

# INSTITUTIONAL RESEARCH

# **Biotechnology**PRICE TARGET CHANGE

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# Fortress Biotech (NASDAQ/FBIO)

# October 10, 2023

# **BUY:** Reverse Stock Split 1:15, Price Target Set to \$12.0

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Fortress has now reversed the company's common stock 1:15 to meet listing requirements. Admittedly the stock has performed poorly, however the fundamentals remain strong. Why the disconnect? We see multiple possible reasons and believe the number one cause is related to the business model of the company, which seems to be misunderstood by investors. In the weeks ahead we expect to revisit our model, specifically our revenue and balance sheet assumptions. We have made some adjustments for the reverse split and risk rate (increases from 15% to 30%). The changes result in a new price target of \$12.0.



# **Investment Highlights**

A Unique Model That Manages Risk but Keeps the Upside. We have known the senior management of Fortress for more than a decade and have the highest respect for the track record of this team to create shareholder value while finding, developing to key inflection points and finally commercializing value-creating therapeutics. The platform value of the Fortress Machine should not be underestimated, and we believe that has happened, triggering the need for the current planned 1:15 reverse split.

Stock Data 52-Week Range Shares Outstanding (mil.) 8.9 Market Capitalization (mil.) \$38 Enterprise Value (mil.) -\$37 195% Debt to Capital \$15.47 Book Value/Share Price/Book 1.7 Average Three Months Trading Volume (K) 10 15.0% Insider Ownership Institutional Ownership 9.1% 0.5% Short interest (mil.) \$0.00/0.0% Dividend / Yield

We believe the value of Fortress goes beyond just the sum of the parts of the therapeutics in its pipeline (there are many) and the multiple ownership stakes in its public companies. Fortress also has real value in the company's ability to discover and license product leveraging across the company's infra-structure (access to a pool of CEO/CFO/CMO/CSO's and the right boards) as well as established vendors (CRO's, investment banks, regulatory expertise) to create the next company.



Valuation: How to value Fortress? Fortress is a complex group of companies. Suffice to say; we model the contributions and Fortress holdings in many companies. Our valuation is based on an out-year 2030 share count. For each individual product, we make certain assumptions about the timing and probability of success and apply these assumptions to our model. We apply a probability of success in our therapeutic models. This ranges from as low as 30% to as high as 70% based on what we feel is the therapeutic risk that the product will advance. In addition to the success factor, we apply a 30% discount rate (r) in our Free Cash Flow to the Firm (FCFF), Discounted EPS (dEPS), and Sum of the Parts (SOP) models. We then average the result and round to the nearest whole number to derive our 12-month price target of \$12.0.

**Risks to our thesis include the following:** (1) commercial; (2) regulatory; (3) clinical; (4) financial; and (5) intellectual property. We review these and other risks in the Risk Analysis section of this report.



### **Risk Analysis**

In addition to the typical risks associated with development-stage specialty pharmaceutical companies, potential risks specific to Fortress Biotech are as follows:

**Financial risk.** The company may need to raise capital in the marketplace in order to successfully push its products into the next phase, and there can be no assurances that the company will be able to successfully raise capital and/or do so on favorable terms.

Clinical and regulatory risk. Lead products must start and complete clinical trials. Trials may not produce results sufficient for regulatory approval.

**Partnership risk.** Fortress Biotech may seek partnerships for clinical development support and commercialization. We have no specific knowledge of any discussions with possible partners today, and there can be no assurances that the company will be able to secure a favorable partnership.

**Commercial risk.** There are no assurances that the company will be able to secure favorable pricing, commercially launch products, and achieve significant market share to become profitable.

**Legal and intellectual property risk.** The company may have to defend its patents and technical know-how, and there can be no assurances that the patents will not be infringed or will be held as valid if challenged, and or that the company may infringe on third parties' patents.

