

Dermapharm
Full-Year Results 2022
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Transcript

Speakers:

Karin Samusch

Christof Dreibholz

Britta Hamberger

Britta Hamberger

Thank you, operator for the kind introduction. Ladies and gentlemen, a warm welcome from my side to our call on Dermapharm's full-year result for 2022. Thank you for joining us this afternoon. Please let me introduce today's speakers, starting with our Chief Business Development Officer, Karin Samusch, follow by our CFO and Chief Compliance Officer, Christof Dreibholz, They will guide you through the presentation and afterwards, there will be time for Q&A. Now I have the pleasure to hand it over to Karin. Please go ahead.

Karin Samusch

Thank you very much, Britta. Dear ladies and gentlemen, also from my side a warm welcome to our full-year 2022 conference call. The past year was particularly influenced by macroeconomic factors, the effect of the COVID pandemic and the Russian/Ukrainian war are being felt world-wide. Dermapharm also had to adjust to constantly changing framework conditions, in particular the increased pressure on social security funds, as well as higher cost for energy and raw materials. But it is precisely the swift and rapid response to changing market conditions that distinguishes Dermapharm.

We have also succeeded in 2022 in ensuring secure and efficient supply chains. Our broadly diversified product portfolio in the segment branded pharmaceuticals has always been an important growth driver and enables us to balance fluctuations in demand within individual product groups. While during the COVID-19 pandemic we grew massively with products to strengthen the immune system, such as Dekristol 20,000. We could observe in the course of 2022 again an increasing demand for preparations like Ampho-Moronal, which is an antimycotic agent. Acicutan used for the treatment of actinic keratosis, which is a pre-stage of skin cancer. And our unique products, Myopridin and Myditin, indicated for the treatment of muscle spasms.

The Trommsdorff products, Tromcardin and Keltican, also enjoyed unabated demand. In addition, our German company succeeded in renewing our concluding a selective number of strategically important rebate agreements with important statutory health insurance funds. In addition, the segment Branded Pharmaceuticals contains a high proportion of high margin products, which are paid out of the pocket by the end consumer, and a large proportion of prescription products.

In the 2022 financial year, as in previous years, various development projects were brought to market maturity. Worth mentioning here are additions to our dermatological portfolio, such as "Gentamicutan comp" for the treatment of small-surface skin diseases such as itching or redness.

In the Herbal Extracts segment, the focus is on the attractive growth market for herbal medicines and health products, in which the Spanish company Euromed has positioned itself as a leading company for the production and development of herbal extracts.

This segment was strengthened with the acquisition of the cannabinoid compound company "C3" with closing end of January last year. The „C3 Group“ is the market leader for medical dronabinol in Germany and Austria and focuses on the development, production and marketing of medical cannabis.

The first-time consolidation of the C3 Group took place in the 2022 financial year. Our focus in 2022 was on the successful integration into the Dermapharm group of companies.

The acquisition also included two GMP-compliant production sites in Germany. However, due to contractual obligations, the site in Neumarkt / Oberpfalz has to be abandoned, so we are currently preparing the consolidation of both production sites in our newly constructed axicorp building in Friedrichsdorf near Frankfurt.

Already at the beginning of our considerations to enter the cannabis market, it was clear to us that additional competition would lead to price drops. However, this fact was taken into account in the purchase price. We continue to see very good opportunities in this market and particularly additional growth potential in terms of internationalisation.

We set the course for further growth with the largest acquisition in our company's history: Arkopharma, a company founded in 1980 in Carros, a suburb of Nice, which specialises in the field of phytotherapy. In the meantime, Arkopharma has become the market leader for herbal medicines and food supplements in France and achieved a turnover of more than 200 million euros in 2022. At the same time, Arkopharma holds a high market share in Spain and has subsidiaries in Portugal, Italy, Belgium, the Netherlands and Switzerland.

