

Company:	Rating:	Target Price:	Sector:
<b>Arterra Bioscience</b>	<b>Buy (confirmed)</b>	<b>€4.2 (from €3.8)</b>	<b>Health Care, Biotech</b>

## Financial momentum at the Cosmetics-Biotech-Medical crossroads

 April, 20<sup>th</sup> 2026 at 20:00

### FY25: Cosmetic actives sales reach (again) all-time highs. Better revenue mix and grants drive EBITDA.

In 2025, sales of cosmetic actives increased by 12.6% to €3.96mln, a new all-time high. Growth has been driven by both higher volumes and average price (+6% yoy). Cosmetic turnover was 3% only below our estimate [*Company Update on October, 20<sup>th</sup> 2025*] for lower volumes (14,300kgs vs our 15,500kgs), but higher average selling price (€278 vs our €265). Total revenue rose by more than 16% yoy to €6.1mln beating our forecast of €6mln, for much higher grants on Research projects (€1.47mln vs our €1.19mln) with a direct positive effect on EBITDA, which increased to above €2.2mln or 36% margin, beating our estimate by 4% and 100bps. EBITDA margin improved 300bps from 2024, returning to near-record marginality of ~40%, not only for higher research grants, which increased to 24% of total sales (from 21%), but also for lower incidence of raw materials and services (31% in 2025 from 34% in 2024) driven by better product mix (functional make up vs skin care) and production process optimization. Net profit stood above €2mln or 33% margin, also marking a new high and beating our forecast by more than 10% for lower D&A. At the end of 2025, net cash rose to €6mln from €5.6mln a year earlier.

### Arterra: the key enabler of next-generation hybrid make-up

The Cosmetics industry is shifting toward hybrid make-up, integrating skincare actives and functional claims, reshaping product development. Agile and innovation-driven indie brands are accelerating this trend. Arterra is well positioned as a strategic partner to both multinationals and indie players with differentiated, innovative science-based ingredients that enable faster time-to-market and next-generation functional make-up solutions.

### Arterra: a meaningful player at the crossroads of Cosmetics, Biotech and Medical applications

Aesthetic Medicine is emerging as a key innovation driver within Cosmetics, with growing use of high-tech actives such as plant-derived exosomes and polynucleotides (PDRN) for regenerative and anti-aging applications. These technologies are increasingly bridging cosmetics, biotechnology and medical uses. By actively developing advanced platforms in exosomes and PDRN, Arterra is well positioned to become a meaningful player in this convergence point over the next year.

### Innovation in Cosmetics and Medical devices

In 2025, Arterra continued in addressing Research activities to innovative ingredients for Cosmetics (skincare and functional make up) and Haircare (hair growth stimulus). Among these, a significant and sustainable innovation for Cosmetics is the vegan collagen derived from lettuce, obtained through molecular farming and claimable as non-genetically modified. In addition, a clinical study on a medical device for atopic dermatitis was successfully completed, opening commercialization opportunities within the pharma industry.

### Fine tuning 2026E-2027E. Adding 2028E

With respect to our Company Update in October, we fine-tuned our 2026-2027 estimates and added 2028E. In fact, following 1H25 record results, we had already improved marginality amid better product mix and production efficiency. Main difference regards the Net Income projections. Net income CAGR slows to 9% in our new estimates, due to surprisingly higher EBIT and Net income occurred in 2025 for very low D&A and no taxes. Between 2026 and 2028, Cosmetics sales are expected to grow at a 13% CAGR, driving EBITDA margin up to 39% (+3pp) and net cash above €8.6mln at the end of 2028.

