CEL-SCI Corporation

US / Biotechnology
NYSE, US; FSE, Germany
Bloomberg: CVM US
ISIN: US1508376076

Pipeline news

RATING	**BUY**
PRICE TARGET	**USD 8.40**
Return Potential	266.8%
Risk Rating	High

COMMISSIONING OF THE MANUFACTURING FACILITY COMPLETED

CEL-SCI announced that it has completed commissioning of its US manufacturing facility for Multikine, its lead drug candidate for advanced primary (newly diagnosed) head and neck squamous cell carcinoma (HNSCC). We anticipate the company will complete the pending validation of the facility in H1 2024. These two steps are crucial for the drug candidate's Biologics License Application (BLA) for registration. CEL-SCI is currently awaiting confirmation from the UK regulatory authority MHRA that it will accept a conditional approval pathway for Multikine, as the Canadian authority has proposed. We expect a positive response in H1 2024, which would allow for filing in Canada and the UK in H2 2024. These events will be an important catalyst for CEL-SCI's share price. FY 22/23 financial results were roughly as expected. On 13 February 2024, the company completed the placement of 3.9m shares at USD 2.0 p/s, raising USD 7.75m and extending the cash runway into Q3 2024. Based on unchanged estimates, our sum-of-the-parts valuation model still yields a price target for CEL-SCI of USD 8.40. We maintain our Buy recommendation.

Commissioning of Multikine's commercial scale manufacturing facility completed CEL-SCI has carried out the commissioning and qualification of the plant utilities, systems and equipment, one of the two prerequisites for the Multikine BLA filing. Next, the company will proceed with the final step of facility validation to meet US and European regulations and specifications, which we expect to be finalised in H1 2024. CEL-SCI is a fully integrated company and has the requisite value creation steps for Multikine production in-house. Therefore, the facility constitutes a key asset for CEL-SCI. Multikine is a complex biotechnological product and manufacturing requires sophisticated processes and equipment to ensure consistently high product quality. The CEL-SCI process uses proprietary and unique techniques for producing high yields of the mixture of natural human cytokines. Moreover, Multikine's formulation comprises cytokines in undisclosed dosage and composition… (p.t.o.)

FINANCIAL HISTORY & PROJECTIONS

	2019/20	2020/21	2021/22	2022/23	2023/24E	2024/25E
Revenue (USD m)	0.00	0.00	0.00	0.00	0.26	9.13
Y-o-y growth	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBIT (USD m)	-28.99	-36.19	-36.06	-31.48	-44.03	-28.28
EBIT margin	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Net income (USD m)	-30.26	-36.36	-36.70	-32.19	-44.73	-28.98
EPS (diluted) (USD)	-0.82	-0.90	-0.87	-0.72	-0.94	-0.61
DPS (USD)	0.00	0.00	0.00	0.00	0.00	0.00
FCF (USDm)	-17.97	-27.83	-18.90	-23.22	-39.33	-26.26
Net gearing	-78.6%	-63.8%	-70.5%	-31.4%	-48.8%	-45.0%
Liquid assets (USD m)	15.51	42.21	22.67	4.15	13.27	15.33

RISKS

Risks include, but are not limited to development, regulatory, competition and financial risks.

COMPANY PROFILE

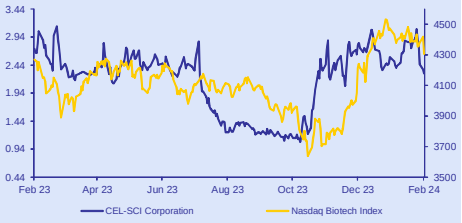
Founded in 1983, CEL-SCI Corporation is a leading US immuno-therapeutic biotech company focused on the development of new drugs to treat cancer. The company's lead drug candidate, Multikine, has completed international phase 3 trials for the treatment of locally advanced primary head and neck squamous cell carcinoma (HNSCC). CEL-SCI will seek conditional approval in Europe, UK, Canada, and the US.