This acquisition opens up new distribution channels in Western and Southern Europe and significantly expands our international orientation. Like Dermapharm, Arkopharma also has a fully integrated business model. This means that Arkopharma also covers the entire value chain, from purchasing to research and development to its own manufacturing capacities as well as marketing and sales.

Arkopharma's portfolio focuses on seven core competencies with strong brands in the areas of phytotherapy, hair and beauty, fatigue and energy, stroke and stress, immunity, urinary tract and joints.

Although the official closing of the acquisition took place early January 2023, we managed to start preparations for a successful integration already in the last quarter of last year. This means that we will be able to access Arkopharma's broad and established European distribution network for the marketing of our own medical products and nutritional supplements very soon. In addition to cross-selling effects, we will also be able to benefit from Arkopharma's know-how in the development of herbal medicines and dietary supplements in the future.

We are already very much looking forward to the successful implementation of the goals we have set ourselves in 2023.

With that, I would like to conclude my remarks on the most important events of the past year and hand over to my colleague Christof Dreibholz, CFO.

Thank you very much for your attention.

Christof Dreibholz

Thank you, Karin. Good afternoon also from me. My name is Christof Dreibholz. If we come to the financial figures for 2022. A comparison of our guidance initially and our results shows that we have basically achieved what we promised before. We mentioned in our last calls that we will be closer to the lower range of our guidance, which we approximately achieved at revenue level with a growth of 8.7%, to more than a billion for the first time in our Dermapharm history. And an adjusted EBITDA growth of 2.5% to nearly 360 million.

If we look at that in more detail on the following page, the revenue growth has been achieved across basically all our three segments. Our classic branded pharmaceuticals segment grew largely organically, as Karin explained, also from returning to post-COVID growth with products not driven by COVID, to that extent, anymore. New acquisitions, especially Cernelle and the C3 Group, in our herbal extract segment. And a very favourable development also in our parallel import business. Of course, we also continued our successful cooperation with BioNTech in 2022, and this also contributed in 22 to growth of revenue and EBITDA level.

EBITDA, or the margin, is still at a very remarkable level of 35%, growing to 360 million. The disproportionate increase compared to our revenue increase is largely driven by the change in product mix, as explained before, as the products are very profitable, but have not achieved that profitability level that especially our vitamins and the Dekristol, which we sold at a higher level in 21, achieved. We also encountered, in light of the crisis that Karin mentioned before, an increased procurement spend, which translates to a slightly lower gross margin of

approximately 2 percentage points, which basically drives also our EBITDA margin decline. We have encountered higher procurement spend and higher energy costs, I mentioned that before. Energy costs increased also, but as you may certainly know, we are not really an energy-intensive business. The impact on our margin from the increase that we expect for 23 now, if I may mention that, is below 1 percentage point in margin.

If we look at the individual segments, branded pharmaceuticals increased largely organically by approximately 5 percentage points to 674 million in revenues. Also disproportionately at a lower level to approximately 340 million in adjusted EBITDA. Products were mentioned by Karin in her introduction before. I mentioned also the impact from BioNTech on the revenue number. The branded pharmaceuticals business still drives our Group revenue and EBITDA number. Therefore, higher product mix and higher procurement spend are not so much in the branded pharmaceuticals. The energy costs are driving our EBITDA number.

If I come to herbal extracts, herbal extracts have grown revenue level at a remarkable rate of 35% to nearly 100 million, but basically no growth at EBITDA level. The increase is mainly coming from the acquisition of Cernelle and C3, but we have not yet seen the favourable impact from especially the cannabis investment, C3, at EBITDA level. Other than our branded pharmaceuticals business, herbal extracts, especially Euromed, is impacted by higher energy costs. We also had a negative impact on adjusted EBITDA at the herbal extracts segment. Also, fair to mention is that in 21 EBITDA was favourably impacted by deconsolidation gain from our investment in FYTA at the time.