### Valuation: BUY confirmed; price target increased to €4.

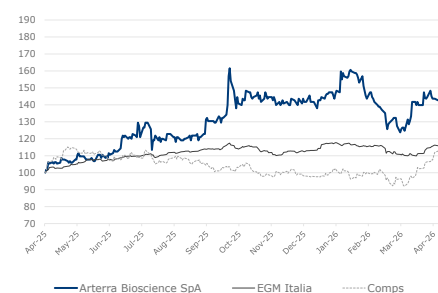
2026E-2028E P&L and Balance Sheet estimates led to -8% cumulated FCFs for higher NWC cash absorption given more gradual grants receivables cash in. This decline is more than offset by +27% TV FCF and higher net cash at the end of December leading to DCF Equity Value of €32mln or €4.8/share (+18%). Lower average market multiples, mostly linked to the introduction of 2027E, more than offset by higher net cash led to relative Equity Value of €24mln or €3.6/share (unchanged). Giving same weight to DCF and market multiples valuation, we raised our 12-month target price to €4.2 (from 3.8) /share. BUY is confirmed.

<b>Target Price</b>	<b>4.2 €</b>	<b>from €3.8</b>
<b>Recommendation</b>	<b>BUY</b>	<b>Unchanged</b>
Company Profile		
Ticker	ARBS IM (BBG)	ABS-IT (Factset)
Reference Industry	Health Care - Biotech	
Stock Exchange	Italian Stock Exchange - Euronext Growth	
Reference Index	FTSE Italia Small Cap	
Market Data		
Price as of	17/04/2026	3.0
Number of shares (mln)		6.7
Market capitalization (€, mln)		20.2
Max / Min		4.5/1.3
Average daily volumes (1Y)		20,074

Key financials	2023	2024	2025	2026E	2027E	2027E
<i>(€/000)</i>						
<b>Total revenue</b>	4,951	5,266	6,115	6,368	7,117	7,928
yoy (%)	-7%	6%	16%	4%	12%	11%
<b>EBITDA</b>	1,591	1,712	2,222	2,264	2,644	3,063
margin (%)	32%	33%	36%	36%	37%	39%
<b>EBIT</b>	1,059	1,373	1,932	1,894	2,204	2,548
margin (%)	21%	26%	32%	30%	31%	32%
<b>Net Income</b>	1,076	1,337	2,141	2,076	2,332	2,616
margin (%)	22%	25%	35%	33%	33%	33%
<b>Net Debt (cash)</b>	(5,672)	(5,555)	(6,021)	(6,815)	(7,607)	(8,645)
Equity	10,752	11,423	12,582	13,681	14,713	15,869
Capex	83	612	449	350	350	400
<b>FCFs</b>	1,328	-697	999	1,300	1,617	1,991

Source: Banca Profilo estimates and elaborations, Company data.

## 1-Year Performance



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## SWOT analysis

### STRENGTHS

- Outstanding R&D and highly qualified Technology Team
- A global market reach with limited sales force investments thanks to the partnership with Intercos and the equity stakes in Vitalab and ADL
- Scalable business model as products and the in-house developed IPs can be applied simultaneously to different end-markets
- Profitable business model, since its set up, for a very low cost of raw materials and an efficient and light organizational structure

### WEAKNESSES

- Small size of the business
- End-markets concentration
- Non optimal cash management

### OPPORTUNITY

- Bioscience great momentum as product sustainability has become the key mission of many industries
- Significant growth potential and resilience of main end-market, the Cosmetic industry
- Rich opportunities in Medical Devices and Agri-food
- Growing demand in functional Make-up and Haircare
- Surging demand in Medical Aesthetics

### THREATS

- Effective end-markets diversification within the planned time frame
- Potential difficulty in maintaining independence from global multinational brands
- Effects of US extreme protectionism
- China's path of recovery

# The Industry

## Next generation hybrid make-up. Growing influence of indie brands. Cosmetics-Biotech-Medical crossroads.

Functional make up reshapes product development in Western markets

Following the introduction of new Chinese cosmetic regulations in 2023, the Chinese market has become more complex and challenging for international players. However, these challenges are progressively being addressed, allowing for a gradual stabilization of demand.

Meanwhile, Western markets remain resilient, increasingly driven by the rapid expansion of hybrid make-up, a fast-growing category that blends color cosmetics with skincare benefits by incorporating active ingredients and skincare-like claims such as hydration, anti-aging and skin repair. This trend is reshaping product development and positioning make-up as a functional, performance-driven category.