MARKET DATA

As of 13 Feb 2024	
Closing Price	USD 2.29
Shares outstanding	47.42m
Market Capitalisation	USD 108.60m
52-week Range	USD 1.07 / 3.13
Avg. Volume (12 Months)	523,726

Multiples	2022/23	2023/24E	2024/25E
P/E	n.a.	n.a.	n.a.
EV/Sales	0.0	494.1	14.1
EV/EBIT	n.a.	n.a.	n.a.
Div. Yield	0.0%	0.0%	0.0%

STOCK OVERVIEW



COMPANY DATA

As of 30 Sep 2023	
Liquid Assets	USD 4.15m
Current Assets	USD 6.92m
Intangible Assets	USD 0.20m
Total Assets	USD 30.53m
Current Liabilities	USD 5.59m
Shareholders' Equity	USD 13.21m

SHAREHOLDERS

Vanguard Group Inc.	4.0%
Geert Kersten	2.5%
BlackRock Inc.	1.6%
Free float and other	91.9%

Analyst: Christian Orquera, Tel. +49 (0)30 - 80 93 96 90

…(details on the formulation are kept secret) that mimic the way immune regulators are naturally found and function within the body. The complex production process creates barriers to entry and protects the product from future competition. The overall production process is so important for the quality of Multikine that patents play only a minor protective role in this case. Management thus believes it will be very difficult for a competitor to copy the product.

Overview of the own production facilities CEL-SCI has a dedicated commercial-size cGMP plant specifically built for Multikine production outside Baltimore, Maryland, USA. The leased facility has over 73k ft2 (>6,700 m2) of manufacturing and R&D space available, of which ~45k ft2 (~4,200 m2) are fully developed. The plant was built at the request of the FDA before the phase 3 trial started and the capacity was recently doubled in preparation for commercialisation. The facility includes a True Cold Fill (approx. +4°C) capability to avoid loss of biological activity during fill. The company has invested well over USD200m in the manufacturing of Multikine. The state-of-the-art facilities will enable a high level of productivity and profitability through economies of scale once production ramps up to meet commercialisation needs.

Figure 1: State of the art production facility in Baltimore, Maryland, USA

Source: First Berlin Equity Research, CEL-SCI Corporation

Thorough data analysis from Multikine's phase 3 study for HNSCC presented at ESMO showed a very strong efficacy in the narrower target population who met the new criteria Post-hoc data analysis of the whole phase 3 study showed that the lead drug candidate achieves an even stronger performance in less sick locally advanced disease patients meeting certain criteria (No lymph node involvement – N0 – and low PD-L1 tumour expression). These patients showed a 73% 5-year survival rate vs 45% for the control group, a 28 percentage point overall survival advantage vs control (p=0.0015). Importantly, 38% of these patients saw pre-surgical responses with Multikine which led to a >32% 5-year absolute overall survival advantage vs control (p=0.0019). Based on these positive results, which the company presented at the European Society for Medical Oncology (ESMO) conference in October 2023, we believe Multikine has a good chance of receiving conditional approval in the important North American and European markets.

We expect Multikine's near-term approval in Canada and the UK (FBe: H1 2025), followed by the US and EU (FBe: late 2025 or H1 2026), conditional on the commitment to conduct a confirmatory study based on powerful data in the newly identified target population The company will seek conditional drug approval in multiple international markets. CEL-SCI has submitted consultation applications for potential conditional drug approval in the UK and Europe, and Canada has already suggested that the company apply for a conditional approval designation (NOC/c). The US legislation

