

# Formycon AG

Germany / Biopharmaceuticals

Xetra

Bloomberg: FYB GR

ISIN: DE000A1EWWY8

Update

**RATING****PRICE TARGET**

Return Potential

Risk Rating

**BUY****€ 80.00**

66.0%

High

## ALL STILL TO PLAY FOR

The Formycon share price has fallen by more than 40% since the beginning of 2023, mainly because of lower than expected royalty income from the first Formycon medicine to reach the market, the Lucentis biosimilar, FYB201. However, FYB201 which was launched in the EU, UK and US in 2022, is only the first of six biosimilars which we expect Formycon to have launched by the end of this decade. Forthcoming biosimilars have higher reference product sales and royalty rates than FYB201. In our view, the most important near-term launch (subject to approval, in both the EU and US in 2025) will be of the Stelara biosimilar, FYB202. Stelara generated worldwide sales of USD10.9bn in 2023. This compares with USD3.6bn of sales for Lucentis in 2021, the last year before the launch of biosimilars of the drug. Furthermore, Formycon will earn a royalty of 30-40% on FYB202 sales. The current royalty on FYB201 sales is 7-8%. There will be more competition on the Stelara biosimilar market than on the Lucentis biosimilar market. But critically, unlike Roche whose 2022 launch of the Lucentis successor product, Vabysmo, coincided with the introduction of Lucentis biosimilars, Johnson & Johnson do not have a near-term successor product to Stelara. We expect Formycon to generate triple digit royalties from FYB202 as early as 2026. This compares with our total 2026 royalty forecast for FYB201 (including both top-line and at-equity revenues) of ca. €15m. We think the current share price weakness is an opportunity to pick up Formycon stock cheaply ahead of the lucrative FYB202 launch. We maintain our Buy recommendation but have lowered the price target to €80 (previously: €105), mainly to reflect downward revisions to our FYB201 forecasts as well as a more conservative view on FYB203 (Formycon's Eylea biosimilar), for which we model first revenues from next year.

**Milestone payments drove 2023 revenue growth** 2023 revenues jumped 82.8% to €77.7m (2022: €42.5m). The increase was entirely due to €37.4m of milestone payments (2022: €0m) in connection with the marketing agreement for FYB202 concluded with Fresenius in February 2023. (p.t.o.)

### FINANCIAL HISTORY & PROJECTIONS

|                    | 2022   | 2023   | 2024E  | 2025E  | 2026E  | 2027E  |
|--------------------|--------|--------|--------|--------|--------|--------|
| Revenue (€m)       | 42.50  | 77.70  | 62.30  | 108.57 | 232.70 | 212.12 |
| Y-o-y growth       | 16.1%  | 82.8%  | -19.8% | 74.3%  | 114.3% | -8.8%  |
| EBITDA (€m)        | -15.87 | 1.52   | -23.70 | 44.97  | 178.50 | 149.12 |
| EBITDA margin      | -37.3% | 2.0%   | -38.0% | 41.4%  | 76.7%  | 70.3%  |
| Net income (€m)    | 35.99  | 75.80  | -37.30 | 34.18  | 166.79 | 109.75 |
| EPS (diluted) (€)  | 2.59   | 4.72   | -2.11  | 1.92   | 9.36   | 6.16   |
| DPS (€)            | 0.00   | 0.00   | 0.00   | 0.00   | 0.00   | 0.00   |
| FCF (€m)           | -55.95 | -27.23 | -77.62 | -43.32 | 103.12 | 74.68  |
| Net gearing        | -2.8%  | -5.4%  | -8.5%  | -8.5%  | -16.9% | -20.6% |
| Liquid assets (€m) | 9.82   | 27.04  | 46.25  | 49.31  | 126.04 | 176.48 |

### RISKS

Product failures, failure to obtain funding, loss of key personnel.

### COMPANY PROFILE

Formycon AG is a Munich, Germany based pharmaceuticals company specialising in the development of biosimilars, i.e. generic versions of biotechnology products.

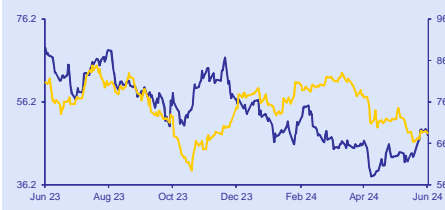
### MARKET DATA

As of 12 Jun 2024

|                         |                 |
|-------------------------|-----------------|
| Closing Price           | € 48.20         |
| Shares outstanding      | 17.66m          |
| Market Capitalisation   | € 851.06m       |
| 52-week Range           | € 38.15 / 69.20 |
| Avg. Volume (12 Months) | 9,176           |

| Multiples  | 2023  | 2024E | 2025E |
|------------|-------|-------|-------|
| P/E        | 10.2  | n.a.  | 25.1  |
| EV/Sales   | 11.0  | 13.7  | 7.9   |
| EV/EBITDA  | 562.1 | n.a.  | 19.0  |
| Div. Yield | 0.0%  | 0.0%  | 0.0%  |

### STOCK OVERVIEW



### COMPANY DATA

As of 31 Dec 2023

|                      |           |
|----------------------|-----------|
| Liquid Assets        | € 27.04m  |
| Current Assets       | € 67.15m  |
| Intangible Assets    | € 552.94m |
| Total Assets         | € 890.36m |
| Current Liabilities  | € 69.31m  |
| Shareholders' Equity | € 502.75m |

### SHAREHOLDERS

|                           |       |
|---------------------------|-------|
| Athos KG                  | 24.3% |
| Wendeln & Cie. KG         | 13.6% |
| Gedeon Richter Plc        | 9.0%  |
| Active Ownership S.a.r.l. | 6.0%  |
| Free Float and other      | 47.1% |



Revenues from partners in connection with development work carried out by Formycon on FYB202 and FYB203 fell €6m to €36.2m (2022: €42.2m) due to the approval of FYB201 in the UK, EU and US during 2022. Royalties on sales of FYB201, primarily from the US, came in at €4.2m (2022: €0.3m). Further significant royalty income from FYB201 was also included in the associates line in connection with Formycon's 50% stake in Bioeq AG. FYB202 milestone income pushed EBITDA to €1.5m (2022: €15.9m). For the first time, Formycon published an adjusted EBITDA figure to reflect its share in Bioeq's income. 2023 adjusted EBITDA of €13.3m included €11.8m in "investment gain from Bioeq AG" while 2022 adjusted EBITDA of €-28.8m included €-12.9m in "share of loss from Bioeq AG."

