

PHARMENA S.A.

Fair value: PLN 16.10

Update

Rating: n.a.

Since Q4/18, PHARMENA (PHR) has introduced seven dietary supplements under the brand Menavitin on the market and we expect that first significant sales of them will be generated in Q3. The PLN 13.1m of proceeds from the share issue in H1/19 will be used for sales & marketing activities relating to the Menavitin dietary supplements, foundation of additional distribution subsidiaries in Italy, France and UK (the Berlin-based one, which is headed by the former CEO of one of the largest European pharma wholesalers Celesio, is in charge of distribution in the DACH region) as well as pre-clinical studies on animal models relating to NASH and PAH applications of the TRIA-662 drug that will allow PHR to seek commercialization partners for both applications. As Q1/19 sales were weak due to the lack of larger exports to Asia like last year, we have decided to lower our estimates for 2019E. Together with higher WACC (12.3% vs. 10% before), this lowers our 12-months PT from PLN 17.60 to PLN 16.10 (thereof: PLN 7.75 per share for dermocosmetics & dietary supplements segment; PLN 6.59 per share for the 1-MNA drug). We would like to emphasize that a faster international expansion incl. registration of Menavitin in non-European countries would likely require a further share or bond issue.

PHR's consolidated Q1/19 results were weak as in Q1/18 there was a PLN 1.3m order from China and in Jan-Mar 2019 the company heavily invested in sales and marketing of its Menavitin dietary supplements. While consol. sales amounted to PLN 3.2m (-13% y-o-y), EBIT (PLN -0.3m vs. PLN 0.9m in Q1/18) and net income (PLN -0.5m vs. PLN 0.7m) also deteriorated y-o-y due to higher costs. As of 31/03/2019, net debt equaled PLN 4.8m (Q1/18: PLN 3.1m).

Q3/19E report will likely show first meaningful sales of Menavitin and discussions with Big Pharma regarding commercialization of TRIA-662 should continue in 2020E. While sales of Menavitin only amounted to PLN 12k in Q1/19, trade receivables as of 31 March equaled PLN 658k, signaling larger sales in the remaining months of 2019E. The discussions regarding TRIA-662 should continue after completion of a pre-clinical study on animal models for the PAH application, which we expect in Q4/19E (a similar study for NASH application was successfully completed in early July).

in PLNm	2013	2014	2015	2016	2017	2018
Net sales	14.14	14.13	17.47	15.91	12.49	13.04
EBITDA	-1.19	-3.60	-2.63	-0.87	-1.87	0.40
EBIT	-1.34	-3.79	-2.84	-1.14	-2.23	0.08
Net income	-2.84	-4.09	-3.62	-1.66	-2.46	-0.44
EPS	-0.32	-0.46	-0.41	-0.19	-0.28	-0.05
DPS	0.11	0.11	0.12	0.12	0.00	0.00
Dividend yield	1.76%	1.76%	1.92%	1.92%	0.00%	0.00%
RoE	-21.04%	-26.25%	-33.24%	-22.77%	-58.71%	-20.32%
Net gearing	-60.68%	-30.37%	17.18%	64.70%	142.65%	31.25%
EV/Sales	5.20x	5.21x	4.21x	4.62x	5.89x	5.64x
EV/EBITDA	neg	neg	neg	neg	neg	182.06x
P/E	neg	neg	neg	neg	neg	neg

Company profile

PHARMENA is a leading Polish cosmetics and biotech company. Its products contain the 1-MNA substance, for which PHR has secured patent protection on the most important global markets until 2025/27E.

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Website	www.pharmena.eu
Sector	Biotechnology
Country	Poland
ISIN	PLPHRMN00011
Reuters	PHR.WA
Bloomberg	PHR PW

Share information

Last price	6.26
Number of shares (m)	10.98
Market cap. (PLNm)	68.76
Market cap. (EURm)	16.15
52-weeks range	PLN 10.01 / PLN 4.90
Average volume	2,174

Performance

4-weeks	1.62%
13-weeks	3.64%
26-weeks	-9.28%
52-weeks	-32.28%
YTD	-5.86%

Shareholder structure

Pelion S.A.	61.10%
Jerzy Gebicki	6.15%
Max Welt Holdings Ltd.	4.55%
Robert Bozyk	4.55%
Konrad Palka	4.35%
Free float	19.30%

Financial calendar

H1/19 report	September 30, 2019
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Analyst

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Recent results

Revenues and Profitability

In Q1/19, PHARMENA generated consolidated revenues of PLN 3.2m compared to PLN 3.7m last year, which corresponded to a 13% decline y-o-y. The main reason for the weak result were lower exports, which were reflected in 18.5% lower sales of Hair Care products. Menavitin GmbH, the new 92.5% German subsidiary, which was established in July 2018, sold Menavitin dietary supplements worth PLN 12k, however as of 31/03/2019 had trade receivables of PLN 658k.

Consolidated results of PHARMENA

in PLNm	Q1/19	Q1/18	change y-o-y
Net sales	3.21	3.70	-13.0%
EBITDA	-0.18	1.02	-117.9%
<i>EBITDA margin</i>	<i>-5.7%</i>	<i>27.6%</i>	
EBIT	-0.33	0.93	-134.9%
<i>EBIT margin</i>	<i>-10.1%</i>	<i>25.2%</i>	
Net income	-0.49	0.69	-171.2%
<i>Net margin</i>	<i>-15.4%</i>	<i>18.8%</i>	

Source: Company information, East Value Research GmbH

Results of the dermocosmetics & dietary supplements segment

in PLNm	Q1/19	Q1/18	change y-o-y
Net sales	3.46	3.91	-11.5%
EBITDA	0.54	1.34	-59.5%
<i>EBITDA margin</i>	<i>15.7%</i>	<i>34.2%</i>	
EBIT	0.40	1.25	-67.8%
<i>EBIT margin</i>	<i>11.6%</i>	<i>32.0%</i>	

Source: Company information, East Value Research GmbH

Compared to Q1/18, both consolidated EBIT (PLN -325k vs. PLN 932k) and net income (PLN -494k vs. PLN 694k) deteriorated y-o-y, which resulted especially from a significantly higher share of distribution (54.3% vs. 28.1% in Q1/18), administration (25.3% vs. 17.3%) and D&A expenses (4.4% vs. 2.4%). In the area of dermocosmetics and dietary supplements, profitability was mainly negatively impacted by higher marketing expenses relating to market introduction of Menavitin dietary supplements in Poland and Germany and administration costs relating to the Berlin-based subsidiary Menavitin GmbH, whose Managing Director is the former long-time CEO of leading European pharma wholesaler and operator of pharmacies Celesio AG (now part of US company McKesson Corp.)