passed in December 2022 provides for the accelerated approval pathway, albeit with strict conditions. The FDA will only review the data once patient enrolment for the confirmatory study is underway. The agency will then decide whether accelerated approval is warranted. The company is currently discussing the protocol for a confirmatory study in 212 patients with the FDA and plans to submit the proposed protocol in Q1 2024. The FDA has acknowledged the longstanding need for improved treatments for head and neck cancer. In the UK, CEL-SCI has submitted the final target population data to the MHRA and a meeting with the agency is expected in H1/24. We anticipate the UK and the EU to respond to the consultation for potential conditional approval in H1/24. While we anticipate a positive response from the UK (similar to Canada's), we believe the EU may remain vague. This may result in a slow EU process (similar to the US) to define the final conditions. Encouragingly, the European Medicines Agency (EMA) has recently granted CEL-SCI an exemption from the strict paediatric requirements, meaning that the company does not need to conduct paediatric studies under Article 13 of Regulation (EC) No 1901/2006 before it can apply for marketing authorisation of the drug. This saves CEL-SCI corresponding potential cost and time. Also, the UK's National Institute for Health and Care Excellence (NICE) selected Multikine as the potential new standard of care for HNSCC in the UK, based on a detailed report from the UK's National Institute for Health and Care Research (NIHR). An overview of Multikine's international registration pathways can be found in figures 4 and 5 on page 5. We expect the company to submit the NOC/c applications in Canada and the UK in early Q3 2024 and the first approvals in Canada and the UK could be granted in late 2024 or in H1 2025, possibly followed by Europe and the US in late 2025 or in H1 2026. The target population based on the above-mentioned criteria may total ~37k p.a. on the core North American (FBe: ~1k p.a. in Canada and ~11k p.a. in the US) and European (FBe: ~2k p.a. in the UK and ~23k p.a. in the EU) markets.

P&L KPI OVERVIEW OF FY 2022/23 RESULTS

FY 2022/23 financial results (year ending 30 September) were in-line with our expectations The company reported EBIT of USD -31.5m (FBe: USD -30.8m; FY 21/22: USD -36.1m). OPEX declined YoY due to lower development expenses of USD 22.5m (FBe: USD 22.0m; FY 21/22: USD25.4m) and G&A of USD 9.0m (FBe: USD 8.8m; FY 21/22: USD 10.7m). The company was in the final stages of phase 3 data analysis for Multikine, which was less costly; the results were presented at the ESMO Conference in October 2023. The net financial result amounted to USD -675k (FBe: USD -600k; FY 21/22: USD -638k) and chiefly stems from two-year warrant extensions (series N and X) recorded as interest expense. Non-operating income/expenses came in at USD -43k (FB: USD 0; FY 21/22: USD 443k). The net result was USD -32.2m (FBe: USD -31.4m; FY 21/22: USD -36.3m).

Table 1: P&L FY 2022/23 reported figures vs FB estimates and FY 2021/22 (KPIs)

in USD'000	2022/23	2022/23E	Delta	2021/22	Delta
Revenue	0	0	-	0	-
General & Administrative	-9,005	-8,800	-	-10,707	-
Research & Development	-22,471	-22,000	-	-25,355	-
EBIT	-31,476	-30,800	-	-36,063	-
margin	-	-	-	-	-
Net Financial Result	-675	-600	-	-638	-
Non-Operating Income/Expenses	-43	0	-	443	-
Net Income	-32,194	-31,400	-	-36,258	-

Source: First Berlin Equity Research, CEL-SCI Corporation

Balance sheet FY 2022/23 – Cash runway extended into Q3 2024 By the end of FY 22/23, the cash position declined by USD 18.5m to USD 4.1m (FY 21/22: USD 22.7m) due to funding of ongoing operations. The company subsequently carried out two capital increases: USD 5m (2.5m shares at 2p/s) was raised on 20 November 2023 and

USD 7.75m (3.9m shares at 2p/s) was raised yesterday. Management expects the cash runway to extend into Q3 2024. We assume that the company will carry out a further capital increase of at least USD 5-10m later in the year to finance the start of the confirmatory study. Property and equipment in connection with the manufacturing facility declined to USD 10.2m in 22/23 chiefly due to ongoing depreciation (21/22: USD 11.9m). CEL-SCI's equity position dropped from USD 32.2m at FY 21/22 to USD 13.2m at FY 22/23. The equity ratio (ER) declined to 43% at FY 22/23 (FY 21/22 ER: 64%).

FY 2022/23 cash flow Operating cash flow amounted to USD -22.8m (FY 2021/22: USD -18.2m). In this period, CEL-SCI paid about USD 7.1m in share-based compensation/payments vs USD 12.4m in the previous year. CAPEX declined to USD 372k in FY 22/23 from USD 661k in FY 21/22 chiefly due to lower purchases of laboratory equipment. In FY 22/23, cash flow from financing activities amounted to USD 4.7m, comprised of USD 6.3m cash inflow from equity financing less USD 1.6m for payments in connection with finance leases (FY 21/22: USD -638k).