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# **Exhibit 1. Income Statement**

Exhibit 1. Income Statement																
- 1 1 W	2019A	2020A	2021A	2022A	1Q23A	2Q23A	3Q23E	4Q23E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Probability Revenue Forecast: ('000)  Avenue Therapeutics: IV Tramadol end use sales			_	_	_	s - :		_	_	_	_	_	_	_	_ '	_
	200/	200/	\$ -	\$ -			~	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Percent Owned by Fortress	32%	32%	32%	32%	32%	32%	32%	32%	32%	32%	32%	32%	32%	32%	32%	32%
Revenues Attributed back to Fortress Mustang Bio - Bubble Boy (MB-107)	_	-	-	-		s - :		s -	•	\$ 73.125	\$ 101.250	\$ 150.938	\$ 268.125	\$ 255.938	\$ 230.625	\$ 195,000
Percent Owned by Fortress	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
Revenues Attributed back to Fortress	30%	0	30%	30%	30%	30%	30%	30%	30%	21.938	30,375	45,281	80,438	76,781	69,188	58,500
Cyprium -CUTX-101 - Menkes Disease	0	U				s - :		s -		\$ -	\$ 22,500	\$ 67,500	\$ 112,500		\$ 112,500	\$ 112,500
Percent Owned by Fortress	89%	89%	89%	89%	89%	89%	89%	89%	89%	89%	89%	\$ 67,500	89%	89%	89%	89%
Revenues Attributed back to Fortress	09%	09%	09%	0976	09%	09%	09%	0970	0976	0976	20.025	60.075	100.125	100.125	100.125	100.125
CheckPoint (Cosibelimab PD-L1)						s - :		s -		s -	\$ 94,112	\$ 282,336	\$ 376,448	\$ 470,559	\$ 564,671	\$ 658,783
Percent Owned by Fortress	32%	32%	32%	32%	32%	32%	32%	32%	32%	32%	32%	32%	32%	32%	32%	32%
Revenues Attributed back to Fortress	32%	3270	3270	3276	3270	32%	32%	3270	3270	3270	30.116	90.347	120.463	150.579	180.695	210.811
CK-101 end use sales	-	-	-	-		s - :		s -	-	s -	\$ 271,206	\$ 542,413	\$ 813,619		\$ 922,102	\$ 976,343
Percent Owned by Fortress	32%	32%	32%	32%	32%	32%	32%	32%	32%	32%	32%	32%	32%	32%	32%	32%
Revenues Attributed back to Fortress	32%	7 3270	7 3270	3276	3270	32%	32%	3270	3270	3270	86,786	173,572	260,358	277,715	295.073	312,430
Journey Medical Corporation (Dermatology)	34,921	44,531	63,134	65,246	11,089	16,961	17,225	26,496	71,771	78,948	86,842	95,527	105,079	115,587	127,146	139,861
	100%	100%	100%	47%	47%	47%	17,225 47%	26,496 47%	47%	78,948 47%	86,842 47%	95,527 47%	105,079	115,587	127,146 47%	139,861
Percent Owned by Fortress						-11 /0										
Revenues Attributed back to Fortress Other Revenue Back to Fortress	34,921 1.708	44,531 1,068	63,134 5,656	30,666 4,254	5,212 1.076	7,972 425	8,096 1,170	12,453 2,008	33,732 4,679	37,105 5,147	40,816 5,662	44,898 6,228	49,387 6,851	54,326 7,536	59,759 8,290	65,734 9,119
							, ,									
Fortress Revenues	36,629	45,599	68,791	70,995	12,165	17,386	9,266	14,461	53,278	64,190	213,780	420,402	617,622	667,063	713,128	756,719
															,	
															J	
Avenue Therapeutic (IV Tramadol) Royalties (4.5% on sales > \$325M)															ļ	
Associate Milestones			\$ -												ļ	
															ļ	
Mustang Bio - Bubble Boy (MB-107) Prob. Adj. Royalties - 4.5%				\$ -	\$ -	\$ - :	\$ -	\$ -	\$ -	\$ 3,290.63	\$ 4,556	\$ 6,792	\$ 12,066	\$ 11,517	\$ 10,378	\$ 8,775
Associate Milestones															,	
															ļ	