Coming to the parallel import business, shows very favourable development, growing at a rate of nearly 10% to 253 million in revenues. And also to a remarkable 6 million in adjusted EBITDA, translating to 2.4% coming from 0.9% in 21. This growth was on the back of a growing market. However, our Axicrop subsidiary outperformed market growth and grew significantly higher than market growth. And had from this growth with favourable products also, not so much impacted by COVID products anymore, at a favourable margin, had also below gross margin good impact from the relocation to a new office building. Which led to improved processes and a gain the 4 million, of approximately 1 million below gross margin.

The next slide shows a comparison of earnings before tax at Group level. Coming down from 293 million to 260 million, and with a corresponding impact on EBIT margin. Below EBITDA are obviously non-cash depreciation and amortisation charges, which increased following impairments of Fitvia, which we've

closed. And C3 Group, where we had a goodwill adjustment based on the current performance of C3 due to declining market prices. We also encountered a higher negative financial result of 27 million compared to 6 million in 21. Also coming from, to a large extent, non-cash effective goodwill write-off of Corat, an at equity investment, where write-offs are recorded in the financial result, so not in depreciation and amortisation charges.

We also encountered on our previous syndicated loans a higher interest payment, due to the variable interest rates we had agreed with the banks. This translates to a very decent cash conversion and operating cash flow of 80%, coming from 71 in 21. A large impact from this increase comes from a slower working capital build-up in 22. The investments came from 130 million in 21 to approximately 100 million in 22, where we had the acquisition of C3 Group at the beginning of 22. Our R&D activities, approximately 15 million, and replacement investments were at a normal level in 22. Free cash flow is approximately 190 million, increasing from 120 in 21, showing again the large non-cash effect we had discussed before.

A brief look at our balance sheet shows a nearly unchanged total asset number of €1.4 billion. We see a moderate decline in non-current assets, so we're really talking about not even 10 million here. Which is again more or less offset by the current assets number. Equity increases to a little bit more than half a billion euro, or nearly 38% of our total assets number. Current and non-current liabilities are approximately 880 million, including the new syndicated loans, at least partially, as we have in December refinanced our previous syndicated loan and replaced by a new loan structure in connection also with the acquisition of Arkopharma. The part relating to the financing of Arkopharma will be shown from January onwards in our balance sheet. As of December, our leverage is 1.02, so basically our net debt equals our adjusted EBITDA number as of that date.

Let me give a short outlook on 23, where we expect continuing growth to revenues of approximately 1 billion and 80 million to 1 billion and 110 million. We expect an adjusted EBITDA of between 300 and 310 million. This number is obviously lower than the EBITDA we have achieved in 2022, as just discussed.

As we all have experienced and as we are all happy about, COVID has come more or less, not to an end, but to a period of continued monitoring, where we have no active vaccine production anymore. But continue our cooperation also with BioNTech at a significantly lower level in connection with pandemic preparedness programmes, especially of Germany, but also at a European level. This has by far not the extent that we have experienced before.

This basically explains the reduction in our EBITDA number, as we are very happy that we can replace the revenue number in the end by our organic growth and also our newly acquired business, Arkopharma, which is a very nice business, which makes a lot of fun to work with, but which has not the profitability that the vaccine business had. We believe that we can work on, and are already working on, Arkopharma's profitability, to increase that going forward. And expect that also our EBITDA number will grow in the future. Thank you very much, I hand it over to Britta.

Britta Hamberger

I guess we have to hand it over back to the operator, to kick it off for the Q&A.

Operator

Ladies and gentlemen, at this time, we will begin the question and answer session. Anyone who wishes to ask a question may press star followed by one on their touch-tone telephone. If you wish to remove yourself from the question queue, you may press star followed by two. If you're using speaker equipment today, please lift the handset before making your selection. Anyone who has a question please press star followed by one at this time. The first question is from the line of Marietta Miemietz from Pareto. Please go ahead.

Marietta Miemietz

Good afternoon and thanks for taking my questions. I have a number of financial questions, please. A couple related to your guidance for 2023. In terms of Arkopharma, can you share with us the sales and profitability assumptions that have been baked in? Should we, for any reason, assume a temporary dip in the Arkopharma profitability in 23 versus 22? If so, can you please lay out some of the factors contributing to that?