**FYB201 earn-out written down 31.6% in FYB201 balance sheet** Formycon's 2023 balance sheet shows a €99.5m (31.6%) reduction from €314m to €215m in the present value of the earn-out payable to Athos in connection with future income generated by the Lucentis biosimilar, FYB201. The reduction in the PV of the FYB201 earnout reflects a downward revision of management's assessment of future income from the product as well as a higher discount rate due to the general increase in the level of interest rates. Roche launched Vabysmo, a successor product to Lucentis, in early 2022 at a large discount to Lucentis. Vabysmo also represents an improvement on Lucentis in that the required dosage frequency is lower. Vabysmo sales reached USD2.6bn in 2023 as it gained market share from Lucentis. As figure 1 shows, annual US sales of Lucentis fell by ca. two thirds from ca. USD1.5bn to ca. USD500m over the two year period to end 2023. In the Rest of the World annual sales fell by ca. one third from USD2.2bn to USD1.5bn. We think the decline was partly due to the introduction of biosimilars such as FYB201, but mainly due to the launch of Vabysmo. Formycon's 2023 annual report also showed a €31.2m (16.9%) impairment in the value of Formycon's investment in Bioeq AG from €184.7m to €153.5m - again reflecting a downward revision of expectations of future income generated by FYB201. Formycon included the €68.3m sum of the €99.5m earn-out reduction and the €31.2m impairment in net income, which came in at €75.8m (2022: €36.0m). The prior year figure benefitted from an exceptional item of €66.9m (the sum of an €89.7m upward revaluation of Formycon's stake in FYB202 following the Athos transaction and a €22.8m upward revaluation of the FYB201 earn-out liability).

**FYB201 royalty income to rise this year due sales ramp in US, Europe, new launches** Formycon is guiding towards sales of €55m-65m and EBITDA of €-15m to €-25m for 2024. Sales are expected to be fall compared with 2023 largely because of lower FYB202 milestone payments, as part of the milestone payments originally expected for 2024 were booked in 2023. Payments from partners for development work on FYB201 and FYB203 are also expected to be lower than last year because of progress made in these projects (FYB201 approved by the FDA in 2022, FYB203 expected to be granted FDA approval later this month). Management expects the decline in these two items to be counteracted to some extent by increasing royalty income from FYB201 as sales ramp up further in the EU, UK and US and the product is launched in Canada, Latin America and the MENA region.

**Clinical phase of FYB206 development has just started** The expected decline in EBITDA stems in part from lower revenue, and in part from increasing development costs for FYB208 and FYB209 whose reference products Formycon has still to disclose. Development work will also start on a new project, FYB210 (reference product also undisclosed). In addition, Formycon is continuing development work on FYB206, a biosimilar of Keytruda, which with 2023 sales of UD25bn, is the best-selling drug in the world. On 13 June Formycon announced the inclusion of the first patient in a phase 1 trial of FYB206. The trial investigates the pharmacokinetic equivalence of FYB206 with Keytruda as part of a preventive therapy for patients who have had a malignant melanoma (black skin cancer) completely surgically removed. Recruitment of a parallel phase III trial investigating the safety and efficacy of FYB206 compared with Keytruda in patients with non-small cell lung cancer is expected to start very soon.



As Formycon has demonstrated technical proof of similarity between FYB206 and Keytruda, development costs will be capitalised rather than expensed, and so will not impact EBITDA.

**Adjusted EBITDA has replaced net profit as a key performance indicator** Formycon stated in the 2023 results press release that it has replaced net profit as a key performance indicator with adjusted EBITDA. The reason for the move is the volatility of net profit due to fluctuations in the value of the FYB201 earn-out. The company did not show net profit in its Q1/24 figures and has not given net profit guidance for FY/24.

**Figure 1: Reference products and competitors: recent sales development**

| USDm            | FY 22         | Q1 23          | Q2 23         | Q3 23         | Q4 23         | FY 23         | Q1 24         |
|-----------------|---------------|----------------|---------------|---------------|---------------|---------------|---------------|
| <b>Lucentis</b> |               |                |               |               |               |               |               |
| US              | 1,061         | 180            | 147           | 110           | 72            | 509           | 57            |
| % Δ             | -28.3%        | -35.0%         | -55.0%        | -53.5%        | -67.2%        | -52.0%        | -68.6%        |
| ROW             | 1,874         | 416            | 395           | 363           | 301           | 1,475         | 314           |
| % Δ             | -13.2%        | -20.0%         | -21.2%        | -20.2%        | -20.0%        | -21.3%        | -24.5%        |
| <b>Total</b>    | <b>2,935</b>  | <b>596</b>     | <b>542</b>    | <b>473</b>    | <b>373</b>    | <b>1,984</b>  | <b>371</b>    |
| % Δ             | <b>-19.4%</b> | <b>-25.2%</b>  | <b>-34.5%</b> | <b>-31.6%</b> | <b>-39.6%</b> | <b>-32.4%</b> | <b>-37.8%</b> |
| <b>Vabysmo</b>  |               |                |               |               |               |               |               |
| US              | 539           | 389            | 476           | 602           | 670           | 2,137         | 744           |
| % Δ             | n.a.          | 1612.1%        | 474.5%        | 282.9%        | 144.3%        | 296.7%        | 91.1%         |
| ROW             | 77            | 78             | 108           | 140           | 169           | 495           | 225           |
| % Δ             | n.a.          | n.a.           | 1202.0%       | 546.1%        | 261.9%        | 543.1%        | 189.7%        |
| <b>Total</b>    | <b>616</b>    | <b>467</b>     | <b>584</b>    | <b>743</b>    | <b>839</b>    | <b>2,632</b>  | <b>969</b>    |
| % Δ             | <b>26.2%</b>  | <b>1954.5%</b> | <b>540.6%</b> | <b>314.9%</b> | <b>161.4%</b> | <b>327.5%</b> | <b>107.6%</b> |
| <b>Eylea</b>    |               |                |               |               |               |               |               |
| US              | 6,264         | 1,434          | 1,500         | 1,448         | 1,338         | 5,720         | 1,202         |
| % Δ             | 8.1%          | -5.5%          | -7.5%         | -11.1%        | -10.6%        | -8.7%         | -16.2%        |
| ROW*            | 3,395         | 847            | 886           | 872           | 890           | 3,495         | n.a.          |
| % Δ             | -1.6%         | -2.5%          | 1.8%          | 6.7%          | 6.1%          | 2.9%          | n.a.          |
| <b>Total</b>    | <b>9,659</b>  | <b>2,281</b>   | <b>2,386</b>  | <b>2,320</b>  | <b>2,228</b>  | <b>9,215</b>  | <b>n.a.</b>   |
| % Δ             | <b>4.5%</b>   | <b>-4.4%</b>   | <b>-4.2%</b>  | <b>-5.2%</b>  | <b>-4.6%</b>  | <b>-4.6%</b>  | <b>n.a.</b>   |
| <b>Eylea HD</b> |               |                |               |               |               |               |               |
| US              | 0             | 0              | 0             | 43            | 123           | 166           | 200           |
| % Δ             | n.a.          | n.a.           | n.a.          | n.a.          | n.a.          | n.a.          | n.a.          |
| ROW*            | 0             | 0              | 0             | 0             | 0             | 0             | n.a.          |
| % Δ             | n.a.          | n.a.           | n.a.          | n.a.          | n.a.          | n.a.          | n.a.          |
| <b>Total</b>    | <b>0</b>      | <b>0</b>       | <b>0</b>      | <b>43</b>     | <b>123</b>    | <b>166</b>    | <b>n.a.</b>   |
| % Δ             | <b>n.a.</b>   | <b>n.a.</b>    | <b>n.a.</b>   | <b>n.a.</b>   | <b>n.a.</b>   | <b>n.a.</b>   | <b>n.a.</b>   |
| <b>Stelara</b>  |               |                |               |               |               |               |               |
| US              | 6,388         | 1,451          | 1,817         | 1,912         | 1,786         | 6,966         | 1,396         |
| % Δ             | 21.9%         | 5.2%           | 5.0%          | 15.5%         | 10.1%         | 9.0%          | -3.8%         |
| ROW             | 3,335         | 993            | 981           | 951           | 967           | 3,892         | 1,055         |
| % Δ             | 35.2%         | 9.2%           | 13.0%         | 19.9%         | 26.4%         | 16.7%         | 6.2%          |
| <b>Total</b>    | <b>9,723</b>  | <b>2,444</b>   | <b>2,797</b>  | <b>2,864</b>  | <b>2,753</b>  | <b>10,858</b> | <b>2,451</b>  |
| % Δ             | <b>26.2%</b>  | <b>6.8%</b>    | <b>7.6%</b>   | <b>16.9%</b>  | <b>15.3%</b>  | <b>11.7%</b>  | <b>0.3%</b>   |
| <b>Keytruda</b> |               |                |               |               |               |               |               |
| US              | 12,686        | 3,485          | 3,863         | 3,794         | 3,972         | 15,114        | 4,119         |
| % Δ             | 29.9%         | 25.4%          | 20.8%         | 13.9%         | 17.5%         | 19.1%         | 18.2%         |
| ROW             | 8,251         | 2,310          | 2,408         | 2,543         | 2,636         | 9,897         | 2,828         |
| % Δ             | 11.2%         | 13.8%          | 17.2%         | 21.4%         | 27.3%         | 19.9%         | 22.4%         |
| <b>Total</b>    | <b>20,937</b> | <b>5,795</b>   | <b>6,271</b>  | <b>6,337</b>  | <b>6,608</b>  | <b>25,011</b> | <b>6,947</b>  |
| % Δ             | <b>21.8%</b>  | <b>20.5%</b>   | <b>19.4%</b>  | <b>16.8%</b>  | <b>21.2%</b>  | <b>19.5%</b>  | <b>19.9%</b>  |