Cyprium - CUTX-101 Menke's Disease - Prob. Adj. Royalties - 4.5%				s -	s -	s - :	S -	s -	s -	\$ -	\$ 5,625	\$ 16,875	\$ 28,125	\$ 28,125	\$ 28,125	\$ 28,125
Associate Milestones					-		-		•	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000			\$ 10,000
										,	,	,	,	,	,	,
CheckPoint (Cosibelmab PD-L1) - Prob. Adj. Royalties - 4.5%				s -	s -	s - :	s -	s -	s -	s -	s -	s -	\$ 4,235	\$ 12.705	\$ 16,940	\$ 21,175
Associate Milestones				*	*	•	*	*	*	*	*	*	.,	,		
7 B S G G G G G G G G G G G G G G G G G G															ļ	
CheckPoint (CK-101 - TKI) - Prob. Adj. Royalties -25%					s .	s - :		s -	s -	s -	\$ 12,204	\$ 24,409	\$ 36,613	\$ 39,054	\$ 41,495	\$ 43,935
Associate Milestones			\$ 2400		\$ .	\$ .	, - , .	\$ -	Ψ -	\$ 50,000	\$ 50.000	\$ 50,000	\$ 35,000	\$ 33,034	41,433	Ψ 45,855
	·		4 -,	4.740	40.400	47.000	<b>4</b>	Ψ	00.045	4 00,000	82,386		,	404 404	400,000	112,011
Total Royalties & Milestones	•		72,666	4,748	12,429	17,386	•	•	29,815	63,291	82,386	108,076	126,039	101,401	106,938	112,011
Expenses:															ļ	
Fortress									L	L	_	_	_	L		
Costs of Goods Sold (Journey Medical)	10,532	14,594	32,084	30,775	6,449	7,767	-	-	14,216	-	-	-	-	r - r	-	-
%COGS	29%	33%	51%	47%	0%	0%	0%	0%	20%	0%	0%	0%	0%	0%	0%	0%
															ļ	
Research and Development (Consolidated)	75,236	64,108	113,240	134,199	35,276	32,139	36,636	38,045	140,909	147,954	155,352	163,120	171,276	179,839	188,831	198,273
Fortress		2,780	-													
Avenue		2,866													,	
Checkpoint		11,735													,	
Mustang		39,475													ļ	
Journey																
Other**		1,606														
Research and Development-licenses acquired	6,090	1,820	15,625	677	4,230	3	185	192	711	746	784	823	864	907	953	1,000
General and Administrative (Consolidated)	55,590	61,166	86,843	113,656	25,341	24,139	26,664	39,785	115,929	118,248	120,613	123,025	125,485	127,995	130,555	133,166
Fortress		23,341													,	
Avenue		2347													,	
Checkpoint		6518													ļ	
Journey Medical Corp. (SG&A)		25,659													,	
Mustang		6810													ļ	
Journey	1															
Other**		1,184	9540										_			
Total Operating expenses	147,448	142,146	257,332	279,307	71,296	67,941	63,485	78,023	271,765	266,948	276,748	286,968	297,625	308,742	320,339	332,439
Total Operating expenses (Adjusted)		69,164														
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Operating Income (Loss)	110.819	(96,546)	(188,541)	(203,564)	(58,867)	(50,105)	(54,219)	(63,561)	(226,753)	(139,468)	19,417	241,510	446.036	459,722	499,727	536,290
1	1,	(23,565)	(100,041)	(200,004)	(00,007)	(55,.55)	(04,2.0)	(55,551)	(220,.33)	(.55,-66)	,-17	24.,010	,000	400,122	-55,. Zi	333,230
Operating Income (Loss) adjusted	1 -		-	-		-	-	-	-		-	-	-	- 1	-	- 1
Interest income (expense), net	2,559	2,687	649	1,398	1,036	715	382	396	1,468	1,541	1,618	1,699	1,784	1,873	1,967	2,065
Interest expense and financing fee	(11,849)	(12,441)	(15,308)	(13,642)	(4,296)	(6,425)	(3,724)	(3,868)	(14,324)	(15,040)	(15,792)	(16,582)	(17,411)	(18,282)	(19,196)	(20,155)
Change in FV of derivative liability	1	(1,147)	39,294		(47)	(512)									ļ	
Change in FV of subsidiary convertible note	1		(447)		6,678	(3,369)								l	,	