VALUATION MODEL

Buy rating and price target confirmed CEL-SCI's US manufacturing facility has completed commissioning and is on track to complete the facility's validation in H1 2024. These two steps are needed for the final BLA filing for registration. The lead HNSCC drug candidate Multikine is making significant progress in its filing process. At present, we believe investors are eagerly awaiting a confirmation from the UK's regulatory authority that they would accept a conditional approval pathway, as the Canadian authority has already done. We anticipate a positive answer during H1 2024, which will allow for filing in Canada and the UK in H2 2024. These events will represent relevant milestones for CEL-SCI. FY 22/23 financial results came in roughly as expected. Based on unchanged estimates, our sum-of-the-parts valuation model still yields a price target for CEL-SCI of USD 8.40. We reiterate our Buy rating.

Figure 2: "Sum-of-the-parts" (SOTP) valuation model

Compound	Project[1]	Present Value	Patient Pop (K)	Treatment Cost (USD)	Market Size (USDM)	Market Share (%)	Peak Sales (USDM)	Royalty Rate (%)	PACME Margin[2] (%)	Discount Factor (%)	Year of market launch
Multkine	HNSCC - Canada	USD 24.3M	1K	90,000	110.0M	25%	32.8M	35%	67%	17%	2024
Multkine	HNSCC - UK	USD 40.1M	2K	90,000	178.9M	25%	53.4M	35%	67%	17%	2024
Multkine	HNSCC - US	USD 229.8M	11K	110,000	1,218.7M	24%	341.6M	35%	67%	17%	2025
Multkine	HNSCC - EU	USD 348.3M	24K	90,000	2,199.4M	20%	546.4M	35%	67%	17%	2025
PACME PV		USD 642.5M			3,707.0M		974.2M				
Costs PV[4]		USD 141.0M									
NPV		USD 501.5M									
Milestones PV		USD 40.4M									
Net cash (proforma)		USD 76.8M									
Fair Value		USD 618.7M									
Share Count (proforma)		73,559K									
Price Target		USD 8.40									
Price Target		EUR 7.80	(based on EUR-USD exchange rate of 1.08)								

1) A project typically refers to a specific indication or, where necessary or relevant, a combination between indication and geographic market

2) PACME (Profit After Costs and Marketing Expenses) reflects the company's profit share on future revenues.
This share may be derived in the form of royalties (outsourced marketing/manufacturing) or operating EBITDA margin (in-house model), or some mix of both (depending on the specific parameters of partnership agreements)

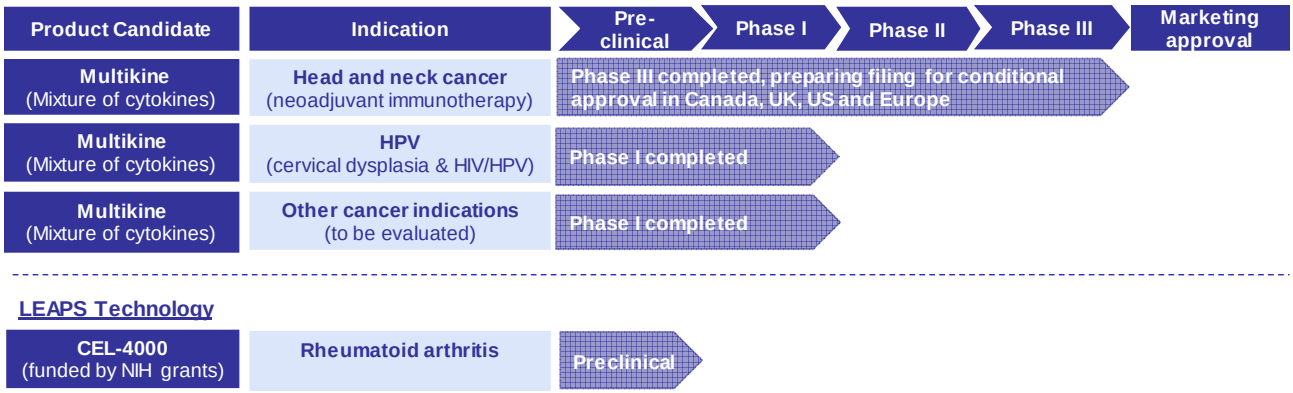
3) Remaining market exclusivity after the point of approval

