

Bioton – (Last valuation: 5.34 PLN/share as of 20.04.2023)**2Q23 results - EBITDA reported flat y/y, neutral**

Consolidated revenues in 2Q23 amounted to PLN 49 million (+2% y/y), and were similar to the same period last year. Lower insulin sales by PLN 10 million (mainly in foreign markets) were offset by higher sales of goods and materials (including oral diabetes drugs) and a higher invoiced amount resulting from the settlement of the analog project with Yifan. Gross profit on sales was PLN 18.8 million (-18% y/y), and the margin was lower y/y due to a different product mix. Selling expenses increased by 8% y/y, and general and administrative expenses were stable y/y. In addition, other operating income had a positive impact on the operating result, including, among others, a gain on the disposal of real estate in the amount of about PLN 2 million. EBITDA in 2Q23 amounted to PLN 15.6 million and was similar y/y, while EBITDA adjusted for the balance of other operating income and expenses amounted to PLN 12.4 million (-17% y/y). Net profit in 2Q23 amounted to PLN 1.4 million and was similar y/y. Cash flow from operations in 1H23 amounted to +PLN 11 million (vs. +PLN 25.2 in 1H22) - the decrease is mainly due to higher commitment of funds to working capital. Net CAPEX in 1H23 amounted to about PLN 16 million and was similar y/y. Net debt at the end of H1 amounted to PLN 76 million (vs. PLN 71 million at the end of 1Q23). We rate the results neutral.

Selected financial data (PLN m)	2Q22	3Q22	4Q22	1Q23	2Q23	r/r	2Q23F	1H2022	1H2023	r/r	2022	2023F	r/r
Sales revenues	48.1	57.5	77.6	34.4	49.0	2%	48.0	98.1	83.4	-15%	233.2	226.3	-3%
Gross profit on sale	23.1	21.5	35.6	19.7	18.8	-18%	18.2	38.6	38.5	0%	95.8	93.1	-3%
margin	48%	37%	46%	57%	38%	-20%	38%	39%	46%	17%	41%	41%	0%
Selling costs	7.9	9.2	10.2	8.9	8.6	8%	9.0	15.7	17.5	11%	35.1	36.5	4%
General administration costs	7.9	7.4	8.1	7.1	8.0	0%	7.5	14.8	15.0	2%	30.3	31.5	4%
Research and development expenses	1.4	1.8	1.1	1.2	1.4	0%	1.0	2.5	2.6	7%	5.3	5.3	0%
Balance of other operations	0.2	0.7	-5.3	0.1	3.1	1930%	2.5	0.8	3.3	316%	-3.8	0.0	-100%
EBIT	5.9	3.9	10.9	2.6	4.0	-32%	3.2	6.5	6.6	2%	21.3	19.8	-7%
Adjusted EBIT*	5.8	3.1	16.2	2.5	0.9	-85%		5.7	3.4	-41%	25.1	19.8	-21%
Balance of financing activities	-4.6	-5.8	-3.6	-1.9	-1.9		-1.9	-6.9	-3.8	-45%	-16.3	-5.8	-64%
Profit before tax	1.4	-1.9	7.3	0.7	2.1		1.4	-0.4	2.8	-734%	5.0	14.0	183%
Income tax	-0.1	0.0	2.3	0.9	0.6		0.3	1.2	1.5	24%	3.5	2.7	-24%
Net profit	1.5	-1.9	5.0	-0.1	1.4		1.1	-1.7	1.3	-177%	1.4	11.4	700%
Depreciation and amortization	9.2	8.5	8.5	8.6	11.5	25%	8.6	17.4	20.1	16%	34.4	35.1	2%
EBITDA	15.2	12.4	19.4	11.2	15.6	2%	11.8	23.9	26.8	12%	55.7	54.9	-1%
Adjusted EBITDA*	15.0	11.6	24.8	11.1	12.4	-17%	9.3	23.1	23.5	2%	59.5	54.9	-8%

Source: Bioton (actual 2Q22-2Q23, 2021-2022), Noble Securities (forecasts 2Q23F, 2023F), *adj. for other operating costs and revenues

Revenues

Revenues in 2Q23 amounted to PLN 49 million (+2% y/y). Insulin sales fell 27% y/y, mainly due to a decline in export sales. The decline in insulin was offset by higher revenues from sales of goods (mainly Avamina, Avamina SR and Sitagliptin - new implementation) and higher sales of services, i.e. settlement of the analog project. For the whole of H1 2023, the decrease in insulin sales was 35%, while increases in the materials area were +54%. Overall, sales in the period declined by 15% y/y.

Selected financial data (PLN m)	2Q22	3Q22	4Q22	1Q23	2Q23	r/r	1H2022	1H2023	r/r	2022	2023F	r/r
Total sales	48.1	57.5	77.6	34.4	49.0	2%	98.1	83.4	-15%	233.2	226.3	-3%
Insulin	38.4	43.2	63.6	23.5	28.1	-27%	79.2	51.6	-35%	186.0	177.3	-5%
Other goods, materials	5.8	9.6	5.0	8.6	11.3	92%	12.9	19.8	54%	22.5	27.0	20%
Services	3.8	9.7	3.9	2.3	9.7	153%	6.0	12.0	98%	15.8	22.0	39%

Source: Bioton (actual 2Q22-2Q23, 2022), Noble Securities (forecast 2023)

Operating profit and costs

Gross profit on sales in 2Q23 was PLN 18.8 million (-18% y/y), and the margin dropped from 48% to 38% due to a different product mix. Selling, general and administrative expenses are under control and totaled PLN 16.5 million (vs. PLN 15.8 million in 2Q22, +4% y/y). EBITDA in 2Q23 was PLN 15.6 million (+2% y/y), and EBITDA adjusted for the balance of other operating activities was PLN 12.4 million (-17% y/y), net income was PLN 1.4 million (flat y/y). The operating result was positively impacted by a gain on the disposal of real estate in the amount of approximately PLN 2 million reported in other operating income.