Change in FV of investments	(27)	533			351	395								1	ļ	1
Gain on deconsolidation of Caelum	18,476	1													Į.	
Total Other Income	9,159	(10,369)	24,188	(9,900)	3,722	(9,196)	(3,343)	(3,471)		(13,499)	(14,174)	(14,883)	(15,627)	(16,408)	(17,229)	(18,090)
	(101,660)	(130,480)	(164,353)	(213,464)	(55,145)	(59,301)	(57,562)	(67,033)	(239,609)	(152,967)	5,243	226,627	430,409	443,314	482,499	518,200
Pretax Income (loss from continuing operations)			(447)	449	-	-	-	-	-	(15,297)	786	40,793	86,082	93,096	110,975	129,550
Income Tax Benefit (Provision)			(447)													
Pretax Income (loss from continuing operations) Income Tax Benefit (Provision) Tax Rate	0%	0%	0%	0%	0%	0%	0%	0%	0%	10%	15%	18%	20%	21%	23%	25%
Income Tax Benefit (Provision) Tax Rate			0%	0%							15%	18%	20%	21%	23%	
Income Tax Benefit (Provision) Tax Rate GAAP Net Income (Loss)	0% (101,660)	(130,480)			0% (55,145)	0% (59,301)	0% (57,562)	0% (67,033)	(239,609)	10% (137,670)						25% 388,650
Income Tax Benefit (Provision) Tax Rate  GAAP Net Income (Loss) Addjusted (Non-GAAP) Loss	(101,660)	(130,480) (35,842)	(164,826)	(213,913)	(55,145)	(59,301)	(57,562)	(67,033)	(239,609)	(137,670)	4,457	185,834	344,327	21% 350,218	23% 371,524	388,650
Income Tax Benefit (Provision) Tax Rate  GAAP Net Income (Loss) Addjusted (Non-GAAP) Loss Less: net loss attributable to non-controlling interests	(101,660)	(130,480) (35,842) 55,264	0% (164,826) 100,123	0% (213,913) 127,338	(55,145)	(59,301) 34,525	(57,562)	(67,033) 32,318	(239,609)	(137,670) 112,516	4,457 105,765	18% 185,834 99,419	20% 344,327 93,454	21% 350,218 87,847	23% 371,524 82,576	388,650 77,621
Income Tax Benefit (Provision)  Tax Rate  CAAP Not Income (Loss)  Addjusted (Non-CAAP) Loss Less: net loss attributable to non-controlling interests  Not Income (loss) attributable to common stockholders	(101,660) 61,700 (39,960)	(130,480) (35,842) 55,264 (53,560)	(164,826) 100,123 (64,703)	(213,913) 127,338 (86,575)	(55,145) 33,608 (21,537)	(59,301) 34,525 (26,784)	(57,562) 31,121 (26,440)	(67,033) 32,318 (34,714)	(239,609) 119,698 (109,476)	(137,670) 112,516 (25,154)	4,457 105,765 110,221	18% 185,834 99,419 285,253	20% 344,327 93,454 437,781	21% 350,218 87,847 438,065	23% 371,524 82,576 454,100	388,650 77,621 466,271
Income Tax Benefit (Provision) Tax Rate  GAAP Net Income (Loss) Addjusted (Non-GAAP) Loss Less: net loss attributable to non-controlling interests Net Income (loss) attributable to common stockholders GAAP-EPS	(101,660) 61,700 (39,960) (0.73)	(130,480) (35,842) 55,264 (53,560) (0.76)	0% (164,826) 100,123 (64,703) (0.79)	(213,913) 127,338 (86,575) (0.97)	(55,145) 33,608 (21,537) (0.21)	(59,301) 34,525 (26,784) (0.24)	(57,562) 31,121 (26,440) (3.58)	(67,033) 32,318 (34,714) (4.70)	(239,609) 119,698 (109,476) (8.73)	(137,670) 112,516 (25,154) (0.44)	4,457 105,765 110,221 1.91	18% 185,834 99,419 285,253 4.92	20% 344,327 93,454 437,781 7.52	21% 350,218 87,847 438,065 7.50	23% 371,524 82,576 454,100 7.74	388,650 77,621 466,271 7.92