4) Includes company-level R&D, G&A, Financing Costs and CapEx; COGS and S&M are factored into the PACME margin for each project

Source: First Berlin Equity Research estimates

COMPANY SNAPSHOT

Figure 3: Overview of the R&D pipeline focusing on cancer



Source: First Berlin Equity Research, CEL-SCI Corporation

Figure 4: Multikine accelerated approval pathway with the US FDA

- Submission of the proposed protocol for the confirmatory trial to the FDA planned for Q1 2024.
- Get FDA buy-in for the confirmatory clinical trial (n=212); discussion of potential accelerated approval timing and endpoints needed.
- New law (Food and Drug Omnibus Reform Act) in December 2022 requires enrolment in the confirmatory study to be under way before accelerated approval is given in the US.
- The FDA has acknowledged the longstanding need for improved treatments for head and neck cancer. The agency is open to a close collaboration with CEL-SCI to help demonstrate that Multikine could be such a therapy.

Source: First Berlin Equity Research, CEL-SCI Corporation

Figure 5: Multikine approval pathways for Canada, the UK and the EU

Health Canada - Potential Conditional Approval Pathway (NOC/c)

- The company will continue working towards filing the application for the Notice of Compliance with conditions (NOC/c) approval, as Health Canada has suggested. Filing is expected in H2 2024.

UK MHRA - Potential Conditional Marketing Authorisation (CMA)

- NICE (National Institute for Health and Care Excellence) has selected Multikine for evaluation as the potential new standard of care for squamous cell carcinoma of the head and neck in the UK.
- The company submitted the final target population data to the MHRA.
- Management expects to have a meeting in H1 2024.

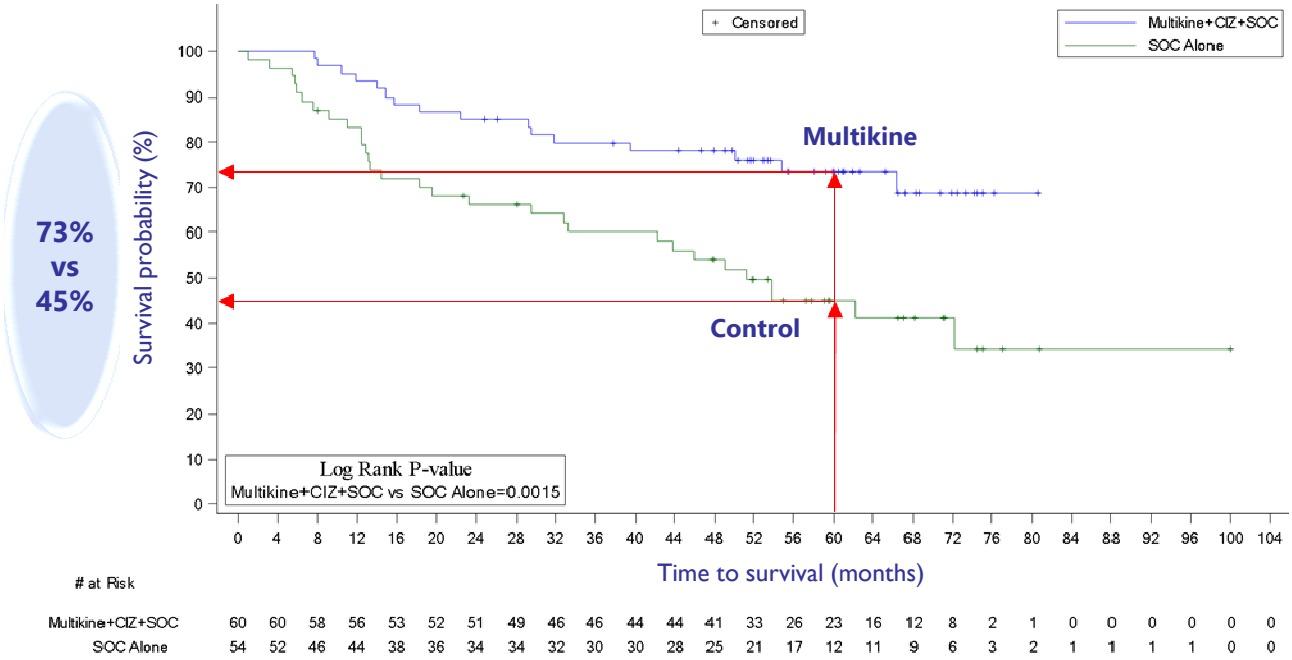
European Medicines Agency - Potential Conditional Marketing Authorisation (CMA)