Source: Companies

**Q1/24 sales down due to no FYB202 milestone, but FYB201 royalty income up**  
Formycon's Q1/24 report showed sales of €17.7m (Q1/23: €32.4m) and EBITDA of €-5.5m (Q1/23: €6.0m) respectively. Prior year sales benefitted from a €10m milestone in connection with the conclusion of the global marketing agreement for FYB202 with Fresenius Kabi in February 2023.



Income from development services for the two partnered projects FYB201 and FYB203 was also higher in Q1/23 than in Q1/24. FYB201 royalties amounted to €1.9m (Q1/23: €0.3m). Like the FY/23 numbers, the Q1/24 P&L included further significant royalty income from FYB201 in the associates line in connection with Formycon's 50% stake in Bioeq AG.

**Figure 2: Q1/24 and FY/23 results**

| €000                              | FY/22          | Q1/23          | FY/23         | Q1/24         |
|-----------------------------------|----------------|----------------|---------------|---------------|
| <b>Total revenues</b>             | <b>42,497</b>  | <b>32,400</b>  | <b>77,696</b> | <b>17,700</b> |
| Δ                                 | 16.1%          | 300.0%         | 82.8%         | -45.4%        |
| of which:                         |                |                |               |               |
| FYB201 royalties                  | 329            | 300            | 4,159         | 1,900         |
| Revenues from FYB201/203 partners | 42,168         | 22,100         | 36,181        | 15,800        |
| FYB202 milestone                  | 0              | 10,000         | 37,356        | 0             |
| <b>EBITDA</b>                     | <b>-15,866</b> | <b>6,000</b>   | <b>1,518</b>  | <b>-5,500</b> |
| <b>Adjusted EBITDA</b>            | <b>-28,798</b> | <b>-400</b>    | <b>13,329</b> | <b>-1,200</b> |
| <b>Net profit</b>                 | <b>35,992</b>  | <b>-12,400</b> | <b>75,795</b> | <b>n.a.</b>   |

Source: Formycon

**FDA approvals of FYB203 and FYB202 expected in June 2024, late 2024/early 2025 respectively**

Formycon submitted applications for regulatory approval of FYB202 (Stelara biosimilar; 2023 reference product sales: USD10.9bn ) and FYB203 (Eylea biosimilar; 2023 reference product sales: USD9.2bn) in both the EU and US last year. Formycon expects FDA approval of FYB202 in late 2024/early 2025 and has concluded an agreement with the reference product rights holder, Johnson & Johnson, allowing commercialisation no later than 15 April 2025. Formycon and its FYB202 marketing partner, Fresenius Kabi, will share the post-commercialisation value of the drug approximately equally. This implies a royalty rate of 30-40% (we assume 33%). In addition, Formycon booked success payments in connection with the regulatory progress made by FYB202 of €37.5m in 2023. Management has indicated that further milestone payments (estimated in the mid-double digit million euros) will become payable upon approval of FYB202 in the US and EU. We assume a figure of €30m split equally been 2024 and 2025. The FDA target action date for FYB203 is June 2024. Regulatory approval for FYB203 from the EMA is expected at the beginning of 2025. The royalty rate for FYB203 is initially mid-single digit, rising to low-double digit as sales grow.

**Regeneron legal proceedings against Eylea biosimilar developers ongoing**

In mid-May 2024 Formycon announced that its marketing partner for FYB203 in the MENA region will be MS Pharma, which is already responsible for marketing FYB201 in the MENA region. Formycon has still to announce a marketing partner for FYB203 for the US and EU. We believe the absence of an announcement for these markets relates to the legal dispute between Formycon and Regeneron, the developer of the reference product, Eylea. In late November 2023 Regeneron filed a patent infringement lawsuit against Formycon. Figure 3 gives an overview of Formycon's competitors on the market for Eylea biosimilars. Regeneron's proceedings against Formycon are one of six US actions brought by Regeneron regarding Eylea biosimilars, with the other actions involving Amgen, Biocon, Celltrion, Samsung Bioepis (2 actions). The proceedings are located in the Northern District of West Virginia and are ongoing. A scheduling conference was held on 17 May 2024, the transcript for which is not yet publicly accessible.



Eylea's composition of matter patent expired in the US in June 2023 and expires in the EU in May 2025. We gather that the ongoing patent dispute relates to formulation of the drug. The formulation patent expires in June 2027 in both the US and EU.