Also, with regards to your 2023 guidance, basically, as I understand it, for COVID vaccine related sales, all you have baked in is very low, baseline level sales to BioNTech in respect of pandemic preparedness, but you haven't actually assumed actual, active vaccination campaigns. You also have excluded any EU spare capacity tenders unrelated to BioNTech. Is that correct and how much would your guidance potentially, or how much could you beat guidance if upside from actual, active vaccination campaigns and other tenders materialised?

Then, just looking out to the mid-term, can you share with us some of the revenue and cost synergies that you're hoping to achieve with Arkopharma in 24, 25, 26? Then a final question just quickly on our dividend policy. Should we expect the pay-out ratio to stay in the current range over the next few years, as you pay down debt and possibly make other acquisitions? Maybe not quite on the scale of Arkopharma, but still. Or should we look at this year as a bit of an outlier because the Arkopharma acquisition was so fresh? Thank you so much.

Christof Dreibholz

Thank you, Marietta, for your questions. Your first question was around Arkopharma and a potential dip in profitability, which is not the case. The assumption is that Arkopharma will grow on a sales level at approximately 10% compared to 22. Also, there's no dip at EBITDA level. Basically, continuing from the 22 level.

Maybe coming to question three and four, and this connection regarding the synergies. We are basically working from day one, or even before day one, on potential synergies and cooperations with Arkopharma management. We have identified a number of projects in both directions, so products going to Germany and the other way round. We have already delivered products to Arkopharma, which are already marketed in Arkopharma's existing markets. This is going well. These synergies in total represent an upside to our budget 23. They have not been factorised in the numbers that I mentioned before in the guidance. We expect also, based on the revenue increases, where the synergies are only a part of, that this will translate to an increased profitability simply through a higher utilisation, for example, of the existing cost base.

The second question, that's COVID pandemic preparedness. We have only considered revenues from our cooperation in the German pandemic preparedness tender. We have not considered income from the EU tender. Everything that goes beyond this tender presents an upside. We have, and I think this has been mentioned several times before, the initial revenues that we have generated in 2022 from BioNTech from vaccine production, have been split to five quarter. There is also additional revenue in 23 from the last quarter, which we have included in our budget and which is part of the number that you see as our guidance on revenue and EBITDA. But everything that goes beyond the tender itself, will lead to an upside. Just a second.

Apologies. The last point, the pay-out ratio, we haven't made our mind up yet. I think it is fair to say that we have the new syndicated loan, which leads to a significant increase in our leverage ratio post-2022. We think that it is our responsibility as the board, that we take care, that we are able to reduce this net debt number. At the same time, considering, of course, the requirements of our shareholders. We believe that we have managed that well in 22 with a pay-out ratio of I think approximately 42% of our earnings. I'll have to check the number. This is lower than we had in the past, but Arkopharma is the largest investment and we believe that it is a very good investment in our future. Therefore, this leverage is adequate, but still, we have to take care that we have enough cash in the business to reduce that leverage. I hope this answers your questions. Any further questions?

Operator The next question is from the line of Miro Zuzak with JMS Invest AG. Please go ahead.

Miro Zuzak Thank you for taking my questions. Can you hear me?

Christof Dreibholz Yes.

Miro Zuzak Great, thank you. I have a couple of them, I would like to take them one by one, if I may. First one is on the parallel import business. Do you expect any larger changes to the revenue level into 2023 or is it going to stay around the 650 million we are used to?

Christof Dreibholz This will actually decline because this business is, as you know, impacted by the increased manufacturing rebates. Therefore, we had in the interest of profitability, our management of Axicorp went through the individual products and eliminated those that are impacted by this additional 5-percentage-point increase that we see in 23. This obviously leads to a reduction, but at a higher EBITDA profitability.

Miro Zuzak Can you speak to the top line for the moment, what the reduction's going to be. Will it be 5% or so, or what can we expect?