Balance sheet and Cash flow

At the end of March 2019, PHARMENA had consolidated equity of PLN 1.4m, which equaled a share of 10% in the balance sheet total. Property, plant and equipment amounted to PLN 160k (31/03/2018: PLN 144k) and intangible assets to PLN 1.3m (PLN 990k). We estimate the working capital at PLN 4.1m (PLN 4.6m). As of 31 March 2019, PHARMENA had interest-bearing debt of PLN 9.6m (PLN 3.4m).

Between January and March 2019, PHARMENA generated an operating cash flow of PLN -4m (Q1/18: PLN 386k). While cash flow from investing equaled PLN -90k (PLN -8k), cash flow from financing reached PLN 8.4m (PLN -311k) as the company raised new bank debt (PLN 2m) and received a bridge loan from its major shareholders (PLN 6.5m). In Jan-Mar 2019, PHARMENA's consolidated cash position increased by PLN 4.4m to PLN 4.8m.

In May, PHARMENA completed its capital increase, whereby the company raised in total PLN 13.1m that were mostly provided by its anchor shareholder, the Polish pharma wholesaler Pelion S.A. Apart from repayment of bridge loans from Pelion, Jerzy Gebicki (Head of Supervisory Board) and Konrad Palka (CEO), the cash will be used for sales & marketing relating to Menavitin in Poland and other European countries as well as studies on animal models relating to NASH and PAH applications of the 1-MNA drug TRIA-662.

Financial forecasts

Revenues and Profitability

In Q4/18, PHARMENA started sales of its Menavitin 1-MNA dietary supplement, however in Germany first sales were only generated in Q1/19. Over the last months, the company has introduced seven dietary supplements under the Menavitin umbrella brand, which it intends to sell through its own online shop www.menavitin.pl, pharmacies and as a white label product together with partners. The 1-MNA (endogenous substance, which is the main metabolite of vitamin) dietary supplements, which are already available on the market, are listed in the following table:

Product	Description
Menavitin Cardio	1-MNA in combination with microencapsulated fish oil, the source of the omega-3 polyunsaturated fatty acids; supports the heart and cardiovascular system
Menavitin Endotelio	The gluten-free 1-MNA dietary supplement
Menavitin Vital	1-MNA plus English hawthorn blossom extract, vitamin C, zinc and a B group vitamin complex; supports the nervous system and cognitive functions
Menavitin Senior	1-MNA in combination with ginseng root extract, vitamin C, zinc and a B group vitamin complex; for elderly people, who want to maintain good mental and physical condition
Menavitin Diabetix	1-MNA in combination with white mulberry leaf extract; supports normal carbohydrate metabolism
Menavitin Memory	1-MNA plus ginkgo biloba leaf extract standardized for the content of ginkgo flavone glycosides and terpene lactones, which is enriched with magnesium and B group vitamin complex; supports memory and concentration
Menavitin Liver	1-MNA in combination with choline; supports proper functioning of the liver

Source: menavit.pl, East Value Research GmbH

By the end of 2019E, PHR wants to sell in total eight dietary supplements. Apart from the DACH region, for which its Berlin-based 92.5% subsidiary is in charge, the company plans to establish additional local entities in Italy, France and United Kingdom that account for the highest share in the c. USD 21bn European dietary supplements market (Source: Mordor Intelligence) by 2021E, which in our opinion is the right approach given the specifics of the different countries. While in Europe PHARMENA has the exclusive right to sell the 1-MNA dietary supplement until 2025E, it also plans to register this product in China, Japan, Australia and India in the coming years. We expect that in order to finance its international expansion plans and the development of new 1-MNA-based dietary supplements the company will have to conduct another capital increase or bond issue worth at least PLN 5m.

Regarding the 1-MNA drug TRIA-662, in the last months PHR has commissioned studies on animal models relating to Non-alcoholic Steatohepatitis and Pulmonary Arterial Hypertension applications. After completion, it plans to continue discussions relating to a partnering deal with Big Pharma companies, which last year expressed interest in these applications. On 10 July, PHR informed the public that its Japanese partner, the leading non-clinical research institution SMC Laboratories, successfully completed the study on the animal model relating to the NASH application, which together with the earlier confirmed statistically significant impact on the biomarker TNF-alpha showed a positive material effect on key development parameters of NASH. In our view, the pre-clinical PAH animal study will be completed at the end of Q4/19E. Thus, the closing of a partnering deal for further commercialization of TRIA-662 in either the NASH and PAH applications still seems realistic in 2020E. We believe that in the worst case scenario PHR will conduct the Phase III clinical study itself, which in case of NASH and PAH is however significantly less expensive than for the Cardiovascular application.

Results of the NASH pre-clinical study on animals

Dosis of TRIA-662	Result
200 mg/kg	22.7% reduction of NAFLD Activity Score and 29.6% reduction (p<0.05) of liver fibrosis
800 mg/kg	26.9% reduction (p<0.05) of NAFLD Activity Score and 24.3% reduction of liver fibrosis

Source: Company information, East Value Research GmbH

Below are our detailed estimates for PHR's business segments. After weak Q1/19 results, we have lowered our estimates for 2019E and due to the basis effect also for the following years.

Hair Care: For the Hair Care segment, which also includes sales of the dietary supplement Dermena Complex against hair loss (based on vitamins; does not contain 1-MNA), we now forecast sales of 445.6k packages in full-year 2019E at an EBITDA margin of 23.6% (previously: 547.7k at EBITDA margin of 23.9%). The reason, why we have lowered our forecasts, are the weak results in Q1/19, which mainly resulted from the lack of export sales to Asia. While the average sale price should remain stable at PLN 22 and long-term EBITDA margin should reach >25%, we expect a revenue CAGR of 3.7% by 2027E (previously: 6.7%). In our view, PHR should continue its expansion abroad in order to reduce the volatility of its sales.

Skin Care: For the Skin Care segment, we now forecast sales of 41k packages and EBITDA margin of 23.6% in full-year 2019E (previously: 86.4k packages and EBITDA margin of 23.9%), among others due to PHR's decision to stop the distribution of the Dermena Skin Care label, whose sales suffered from intense competition. In our view, the average sales price will remain at PLN 22 in the future. While we still expect that EBITDA margin of the segment will equal >25% going forward, our assumption for the long-term sales CAGR equals 7% (previously: 6.7%). We believe that the main growth drivers for the Skin Care segment in the short term will be the introduction of new products as well as increasing export sales.