**Figure 3: Competitive landscape for Eylea biosimilars**

| Company         | Status phase III                  | FDA submission/ approval                                   |
|-----------------|-----------------------------------|--|
| Alvotech        | Start (07/22)                     | -  |
| Amgen           | Primary endpoint met (Q3/2022)    | US file acceptance (11/2023)                               |
| Biocon          | Completed                         | US filing (10/2021), EU approval (07/2023)                 |
| Celltrion       | Positive 24-week results (Q4/023) | US filing (07/2023)  |
| Formycon        | Completed                         | US file acceptance (08/2023); target action date June 2024 |
| Samsung Bioepis | Last patient in (Q2/2022)         | n/a  |
| Sandoz          | First patient out (05/2023)       | n/a  |

Source: companies

**US Eylea sales down 16.2% y-o-y in Q1/24 following Eylea HD launch** Regeneron has launched Eylea HD (High Dose), a high dose, longer acting formulation of Eylea. Eylea HD was approved in the US and EU in August and November 2023 respectively. Figure 4 compares dosages for FYB201, Lucentis, Vabysmo, Eylea and Eylea HD in the indications age-related macular degeneration (AMD), macular edema following retinal vein occlusion (RVO), diabetic macular edema (DME), diabetic retinopathy (DR), myopic choroidal neovascularisation (mCNV). Fewer doses of Eylea HD are required than of Eylea. Although, as figure 4 shows, the difference between the two drugs in this respect is not nearly as large as between Vabysmo and Lucentis, in Q1/24 Eylea sales in the US were down USD232m or 16.2% y-o-y at USD1,202m, whereas combined Eylea and Eylea HD sales were down only 2.3% at USD1,402m. Regeneron's Eylea/Eylea HD marketing partner for the Rest of the World did not disclose the split between Eylea/Eylea HD sales in Q1/24.

**Figure 4: Dosage instructions for FYB201, Lucentis, Eylea, Eylea HD, Vabysmo**

|          | AMD   | RVO  | DME  | DR   | mCNV   |
|----------|---|--|--|--|--|
| FYB201   | 0.5mg once a month  | 0.5mg (0.05ml) once a month                                  | 0.3mg (0.05ml) once a month  | 0.3mg (0.05ml) once a month  | 0.5mg (0.05ml) once a month                                  |
| Lucentis | 0.5mg once a month  | 0.5mg (0.05ml) once a month                                  | 0.3mg (0.05ml) once a month  | 0.3mg (0.05ml) once a month  | 0.5mg (0.05ml) once a month                                  |
| Eylea    | 2mg every 4 weeks for first 3 months, then 2mg every 8 weeks  | 2mg every 4 weeks for first 3 months, then 2mg every 8 weeks | 2mg every 4 weeks for first 3 months, then 2mg every 8 weeks       | 2mg every 4 weeks for first 3 months, then 2mg every 8 weeks       | 2mg every 4 weeks for first 3 months, then 2mg every 8 weeks |
| Eylea HD | 8mg every 4 weeks for first 3 months, then 8mg every 8 to 16 weeks                                      | n.a.   | 8mg every 4 weeks for first 3 months, then 8mg every 8 to 16 weeks | 8mg every 4 weeks for first 3 months, then 8mg every 8 to 12 weeks | n.a.   |
| Vabysmo  | 6mg every 4 weeks for first 4 doses then weeks 28 and 44 or weeks 24,36 and 48 or weeks 20,28,36 and 44 | n.a.   | 6mg every 4 weeks for at least first 4 doses, then up to 8 weeks   | n.a.   | n.a.   |

Source: FDA

As mentioned above, Formycon announced an exclusive global marketing agreement for FYB202 with Fresenius Kabi in early February 2023. Formycon retains semi-exclusive commercialization rights for Germany as well as rights for parts of the MENA region and Latin America. As figure 5 shows, Formycon is likely to be one of a group of six companies launching Stelara biosimilars during the first half of 2025.

**Figure 5: Competitive landscape for Stelara biosimilars**

| Company      | US launch date no later than | FDA approval status      |
|--------------|------------------------------|--------------------------|
| Amgen        | 01/01/2025                   | Yes                      |
| Alvotech     | 21/02/2025                   | Yes                      |
| Samsung      | 22/02/2025                   | Not yet communicated     |
| Celltrion    | 07/03/2025                   | BLA submitted June 23    |
| Formycon     | 15/04/2025                   | Expected 2024/early 2025 |
| Intas Pharma | 15/05/2025                   | BLA accepted 04.01.24    |

Source: companies



**Fresenius Kabi is currently marketing three biosimilars in the US** Fresenius Kabi entered the biosimilars business in 2017 through the acquisition of Merck KGaA's biosimilars pipeline. The Merck pipeline included a phase 3 adalimumab biosimilar candidate and two other biosimilar candidates for pegfilgrastim and tocilizumab respectively. As figure 6 shows, all three of these biosimilar candidates have since been approved by the FDA and are currently being marketed in the US by Fresenius Kabi.

**Figure 6: Fresenius Kabi's biosimilars portfolio**

| Reference product     | Originator | Global 2023 originator sales (USD bn) | Brand name | Indication                  | Acquired from  | Developed | FDA approval         | Marketing         |
|-----------------------|------------|---------------------------------------|------------|-----------------------------|----------------|-----------|----------------------|-------------------|
| <b>Self-developed</b> |            |                                       |            |                             |                |           |                      |                   |
| Adalimumab            | Abbvie     | 14.4                                  | Idacio     | Rheumatism, Crohn's         | Merck          | Kabi      | 13.12.2022           | Kabi              |
| Pegfilgrastim         | Amgen      | 6.2                                   | Stimufend  | Neutropenia                 | Merck          | Kabi      | 01.09.2022           | Kabi              |
| Tocilizumab           | Roche      | 2.8                                   | Tyenne     | Rheumatoid arthritis        | Merck          | Kabi      | 05.03.2024           | Kabi              |
| Denosumab             | Amgen      | 6.2                                   | n.a.       | Osteoporosis                | self-developed | Kabi      | phase III            | Kabi              |
| <b>Out-licensed</b>   |            |                                       |            |                             |                |           |                      |                   |
| Rituximab             | Biogen     | 4.1                                   | Redditux   | Autoimmune diseases, cancer | mAbxience      | mAbxience | pending              | Dr Reddy (India)  |
| Bevacizumab           | Roche      | 6.7                                   | ALYMSYS    | Cancer, AMD                 | mAbxience      | mAbxience | 13.04.2022           | Amneal (US/India) |
| <b>In-licensed</b>    |            |                                       |            |                             |                |           |                      |                   |
| Ustekinumab           | J&J        | 10.9                                  | n.a.       | Plaque psoriasis, Crohn's   | Formycon       | Formycon  | late 2024/early 2025 | Kabi              |

Source: Fresenius Kabi

In 2022 Fresenius Kabi acquired mAbxience which has two commercialised biosimilars (rituximab and bevacizumab) as well as several biosimilar candidates in the areas of immunology and oncology. mAbxience was founded in 2010 as the biotechnology area of the Argentinian company, Insud Pharma S.L. Fresenius also has a self-developed biosimilar of denosumab in phase 3.

**Fresenius Kabi aims to grow Biopharmaceuticals segment sales by 65%-120% by 2026** Fresenius Kabi's biosimilars business is the largest operation within its Biopharmaceuticals segment. The segment's other business is contract development and manufacturing services. Segment sales climbed 93% in 2023 to €363m (2022: €188m) due to the successful market introductions in Europe and the US of Idacio and Stimufend. Segment EBIT was breakeven in Q1/24. Fresenius has stated that its "ambition" is to grow Biopharmaceuticals sales to €600m-€800m by 2026. Fresenius has not given 2026 margin guidance for the segment. But presumably the division will be clearly profitable if the sales goal is reached.

