EUR)	0.1104
Market capitalisation (EURm)	6.9
Free float (%) est.	95.2
Floating capitalisation (EURm)	6.5
Number of shares (,000)	62,227
Average daily volume (3 m)	279,323

12m performance



Change (%)	1 m	3 m	12m
Absolute	-28.7	-49.0	-55.3
Rel. to CAC SM190	-21.1	-49.6	-46.7
Rel. to Next Biotech	-23.3	-32.7	-84.0

Financials (31/12)

EURm	2023	2024E	2025E	2026E
Sales	4.3	4.6	6.0	7.4
EBITDA	-3.7	-3.1	-2.2	-1.3
EBIT	-4.0	-3.5	-2.6	-1.7
Net income	-4.2	-3.8	-2.8	-1.8
EPS (EUR)	-0.08	-0.07	-0.05	-0.03
Net debt	-0.8	0.8	2.3	2.6

Key ratios

	2023	2024E	2025E	2026E
EV/Sales	2.0x	1.7x	1.6x	1.3x
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	1.7x	1.5x	1.9x	1.9x
Gearing	-13%	7%	31%	19%

A real start to business is expected in China, with the help of partner Xinrong and the expected homologation of the curved and XS models that will complete the classic range (homologation renewed in September 2024). In the United States, the commercial synergy with Omnia should become a reality. DSG enables differentiation in the key sacroiliac fusion market (implants + PsiFGuard placement device). This packaged offer is a considerable advantage on which Omnia can capitalize and attract new doctors.

On the R&D front, 2024 saw significant advances in various programs under development which should lead to new achievements in 2025:

- The design and industrialization of the DSG universal drill have been finalized (compatible with orthopedic drills). Filing for FDA approval is scheduled for H2 2025. A functional prototype drilling guide will be finalized in 2025 (automatic stop of drilling in the event of a bone breach). Discussions with manufacturers are planned for integration into robots.
- Studies carried out in the robotic application for bone cutting/resection have shown the relevance of DSG (securing delicate steps).
- An ultrasound technology has been developed to complement DSG. It makes it easier to determine the entry point of the drilling device without the need for X-ray imaging.
- Tests to measure bone conductivity using DSG technology were continued. Data were collected from 39 surgeries. Correlations with bone density are being investigated to see whether DSG can be used as a decision aid in the choice of bone anchors, cement reinforcement or other uses in dental implantology..

There may still be some uncertainty on the sensitive subject of future tariffs on products imported from the United States (SpineGuard sales to Omnia). It is impossible at present to favour one scenario, given the contradictory nature of D. Trump's announcements, but the partners are keen to find solutions and a tariff policy that does not penalize commercial deployment.

Valuation and rating

The published results are unsurprising. To date, only a letter of intent with Omnia has been signed. We are waiting for the deal to be finalized before adjusting our model to take account of the new supplier/distributor relationship. The first consequence will be "lower" sales, but this will be balanced by much higher profitability. Our DCF model should not be much affected. The market could react negatively to the publication of lower sales, but attention will have to be paid to the bottom line of the income statement, which will show SpineGuard's ability to finance itself beyond 2026.

DSG is a technology that will find its place in the world of robotic systems. The company's fundamentals remain solid, and new projects are attracting interest. We therefore remain positive on the stock.