Nail Care: This product line, which was introduced in 2017, comprises the regenerative nail serum Dermena Regenail. We expect that in 2019E it will generate sales of PLN 94.1k (previously: PLN 390k) and an EBITDA margin of 25.2% (25.6%). By 2027E, we forecast a sales CAGR of 7.3% (8%) and a target EBITDA margin of >25% (>25%).

Vetoemvit: This product line, which was introduced in Q1/18, comprises shampoos and serums for dogs. We expect that in 2019E it will generate sales of PLN 440k (previously: PLN 660k) and an EBITDA margin of 25.1% (previously: 25%). By 2027E, we estimate a sales CAGR of 32% (30.8%) and a target EBITDA margin of >25% (>25%).

Dietary supplement 1-MNA: In mid-June 2018, the European Commission finally gave PHR the green light to introduce its 1-MNA dietary supplement in Europe, which also makes the registration process in the Middle East very easy.

For 2019E, the company plans to focus on marketing and sales in Poland and DACH, while in the coming years it wants to establish further distribution entities in three other European countries and gain a license for sales in China, India, Australia and Japan.

For 2019E, we have lowered our revenue estimate (PLN 2m vs. PLN 5.3m before) following a slower-than-expected ramp up of sales in Poland and Germany. We have also adjusted the EBITDA margin from 10% to -10% due to investments in sales and marketing. In the long run, we now forecast a sales CAGR of 91.6% (previously: 66.7%) and EBITDA margin of >25% (>25%).

in PLNm	2019E	2020E	2021E	2022E
Hair Care	9.80	10.98	11.64	12.34
<i>(% of net sales)</i>	74.3%	50.3%	38.9%	29.9%
Number of packages sold per year	445,613	499,086	529,031	560,773
Average price in PLN	22	22	22	22
EBITDA margin	23.6%	24.4%	24.9%	25.7%
Skin Care	0.90	1.01	1.07	1.14
<i>(% of net sales)</i>	6.8%	4.6%	3.6%	2.7%
Number of packages sold per year	41,000	45,920	48,675	51,596
Average price in PLN	22	22	22	22
EBITDA margin	23.6%	24.4%	24.9%	25.7%
Nail Care	0.09	0.11	0.11	0.12
<i>(% of net sales)</i>	0.7%	0.5%	0.4%	0.3%
Number of packages sold per year	4,276	4,790	5,077	5,382
Average price in PLN	22	22	22	22
EBITDA margin	25.2%	25.7%	25.8%	25.7%
Vetoemvit	0.44	0.99	1.32	1.40
<i>(% of net sales)</i>	3.3%	4.5%	4.4%	3.4%
Number of packages sold per year	20,000	45,000	60,000	63,600
Average price in PLN	22	22	22	22
EBITDA margin	25.1%	25.5%	25.8%	25.7%
Dietary supplement 1-MNA	1.96	8.75	15.77	26.31
<i>(% of net sales)</i>	14.8%	40.1%	52.7%	63.7%
Number of packages sold per year	56,000	250,000	450,575	751,594
Average price in PLN	35	35	35	35
EBITDA margin	-10.0%	16.0%	21.0%	25.7%
Total net sales	13.20	21.84	29.91	41.30
<i>(change y-o-y)</i>	1.2%	65.4%	37.0%	38.1%

Source: East Value Research GmbH

in PLNm	2019E		2020E		2021E		2022E	
	new	old	new	old	new	old	new	old
Net sales	13.20	20.25	21.84	28.40	29.91	37.34	41.30	46.20
EBITDA	2.46	4.13	4.61	6.05	6.85	8.60	10.61	11.87
<i>EBITDA margin</i>	18.7%	20.4%	21.1%	21.3%	22.9%	23.0%	25.7%	25.7%
EBIT	2.13	3.64	4.06	5.37	6.10	7.70	9.58	10.76
<i>EBIT margin</i>	16.2%	18.0%	18.6%	18.9%	20.4%	20.6%	23.2%	23.3%

Source: East Value Research GmbH

in PLNm	Q1/16	Q2/16	Q3/16	Q4/16	2016	Q1/17	Q2/17	Q3/17	Q4/17	2017
Net sales	2.47	4.15	4.47	4.82	15.91	2.69	3.52	2.88	3.40	12.49
<i>y-o-y change</i>	-38.6%	8.9%	-5.1%	-2.0%	-8.9%	8.7%	-15.1%	-35.6%	-29.4%	-21.5%
EBITDA	-1.21	-0.10	0.35	0.09	-0.87	-0.44	-0.66	-0.15	-0.62	-1.87
<i>EBITDA margin</i>	-48.7%	-2.3%	7.7%	1.8%	-5.5%	-16.5%	-18.7%	-5.1%	-18.3%	-15.0%
EBIT	-1.27	-0.16	0.28	0.01	-1.14	-0.53	-0.75	-0.24	-0.71	-2.23
<i>EBIT margin</i>	-51.2%	-3.9%	6.2%	0.2%	-7.2%	-19.7%	-21.2%	-8.3%	-20.9%	-17.8%
Net income	-1.37	-0.23	0.03	-0.11	-1.66	-0.62	-0.93	-0.32	-0.58	-2.46
<i>Net margin</i>	-55.2%	-5.4%	0.7%	-2.2%	-10.5%	-23.1%	-26.5%	-11.2%	-17.1%	-19.7%

in PLNm	Q1/18	Q2/18	Q3/18	Q4/18	2018	Q1/19
Net sales	3.70	2.97	3.15	3.23	13.04	3.21
<i>y-o-y change</i>	37.6%	-15.8%	9.3%	-5.1%	4.4%	-13.0%
EBITDA	1.03	-0.01	0.29	-0.90	0.40	-0.18
<i>EBITDA margin</i>	27.9%	-0.4%	9.1%	-27.9%	3.1%	-5.7%
EBIT	0.94	-0.09	0.21	-0.98	0.08	-0.33
<i>EBIT margin</i>	25.5%	-3.2%	6.7%	-30.3%	0.6%	-10.1%
Net income	0.65	-0.14	0.00	-0.96	-0.44	-0.49
<i>Net margin</i>	17.7%	-4.6%	-0.1%	-29.7%	-3.4%	-15.4%

Source: Company information (consolidated figures), East Value Research GmbH

CAPEX and Working capital

We have assumed yearly CAPEX = D&A expenses and the share of investments in working capital as percentage of sales at 2% (previously: 3.3%). Based on recent full-year financials of PHR, we have increased our assumption regarding the share of depreciation & amortization in total sales to 2.5% in the long run (previously: 2.4%).