Income Tax Benefit (Provision) Tax Rate  GAAP Net Income (Loss) Addjusted (Non-GAAP) Loss Less: net loss attributable to non-controlling interests Net Income (loss) attributable to common stockholders GAAP-EPS GAAP-EPS (DII)	(101,660) 61,700 (39,960)	(130,480) (35,842) 55,264 (53,560)	(164,826) 100,123 (64,703)	(213,913) 127,338 (86,575)	(55,145) 33,608 (21,537)	(59,301) 34,525 (26,784)	(57,562) 31,121 (26,440)	(67,033) 32,318 (34,714)	(239,609) 119,698 (109,476)	(137,670) 112,516 (25,154)	4,457 105,765 110,221	18% 185,834 99,419 285,253	20% 344,327 93,454 437,781	21% 350,218 87,847 438,065	23% 371,524 82,576 454,100	388,650 77,621 466,271
Income Tax Benefit (Provision) Tax Rate  GAAP Net Income (Loss) Addjusted (Non-GAAP) Loss Less: net loss attributable to non-controlling interests Net Income (loss) attributable to common stockholders GAAP-EPS GAAP-EPS	(101,660) 61,700 (39,960) (0.73)	(130,480) (35,842) 55,264 (53,560) (0.76)	0% (164,826) 100,123 (64,703) (0.79)	(213,913) 127,338 (86,575) (0.97)	(55,145) 33,608 (21,537) (0.21)	(59,301) 34,525 (26,784) (0.24)	(57,562) 31,121 (26,440) (3.58)	(67,033) 32,318 (34,714) (4.70)	(239,609) 119,698 (109,476) (8.73)	(137,670) 112,516 (25,154) (0.44)	4,457 105,765 110,221 1.91	18% 185,834 99,419 285,253 4.92	20% 344,327 93,454 437,781 7.52	21% 350,218 87,847 438,065 7.50	23% 371,524 82,576 454,100 7.74	388,650 77,621 466,271 7.92
Income Tax Benefit (Provision) Tax Rate  GAAP Net Income (Loss) Addjusted (Non-GAAP) Loss Less: net loss attributable to non-controlling interests Net Income (loss) attributable to common stockholders GAAP-EPS GAAP-EPS (DII) Adjusted Non-GAAP EPS (DIL) Mydt Avg Shrs (Bas) - 000s	(101,660) 61,700 (39,960) (0.73) (0.60) 54,711	(130,480) (35,842) 55,264 (53,560) (0.76) (0.76) (0.50) 71,077	0% (164.826) 100,123 (64,703) (0.79) (0.79) 81,700	0% (213,913) 127,338 (86,575) (0.97) (0.97) 88,875	(55,145) 33,608 (21,537) (0.21) (0.21) 101,886	(59,301) 34,525 (26,784) (0.24) (0.24) 110,660	(57,562) 31,121 (26,440) (3.58) (3.58) 7,385	(67,033) 32,318 (34,714) (4.70) (4.70) 7,392	(239,609) 119,698 (109,476) (8.73) (8.73) 56,831	(137,670) 112,516 (25,154) (0.44) (0.44) 57,486	15% 4,457 105,765 110,221 1,91 1,91 57,716	18% 185,834 99,419 285,253 4,92 4,92 57,947	20% 344,327 93,454 437,781 7.52 7.52 58,179	21% 350,218 87,847 438,065 7,50 7,50 58,412	23% 371,524 82,576 454,100 7.74 7.74 58,646	388,650 77,621 466,271 7.92 7.92 58,881
Income Tax Benefit (Provision) Tax Rate  GAAP Net Income (Loss) Addjusted (Non-GAAP) Loss Less: net loss attributable to non-controlling interests Net Income (loss) attributable to common stockholders GAAP-EPS GAAP-EPS (DII) Adjusted Non-GAAP EPS (DIL)	(101,660) 61,700 (39,960) (0.73) (0.60)	(130,480) (35,842) 55,264 (53,560) (0.76) (0.76) (0.50)	0% (164,826) 100,123 (64,703) (0.79) (0.79)	0% (213.913) 127,338 (86,575) (0.97) (0.97)	(55,145) 33,608 (21,537) (0.21) (0.21)	(59,301) 34,525 (26,784) (0.24) (0.24)	(57,562) 31,121 (26,440) (3.58) (3.58)	(67,033) 32,318 (34,714) (4.70)	(239,609) 119,698 (109,476) (8.73) (8.73)	(137,670) 112,516 (25,154) (0.44) (0.44)	15% 4,457 105,765 110,221 1.91	18% 185,834 99,419 285,253 4.92 4.92	20% 344,327 93,454 437,781 7.52 7.52	21% 350,218 87,847 438,065 7.50	23% 371,524 82,576 454,100 7.74 7.74	388,650 77,621 466,271 7.92 7.92