Growing influence of indie brands

At the same time, the growing influence of indie brands is accelerating this shift, as these players are typically more agile and innovation-driven, leveraging digital channels, strong community engagement, and rapid product development cycles to anticipate and set new consumer trends.

Arterra: a strategic innovation partner from multinational to indie brands

Arterra is well positioned as a strategic innovation partner, supporting both multinational and indie brands with differentiated, science-based ingredients that enable faster time-to-market, product differentiation, and the development of next-generation hybrid make-up solutions.

The global Cosmetic Industry led by Skincare

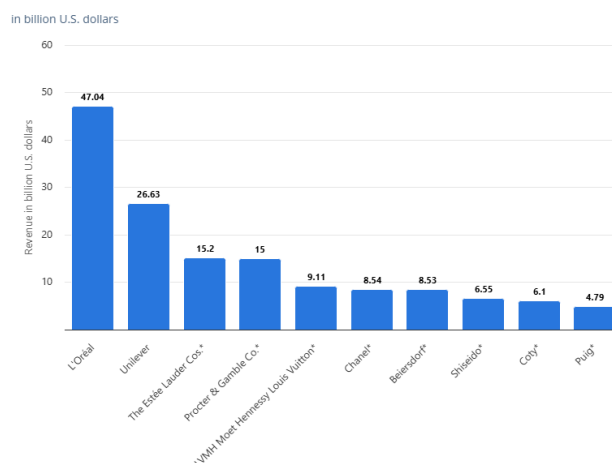
The global Cosmetics industry remains dominated by a limited number of multinational players and is segmented into five main categories: skincare, haircare, make-up, fragrances, and toiletries.

L’Oreal the global leader

Skincare continues to be the largest segment, accounting for approximately 40% of the market and the United States are the biggest cosmetic market worldwide with more than 90% share.

L’Oreal remains the leading beauty manufacturer worldwide with over €45bn sales in 2024 and continued growth in 2025.

**Figure 1: Leading ten beauty manufacturers worldwide (sales in 2024, \$bn)**



Source: Statista 2025

Cosmetics demand 4% CAGR confirmed to 2030

Despite the setback in 2020 due to the pandemic, global Cosmetics sales have experienced almost incessant growth since 2004, showing a 4% CAGR over the past 20

years. In 2024, the Cosmetics segment of the Beauty & Personal Care Industry worldwide reached USD 109bn.

According to Statista (February 2026), the market has grown 3.5% in 2025 and will increase to close to USD140bn by 2030, growing at a 4% CAGR over the next years.

**Figure 2: Global Cosmetics sales growth 2004-2030E (%)**



Source: Banca Profilo elaborations on Statista 2024

**Biotech ingredients from nice innovation to core pillar of modern beauty**

Biotech ingredients are rapidly transitioning from niche innovation to a core pillar of modern beauty, offering high-performance, sustainable and fully traceable alternatives to traditional actives.

Indie brands are accelerating the adoption of these next-generation ingredients, pushing the market toward more science-driven and performance-oriented formulations.

**Arterra: key enabler of next-generation beauty**

Arterra’s expertise in developing biotech-derived ingredients represents a key competitive advantage, positioning the Company as a key enabler of next-generation beauty innovation.

**New frontiers: Aesthetic Medicine, Exosome and PDRN**

Aesthetic Medicine is emerging as a key driver of innovation within the Cosmetics industry. In this space, new classes of high-tech actives are gaining traction, including plant-derived exosomes and polynucleotides (PDRN), increasingly used for skin regeneration, anti-aging, wound healing, and hair regrowth applications.

Consumers have significantly increased their spending in Aesthetic Medicine

**Figure 3: Global Medical Aesthetics sales 2017-2027E**



Sources: American Society of Plastic Surgeons; American Med Spa Association; Clarivate; BCG proprietary provider survey; BCG analysis.