**J&J/Protagonist's oral psoriasis drug unlikely to reach the market before 2029** As we have pointed out above, Johnson & Johnson does not have a near-term second generation product for Stelara. However, together with its partner Protagonist Therapeutics, the company is currently conducting four phase 3 trials of JNJ-2213. According to Johnson & Johnson and Protagonist, JNJ-2113 has the potential to be the first-in-class targeted oral peptide designed to selectively block the IL-23 receptor. Interleukin 23 (IL-23) is a naturally occurring cytokine that is involved in normal inflammatory and immune responses. The pathologic binding of IL-23 to IL-23 receptor can trigger chronic diseases that are associated with inflammation, including psoriasis and ulcerative colitis. The four phase 3 trials are scheduled to complete during 2027. This suggests that, subject to approval, JNJ-2113 could reach the market in 2029.

**We maintain our Buy recommendation but lower the price target to €80 (previously: €105)** Changes to our forecasts mainly reflect downward revisions to our FYB201 forecasts as well as a more conservative view on FYB203 (Formycon's Eylea biosimilar) following the launch of Eylea HD. However as figure 8 overleaf shows, we also assume that FYB202 will be subject to a higher degree of price erosion from 2028 onwards than in our previous note of August 2023. We maintain our Buy recommendation but lower the price target to €80 (previously: €105).





Figure 7: Forecast revenue and development costs 2022-2030

| in €000's                            | 2022A          | 2023A          | 2024E          | 2025E          | 2026E          | 2027E          | 2028E          | 2029E          | 2030E          |
|--------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Revenues</b>                      | <b>42,497</b>  | <b>77,696</b>  | <b>62,299</b>  | <b>108,571</b> | <b>232,704</b> | <b>212,118</b> | <b>217,023</b> | <b>273,566</b> | <b>357,710</b> |
| % Δ                                  | n.a.           | 82.8%          | -19.8%         | 74.3%          | 114.3%         | -8.8%          | 2.3%           | 26.1%          | 30.8%          |
| of which:                            |                |                |                |                |                |                |                |                |                |
| Development fees from partners       | 42,168         | 36,182         | 20,208         | 0              | 0              | 0              | 0              | 0              | 0              |
| Milestones                           | 0              | 37,356         | 35,000         | 48,000         | 38,000         | 33,000         | 33,000         | 33,000         | 10,000         |
| Royalties                            | 329            | 4,159          | 7,091          | 60,571         | 194,704        | 179,118        | 184,023        | 240,566        | 347,710        |
| by product:                          |                |                |                |                |                |                |                |                |                |
| FYB201 (reference product: Lucentis) | 329            | 4,159          | 7,091          | 7,291          | 7,771          | 7,989          | 7,886          | 7,289          | 6,742          |
| FYB202 (reference product: Stelara)  | 0              | 0              | 0              | 45,002         | 171,510        | 157,120        | 163,248        | 154,195        | 128,167        |
| FYB203 (reference product: Eylea)    | 0              | 0              | 0              | 8,278          | 15,423         | 14,009         | 12,889         | 11,858         | 11,110         |
| FYB206 (reference product: Keytruda) | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 32,713         | 117,899        |
| FYB207 (COVID antiviral)             | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| FYB208 (reference product: t.b.a.)   | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 34,511         | 49,281         |
| FYB209 (reference product: t.b.a.)   | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 34,511         |
| <b>Development costs</b>             | <b>951,854</b> | <b>111,485</b> | <b>161,000</b> | <b>148,600</b> | <b>129,205</b> | <b>138,000</b> | <b>110,000</b> | <b>98,000</b>  | <b>77,000</b>  |
| % Δ                                  | n.a.           | -88.3%         | 44.4%          | -7.7%          | -13.1%         | 6.8%           | -20.3%         | -10.9%         | -21.4%         |
| of which:                            |                |                |                |                |                |                |                |                |                |
| Expensed                             | 58,363         | 76,178         | 86,000         | 63,600         | 54,205         | 63,000         | 65,000         | 68,000         | 56,000         |
| % Δ                                  | n.a.           |                | 12.9%          | -26.0%         | -14.8%         | 16.2%          | 3.2%           | 4.6%           | -17.6%         |
| by product:                          |                |                |                |                |                |                |                |                |                |
| FYB201                               | 11,676         | 11,275         | 5,000          | 0              | 0              | 0              | 0              | 0              | 0              |
| FYB202                               | 3,092          | 24,185         | 20,000         | 7,500          | 5,000          | 0              | 0              | 0              | 0              |
| FYB203                               | 26,287         | 26,456         | 10,000         | 1,000          | 1,000          | 1,000          | 0              | 0              | 0              |
| FYB206                               | 6,130          | 0              | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| FYB207                               | 6,699          | 2,847          | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| FYB208                               | 1,001          | 3,346          | 8,000          | 0              | 0              | 0              | 0              | 0              | 0              |
| FYB209                               | 1,251          | 4,072          | 4,000          | 8,000          | 0              | 0              | 0              | 0              | 0              |
| FYB210                               |                |                | 1,000          | 2,000          | 2,000          | 7,000          | 9,000          | 12,000         | 0              |
| Other                                | 2,227          | 3,997          | 38,000         | 45,100         | 46,205         | 55,000         | 56,000         | 56,000         | 56,000         |
| of which:                            |                |                |                |                |                |                |                |                |                |
| Capitalised                          | 893,491        | 35,307         | 75,000         | 85,000         | 75,000         | 75,000         | 45,000         | 30,000         | 21,000         |
| % Δ                                  |                | -96.0%         | 112.4%         | 13.3%          | -11.8%         | 0.0%           | -40.0%         | n.a.           | n.a.           |
| by product:                          |                |                |                |                |                |                |                |                |                |
| FYB201                               | 291,639        | 14,111         | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| FYB202                               | 615,424        | 3,717          | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| FYB206                               | 5,733          | 16,073         | 75,000         | 50,000         | 30,000         | 20,000         | 11,000         | 6,000          | 1,000          |
| FYB208                               | 0              | 0              | 0              | 27,000         | 25,000         | 30,000         | 12,000         | 12,000         | 10,000         |
| FYB209                               | 0              | 0              | 0              | 8,000          | 20,000         | 25,000         | 22,000         | 12,000         | 10,000         |
| Other                                | -19,305        | 1,406          | 0              | 0              | 0              | 0              | 0              | 0              | 0              |
| <b>EBITDA</b>                        | <b>-15,866</b> | <b>1,518</b>   | <b>-23,701</b> | <b>44,971</b>  | <b>178,499</b> | <b>149,118</b> | <b>152,023</b> | <b>205,566</b> | <b>301,710</b> |

