

Pixium Vision

Second Sight \$28m financing adds clouds to deal

Transaction update

Healthcare equipment
& services

26 March 2021

Price €1.69

Market cap €79m

US\$1.18/€

Net cash (€m) at 31 December 2020
(excluding lease liabilities) 3.3

Shares in issue 47.0m

Free float 60%

Code ALPIX

Primary exchange Euronext Growth Paris

Secondary exchange N/A

Share price performance



Business description

Pixium Vision develops bionic vision systems for patients with severe vision loss. Its lead product, Prima, is a wireless sub-retinal implant system designed for dry-AMD. The company recently started a European pivotal study.

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On 24 March, Second Sight announced a \$27.9m private placement (4.65m shares at \$6.00/share), expected to close on 26 March. Such a capital raise was prohibited under the terms of the January 2021 memorandum of understanding (MOU) entered into by Pixium and Second Sight relating to the proposed business combination of both entities. Second Sight had requested Pixium's prior consent in recent days but Pixium's board declined, as it felt that due to regulatory constraints, the proposed private placement would jeopardise the likeliness of the closing of the \$25m capital increase contemplated as one of the conditions required under the MOU for the business combination. Pixium is now seeking further information from Second Sight on the conditions of the private placement and will also study alternative financing solutions as appropriate, and intends to announce its next steps in the coming days.

Year end	Revenue (€m)	PBT* (€m)	EPS* (€)	DPS (€)	DPS (%)	Yield (%)
12/19	1.8	(9.8)	(0.44)	0.0	N/A	N/A
12/20	2.1	(8.7)	(0.26)	0.0	N/A	N/A
12/21e	1.6	(11.0)	(0.25)	0.0	N/A	N/A
12/22e	1.6	(15.5)	(0.34)	0.0	N/A	N/A

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles and share-based payments.

If completed, Second Sight's \$27.9m private placement would also dilute Pixium's proposed ownership of Second Sight under the MOU, which called for Pixium to transfer its assets and liabilities pertaining to its Prima-related retinal neuromodulation technology in exchange for c 34.88m Second Sight shares. This would have left Pixium with a 60% stake in Second Sight (pre-financing), but with 4.65m additional Second Sight shares now issued (vs 23.25m previously), Pixium's pre-financing stake would be diluted to c 55.6%.

Second Sight [stated](#) that Pixium could potentially seek to terminate the MOU and receive a termination fee of up to \$1m. Altogether, we believe Second Sight's motivation for the private placement was to benefit from the sharp rise in its share price since the [FDA approval](#) on 5 March of a redesigned set of external hardware (glasses and video processing unit) initially designed for use in combination with previously implanted Argus II systems (which had been de-prioritised by Second Sight in favour of its Orion Visual Cortical Prosthesis System).

Altogether, we believe Pixium and Second Sight will aim for an amicable reconciliation to allow a business combination to occur, but if this is not the case, we reiterate our view that the Prima assets are more clinically advanced (as they are in pivotal EU studies) and have a more clear development and commercial path than the Orion system, and should the combination fall through, we expect that Pixium will be well-positioned to bring this asset through the regulatory process, assuming that future financing needs are met.

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