NOBLE SECURITIES DOM MAKLERSKI

Bioton – (Last valuation: 5.41 PLN/share as of 19.09.2023)

3Q23 results - below our expectations, slightly negative

Revenues in 3Q23 amounted to PLN 50.7 million (vs. PLN 50 million of our forecast), EBIT amounted to PLN -2 million (vs. PLN -1 million of our forecast), and EBITDA amounted to PLN 3.9 million (vs. PLN 10.6 million - we assumed depreciation and amortization at PLN 11.5 million, and in the end it turned out to be much lower at PLN 5.9 million), net result amounted to PLN -4.4 million (vs. PLN -2.9 million of our forecast). In line with our expectations, Q3 2022 was a high base both in terms of revenue and margins - the company made more export sales with higher profitability during this period. The result on the operating level in 3Q23 was further supported by a positive balance on other operating activities of +3.8 million PLN. Adjusted for this factor, the operating result in 3Q23 was PLN -5.8 million. The company additionally pointed to the negative impact of production downtime on profitability. In a management commentary, the company said it had called on Yifan to pay PLN 8.8 million for work done on the Glargine project, including the cost of the API plant shutdown during its modification. We view the results slightly negatively.

Selected financial data (PLN m)	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	r/r	3Q23P
Sales revenues	**48,1**	**57,5**	**77,6**	**34,4**	**49,0**	**50,7**	**-12%**	**50,0**
Gross profit on sale	23,1	21,5	35,6	19,7	18,8	14,5	-33%	17,5
margin	**48%**	**37%**	**46%**	**57%**	**38%**	**29%**	***-24%***	**35%**
Selling costs	7,9	9,2	10,2	8,9	8,6	11,1	20%	9,2
General administration costs	7,9	7,4	8,1	7,1	8,0	7,8	5%	8,0
Research and development expenses	1,4	1,8	1,1	1,2	1,4	1,4	-23%	1,3
Balance of other operations	0,2	0,7	-5,3	0,1	3,1	3,8	410%	
EBITDA	**15,2**	**12,4**	**19,4**	**11,2**	**15,6**	**3,9**	**-69%**	**10,6**
EBIT	**5,9**	**3,9**	**10,9**	**2,6**	**4,0**	**-2,0**	**-152%**	**-1,0**
Adjusted EBIT*	**5,8**	**3,1**	**16,2**	**2,5**	**0,9**	**-5,8**	**-285%**	
Balance of financing activities	-4,6	-5,8	-3,6	-1,9	-1,9	-2,4	-58%	-1,9
Profit before tax	1,4	-1,9	7,3	0,7	2,1	-4,4	129%	-2,9
Income tax	-0,1	0,0	2,3	0,9	0,6	0,0	-240%	
Net profit	**1,5**	**-1,9**	**5,0**	**-0,1**	**1,4**	**-4,4**	**128%**	**-2,9**

Source: Bioton (actual 2Q22-3Q23), Noble Securities (forecast 3Q23)

Revenues

Revenues in 3Q23 amounted to PLN 50.7 million (-12% y/y). Insulin sales fell 18% y/y. Declines were seen in both domestic and export sales. The decline in the insulin business was offset by higher revenues from commodity sales - the implementation of new drugs Sitagliptin and ComboDiab, and higher sales of Metformin segment drugs Avamina and Avamina SR (up PLN 5.8 million) and Other PL commodities, including products from the gastrology line (up PLN 4.6 million). The share of "Gensulin" in the market for classical insulins in Poland at the end of September 2023 was about 34.55%, indicating that Bioton will continue to maintain its position as the market share leader in this segment as measured by sales of the product to pharmacies. Bioton introduced another oral drug for the treatment of type 2 diabetes, belonging to the DPP-4 inhibitor group, to its portfolio.

Selected financial data (PLN m)	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	r/r
Total sales	**48,1**	**57,5**	**77,6**	**34,4**	**49,0**	**50,7**	-12%
Insulin	38,4	43,2	63,6	23,5	28,1	35,6	-18%
Domestic	*18,5*	*17,9*	*22,5*			*13,3*	*-26%*
Export	*19,9*	*25,3*	*41,1*			*22,3*	*-12%*
Other goods, materials	5,8	9,6	5,0	8,6	11,3	13,4	40%
Services	3,8	9,7	3,9	2,3	9,7	6,2	-36%

Source: Bioton (actual 2Q22-3Q23)

Result and operating expenses

Gross profit on sales in 3Q23 amounted to PLN 14.5 million (-33% y-o-y), and the margin dropped from 37% to 29% due to the sales structure between Poland and foreign markets and a change related to higher sales of vials than cartridges (sales to Libya and no sales to China). In addition, margins were negatively impacted by production downtime costs mainly related to the shutdown of the substance production plant associated with production line modernization work. The company said that, as of the date of publication, it had not received a receivable from Yifan in the amount of PLN 8.8 million for work performed on the Glargine project, including the costs of the API substance plant shutdown during its modification. The company has issued a demand for payment to Yifan and is strictly following the procedure set forth in the cooperation agreement with Yifan. Selling, general and administrative expenses totaled PLN 18.9 million (+14% y/y). EBITDA in 3Q23 amounted to PLN 3.9 million (-69% y/y), and EBITDA adjusted for the balance of other operating activities amounted to PLN 0.1 million (vs. PLN 11.6 million a year ago), net income amounted to PLN -4.4 million (vs. PLN -1.9 million a year ago).