Source: Formycon, First Berlin Equity Research estimates

Figure 8: Changes to our royalty forecasts by product

| € 000's    | 2024E  | 2025E  | 2026E   | 2027E   | 2028E   | 2029E   | 2030E   |
|------------|--------|--------|---------|---------|---------|---------|---------|
| FYB201 new | 7,091  | 7,291  | 7,771   | 7,989   | 7,886   | 7,289   | 6,742   |
| FYB201 old | 9,955  | 14,108 | 16,272  | 18,026  | 22,604  | 24,712  | 27,181  |
| change (%) | -28.8% | -48.3% | -52.2%  | -55.7%  | -65.1%  | -70.5%  | -75.2%  |
| FYB202 new | 0      | 45,002 | 171,510 | 157,120 | 163,248 | 154,195 | 128,167 |
| FYB202 old | 0      | 33,664 | 60,171  | 110,501 | 200,425 | 255,605 | 260,781 |
| change (%) | n.a.   | 33.7%  | 185.0%  | 42.2%   | -18.5%  | -39.7%  | -50.9%  |
| FYB203 new | 0      | 8,278  | 15,423  | 14,009  | 12,889  | 11,858  | 11,110  |
| FYB203 old | 0      | 13,409 | 25,365  | 48,947  | 60,624  | 72,749  | 74,204  |
| change (%) | n.a.   | -38.3% | -39.2%  | -71.4%  | -78.7%  | -83.7%  | -85.0%  |
| FYB206 new | 0      | 0      | 0       | 0       | 0       | 32,713  | 117,899 |
| FYB206 old | 0      | 0      | 0       | 0       | 0       | 23,988  | 148,244 |
| change (%) | n.a.   | n.a.   | n.a.    | n.a.    | n.a.    | 36.4%   | -20.5%  |
| FYB208 new | 0      | 0      | 0       | 0       | 0       | 34,511  | 49,281  |
| FYB208 old | 0      | 0      | 0       | 0       | 0       | 34,511  | 70,402  |
| change (%) | n.a.   | n.a.   | n.a.    | n.a.    | n.a.    | 0.0%    | -30.0%  |
| FYB209 new | 0      | 0      | 0       | 0       | 0       | 0       | 34,511  |
| FYB209 old | 0      | 0      | 0       | 0       | 0       | 0       | 34,511  |
| change (%) | n.a.   | n.a.   | n.a.    | n.a.    | n.a.    | n.a.    | 0.0%    |

Source: First Berlin Equity Research estimates



Figure 9: Valuation model

| Compound               | Project <sup>1)</sup>         | Present Value | Patient Pop | Treatment Cost | Market Size | Market Share | Peak Royalties | PACME Margin <sup>2)</sup> | Discount Factor | Patent Life <sup>3)</sup> | Time to Market |
|------------------------|-------------------------------|---------------|-------------|----------------|-------------|--------------|----------------|----------------------------|-----------------|---------------------------|----------------|
| FYB201                 | nAMD,DR (ex-US)               | €39M          | 199K        | €5,921         | €1,178M     | 20%          | €10M           | 15%                        | 10%             | n.a.                      | -              |
| FYB201                 | nAMD,DR (US)                  | €62M          | 82K         | €9,845         | €807M       | 20%          | €12M           | 15%                        | 10%             | n.a.                      | -              |
| FYB202                 | Pso,CrD (ex-US)               | €309M         | 62K         | €34,240        | €2,123M     | 12%          | €63M           | 3%                         | 12%             | n.a.                      | 1 year         |
| FYB202                 | Pso,CrD (US)                  | €514M         | 69K         | €55,067        | €3,800M     | 12%          | €109M          | 33%                        | 12%             | n.a.                      | 1 year         |
| FYB203                 | nAMD,DR (ex-US)               | €23M          | 425K        | €4,486         | €1,906M     | 12%          | €6M            | 9%                         | 2%              | n.a.                      | 2 years        |
| FYB203                 | nAMD,DR (US)                  | €36M          | 411K        | €7,591         | €3,120M     | 12%          | €9M            | 9%                         | 12%             | n.a.                      | 1 year         |
| FYB206                 | multiple cancer types (ex-US) | €621M         | 65K         | €79,625        | €5,176M     | 12%          | €661M          | 33%                        | 14%             | n.a.                      | 7 years        |
| FYB206                 | multiple cancer types (US)    | €1,125M       | 59K         | €138,393       | €8,165M     | 12%          | €999M          | 33%                        | 14%             | n.a.                      | 5 years        |
| FYB208                 | n.a.                          | €119M         |             |                |             |              |                |                            |                 |                           |                |
| FYB209                 | n.a.                          | €101M         |             |                |             |              |                |                            |                 |                           |                |
| FYB210                 | n.a.                          | €85M          |             |                |             |              |                |                            |                 |                           |                |
| PACME PV               |                               | €3,034M       |             |                |             |              |                |                            |                 |                           |                |
| Costs PV <sup>4)</sup> |                               | €1,741M       |             |                |             |              |                |                            |                 |                           |                |
| NPV                    |                               | €1,293M       |             |                |             |              |                |                            |                 |                           |                |
| Proforma net Cash      |                               | €120M         |             |                |             |              |                |                            |                 |                           |                |
| Fair Value             |                               | €1,413M       |             |                |             |              |                |                            |                 |                           |                |
| Proforma share count   |                               | 17,657K       |             |                |             |              |                |                            |                 |                           |                |
| Fair Value Per Share   |                               | €80.00        |             |                |             |              |                |                            |                 |                           |                |

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),

3) Remaining patent life after the point of approval.

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

Source: First Berlin Equity Research estimates

Figure 10: Changes to our valuation model

|                      | Old     | New     | Delta  |
|----------------------|---------|---------|--------|
| NPV                  | €1,508M | €1,293M | -14.3% |
| Proforma net Cash    | €176M   | €120M   | -32.1% |
| Fair Value           | €1,684M | €1,413M | -16.1% |
| Share Count          | 16,039K | 17,657K | 10.1%  |
| Fair value per share | €105.00 | €80.00  | -23.8% |