Valuation

Following weak Q1/19 results, we have lowered our estimates for 2019E and beyond. The 1-MNA dietary supplement should exhibit strong sales growth from 2019E as the dietary supplement market in Europe alone is worth c. USD 21bn. Relating to the partnering deal for the 1-MNA drug TRIA-662, we continue to believe that PHR will receive the first milestone payment in 2020E, but only for the NASH or PAH applications (our NPV calculation weights them with 50% each). With higher WACC (12.3% vs. 10%) and 10.98m shares outstanding after the recent capital measure (we have expected 11.43m shares post-money), our 12-months fair value for PHR's share goes down from PLN 17.60 to PLN 16.10.

DCF model (Dermocosmetics & dietary supplements)

Below are the key assumptions of our WACC calculation:

- (1) *Risk-free rate*: Current yield of Polish long-term government bonds with maturity in 2037E is 2.4% (Source: www.boerse-stuttgart.de)
- (2) *Beta*: Average unlevered beta for companies from the Drug (Biotechnology) sector, which are based in Emerging Markets, is 1.4x (Source: www.damodaran.com)
- (3) *Target equity ratio*: 100%
- (4) *Equity risk premium (Poland)*: 7.1% (Source: www.damodaran.com)
- (5) *Growth in the terminal period*: 2%

in PLNm	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E
Net sales	13.20	21.84	29.91	41.30	48.07	51.48	52.91	53.84	54.74
(y-o-y change)	1.2%	65.4%	37.0%	38.1%	16.4%	7.1%	2.8%	1.8%	1.7%
EBIT	2.13	4.06	6.10	9.58	11.11	11.84	12.12	12.28	12.43
(EBIT margin)	16.2%	18.6%	20.4%	23.2%	23.1%	23.0%	22.9%	22.8%	22.7%
NOPLAT	1.73	3.29	4.94	7.76	9.00	9.59	9.81	9.94	10.07
+ Depreciation & amortisation	0.33	0.55	0.75	1.03	1.20	1.29	1.32	1.35	1.37
= Net operating cash flow	2.06	3.83	5.69	8.79	10.20	10.88	11.14	11.29	11.43
- Total investments (Capex and WC)	-0.59	-0.98	-1.35	-1.86	-2.16	-2.32	-2.38	-2.42	-2.46
Capital expenditure	-0.33	-0.55	-0.75	-1.03	-1.20	-1.29	-1.32	-1.35	-1.37
Working capital	-0.26	-0.44	-0.60	-0.83	-0.96	-1.03	-1.06	-1.08	-1.09
= Free cash flow (FCF)	1.47	2.85	4.34	6.93	8.03	8.56	8.76	8.87	8.97
PV of FCF's	1.39	2.42	3.28	4.66	4.81	4.57	4.16	3.75	3.38
PV of FCFs in explicit period	32.42								
PV of FCFs in terminal period	36.55								
Enterprise value (EV)	68.97								
+ Net cash / - net debt (31/12/2019E)	16.18								
Shareholder value	85.15								
Post-money number of shares (m)	10.98								
WACC	12.3%	Terminal EBIT margin							
Cost of equity	12.3%	8.3%	12.80	13.18	13.56	13.94	14.31	14.69	15.07
Pre-tax cost of debt	4.0%	9.3%	11.17	11.47	11.77	12.07	12.38	12.68	12.98
Normal tax rate	19.0%	10.3%	9.93	10.18	10.43	10.67	10.92	11.16	11.41
After-tax cost of debt	3.2%	11.3%	8.97	9.17	9.37	9.57	9.78	9.98	10.19
Share of equity	100.0%	12.3%	8.19	8.36	8.53	8.70	8.87	9.04	9.21
Share of debt	0.0%	13.3%	7.55	7.70	7.84	7.99	8.13	8.27	8.42
Fair value per share in PLN (today)	7.75	14.3%	7.02	7.14	7.27	7.39	7.51	7.63	7.76
Fair value per share in PLN (in 12 months)	8.70								

Source: East Value Research GmbH

NPV model 1-MNA drug (NASH / 50% weight)

During the discussions with representatives of Big Pharma companies since October 2016 the Pharma industry stated interest in NASH-related application of PHR's TRIA-662 drug as there are currently no registered drugs available. NASH or Non-alcoholic Steatohepatitis is a severe type of non-alcoholic fatty liver disease (NAFLD), which occurs when the accumulation of liver fat is accompanied by inflammation and cellular damage. According to our research, respective licensing deals have had a median value of USD 767m in the past, with initial payments in the range of USD 48m-USD 400m.

In our valuation model, we have conservatively assumed that in case of a NASH partnering deal there is a 20% probability that PHR finds a partner. With a partnering deal expected in 2020E and an assumed PLN/USD rate of 3.70, we have maintained the weight of this application in the total valuation of TRIA-662 at 50%.

Examples of NASH partnering deals

Seller	Acquirer	Drug	Phase of research	Initial payment (USDm)	Potential additional payments (USDm)	Total value (USDm)	Initial payment as % of total value	Year
Tobira Therapeutics	Allergan	Cenicriviroc / Evogliptin	Phase III / Phase I	n.a	n.a	1695	n.a	2016
Akarna Therapeutics	Allergan	AKN-083	Pre-clinical	48	1015	1063	4.5%	2016
Nimbus Therapeutics	Gilead	GS-0976	Phase I completed	400	800	1200	33.3%	2016
Dicerna Pharmaceuticals	Boehringer Ingelheim	GalXC RNAi	Pre-clinical	n.a	n.a	201	n.a	2017
Conatus Pharmaceuticals	Novartis	Emricasan	Phase I completed	50	7	57	87.7%	2016
HemoShear Therapeutics	Takeda Pharmaceuticals	REVEAL-Tx	Pre-clinical	n.a	n.a	470	n.a	2017
Median				50	800	767	33.3%	

Source: Company websites, SEC, East Value Research GmbH

PHR's cash flows from TRIA-662 (NASH application) and their probabilities

Phase	Year	Milestone payment (USDm)	Probability of success	Cumulated probability
Initial payment (19.4% of total value)	2020	59.52	20.0%	20.0%
Phase III	2022	61.82	76.3%	15.3%
Registration in the US and EU	2024	61.82	84.4%	12.9%
Start of commercial sales	2025	61.82	100.0%	12.9%
Sales of USD >500m per year	2026	61.82	100.0%	12.9%
Commissions on est. USD 800m sales (5.6% per year)	2026			
Percentage of CF for ex-Cortria shareholders (9%)				
Total value (initial payment plus milestones)		306.80		

Source: East Value Research GmbH

NPV model of TRIA-662 (NASH application)