Christof Dreibholz No, it'd be higher.

Miro Zuzak More like 10 or so, up to 20 would be a reasonable amount?

Christof Dreibholz Higher than 5.

Miro Zuzak The other one, and I'm now talking really roughly, in herbal extracts that you had around 100 million in sales. Now, if I understood correctly, Arkopharma will add around 220 million, so 200 and 10% growth at 220 million in 2023. In this segment, we can expect around 320 million in revenues, does that make sense to you so far or have I forgotten something?

Christof Dreibholz We show Arkopharma beside the other three segments, so you are absolutely right that the numbers are roughly where we also are with our estimates, with our budget for 23. We are thinking about where we allocate Arkopharma and, in this connection, also think about other changes to our segmental structure to better reflect the drivers of our business. This is something that if we decide to do this, we'll communicate it as soon as possible, but we have not yet reached a formal decision. But, basically, your calculation was correct.

Miro Zuzak Sorry if I have to ask the same question again, but did I understand it correctly from your previous answer that there will be one more quarter of BioNTech revenues in Q1 2023?

Christof Dreibholz Correct.

Miro Zuzak Can you give an idea about roughly what the BioNTech

- revenues were in 2022? I know that you don't communicate exact numbers, but originally analysts were talking about 180 million. I know this was less, other estimates were at around 150 million or even 140. Is the ballpark rather the first or the latter?
- Christof Dreibholz Rather the first, the 180.
- Miro Zuzak In 2022.
- Christof Dreibholz Yes, that is the total number of revenues that should be allocated to five quarters.
- Miro Zuzak Okay, so we had four quarters of the 180, basically, in 2022 and another quarter will be in 2023.
- Christof Dreibholz Yes.
- Miro Zuzak Thank you. Another question I would have, in herbal extracts Q4 EBITDA was obviously rather disappointing. You mentioned that this is mainly due to the price decrease of the medical cannabis product. What do you expect there in 2023 if we exclude, for the moment, Arkopharma? Is the trend going to continue, so this will also impact the upcoming quarters, or was there also a one-off effect in Q4? Because Q4 was really low.
- Christof Dreibholz We expect the trend to slightly reverse in 23, so growing revenues. I have to check the EBITDA, just a second, I'll go on mute. Apologies. We expect a positive EBITDA result in 2023. My colleague reminded me of one important point. The restructuring, meaning the relocation that Karin mentioned at the beginning, from Neumarkt, that was the main driver of the disappointing result in the last quarter because we recorded corresponding provisions in connection with this relocation and obviously, also a lot of people leave in connection with this relocation, so we have severance payments there. If you adjust for that, also Q4 in itself is a black zero or slightly positive.
- Miro Zuzak Do you know the number of the provisions that you booked?
- Christof Dreibholz A low single-digit million number.
- Miro Zuzak Two more questions then I go back into the queue. The first one is on the interest rate, it was materially higher in Q4. What will be the net interest result you're going to have in 2023, now given the new rates you're paying? If you do your planning from today's perspective.
- Christof Dreibholz We have agreed, it is a variable interest based on the EURIBOR plus a margin, which I cannot communicate. But we have agreed on a hedging at the level at the beginning of March. We have fixed interest cost as we expect the variable proportion to grow, or the EURIBOR to grow, in 23. Therefore, we believe that it is appropriate to hedge the interest level.

Miro Zuzak But do you expect around 20 million? Would that number make sense to you or it's too high?

Christof Dreibholz No, it will obviously be higher. You can calculate our debt number based on the information.

Miro Zuzak 500 million in your report.

Christof Dreibholz Yes, but don't forget the acquisition of Arkopharma. The 500 more or less, 400 have been refinanced and then there's the acquisition of Arkopharma in January, so the number is obviously higher. Based on what you said before, thinking of the billion in debt, the interest number you mentioned is roughly in line with that debt.