Source: First Berlin Equity Research estimates





## INCOME STATEMENT

| All figures in EURm             | 2022A        | 2023A       | 2024E        | 2025E        | 2026E        | 2027E        |
|---------------------------------|--------------|-------------|--------------|--------------|--------------|--------------|
| <b>Revenue</b>                  | <b>42.5</b>  | <b>77.7</b> | <b>62.3</b>  | <b>108.6</b> | <b>232.7</b> | <b>212.1</b> |
| Cost of sales                   | -30.4        | -54.4       | -58.2        | -43.7        | -37.8        | -43.6        |
| <b>Gross profit</b>             | <b>12.1</b>  | <b>23.3</b> | <b>4.1</b>   | <b>64.8</b>  | <b>194.9</b> | <b>168.5</b> |
| R&D expenses                    | -16.9        | -9.2        | -14.6        | -10.8        | -9.2         | -10.7        |
| Selling expenses                | -1.4         | -0.8        | -2.6         | -1.9         | -1.6         | -1.9         |
| Administrative expenses         | -11.4        | -13.3       | -12.9        | -9.5         | -8.1         | -9.5         |
| Net other op. expenses          | 0.0          | -0.4        | 0.0          | 0.0          | 0.0          | 0.0          |
| <b>Operating income (EBIT)</b>  | <b>-17.7</b> | <b>-0.4</b> | <b>-26.0</b> | <b>42.6</b>  | <b>176.0</b> | <b>146.5</b> |
| Equity participations           | 76.8         | -19.4       | 10.0         | 15.0         | 15.0         | 15.0         |
| Dividends from Bioeq            | 0.0          | 0.0         | 0.0          | 0.0          | 0.0          | 15.0         |
| Net financial result            | -22.5        | 98.8        | -21.3        | -23.4        | -24.2        | -23.7        |
| <b>Pre-tax income (EBT)</b>     | <b>36.6</b>  | <b>79.1</b> | <b>-37.3</b> | <b>34.2</b>  | <b>166.8</b> | <b>152.8</b> |
| Income taxes                    | -0.6         | -3.3        | 0.0          | 0.0          | 0.0          | -43.1        |
| <b>Net income / loss</b>        | <b>36.0</b>  | <b>75.8</b> | <b>-37.3</b> | <b>34.2</b>  | <b>166.8</b> | <b>109.8</b> |
| <b>Diluted EPS (in €)</b>       | <b>2.59</b>  | <b>4.72</b> | <b>-2.11</b> | <b>1.92</b>  | <b>9.36</b>  | <b>6.16</b>  |
| <b>EBITDA</b>                   | <b>-15.9</b> | <b>1.5</b>  | <b>-23.7</b> | <b>45.0</b>  | <b>178.5</b> | <b>149.1</b> |
| <b>Adjusted EBITDA</b>          | <b>-28.8</b> | <b>13.3</b> | <b>-13.7</b> | <b>60.0</b>  | <b>193.5</b> | <b>164.1</b> |
| <b>Ratios</b>                   |              |             |              |              |              |              |
| Gross margin on revenue         | 28.4%        | 30.0%       | 6.6%         | 59.7%        | 83.8%        | 79.5%        |
| EBIT margin on revenue          | -41.7%       | -0.5%       | -41.7%       | 39.2%        | 75.6%        | 69.1%        |
| Net margin on revenue           | 84.7%        | 97.6%       | -59.9%       | 31.5%        | 71.7%        | 51.7%        |
| Tax rate                        | 1.7%         | 4.1%        | 0.0%         | 0.0%         | 0.0%         | 28.2%        |
| <b>Expenses as % of revenue</b> |              |             |              |              |              |              |
| Cost of sales                   | 71.6%        | 70.0%       | 93.4%        | 40.3%        | 16.2%        | 20.5%        |
| R&D expenses                    | 39.8%        | 11.8%       | 23.5%        | 10.0%        | 4.0%         | 5.0%         |
| Selling expenses                | 3.4%         | 1.1%        | 4.1%         | 1.8%         | 0.7%         | 0.9%         |
| Administrative expenses         | 26.9%        | 17.1%       | 20.7%        | 8.8%         | 3.5%         | 4.5%         |
| <b>Y-Y Growth</b>               |              |             |              |              |              |              |
| Revenues                        | 16.1%        | 82.8%       | -19.8%       | 74.3%        | 114.3%       | -8.8%        |
| Operating income                | n.m.         | n.m.        | n.m.         | n.m.         | 313.5%       | -16.8%       |
| Net income/ loss                | n.m.         | 110.6%      | n.m.         | n.m.         | 387.9%       | -34.2%       |



## BALANCE SHEET

| All figures in EURm                       | 2022A        | 2023A        | 2024E        | 2025E        | 2026E          | 2027E          |
|---|--------------|--------------|--------------|--------------|----------------|----------------|
| <b>Assets</b>                             |              |              |              |              |                |                |
| <b>Current assets, total</b>              | <b>30.5</b>  | <b>67.1</b>  | <b>56.0</b>  | <b>69.0</b>  | <b>184.9</b>   | <b>229.7</b>   |
| Cash and cash equivalents                 | 9.8          | 27.0         | 46.2         | 49.3         | 126.0          | 176.5          |
| Other liquid assets                       | 0.0          | 0.0          | 0.0          | 0.0          | 0.0            | 0.0            |
| Inventories                               | 0.6          | 0.5          | 0.4          | 0.5          | 1.5            | 1.4            |
| Receivables                               | 14.3         | 11.6         | 7.4          | 16.1         | 48.2           | 43.6           |
| Contract assets                           | 1.2          | 16.6         | 0.8          | 1.7          | 5.2            | 4.7            |
| Other current assets                      | 4.6          | 11.5         | 1.2          | 1.3          | 3.9            | 3.5            |
| <b>Non-current assets, total</b>          | <b>823.2</b> | <b>823.2</b> | <b>872.2</b> | <b>918.8</b> | <b>1,009.2</b> | <b>1,099.5</b> |
| Investment participation Bioeq AG         | 186.4        | 167.0        | 177.7        | 192.7        | 207.7          | 222.7          |
| Loan to associate Bioeq AG                | 92.3         | 90.9         | 53.8         | 0.0          | 0.0            | 0.0            |
| Property, plant & equipment               | 2.6          | 3.0          | 3.5          | 4.1          | 4.7            | 5.3            |
| Right of use assets                       | 8.9          | 9.3          | 9.7          | 10.1         | 10.5           | 10.8           |
| Goodwill & other intangibles              | 533.0        | 552.9        | 627.5        | 712.0        | 786.4          | 860.7          |
| Prepaid expenses                          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0            | 0.0            |
| Deferred tax assets                       | 0.0          | 0.0          | 0.0          | 0.0          | 0.0            | 0.0            |
| <b>Total assets</b>                       | <b>853.7</b> | <b>890.4</b> | <b>928.2</b> | <b>987.8</b> | <b>1,194.1</b> | <b>1,329.3</b> |
| <b>Shareholders' equity &amp; debt</b>    |              |              |              |              |                |                |
| <b>Current liabilities, total</b>         | <b>50.7</b>  | <b>69.3</b>  | <b>44.9</b>  | <b>56.1</b>  | <b>96.4</b>    | <b>121.3</b>   |
| Current lease obligations                 | 0.9          | 1.2          | 1.2          | 1.3          | 1.4            | 1.4            |
| Accounts payable                          | 11.3         | 16.3         | 13.4         | 22.6         | 61.7           | 43.6           |
| Tax liability                             | 0.0          | 0.0          | 0.0          | 0.0          | 0.0            | 43.1           |
| Provisions                                | 0.0          | 0.4          | 0.0          | 0.0          | 0.0            | 0.0            |
| Shareholder loan                          | 20.8         | 20.5         | 0.0          | 0.0          | 0.0            | 0.0            |
| Loan                                      | 0.0          | 0.0          | 0.0          | 0.0          | 0.0            | 0.0            |
| Conditional purchase price payments       | 14.9         | 27.2         | 29.8         | 31.7         | 31.5           | 31.5           |
| Other current liabilities                 | 2.7          | 3.8          | 0.5          | 0.5          | 1.7            | 1.6            |
| <b>Long-term liabilities, total</b>       | <b>446.5</b> | <b>318.3</b> | <b>336.7</b> | <b>350.8</b> | <b>350.1</b>   | <b>350.6</b>   |
| Non-current lease obligations             | 7.6          | 7.8          | 8.2          | 8.6          | 9.0            | 9.5            |
| Provisions                                | 0.0          | 0.0          | 0.0          | 0.0          | 0.0            | 0.0            |
| Shareholder loan                          | 20.0         | 0.0          | 0.0          | 0.0          | 0.0            | 0.0            |
| Loan                                      | 0.0          | 0.0          | 0.0          | 0.0          | 0.0            | 0.0            |
| Conditional purchase price payments       | 299.3        | 187.7        | 205.5        | 219.2        | 217.7          | 217.8          |
| Other liabilities                         | 0.0          | 0.0          | 0.1          | 0.2          | 0.6            | 0.5            |
| Deferred tax liabilities                  | 119.5        | 122.8        | 122.8        | 122.8        | 122.8          | 122.8          |
| <b>Shareholders' equity</b>               | <b>356.6</b> | <b>502.8</b> | <b>546.6</b> | <b>580.8</b> | <b>747.6</b>   | <b>857.4</b>   |
| <b>Total consolidated equity and debt</b> | <b>853.7</b> | <b>890.4</b> | <b>928.2</b> | <b>987.8</b> | <b>1,194.1</b> | <b>1,329.3</b> |
| <b>Key figures</b>                        |              |              |              |              |                |                |
| Current ratio (x)                         | 0.60         | 0.97         | 1.25         | 1.23         | 1.92           | 1.89           |
| Quick ratio (x)                           | 0.59         | 0.96         | 1.24         | 1.22         | 1.90           | 1.88           |
| Financial leverage (%)                    | -2.8         | -5.4         | -8.5         | -8.5         | -16.9          | -20.6          |
| Book value per share (€)                  | 23.67        | 31.35        | 30.96        | 32.90        | 42.34          | 48.56          |
| Return on equity (ROE)                    | 17.5%        | 17.6%        | -7.1%        | 6.1%         | 25.1%          | 13.7%          |