Last valuation: 5.41 PLN/share as of 19.09.2023. Price on the day of issue 3.83 PLN.

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FINAL REMARKS
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Date and time of completion of the Report: 02/11/2023 at 8:50 a.m.. Date and time of the first dissemination of the Report: 02/11/2023 at 9.00 a.m..

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All recommendations distributed by NS in last 12 months:

Company	Direction	Target price	Price at publication	Current price	Difference to price target	Date of publication (1)	Validity date (2)	Prepared by (3)
LPP	Buy	16795,0	13000,0	13340,00	26%	20.10.2023	9M	Dariusz Dadej
Auto Partner	Buy	33,9	22,8	23,30	45%	04.10.2023	9M	Mateusz Chrzanowski
InterCars	Buy	708,0	557,0	568,00	25%	04.10.2023	9M	Mateusz Chrzanowski
Mabion	na	23,6	17,0	17,14	38%	02.10.2023	9M	Krzysztof Radojewski
Wielton	Buy	10,2	8,4	8,96	14%	19.09.2023	9M	Michał Sztabler
Dino Polska	Accumulate	431,8	378,1	390,20	11%	19.09.2023	9M	Dariusz Dadej
Eurocash	Hold	15,0	14,8	14,21	6%	19.09.2023	9M	Dariusz Dadej
Bioton	na	5,4	3,8	3,78	43%	19.09.2023	9M	Krzysztof Radojewski
Unibep	na	12,5	10,4	10,00	25%	15.09.2023	9M	Dariusz Nawrot
Photon Energy	na	13,9	10,8	8,98	55%	11.09.2023	9M	Michał Sztabler
Toya	na	10,1	6,3	6,60	53%	07.09.2023	9M	Dariusz Nawrot
Mabion	na	22,9	18,0			07.09.2023	9M	Krzysztof Radojewski
Pepco Group	Buy	42,1	32,0	17,29	143%	30.08.2023	9M	Dariusz Dadej
LW Bogdanka	Accumulate	42,3	38,6	35,84	18%	31.07.2023	9M	Michał Sztabler
Torpol	Buy	22,6	18,0	20,55	10%	18.07.2023	9M	Dariusz Nawrot
Forte	Accumulate	31,0	28,0	19,20	61%	17.07.2023	9M	Dariusz Dadej
Tauron PE	Buy	4,2	2,8	3,72	12%	07.07.2023	9M	Michał Sztabler
STS Holding	Sell	16,3	24,3	24,60	-34%	04.07.2023	9M	Mateusz Chrzanowski
Answear.com	Buy	48,0	34,5	29,70	62%	04.07.2023	9M	Dariusz Dadej
Molecure	Accumulate	25,1	21,3	16,38	53%	30.06.2023	9M	Krzysztof Radojewski
Celon Pharma	Buy	32,6	15,9	15,06	116%	30.06.2023	9M	Krzysztof Radojewski
Captor Therapeutics	Buy	183,6	149,0	101,00	82%	30.06.2023	9M	Krzysztof Radojewski
Ryvu Therapeutics	Buy	81,3	60,0	63,50	28%	30.06.2023	9M	Krzysztof Radojewski
Apator	Accumulate	19,2	16,2	14,75	30%	27.06.2023	9M	Michał Sztabler
Ailleron	na	30,0	23,4	20,90	44%	18.05.2023	24M	Dariusz Dadej
Sonel	na	12,9	10,6	11,75	10%	17.05.2023	24M	Michał Sztabler
TIM	na	41,6	49,2	48,00	-13%	16.05.2023	24M	Michał Sztabler
MO-BRUK	Accumulate	337,2	290,0	280,00	20%	09.05.2023	9M	Dariusz Dadej
Selvita	Accumulate	83,0	74,6	62,80	32%	08.05.2023	9M	Krzysztof Radojewski
XTB	Buy	78,9	35,3	33,34	137%	26.04.2023	9M	Mateusz Chrzanowski
Aplisens	na	20,3	17,3	22,00	-8%	21.04.2023	24M	Michał Sztabler
Bioton	na	5,3	3,5			20.04.2023	24M	Krzysztof Radojewski
MCI Capital	na	36,1	19,5	19,10	89%	20.04.2023	24M	Krzysztof Radojewski
Amica	Accumulate	84,8	79,7	70,90	20%	24.03.2023	9M	Mateusz Chrzanowski
Dino Polska	Reduce	358,6	415,5			21.03.2023	9M	Dariusz Dadej
Eurocash	Buy	18,7	13,8			21.03.2023	9M	Dariusz Dadej
Pepco Group	Accumulate	50,1	43,7			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

(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,

(3) Job position: Krzysztof Radojewski – Deputy Head of Research and Advisory Department, Michał Sztabler – Equity Analyst, Dariusz Dadej - Equity Analyst, Mateusz Chrzanowski - Junior Equity Analyst, Dariusz Nawrot - Senior Equity Analyst

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