Next communication : H1 revenue on July 9th

Profit and Loss

As of 31/12 (EURm)	2019	2020	2021	2022	2023	2024E	2025E	2026E
Sales	6.83	4.85	4.41	5.60	4.31	4.65	5.95	7.39
Change n-1	-9.9%	-29.0%	-9.2%	27.1%	-23.0%	7.8%	28.0%	24.2%
Other revenues	-	-	-	-	-	-	-	-
Total revenues	6.83	4.85	4.41	5.60	4.31	4.65	5.95	7.39
Gross margin	5.77	4.04	3.61	4.71	3.38	3.77	4.98	6.27
EBITDA	-0.14	-1.49	-1.04	-1.37	-3.68	-3.12	-2.19	-1.29
Change n-1	84%	-993%	30%	-31%	-169%	15%	30%	41%
Depreciation & amortisation	0.30	0.35	0.31	0.43	0.16	0.25	0.25	0.26
Goodwill	-	-	-	-	-	-	-	-
EBIT	-0.43	-1.84	-1.35	-1.66	-3.98	-3.49	-2.57	-1.68
Change n-1	61%	-326%	27%	-23%	-139%	12%	26%	35%
Net financial income	-0.64	-0.84	-0.30	-0.43	-0.23	-0.20	-0.13	-0.06
Minorities	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Net profit before tax	-1.07	-2.68	-1.65	-2.09	-4.20	-3.70	-2.70	-1.74
Tax	0.39	-0.04	-0.08	-0.30	0.02	-0.07	-0.07	-0.07
Net in come	-0.69	-2.72	-1.72	-2.39	-4.18	-3.77	-2.77	-1.81
Change n-1	71%	-296%	37%	-39%	-75%	10%	27%	35%
EPS	-0.05	-0.12	-0.06	-0.07	-0.09	-0.07	-0.05	-0.03
EPS fully diluted	-0.05	-0.10	-0.05	-0.07	-0.08	-0.07	-0.05	-0.03
Gross margin (% of sales)	84.5%	83.2%	81.9%	84.2%	78.3%	81.0%	83.7%	84.9%
EBITDA (% of sales)	na							
EBIT (% of sales)	na							
Net margin (% of sales)	na							

Cash Flow statement

Au 31/12 (MEUR)	2019	2020	2021	2022	2023	2024E	2025E	2026E
Net income	-0.69	-2.72	-1.72	-2.39	-4.18	-3.77	-2.77	-1.81
Depreciation and amortisation	0.30	0.35	0.31	0.43	0.16	0.25	0.25	0.26
Goodwill	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Change in WCR	0.27	0.64	-0.09	-0.51	-0.10	-0.40	-0.18	-0.29
Others	0.71	1.04	0.35	1.07	0.51	0.43	0.36	0.29
Cash-flow from operations	0.60	-0.68	-1.16	-1.40	-3.62	-3.49	-2.34	-1.55
Capex	-0.08	-0.05	-0.04	-0.14	-0.07	-0.08	-0.08	-0.08
Free cash flow	0.52	-0.73	-1.19	-1.54	-3.69	-3.57	-2.42	-1.63
Acquisitions	-	-	-	-	-	-	-	-
Divestments	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-
Capital increase	1.75	1.75	6.51	1.20	4.77	1.50	1.00	1.00
Financing (bank and others)	0.22	0.00	-	-	-	-	-	-
Others	-1.54	-0.99	-0.91	-1.09	-1.09	-0.65	-0.61	-0.08
Change in cash over the period	0.96	0.03	4.41	-1.44	-0.01	-2.72	-2.03	-0.70
Opening cash position	1.16	2.12	2.15	6.56	5.12	5.11	2.39	0.37
Closing cash position	2.12	2.15	6.56	5.12	5.11	2.39	0.37	-0.34

Balance sheet

Au 31/12 (MEUR)	2019	2020	2021	2022	2023	2024E	2025E	2026E
Fixed assets	0.63	0.50	0.37	0.28	0.23	0.14	0.05	-0.05
Intangible assets	0.72	0.69	0.89	1.27	1.24	1.03	0.82	0.61
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	0.66	0.66	0.68	0.87	0.95	0.72	0.93	1.15
Account receivables	0.95	0.71	0.62	1.10	0.75	0.91	1.17	1.45
Other receivables	0.55	0.67	0.57	0.63	0.73	0.56	0.61	0.77
Cash and cash equivalents	1.40	1.22	5.21	4.12	3.89	1.18	-0.85	-1.56
Prepaid expenses	-	-	-	-	-	-	-	-
Other non-current assets	0.50	0.51	0.48	0.17	0.17	0.17	0.17	0.17
Total assets	8.50	8.06	11.90	11.50	11.04	7.79	5.96	5.62
Equity	0.59	-0.01	5.06	5.14	6.03	4.35	2.62	2.24
Others	-	-	-	-	-	-	-	-
Provisions	0.05	0.05	0.05	0.18	0.03	0.16	0.29	0.42
Financial debt	6.08	5.64	4.47	3.83	3.09	2.02	1.47	1.00
Account payables	1.04	1.34	1.00	1.14	1.21	0.59	0.76	0.94
Other debts	0.62	0.88	1.00	1.00	0.67	0.67	0.82	1.03
Deferred income and other liabilities	0.11	0.15	0.32	0.21	-	-	-	-
Total liabilities	8.50	8.06	11.90	11.50	11.04	7.79	5.96	5.62

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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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