- EMA recently granted CEL-SCI a waiver of strict pediatric requirements, helping to clear the path towards marketing authorisation for Multikine.
- CEL-SCI plans to submit the protocol for the confirmatory study to EMA and FDA, using that opportunity to discuss further steps.

Source: First Berlin Equity Research, CEL-SCI Corporation

Figure 6: Overall survival in Multikine target population

Kaplan-Meier overall survival for Multikine target population (n=114) in the phase 3 study



Source: First Berlin Equity Research, CEL-SCI Corp

CEL-SCI conducted an in-depth analysis of the data from the phase 3 study in the overall population of patients with primary advanced head and neck squamous cell carcinoma (HNSCC). The patients who meet the following criteria, which can be easily identified with two standard practice diagnostic tests, are defined as the new target population:

(1) No lymph node involvement – N0 – and no extracapsular spread (per PET imaging scan)

(2) Low PD-L1 tumour expression showing tumour proportional score (TPS) <10 (per tumour sample)

In the newly identified target population, patients administered Multikine+CIZ+SOC achieved an impressive 73% 5-year survival rate compared to 45% for the control group.

INCOME STATEMENT

All figures in USD '000	2019/20	2020/21	2021/22	2022/23	2023/24E	2024/25E
Revenue	**0**	**0**	**0**	**0**	**260**	**9,134**
Cost of goods sold	0	0	0	0	-86	-3,014
Gross profit	559	0	0	0	174	6,120
General & Administrative	-11,703	-13,085	-10,707	-9,005	-9,200	-9,400
Research & Development	-17,840	-23,109	-25,355	-22,471	-35,000	-25,000
Total operating expenses (OPEX)	**-29,544**	**-36,194**	**-36,063**	**-31,476**	**-44,200**	**-34,400**
Operating income (EBIT)	**-28,985**	**-36,194**	**-36,063**	**-31,476**	**-44,026**	**-28,280**
Net financial result	-1,042	-1,149	-1,081	-675	-700	-700
Non-operating income/expenses	-228	982	443	-43	0	0
Pre-tax income (EBT)	**-30,255**	**-36,361**	**-36,701**	**-32,194**	**-44,726**	**-28,980**
Income taxes	0	0	0	0	0	0
Net income / loss	**-30,255**	**-36,361**	**-36,701**	**-32,194**	**-44,726**	**-28,980**
Diluted EPS (USD)	**-0.82**	**-0.90**	**-0.87**	**-0.72**	**-0.94**	**-0.61**
Ratios						
Gross Margin on Revenue	n.a.	n.a.	n.a.	n.a.	67.0%	67.0%
EBIT Margin on Revenue	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
EBITDA Margin on Revenue	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Net Margin on Revenue	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Expenses as % of OPEX						
Sales & Marketing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
General & Administrative	39.6%	36.2%	29.7%	28.6%	20.8%	27.3%
Research & Development	60.4%	63.8%	70.3%	71.4%	79.2%	72.7%
Y-Y Growth						
Revenue	n.a.	n.a.	n.a.	n.a.	n.a.	3408.1%
Operating income	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Net income/ loss	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