	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
CF before probabilities, investments and taxes (USDm)	0.00	59.52	0.00	61.82	0.00	61.82	61.82	106.62	44.80	44.80	44.80	44.80
CF accounting for probabilities (USDm)	0.00	11.90	0.00	9.43	0.00	7.96	7.96	13.73	5.77	5.77	5.77	5.77
9% share in CF for ex-Cortria shareholders (USDm)	0.00	-1.07	0.00	-0.85	0.00	-0.72	-0.72	-1.24	-0.52	-0.52	-0.52	-0.52
Investments (USDm)	-0.27	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CF accounting for probabilities, investments and payments to ex-Cortria shareholders (USDm)	-0.27	10.83	0.00	8.58	0.00	7.25	7.25	12.50	5.25	5.25	5.25	5.25
<i>PLN-USD rate</i>	<i>3.70</i>	<i>3.70</i>	<i>3.70</i>	<i>3.70</i>	<i>3.70</i>	<i>3.70</i>	<i>3.70</i>	<i>3.70</i>	<i>3.70</i>	<i>3.70</i>	<i>3.70</i>	<i>3.70</i>
CF accounting for probabilities, investments and payments to ex-Cortria shareholders (PLNm)	-1.00	40.08	0.00	31.76	0.00	26.81	26.81	46.24	19.43	19.43	19.43	19.43
<i>Tax rate</i>	<i>19.0%</i>	<i>19.0%</i>	<i>19.0%</i>	<i>19.0%</i>	<i>19.0%</i>	<i>19.0%</i>	<i>19.0%</i>	<i>19.0%</i>	<i>19.0%</i>	<i>19.0%</i>	<i>19.0%</i>	<i>19.0%</i>
CF accounting for probabilities, investments and payments to ex-Cortria shareholders and taxes (PLNm)	-0.81	32.46	0.00	25.73	0.00	21.71	21.71	37.45	15.74	15.74	15.74	15.74
<i>Discount factor</i>	<i>1.05</i>	<i>1.18</i>	<i>1.33</i>	<i>1.49</i>	<i>1.67</i>	<i>1.87</i>	<i>2.10</i>	<i>2.36</i>	<i>2.65</i>	<i>2.98</i>	<i>3.34</i>	<i>3.75</i>
Discounted CF accounting for probabilities, investments and payments to ex-Cortria shareholders and taxes (PLNm)	-0.77	27.50	0.00	17.30	0.00	11.58	10.32	15.86	5.94	5.29	4.71	4.20
NPV (PLN m)	101.92											
Number of PHR's shares (post-money)	10.98											
NPV per share (PLN)	9.28											

Source: East Value Research GmbH

NPV model 1-MNA drug (PAH / 50% weight)

Another application, in which representatives of the Pharma industry expressed interest, is PAH. PAH stands for Pulmonary Arterial Hypertension, which means high blood pressure in the arteries that go from the heart to the lung. As tiny arteries in the lung become narrow or blocked, the heart has to work harder to pump blood through them, which can eventually lead to heart failure. We have found licensing deals of related drugs from 2008 and 2017 with a value of USD 40m and USD 300m.

Our NPV model relating to the PAH application is based on the same assumptions as the NASH-related model.

Examples of PAH partnering deals

Seller	Acquirer	Drug	Phase of research	Initial payment (USDm)	Potential additional payments (USDm)	Total value (USDm)	Initial payment as % of total value	Year
Selten Pharma	VIVUS	tacrolimus & ascomycin	Pre-clinical	n.a	n.a	40	n.a	2017
Eli Lilly	United Therapeutics	Tadalafil	n.a / only US	n.a	n.a	300	n.a	2008
<i>Median</i>				<i>n.a</i>	<i>n.a</i>	<i>170</i>	<i>n.a</i>	

Source: pmlive.com, fiercebiotech.com, East Value Research GmbH

PHR's cash flows from TRIA-662 (PAH application) and their probabilities

Phase	Year	Milestone payment (USDm)	Probability of success	Cumulated probability
Initial payment (19.4% of total value)	2020	13.19	20.0%	20.0%
Phase III	2022	13.70	76.3%	15.3%
Registration in the US and EU	2024	13.70	84.4%	12.9%
Start of commercial sales	2025	13.70	100.0%	12.9%
Sales of USD >500m per year	2026	13.70	100.0%	12.9%
Commissions on est. USD 800m sales (5.6% per year)	2026			
Percentage of CF for ex-Cortria shareholders (9%)				
Total value (initial payment plus milestones)		68.00		

Source: East Value Research GmbH

NPV model of TRIA-662 (PAH application)

	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
CF before probabilities, investments and taxes (USDm)	0.00	13.19	0.00	13.70	0.00	13.70	13.70	58.50	44.80	44.80	44.80	44.80
CF accounting for probabilities (USDm)	0.00	2.64	0.00	2.09	0.00	1.76	1.76	7.53	5.77	5.77	5.77	5.77
9% share in CF for ex-Cortria shareholders (USDm)	0.00	-0.24	0.00	-0.19	0.00	-0.16	-0.16	-0.68	-0.52	-0.52	-0.52	-0.52
Investments (USDm)	-0.27	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CF accounting for probabilities, investments and payments to ex-Cortria shareholders (USDm)	-0.27	2.40	0.00	1.90	0.00	1.61	1.61	6.86	5.25	5.25	5.25	5.25
<i>PLN-USD rate</i>	<i>3.70</i>	<i>3.70</i>	<i>3.70</i>	<i>3.70</i>	<i>3.70</i>	<i>3.70</i>	<i>3.70</i>	<i>3.70</i>	<i>3.70</i>	<i>3.70</i>	<i>3.70</i>	<i>3.70</i>
CF accounting for probabilities, investments and payments to ex-Cortria shareholders (PLNm)	-1.00	8.88	0.00	7.04	0.00	5.94	5.94	25.37	19.43	19.43	19.43	19.43
<i>Tax rate</i>	<i>19.0%</i>	<i>19.0%</i>	<i>19.0%</i>	<i>19.0%</i>	<i>19.0%</i>	<i>19.0%</i>	<i>19.0%</i>	<i>19.0%</i>	<i>19.0%</i>	<i>19.0%</i>	<i>19.0%</i>	<i>19.0%</i>
CF accounting for probabilities, investments and payments to ex-Cortria shareholders and taxes (PLNm)	-0.81	7.20	0.00	5.70	0.00	4.81	4.81	20.55	15.74	15.74	15.74	15.74
<i>Discount factor</i>	<i>1.05</i>	<i>1.18</i>	<i>1.33</i>	<i>1.49</i>	<i>1.67</i>	<i>1.87</i>	<i>2.10</i>	<i>2.36</i>	<i>2.65</i>	<i>2.98</i>	<i>3.34</i>	<i>3.75</i>
Discounted CF accounting for probabilities, investments and payments to ex-Cortria shareholders and taxes (PLNm)	-0.77	6.10	0.00	3.83	0.00	2.57	2.29	8.70	5.94	5.29	4.71	4.20
NPV (PLN m)	42.84											
Number of PHR's shares (post-money)	10.98											
NPV per share (PLN)	3.90											