Miro Zuzak Okay, thank you. Then the last one, then I go back into the queue. The tax rate, if you take the expense in your P&L and the pre-tax profit, then there is a big jump in the tax rate. Can you please comment on this and maybe also give an indication of what we can expect now in 2023, given the Arkopharma acquisition? If I understand correctly, it's a French tax rate, higher than what you current pay. Maybe first on the 2022 number, please.

Christof Dreibholz I think this is based on timing effects. There's no exceptional impact on taxes in 22, so this is really timing of payment and also the true-up of the assessments that we pay on a quarterly basis to the calculation of the tax provision at year-end. We don't expect a significant change in our effective tax rate from the acquisition of Arkopharma. The tax rate will be approximately 28 to 30% of our earnings before taxes.

Miro Zuzak Thank you. I step back into the queue.

Christof Dreibholz You're welcome.

Operator Ladies and gentlemen, if you would like to ask a question, please press the star followed by the one on our telephone. The next question is from the line of Miro Zuzak with JMS Invest AG. Please go ahead.

Miro Zuzak Apparently there are no other people in the queue, so I keep going, if this is okay with you. On page 96 of the report, basically on the P&L. After the bottom line, you have this "versicherungsmathematische Gewinne und Verluste aus der Neubewertung Pensionsverpflichtungen" (actuarial gains and losses from the revaluation of pension obligations) 40 million. Can you quickly comment on this rather high number and how it was generated?

Christof Dreibholz Just a second. This is in connection with the increase in the interest rates. The higher interest rate led to a reduction in the provision, which in turn leads to this insurance related gain from the revaluation of the obligations.

- Miro Zuzak This is basically the 40 million reflected in the balance sheet under the pension obligations, which went down from 130 to roughly 90.
- Christof Dreibholz Exactly.
- Miro Zuzak Okay, very clear. Then I have a question for Karin Samusch. With the large acquisition of Arkopharma, is it fair to assume that the focus is now on the integration work and, also because of the now higher leverage, you're more focused on execution and integration than on basically looking out for new acquisition and external opportunities?
- Karin Samusch That's absolutely right, Miro. At the moment we are really focusing mainly on the integration and on the digestion of the Arkopharma business. We want, of course, also to reduce our current leverage, which was increased with the acquisition to a level which we are feeling more comfortable with. Before that, we will not take into consideration additional bigger acquisitions. For 2023, I don't expect something bigger.
- Miro Zuzak Then I would have, also, Karin, I would have one question regarding the capacities that you have built for BioNTech. If I remember correctly, we were talking about this coating technology which is relatively difficult to manage, and you are one of the few companies who basically manage this kind of production technology. Six months ago you were quite confident on that, even if BioNTech wouldn't prolong the contract into 2023, you still would be able to fill up some of the production capacity, at least, with other providers and other companies who seek this kind of production and technology.
- Can you please give an idea how you regard the situation there? Whether, basically, there is just a big "Scherbenhaufen" (pile of broken pieces) in the sense that now nobody's going to get any vaccination anymore, nobody has any respect [?] for this kind of corona and now, basically, all the opportunities are gone? Or are you juggling with a couple of balls in the air and if one drops, you don't mind that much and you can go with the other balls that you still manage to juggle around.
- Karin Samusch I won't say that we are juggling with over-capacities here because our investment for the vaccine business in general wasn't so high. The biggest investment was done for the fill and finish. All the other things were simply additional filling vessels, which were implemented within our already existing sterile production. As you know, Dermapharm always had, since years, we started with sterile production already in 2008. Since then we do have the sterile capacities in-house because we have a lot of injections and syringes which we produce ourselves. For this, we underhold our sterile productions in Brehna, which is our main production site, but also in the premises of Allergopharma, which

we took over from Merck.

This wasn't a huge investment for us. I also would like to say that it's less the technique and the equipment, but more the know-how which was necessary for the handling of this mRNA project. Yes, you are absolutely right, we are still not able to collaborate with other vaccine producers because, as long as our contract with BioNTech is valid, we are bound to the exclusivity agreement with them. But once they stop having a collaboration with us, we would in theory also be in the position to deal with other vaccine providers.