Source: Dawson James estimates and company reports

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<sup>\*\*</sup> Includes the following partner companies: Aevitas, Cellvation, Cyprium, Helocyte and Tamid (a Fortress partner company that discontinued development and terminated the related licenses and clinical trial agreements with the University of North Carolina at Chapel Mill for all three of its preclinical product candidates).



Companies that may be mentioned in this report, working with Fortress and/or part of valuation discussion:

Alexion (ALXN/NASDAQ)-Not covered.

Astra Zeneca (AZN/NASDAQ) - Not Covered

InvaGen Pharmaceuticals – (Private).

St. Jude Children's Research Hospital (Private).

Mustang Bio (MBIO/NASDAQ) - Not covered.

Checkpoint Therapeutics (CKPT/NASDAQ) - Not covered.

Avenue Therapeutics (ATXI/ NASDAQ) – Not covered.

Caelum Biosciences (Private).

Journey Medical Corporation (DERM).

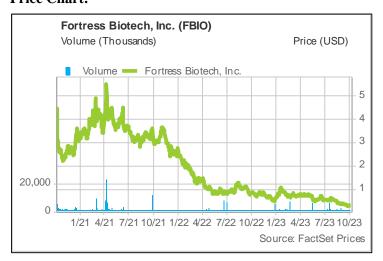
Cyprium Therapeutics (Private).

Fuji Yakuhin (subsidiary of Fuji-Japan – Not Covered)

Dr. Reddy's Laboratories Ltd. (RDY-Not Covered)