Source: East Value Research GmbH

Sum-of-the-Parts calculation

Sum-of-the-Parts	Fair value
Dermocosmetics and dietary supplements	7.75
1-MNA drug (50% NASH, 50% PAH)	6.59
Implied equity value per share (today)	14.34
In 12-months (PV * (1+WACC))	16.10

Source: East Value Research GmbH

Peer Group Analysis

We have created two peer groups: One with manufacturers of pharmaceuticals and/or dietary supplements and one with producers of cosmetics:

Drugs and dietary supplements:

- (1) *Neptune Wellness Solutions Inc.:* Neptune, which is based in Laval/Canada, is a pioneer in the research, development and commercialization of natural omega-3 phospholipid products, derived from marine biomass, for the nutraceutical and pharmaceutical markets. Its subsidiaries, Acasti Pharma Inc. and NeuroBioPharm Inc., operate in the medical food and pharmaceutical markets focusing on the treatment of cardiometabolic and neurological conditions respectively. In fiscal-year 2018/19, Neptune generated revenues of CAD 24.4m.
- (2) *Perrigo Company PLC:* Perrigo Company, which is headquartered in Dublin/Ireland, is a healthcare supplier that develops, manufactures and distributes OTC and generic prescription pharmaceuticals, infant formulas, nutritional products, animal health, dietary supplements, active pharmaceutical ingredients and medical diagnostic products. Moreover, the company receives royalties from multiple sclerosis drug Tysabri. In fiscal-year 2018, Perrigo generated revenues of USD 4.7bn.
- (3) *Abbott Laboratories Inc.:* Abbott, which is based in Abbott Park/US, is a global healthcare company. In 2018, it generated revenues of USD 30.6bn, thereof 23.6% stemmed from nutritional and 14.5% from established pharmaceutical products. Its drugs against dyslipidemia are Tricor, Niaspan and Advicor.
- (4) *Merck & Co Inc.:* Merck, which is based in Kenilworth/US, offers health solutions through its prescription medicines, vaccines, biologic therapies and animal health products. In 2018, it generated revenues of USD 42.3bn. The company's three drugs for reduction of bad (LDL) cholesterol are Zocor, Zetia and Vytorin (combination of Zocor and Zetia in a single tablet).
- (5) *Pfizer Inc.:* Pfizer, which is headquartered in New York/US, offers medicines and vaccines as well as many well-known consumer healthcare products. Its drug Lipitor is the most successful drug for lowering bad cholesterol to date. In 2018, Pfizer had revenues of USD 53.6bn.
- (6) *Bristol-Myers Squibb Corp.:* BMS, which is based in New York/US, is engaged in the discovery, development, licensing, manufacturing, marketing, distribution and sale of biopharmaceuticals. Its anti-atherosclerosis drug is Pravachol. In 2018, BMS generated total sales of USD 22.6bn.

(7) *AstraZeneca PLC*: AstraZeneca, which is headquartered in Cambridge/UK, discovers, develops and commercializes biopharmaceuticals. Its drug for managing cholesterol levels is Crestor. In 2018, AstraZeneca had revenues of GBP 17.6bn.

(8) *Amgen Inc.*: Amgen, which is based in Thousand Oaks/US, is a biotechnology company. In 2018, it had revenues of USD 23.7bn. Amgen's primary drug against bad cholesterol (LDL) is Repatha. Moreover, in September 2015 it bought Dutch company Dezima, which owns the midstage drug TA-8995, an oral CETP (Cholesterylester Transfer Protein) inhibitor that has shown the ability to slash LDL by up to 48%, while simultaneously boosting HDL (good cholesterol). Amgen will pay Dezima USD 300m upfront and min. USD 1.25bn in milestones depending on the registration and commercialization progress of the drug.

Company	EV/Sales		EV/EBITDA		P/E		EBITDA margin	Net gearing	P/BVPS
	2019E	2020E	2019E	2020E	2019E	2020E	Last FY	Latest	Latest
Neptune Wellness Solutions Inc. (CAD)	12.27x	4.36x	50.23x	13.20x	102.00x	20.40x	n.a	-9.28%	10.75x
Perrigo Company PLC (USD)	2.10x	2.06x	11.11x	10.77x	13.92x	13.10x	18.86%	44.34%	1.32x
Abbott Laboratories Inc. (USD)	5.37x	5.02x	20.77x	18.99x	27.14x	24.29x	23.55%	54.00%	5.02x
Merck & Co Inc. (USD)	5.11x	4.82x	12.46x	11.51x	16.94x	15.12x	33.38%	65.98%	7.63x
Pfizer Inc. (USD)	5.09x	5.11x	11.75x	11.56x	14.66x	13.94x	41.12%	59.40%	4.03x
Bristol-Myers Squibb Inc. (USD)	2.81x	2.70x	8.50x	8.46x	10.31x	9.58x	30.96%	-17.79%	4.61x
AstraZeneca PLC (GBP)	5.28x	4.79x	18.09x	15.32x	22.39x	18.87x	20.29%	158.86%	7.96x
Amgen Inc. (USD)	5.07x	5.01x	9.35x	9.19x	12.59x	11.82x	52.63%	66.57%	9.88x
Median	5.10x	4.81x	12.11x	11.54x	15.80x	14.53x	30.96%	56.70%	6.32x

Source: CapitalIQ, East Value Research GmbH

Dermocosmetics:

(9) *Beiersdorf AG*: Beiersdorf, which is based in Hamburg/Germany, manufactures cosmetic products. It operates under the brands NIVEA, Eucerin, Labello, La Prairie, Hansaplast, Florena, 8x4, tesa, atrix and SLEK. In 2018, Beiersdorf generated revenues of EUR 7.2bn.

(10) *L'Oreal SA*: L'Oreal, which is based in Clichy/France, is a cosmetics company. Its Professional Products division offers beauty products used and sold in hair salons. The Consumer Products division offers products sold in mass-market retail channels. L'Oreal Luxe division offers products sold in selective retail outlets e.g. department stores, perfumeries, the Group's own boutiques and certain online stores. Active Cosmetics division offers products for borderline complexions, while the Body Shop unit offers natural cosmetics and toiletry products. In 2018, L'Oreal generated total sales of EUR 26.9bn.