BALANCE SHEET

All figures in USD '000	2019/20	2020/21	2021/22	2022/23	2023/24E	2024/25E
Assets						
Current Assets, Total	**17,697**	**45,272**	**25,436**	**6,918**	**17,887**	**23,892**
Cash	15,509	36,060	22,672	4,146	13,270	15,328
Short-term investments	0	6,151	0	0	0	0
Accounts receivables	55	55	0	0	100	500
Other current assets	2,133	3,005	2,764	2,773	4,517	8,064
Non-Current Assets, Total	**22,839**	**30,598**	**25,088**	**23,610**	**23,261**	**22,713**
Property plant and equipment	5,844	13,664	11,889	10,188	11,579	12,576
Intangible assets	313	276	212	198	257	333
Other LT assets	15,011	14,748	12,822	10,830	9,031	7,411
Deposits and others	1,671	1,911	164	2,394	2,394	2,394
Total Assets	**40,536**	**75,870**	**50,524**	**30,528**	**41,148**	**46,605**
Shareholders' Equity & Debt						
Current Liabilities, Total	**4,266**	**3,937**	**4,664**	**5,586**	**3,796**	**4,024**
Accounts payable	2,023	1,676	1,618	2,010	1,900	1,995
Other current liabilities	2,242	2,261	3,045	1,772	1,896	2,029
Longterm Liabilities, Total	**16,544**	**15,399**	**13,697**	**11,728**	**10,178**	**8,498**
Other liabilities	12,992	15,399	13,697	11,728	10,178	8,498
Shareholders Equity	**19,727**	**56,534**	**32,163**	**13,215**	**27,175**	**34,084**
Total Consolidated Equity and Debt	**40,536**	**75,870**	**50,524**	**30,528**	**41,148**	**46,605**
Ratios						
Current ratio (x)	4.15	11.50	5.45	1.24	4.71	5.94
Quick ratio (x)	4.15	11.50	5.45	1.24	4.71	5.94
Net gearing	-78.6%	-63.8%	-70.5%	-31.4%	-48.8%	-45.0%
Book value per share (€)	0.54	1.39	0.75	0.30	0.57	0.72
Net debt	-15,509	-36,060	-22,672	-4,146	-13,270	-15,328
Equity ratio	48.7%	74.5%	63.7%	43.3%	66.0%	73.1%

CASH FLOW STATEMENT

All figures in USD '000	2019/20	2020/21	2021/22	2022/23	2023/24E	2024/25E
Net income	**-30,255**	**-36,361**	**-36,701**	**-32,194**	**-44,726**	**-28,980**
Interest payments, net	1,042	1,149	1,081	675	700	700
Tax provision	0	0	0	0	0	0
Non-operating items	228	-982	-443	43	0	0
EBIT	**-28,985**	**-36,194**	**-36,063**	**-31,476**	**-44,026**	**-28,280**
Depreciation and amortisation	2,160	2,231	3,829	3,958	3,850	3,578
EBITDA	**-26,825**	**-33,963**	**-32,234**	**-27,518**	**-40,176**	**-24,702**
Derivative liability	0	0	0	0	0	0
Share based payments	12,909	15,113	12,375	7,150	7,000	6,000
Changes in working capital	-1,250	-483	2,592	-1,777	-1,830	-3,720
Cash interest net	-1,042	-1,149	-1,081	-718	-700	-700
Other adjustments	932	1,696	107	15	0	0
Operating cash flow	**-15,276**	**-18,787**	**-18,240**	**-22,849**	**-35,706**	**-23,122**
CapEx	-2,695	-9,039	-661	-372	-3,620	-3,140
Free cash flow	**-17,971**	**-27,826**	**-18,901**	**-23,221**	**-39,326**	**-26,262**
Other investments	0	-6,146	6,151	0	0	0
Cash flow from investing	**-2,695**	**-15,185**	**5,491**	**-372**	**-3,620**	**-3,140**
Debt Financing, net	0	0	0	0	0	0
Equity Financing, net	25,650	53,769	-38	6,255	50,000	30,000
Payments for financial leases	-615	754	-600	-1,560	-1,550	-1,680
Cash flow from financing	**25,035**	**54,523**	**-638**	**4,694**	**48,450**	**28,320**
Net cash flows	**7,064**	**20,551**	**-13,388**	**-18,526**	**9,124**	**2,058**
Cash, start of the year	8,445	15,509	36,060	22,672	4,146	13,270
Cash, end of the year	**15,509**	**36,060**	**22,672**	**4,146**	**13,270**	**15,328**