Source: Company data

**Arterra at the crossroads of**

Arterra has actively developed these advanced ingredient platforms further strengthening its positioning at the intersection of cosmetics, biotechnology, and medical applications. Arterra’s findings on plant-based Exosomes might have applications in this field.

**Cosmetics, Biotech and Medical applications**

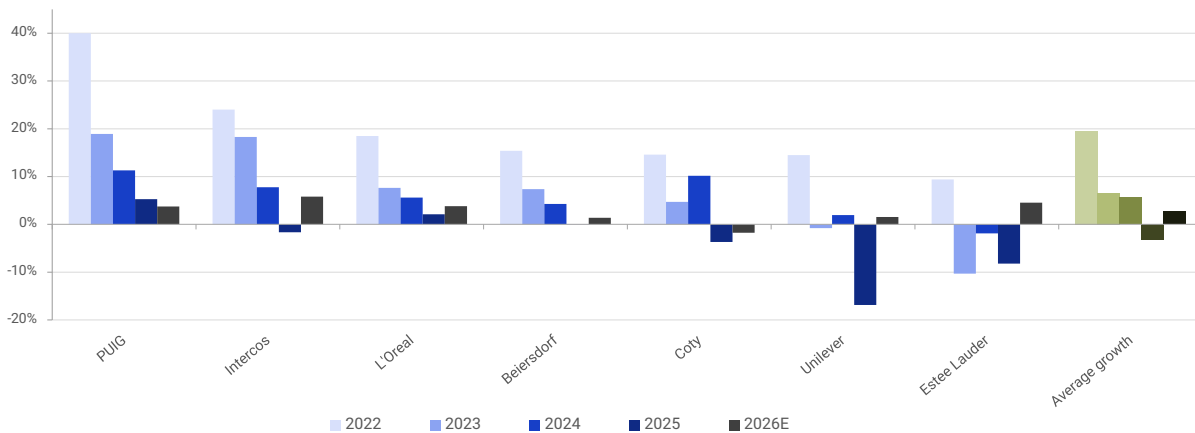
As emphasized, Arterra’s core competitive edge lies in its ability to: i) forge and maintain a strong partnership with Intercos and leading multinational Cosmetics brands. This synergy, combined with advanced in-house research expertise, allows Arterra to anticipate trends and develop compounds tailored to evolving market needs with exceptional time-to-market; and ii) leverage its robust financial structure, enabling swift capitalization on investment opportunities.

**End-markets trend**

**End-markets: weakening sales growth; decline in 2025**

In terms of end-markets, listed top Arterra’s clients have experienced a general reduction in sales growth since 2022. On average, in 2022 sales growth was over 19% yoy, it declined to 6.5% in 2023, kept a similar trend in 2024 (+5.6% yoy) and become negative in 2025 (-3.3%), except for L’Oreal (+2.1%) and PUIG (+5.3%). If in 2023, declining sales were isolated cases, in 2025 the trend has widespread. According to analysts’ consensus, a return to growth is expected this year with an average estimate of 2.7%, which includes a persisting reduction in turnover (-1.7%) at Coty.