L'Oreal's subsidiary Vichy, a premium brand of skincare, bodycare, make-up and anti-aging products, owns the product line Dercos, which is No 1 on the Polish market for hair care dermocosmetics in terms of revenues.

- (11) *Estee Lauder Companies Inc.*: Estee Lauder, which is based in New York/US, is a manufacturer and marketer of skin care, makeup, fragrance and hair care products. The company's products are sold in over 150 countries under such brand names as Estee Lauder, Aramis, Clinique, Origins, Le Labo, M.A.C, Bobbi Brown, La Mer and Aveda. It is also the global licensee for fragrances and/or cosmetics sold under e.g. Tommy Hilfiger, Donna Karan, Michael Kors, Tom Ford and Coach. In fiscal-year 2017/18, Estee Lauder had revenues of USD 13.7bn.
- (12) *Shiseido Co Ltd.*: Shiseido, which is based in Tokyo/Japan, is engaged in the manufacture and sale of cosmetics, toiletries, beauty products, health foods, beauty foods and pharmaceuticals. In fiscal-year 2018, Shiseido had total sales of JPY 1.1tr.
- (13) *Procter & Gamble Corp.*: Procter & Gamble, which is headquartered in Cincinnati/US, provides consumer packaged goods, which are sold in over 180 countries. It operates in five segments: Beauty, Grooming, Health Care, Fabric Care and Home Care as well as Baby Feminine and Family Care. In fiscal-year 2017/18, Procter & Gamble generated revenues of USD 66.8bn.
- (14) *Coty Inc.*: Coty, which is based in New York/US, manufactures and markets beauty products in the Fragrances, Color Cosmetics and Skin & Body Care segments with distribution in over 130 countries. In fiscal-year 2017/18, it had revenues of USD 9.4bn.
- (15) *Aflofarm Farmacja Polska Sp. z.o.o.*: Aflofarm, which is based in Pabianice, is a privately-owned Polish manufacturer of pharmaceuticals, dietary supplements and cosmetics. Its label DX2 is No 3 on the Polish market for hair care dermocosmetics.
- (16) *ZIAJA Ltd Zaklad Produkcji Lekow sp. z.o.o.*: ZIAJA is a privately-owned Polish manufacturer of dermocosmetics with headquarters in Gdansk. It was founded in 1989. Apart from Poland, its products are available in 12 European countries, selected Asian markets and Chile.
- (17) *Polpharma S.A.*: Polpharma, which is based in Starogard Gdanski, is the largest manufacturer of pharmaceuticals in Poland and one of the 20 largest generic drug manufacturers worldwide. The company has 7 production plants in Poland, Russia and Kazakhstan and 7 R&D centers. Its product portfolio comprises 600 prescription drugs, pharmaceuticals for in-patient care, medical devices, dietary supplements and phyto-pharmaceuticals, with 200 additional ones in development. Since 2017, Polpharma has also been offering dermocosmetic shampoos under the brands PIROLAM, BIOTEBAL and ELODERM.

Company	EV/Sales		EV/EBITDA		P/E		EBITDA margin	Net gearing	P/BVPS
	2019E	2020E	2019E	2020E	2019E	2020E	Last FY	Latest	Latest
Beiersdorf AG (EUR)	2.89x	2.75x	17.06x	16.09x	30.95x	28.84x	17.06%	-33.90%	4.27x
L'Oreal SA (EUR)	4.62x	4.37x	20.10x	18.81x	31.68x	29.49x	21.83%	-10.30%	5.15x
Estee Lauder Comp. Inc. (USD)	4.35x	4.08x	20.00x	18.27x	32.44x	29.31x	20.38%	10.83%	14.87x
Shiseido Co Ltd. (JPY)	2.77x	2.56x	18.16x	15.26x	40.78x	33.00x	13.90%	5.26%	6.79x
Procter & Gamble Inc. (USD)	4.35x	4.20x	16.78x	15.95x	23.80x	22.38x	26.36%	37.77%	5.23x
Coty Inc. (USD)	1.83x	1.83x	11.12x	10.55x	16.18x	14.47x	14.73%	97.43%	1.10x
Median	3.62x	3.42x	17.61x	16.02x	31.31x	29.08x	18.72%	8.05%	5.19x

Source: CapitalIQ, East Value Research GmbH

Profit and loss statement

in PLNm	2013	2014	2015	2016	2017*	2018*
Net sales	14.14	14.13	17.47	15.91	12.49	13.04
Cost of goods sold	-4.11	-3.93	-4.85	-4.41	-3.68	-4.23
Gross profit	10.03	10.20	12.62	11.50	8.81	8.81
Other operating income	0.02	0.02	0.02	0.02	0.00	0.00
Distribution costs	-5.89	-6.56	-8.15	-7.78	-7.29	-5.91
Administration costs	-5.27	-7.17	-7.01	-4.49	-3.29	-2.41
Other operating expenses	-0.07	-0.09	-0.10	-0.12	-0.10	-0.09
EBITDA	-1.19	-3.60	-2.63	-0.87	-1.87	0.40
Depreciation & Amortization	-0.16	-0.18	-0.22	-0.27	-0.36	-0.32
EBIT	-1.34	-3.79	-2.84	-1.14	-2.23	0.08
Net financial results	-0.49	0.84	0.22	-0.09	-0.26	-0.27
Write-down of negative goodwill	-0.52	-0.52	-0.34	0.00	0.00	0.00
EBT	-2.35	-3.46	-2.96	-1.23	-2.48	-0.19
Income taxes	-0.50	-0.62	-0.66	-0.43	0.03	-0.29
Net income / loss	-2.84	-4.09	-3.62	-1.66	-2.46	-0.44
EPS	-0.32	-0.46	-0.41	-0.19	-0.28	-0.05
DPS	0.11	0.11	0.12	0.12	0.00	0.00
Share in total sales						
Net sales	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
Cost of goods sold	-29.06 %	-27.82 %	-27.77 %	-27.71 %	-29.49 %	-32.42 %
Gross profit	70.94 %	72.18 %	72.23 %	72.29 %	70.51 %	67.58 %
Other operating income	0.13 %	0.15 %	0.09 %	0.11 %	0.01 %	0.02 %
Distribution costs	-41.66 %	-46.44 %	-46.65 %	-48.89 %	-58.34 %	-45.35 %
Administration costs	-37.30 %	-50.74 %	-40.12 %	-28.21 %	-26.34 %	-18.44 %
Other operating expenses	-0.50 %	-0.64 %	-0.57 %	-0.77 %	-0.80 %	-0.72 %
EBITDA	-8.38 %	-25.50 %	-15.02 %	-5.47 %	-14.97 %	3.10 %
Depreciation & Amortization	-1.12 %	-1.29 %	-1.24 %	-1.70 %	-2.85 %	-2.46 %
EBIT	-9.51 %	-26.79 %	-16.26 %	-7.18 %	-17.82 %	0.64 %
Net financial results	-3.44 %	5.92 %	1.28 %	-0.57 %	-2.07 %	-2.09 %
Write-down of negative goodwill	-3.65 %	-3.65 %	-1.97 %	0.00 %	0.00 %	0.00 %
EBT	-16.59 %	-24.52 %	-16.95 %	-7.74 %	-19.88 %	-1.46 %
Income taxes	-3.52 %	-4.40 %	-3.75 %	-2.71 %	0.20 %	-2.19 %
Net income / loss	-20.11 %	-28.92 %	-20.69 %	-10.46 %	-19.68 %	-3.40 %