Y-Y Growth						
Operating Cashflow	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Free cashflow	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

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Anschrift:
First Berlin Equity Research GmbH
Friedrichstr. 34
10117 Berlin
Germany

Vertreten durch den Geschäftsführer: Martin Bailey

Telefon: +49 (0) 30-80 93 9 680
Fax: +49 (0) 30-80 93 9 687
E-Mail: info@firstberlin.com

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Authored by: Christian Orquera, Analyst
All publications of the last 12 months were authored by Christian Orquera.

Company responsible for preparation: First Berlin Equity Research GmbH, Friedrichstraße 69, 10117 Berlin

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PRICE TARGET DATES

Unless otherwise indicated, current prices refer to the closing prices of the previous trading day.

AGREEMENT WITH THE ANALYSED COMPANY AND MAINTENANCE OF OBJECTIVITY

The present financial analysis is based on the author's own knowledge and research. The author prepared this study without any direct or indirect influence exerted on the part of the analysed company. Parts of the financial analysis were possibly provided to the analysed company prior to publication in order to avoid inaccuracies in the representation of facts. However, no substantial changes were made at the request of the analysed company following any such provision.

ASSET VALUATION SYSTEM

First Berlin's system for asset valuation is divided into an asset recommendation and a risk assessment.

ASSET RECOMMENDATION

The recommendations determined in accordance with the share price trend anticipated by First Berlin in the respectively indicated investment period are as follows:

Category		1	2
Current market capitalisation (in €)		0 - 2 billion	> 2 billion
Strong Buy[1]	An expected favourable price trend of:	> 50%	> 30%
Buy	An expected favourable price trend of:	> 25%	> 15%
Add	An expected favourable price trend of:	0% to 25%	0% to 15%
Reduce	An expected negative price trend of:	0% to -15%	0% to -10%
Sell	An expected negative price trend of:	< -15%	< -10%

[1] The expected price trend is in combination with sizable confidence in the quality and forecast security of management.

Our recommendation system places each company into one of two market capitalisation categories. Category 1 companies have a market capitalisation of €0 – €2 billion, and Category 2 companies have a market capitalisation of > €2 billion. The expected return thresholds underlying our recommendation system are lower for Category 2 companies than for Category 1 companies. This reflects the generally lower level of risk associated with higher market capitalisation companies.

RISK ASSESSMENT

The First Berlin categories for risk assessment are low, average, high and speculative. They are determined by ten factors: Corporate governance, quality of earnings, management strength, balance sheet and financial risk, competitive position, standard of financial disclosure, regulatory and political uncertainty, strength of brandname, market capitalisation and free float. These risk factors are incorporated into the First Berlin valuation models and are thus included in the target prices. First Berlin customers may request the models.

RECOMMENDATION & PRICE TARGET HISTORY

Report No.:	Date of publication	Previous day closing price	Recommendation	Price target
Initial Report	5 December 2023	USD2.80	Buy	USD8.40
210	Today	USD2.29	Buy	USD8.40

INVESTMENT HORIZON

Unless otherwise stated in the financial analysis, the ratings refer to an investment period of twelve months.

UPDATES

At the time of publication of this financial analysis it is not certain whether, when and on what occasion an update will be provided. In general First Berlin strives to review the financial analysis for its topicality and, if required, to update it in a very timely manner in connection with the reporting obligations of the analysed company or on the occasion of ad hoc notifications.

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Legally required information regarding

- **key sources of information in the preparation of this research report**
- **valuation methods and principles**
- **sensitivity of valuation parameters**

can be accessed through the following internet link: https://firstberlin.com/disclaimer-english-link/

SUPERVISORY AUTHORITY: Bundesanstalt für Finanzdienstleistungsaufsicht (German Federal Financial Supervisory Authority) [BaFin], Graurheindorferstraße 108, 53117 Bonn and Marie-Curie-Straße 24-28, 60439 Frankfurt am Main

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