## CASH FLOW STATEMENT

| All figures in EURm                                 | 2022A        | 2023A        | 2024E        | 2025E        | 2026E        | 2027E        |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Net profit</b>                                   | <b>36.0</b>  | <b>75.8</b>  | <b>-37.3</b> | <b>34.2</b>  | <b>166.8</b> | <b>109.8</b> |
| Depreciation and amortisation                       | 1.9          | 1.9          | 2.3          | 2.4          | 2.5          | 2.6          |
| Net finance income                                  | -54.3        | -79.4        | -10.6        | -15.0        | -15.0        | -15.0        |
| Effect of stock options                             | 0.5          | 1.6          | 0.0          | 0.0          | 0.0          | 0.0          |
| Net loss (gain) from disposal of non-current assets | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| Other non-cash transactions                         | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| Income tax expense                                  | 0.6          | 3.3          | 0.0          | 0.0          | 0.0          | 43.1         |
| Change in working capital                           | -3.4         | -12.8        | 24.3         | -0.6         | 1.6          | -12.7        |
| Change in other financial assets/liabilities        | 0.2          | 0.0          | 21.5         | 23.5         | 25.1         | 24.9         |
| Income taxes paid                                   | -0.3         | -0.2         | 0.0          | 0.0          | 0.0          | 0.0          |
| <b>Operating cash flow</b>                          | <b>-18.9</b> | <b>-9.8</b>  | <b>0.2</b>   | <b>44.5</b>  | <b>181.0</b> | <b>152.6</b> |
| CAPEX   | -37.1        | -17.4        | -77.8        | -87.8        | -77.9        | -78.0        |
| <b>Free cash flow</b>                               | <b>-55.9</b> | <b>-27.2</b> | <b>-77.6</b> | <b>-43.3</b> | <b>103.1</b> | <b>74.7</b>  |
| Repayment of Bioeq loan                             | 0.0          | 0.0          | 37.2         | 53.8         | 0.0          | 0.0          |
| Earnout   | 0.0          | 0.0          | -1.1         | -7.8         | -26.9        | -24.8        |
| Equity financing, net                               | 1.8          | 68.8         | 80.8         | 0.0          | 0.0          | 0.0          |
| Shareholder loan                                    | 40.0         | -23.1        | -20.5        | 0.0          | 0.0          | 0.0          |
| Loan  | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| Payment of lease liabilities                        | -0.9         | -1.2         | 0.5          | 0.5          | 0.5          | 0.5          |
| Interest received/(paid)                            | -0.1         | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| <b>Net cash from financing activities</b>           | <b>40.7</b>  | <b>44.4</b>  | <b>96.9</b>  | <b>46.4</b>  | <b>-26.4</b> | <b>-24.2</b> |
| <b>Net cash flows</b>                               | <b>-15.2</b> | <b>17.2</b>  | <b>19.2</b>  | <b>3.1</b>   | <b>76.7</b>  | <b>50.4</b>  |
| Cash and liquid assets, start of the year           | 25.0         | 9.8          | 27.0         | 46.2         | 49.3         | 126.0        |
| <b>Cash and liquid assets, end of the year</b>      | <b>9.8</b>   | <b>27.0</b>  | <b>46.3</b>  | <b>49.3</b>  | <b>126.0</b> | <b>176.5</b> |
| <b>EBITDA/share (in €)</b>                          | <b>-1.2</b>  | <b>0.1</b>   | <b>-1.4</b>  | <b>2.5</b>   | <b>10.1</b>  | <b>8.4</b>   |
| <b>Y-Y Growth</b>                                   |              |              |              |              |              |              |
| Operating cash flow                                 | n.m.         | n.m.         | n.m.         | 27171.9%     | 306.6%       | -15.7%       |
| Free cash flow                                      | n.m.         | n.m.         | n.m.         | n.m.         | n.m.         | -27.6%       |
| EBITDA/share  | n.m.         | n.m.         | n.m.         | n.m.         | 296.9%       | -16.5%       |

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| Category                             |  | 1             | 2           |
|--------------------------------------|--|---------------|-------------|
| Current market capitalisation (in €) |  | 0 - 2 billion | > 2 billion |
| Strong Buy <sup>1</sup>              | 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%      |

<sup>1</sup> The expected price trend is in combination with sizable confidence in the quality and forecast security of management.

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| Report No.:    | Date of publication | Previous day closing price | Recommendation | Price target |
|----------------|---------------------|----------------------------|----------------|--------------|
| Initial Report | 17 April 2013       | €3.50                      | Buy            | €7.30        |
| 2...36         | ↓                   | ↓                          | ↓              | ↓            |
| 37             | 5 July 2021         | €62.80                     | Add            | €78.00       |
| 38             | 23 September 2021   | €50.20                     | Buy            | €78.00       |
| 39             | 14 April 2022       | €67.30                     | Buy            | €89.00       |
| 40             | 11 July 2022        | €74.20                     | Buy            | €97.00       |
| 41             | 30 August 2022      | €76.80                     | Buy            | €103.00      |
| 42             | 7 September 2022    | €70.40                     | Buy            | €103.00      |
| 43             | 23 September 2022   | €70.40                     | Buy            | €130.00      |
| 44             | 21 August 2023      | €60.40                     | Buy            | €105.00      |
| 45             | Today               | €48.20                     | Buy            | €80.00       |

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