#### **Important Disclosures:**

# **Price Chart:**



#### Price target and rating changes over the past three years:

Initiated – Buy August 26, 2019, Price Target \$19.00

Update - Buy September 17, 2019, Price Target \$19.00

Update – Buy November 4, 2019, Price Target \$19.00

Update – Buy December 11, 2019, Price Target \$19.00

Update - Buy December 23, 2019, Price Target \$19.00

Update - Buy January 15, 2020, Price Target \$19.00

Update - Buy February 14, 2020, Price Target \$19.00

Update - Buy February 20, 2020, Price Target \$19.00

Update - Buy March 30, 2020, Price Target \$19.00

Update – Buy May 14, 2020, Price Target \$19.00

Update - Buy July 31, 2020, Price Target \$19.00

Update – Buy September 8, 2020, Price Target \$19.00

Price Target Change – Buy October 12, 2020, Price Target \$15.00

Update – Buy October 20, 2020, Price Target \$15.00

Price Target Change – Buy November 10, 2020, Price Target \$16.00

Update – Buy December 14, 2020, Price Target \$16.00

Update - Buy February 2, 2021, Price Target \$16.00

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Price Target Change – Buy February 17, 2021, Price Target \$21.00 Price Target Change – Buy February 24, 2021, Price Target \$22.00 Price Target Change - Buy April 7, 2021, Price Target \$24.00 Update - Buy April 13, 2021, Price Target \$24.00 Update - Buy May 10, 2021, Price Target \$24.00 Update - Buy May 20, 2021, Price Target \$24.00 Update – Buy June 11, 2021, Price Target \$24.00 Update – Buy June 15, 2021, Price Target \$24.00 Update - Buy August 17, 2021, Price Target \$24.00 Update – Buy September 29, 2021, Price Target \$24.00 Update - Buy October 26, 2021, Price Target \$24.00 Update – Buy November 19, 2021, Price Target \$24.00 Update – Buy February 17, 2022, Price Target \$24.00 Update – Buy March 28, 2022, Price Target \$24.00 Update - Buy May 17, 2022, Price Target \$24.00 Update - Buy August 11, 2022, Price Target \$24.00 Update – Buy October 7, 2022, Price Target \$24.00 Update - Buy January 25, 2023, Price Target \$24.00 Update - Buy April 12, 2023, Price Target \$24.00 Update – Buy July 3, 2023, Price Target \$24.00 Update – Buy July 12, 2023, Price Target \$24.00 Update – Buy July 26, 2023, Price Target \$24.00 Update – Buy July 27, 2023, Price Target \$24.00 Update – Buy August 9, 2023, Price Target \$24.00 Update – Buy August 18, 2023, Price Target \$24.00

Price Target Change - Buy October 10, 2023, Price Target \$12.00

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# **Rating Definitions:**

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- Buy: the analyst believes the price of the stock will appreciate and produce a total return of at least 20% over the next 12-18 months;
- 2) Neutral: the analyst believes the price of the stock is fairly valued for the next 12-18 months:
- 3) **Sell**: the analyst believes the price of the stock will decline by at least 20% over the next 12-18 months and should be sold.

The following chart reflects the range of current research report ratings for all companies, followed by the analysts of the Firm. The chart also reflects the research report ratings relating to those companies for which the Firm has performed investment banking services.

Current as of 27-Sep-23

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	Company		Investment	
	Coverage		Banking	
				% of
Ratings Distribution	# of Companies	% of Total	# of Companies	Totals
Market Outperform (Buy)	22	64.70%	3	8.80%
Market Perform (Neutral)	12	35.30%	3	8.80%
Market Underperform (Sell)	0	0%	0	0.00%
Total	34	100%	6	17.60%

### **Analyst Certification:**

The analyst(s) whose name appears on this research report certifies that 1) all of the views expressed in this report accurately reflect his (their) personal views about any and all of the subject securities or issuers discussed; and 2) no part of the research analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst in this research report; and 3) all Dawson James employees, including the analyst(s) responsible for preparing this research report, may be eligible to receive non-product or service-specific monetary bonus compensation that is based upon various factors, including total revenues of Dawson James and its affiliates as well as a portion of the proceeds from a broad pool of investment vehicles consisting of components of the compensation generated by investment banking activities, including but not limited to shares of stock and/or warrants, which may or may not include the securities referenced in this report.

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