* According to IFRS standards

Balance Sheet

in PLNm	2013	2014	2015	2016	2017*	2018*
Assets						
Cash and cash equivalents	11.15	5.22	2.79	0.82	0.22	0.46
Inventories	2.09	2.91	3.02	3.11	3.10	2.51
Trade accounts and notes receivables	3.83	5.28	5.78	6.64	3.68	0.77
Other financial assets	0.00	0.00	0.00	0.00	0.00	0.00
Other current assets	0.76	0.87	1.65	1.76	1.05	0.95
Current assets	17.84	14.27	13.23	12.33	8.05	4.68
Property, plant and equipment	0.11	0.16	0.21	0.27	0.18	0.17
Other intangible assets	0.67	0.73	0.80	0.82	1.00	1.26
Goodwill	0.86	0.34	0.00	0.00	0.00	0.00
Long-term financial assets	0.05	0.05	0.05	0.05	0.10	0.10
Other long-term assets	0.85	1.20	0.76	0.71	0.27	0.25
Deferred tax assets	0.18	0.10	0.11	0.11	0.29	0.34
Non-current assets	2.72	2.59	1.92	1.96	1.84	2.12
Total assets	20.56	16.86	15.16	14.28	9.89	6.80
Liabilities						
Trade payables	1.32	1.36	1.29	2.63	1.58	2.98
Other liabilities	0.90	1.09	0.84	0.97	2.17	0.81
Short-term financial debt	0.02	1.00	4.01	4.41	3.65	1.01
Pension provisions	0.16	0.18	0.18	0.16	0.00	0.00
Other provisions	0.00	0.00	0.00	0.00	0.00	0.00
Current liabilities	2.40	3.64	6.33	8.16	7.41	4.79
Long-term financial debt	0.02	0.07	0.08	0.09	0.04	0.06
Deferred tax liabilities	0.09	0.08	0.08	0.09	0.01	0.01
Long-term liabilities	0.11	0.14	0.16	0.18	0.05	0.08
Total liabilities	2.51	3.78	6.49	8.34	7.46	4.87
Shareholders equity	18.05	13.08	8.67	5.94	2.43	1.94
Minority interests	0.00	0.00	0.00	0.00	0.00	0.00
Total liabilities and equity	20.56	16.86	15.16	14.28	9.89	6.80

* According to IFRS standards

Cash Flow Statement

in PLNm	2013	2014	2015	2016	2017*	2018*
Net income / loss	-2.84	-4.09	-3.62	-1.66	-2.46	-0.44
Depreciation	0.16	0.18	0.22	0.27	0.36	0.32
Change of working capital	-1.85	-2.45	-1.35	0.34	3.14	3.05
Others	0.70	0.60	0.58	0.10	-0.30	0.68
Net operating cash flow	-3.84	-5.75	-4.18	-0.95	0.73	3.61
Cash flow from investing	-0.01	-0.09	-0.10	-0.12	-0.31	-0.45
Free cash flow	-3.85	-5.84	-4.27	-1.07	0.42	3.17
Cash flow from financing	11.81	-0.09	1.84	-0.90	-1.02	-2.92
Change of cash	7.96	-5.72	-2.44	-1.93	-0.67	0.32
Cash at the beginning of the period	3.20	11.15	5.22	2.79	0.82	0.22
Cash at the end of the period	11.15	5.22	2.79	0.82	0.22	0.46

* According to IFRS standards

Financial ratios

Fiscal year	2013	2014	2015	2016	2017	2018
Profitability and balance sheet quality						
Gross margin	70.94%	72.18%	72.23%	72.29%	70.51%	67.58%
EBITDA margin	-8.38%	-25.50%	-15.02%	-5.47%	-14.97%	3.10%
EBIT margin	-9.51%	-26.79%	-16.26%	-7.18%	-17.82%	0.64%
Net margin	-20.11%	-28.92%	-20.69%	-10.46%	-19.68%	-3.40%
Return on equity (ROE)	-21.04%	-26.25%	-33.24%	-22.77%	-58.71%	-20.32%
Return on assets (ROA)	-14.66%	-26.31%	-23.99%	-10.69%	-18.21%	-2.05%
Return on capital employed (ROCE)	-8.97%	-33.75%	-39.28%	-25.20%	-88.71%	10.32%
Net debt (in PLNm)	-10.95	-3.97	1.49	3.85	3.47	0.61
Net gearing	-60.68%	-30.37%	17.18%	64.70%	142.65%	31.25%
Equity ratio	87.81%	77.59%	57.21%	41.61%	24.61%	28.46%
Current ratio	7.44	3.93	2.09	1.51	1.09	0.98
Quick ratio	6.26	2.89	1.35	0.91	0.53	0.26
Net interest cover	-2.77	4.52	12.68	-12.69	-8.63	0.30
Net debt/EBITDA	9.24	1.10	-0.57	-4.41	-1.86	1.50
Tangible BVPS	1.95	1.45	0.99	0.68	0.28	0.22
CAPEX/Sales	3.61%	1.56%	0.12%	-2.24%	-3.51%	-4.46%
Working capital/Sales	37.64%	55.19%	51.92%	54.17%	34.82%	5.22%
Cash Conversion Cycle (in days)	168	280	250	193	258	-20
Trading multiples						
EV/Sales	5.20	5.21	4.21	4.62	5.89	5.64
EV/EBITDA	-62.07	-20.41	-28.02	-84.45	-39.33	182.06
EV/EBIT	-54.73	-19.43	-25.89	-64.41	-33.04	886.19
P/Tangible BVPS	3.20	4.32	6.35	9.26	22.62	28.44
P/E	-19.56	-13.61	-15.23	-33.09	-22.39	-124.00
P/FCF	-17.87	-11.77	-16.10	-64.03	163.34	21.71

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