Last valuation: 5.34 PLN/share as of 20.04.2023. Price on the day of issue 3.54 PLN.

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Company	Direction	Target price	Price at publication	Current price	Difference to price target	Date of publication (1)	Validity date (2)	Prepared by (3)
LW Bogdanka	Accumulate	42,3	38,6	34,88	21%	31.07.2023	9M	Michał Sztabler
Torpol	Buy	22,6	18,0	15,84	43%	18.07.2023	9M	Dariusz Nawrot
Forte	Accumulate	31,0	28,0	27,50	13%	17.07.2023	9M	Dariusz Dadej
Tauron PE	Buy	4,2	2,8	4,28	-3%	07.07.2023	9M	Michał Sztabler
STS Holding	Sell	16,3	24,3	24,55	-34%	04.07.2023	9M	Mateusz Chrzanowski
Answear.com	Buy	48,0	34,5	35,40	36%	04.07.2023	9M	Dariusz Dadej
Molecure	Accumulate	25,1	21,3	21,70	16%	30.06.2023	9M	Krzysztof Radojewski
Celon Pharma	Buy	32,6	15,9	15,90	105%	30.06.2023	9M	Krzysztof Radojewski
Captor Therapeutics	Buy	183,6	149,0	126,00	46%	30.06.2023	9M	Krzysztof Radojewski
Ryvu Therapeutics	Buy	81,3	60,0	60,00	36%	30.06.2023	9M	Krzysztof Radojewski
Apator	Accumulate	19,2	16,2	15,95	20%	27.06.2023	9M	Michał Sztabler
Ailleron	na	30,0	23,4	19,55	53%	18.05.2023	24M	Dariusz Dadej
Sonel	na	12,9	10,6	11,90	8%	17.05.2023	24M	Michał Sztabler
TIM	na	41,6	49,2	47,75	-13%	16.05.2023	24M	Michał Sztabler
MO-BRUK	Accumulate	337,2	290,0	284,50	19%	09.05.2023	9M	Dariusz Dadej
Selvita	Accumulate	83,0	74,6	67,90	22%	08.05.2023	9M	Krzysztof Radojewski
XTB	Buy	78,9	35,3	33,12	138%	26.04.2023	9M	Mateusz Chrzanowski
Aplisens	na	20,3	17,3	22,60	-10%	21.04.2023	24M	Michał Sztabler
Bioton	na	5,3	3,5	3,92	36%	20.04.2023	24M	Krzysztof Radojewski
MCI Capital	na	36,1	19,5	20,90	73%	20.04.2023	24M	Krzysztof Radojewski
Amica	Accumulate	84,8	79,7	80,90	5%	24.03.2023	9M	Mateusz Chrzanowski
Dino Polska	Reduce	358,6	415,5	378,90	-5%	21.03.2023	9M	Dariusz Dadej
Eurocash	Buy	18,7	13,8	15,95	17%	21.03.2023	9M	Dariusz Dadej
Pepco Group	Accumulate	50,1	43,7	32,36	55%	20.02.2023	9M	Dariusz Dadej
LW Bogdanka	Buy	72,5	52,8			27.01.2023	9M	Michał Sztabler
Molecure	Buy	20,8	14,7			05.01.2023	9M	Krzysztof Radojewski
Celon Pharma	Buy	30,9	15,1			05.01.2023	9M	Krzysztof Radojewski
Captor Therapeutics	Buy	192,0	164,0			05.01.2023	9M	Krzysztof Radojewski
Ryvu Therapeutics	Buy	85,4	54,6			05.01.2023	9M	Krzysztof Radojewski
Forte	Hold	21,3	21,0			03.01.2023	9M	Dariusz Dadej
LW Bogdanka	Buy	51,5	38,2			28.12.2022	9M	Michał Sztabler
Wielton	Hold	6,6	6,7			28.12.2022	9M	Michał Sztabler
TIM	na	37,9	28,2			12.12.2022	24M	Michał Sztabler
Aplisens	na	18,3	14,4			06.12.2022	24M	Michał Sztabler
Apator	Reduce	12,9	15,0			06.12.2022	9M	Michał Sztabler
Sonel	na	10,2	9,7			06.12.2022	24M	Michał Sztabler
MO-BRUK	Buy	371,7	293,0			26.10.2022	24M	Dariusz Dadej
LW Bogdanka	Hold	30,5	30,6			20.10.2022	9M	Michał Sztabler
Selvita	Accumulate	97,5	86,0			20.10.2022	9M	Krzysztof Radojewski
Ailleron	na	17,5	12,0			17.10.2022	24M	Dariusz Dadej
MCI Capital	na	29,6	16,1			07.10.2022	24M	Krzysztof Radojewski
Bioton	na	4,7	3,8			06.09.2022	24M	Krzysztof Radojewski

(1) Date of publication is simultaneously date of first publication,

(2) recommendation is valid for a period of 9 months, unless it is previously updated,

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