Miro Zuzak

When does it end, the contract?

Karin Samusch

Basically, it ends when they stop ordering goods from us. But still, at the moment there is some kind of a collaboration existing. Frankly saying, I also don't personally expect that this collaboration will be terminated from one day to the other now in 2023. Of course, the production capacity dropped down dramatically. You are also aware that the pandemic is almost done, but we are still talking about this pandemic preparedness programme, and here we still have a collaboration with them.

Miro Zuzak

I would have two more questions for Mr Dreibholz, if I may?

Karin Samusch

Yes, of course.

Miro Zuzak

The first one is again on the interest rate. You mentioned that you hedged at the beginning of March at a floating interest rate. For how long did you lock in the interest rates?

Christof Dreibholz

For I think two years.

Miro Zuzak

The second one is on the P&L line Abschreibungen / Wertminderungen / Zuschreibungen, 101 million. Just one question, in the cash flow statement, the corresponding figure is 94.9 million. There seems to be a cash portion of depreciation / impairment Do you know by any chance, it's a very detailed question, I'm aware of that, but where the difference comes from?

Secondly, I would also like to know the number, as it was significantly higher in Q4, it jumped from 14 million, which seemed like the run rate before, to 36 million in Q4. The write-down of Corat, the 13.9 million, is at the equity line, it's not in the depreciation / impairment line. Maybe you can explain what came on top there in the depreciation / impairment in the P&L line?

Christof Dreibholz

That's Fitvia and C3 Group, that's basically the amount, I think. We mentioned those also.

Miro Zuzak

Fitvia was in Q2 24.8 million already? You said there was another component in Q4 for Fitvia.

Christof Dreibholz It was entirely depreciated, so Fitvia goodwill. I only have currently the total of the two, Fitvia and C3, with 36 million. Fitvia is basically the entire goodwill was depreciated and there was a write-down at C3 Group. Maybe I didn't quite understand your question.

Miro Zuzak In the cash flow statement, if you look at the second line, depreciation / write-ups on fixed assets, the number is 94.9. And in the P&L Depreciation / write-ups / impairments was 101.1, typically the two numbers there should be the same.

Christof Dreibholz I think it's a different classification. fixed assets in the cash flow statement is defined slightly different than in the income statement. You basically have the same in 21, but at a lower number. It's 55.1 versus 55.6 in the cash flow statement. This is a different classification, but I don't know from the top of my mind the allocation exactly. But if that is important, we can follow up and can send that by email.

Miro Zuzak Yes, it would be interesting because it's 6 million.

Christof Dreibholz Yes, we will do that.

Miro Zuzak It's not nothing.

Christof Dreibholz No, of course, that's why I'm saying that.

Miro Zuzak Thank you very much.

Christof Dreibholz Maybe we can avoid that. Indeed, it's the intangibles, the intangible assets and the depreciation on those, and that is mainly the capitalised R&D that is included in there, and this is the difference in 22.

Miro Zuzak And that's included in the COGs (cost of goods), probably, or in the cost of materials.

Christof Dreibholz Yes, and it's also the depreciation of the working capital of Fitvia, which is actually the largest part with 5 million of those 6. That is included in depreciation charges, so 5 million depreciation charges, but that is depreciation on current assets, so working capital, also below EBITDA. The depreciation on R&D, just a second, the remainder is I think in COGs, but I'm not 100% sure.

Miro Zuzak Thank you.

Christof Dreibholz You're welcome.

Miro Zuzak Have a nice day.

Christof Dreibholz And you.

Karin Samusch Same to you.

Operator For any further question, please press star and one on your telephone. There are no further questions at this time. I hand

back to Britta Hamberger for closing comments.

Britta Hamberger

Thank you very much for joining our call this afternoon. In case there are any questions left open, please feel free to give me a call afterwards this webcast. Thank you very much.