**Figure 4: top 7 listed clients – sales growth 2022-2026E**

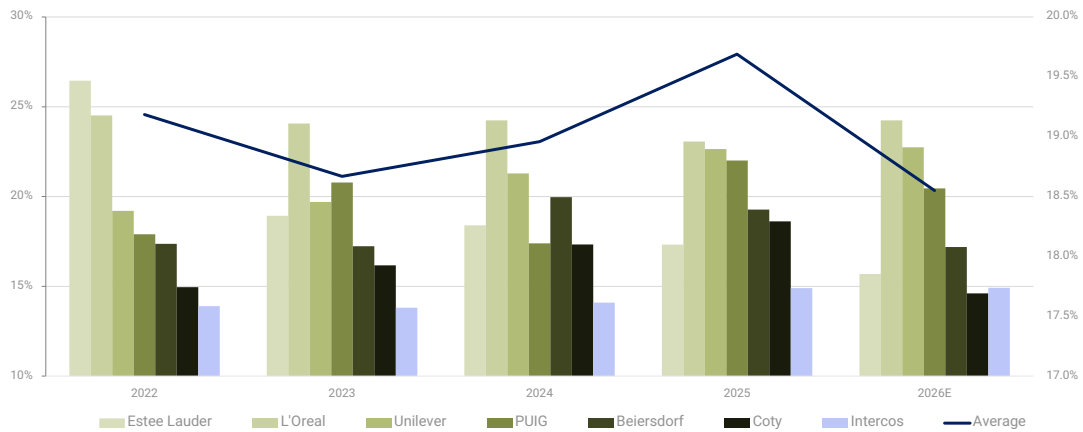


Source: Banca Profilo elaborations on Company data, Factset

**EBITDA margin improved despite sales growth slowdown**

Despite revenue growth slowdown, EBITDA margin has improved on average by 50bps over 2022-2025 to 19.7%. In 2026E, analysts’ consensus expects weak growth at the cost of worsening in margins to below 19%, on average.

**Figure 5: top 7 listed clients – EBITDA margin 2022-2026E**



Source: Banca Profilo elaborations on Company data, Factset

**Arterra Bioscience competitive arena: strategic positioning and competitive advantages**

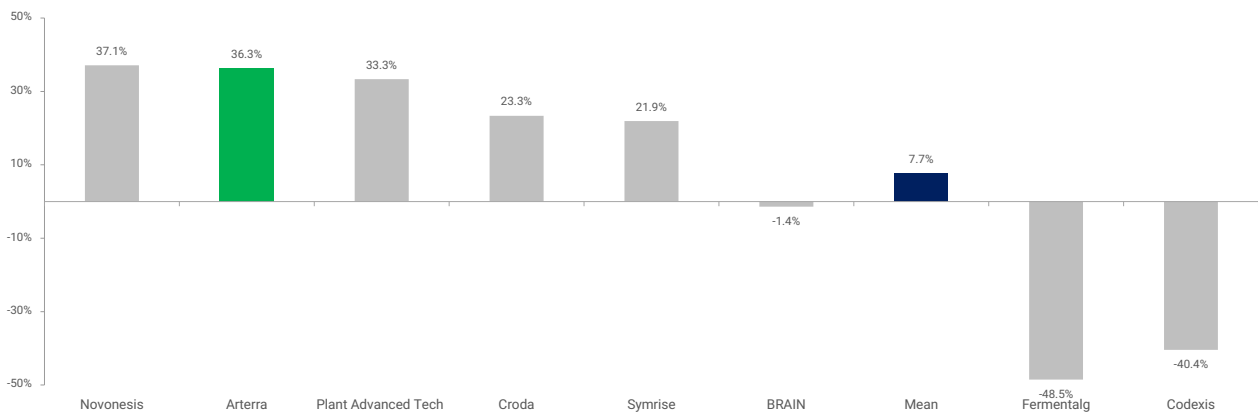
European and US listed biotech

The competitive scenario comprises European and US listed biotech companies active in the research and development of natural substances for industrial green applications.

Arterra profitable business model differs from peers

Main difference between Arterra and its comparables is profitability. Furthermore, Arterra has funded its research, investments, and growth through research grants (at the beginning) with no additional either funds or venture capital needed.

**Figure 6: Main international listed players – EBITDA margin in 2025**



Source: Banca Profilo elaborations on Company data, Factset

Arterra showed second to the highest 2025 EBITDA margin

Since its foundation, in 2004, Arterra has been showing positive EBITDA, whereas most of its peers show either negative marginality or much lower profitability than Arterra. We set a sample of listed peers which includes the Danish Novozymes, the British Croda, the German Symrise and Brain, the French Fermentalg and Plant Advanced Technology, and the US Codexis. In 2025, Arterra confirmed the second to the highest EBITDA margin among peers' sample.

Moreover, we expanded the sample to more mature specialty chemicals companies that have little operations in Natural Resources, such as Lonza, Ashland, OCI and Wacker Chemie, but show historically similar marginality and cashflows to Arterra.

Novonesis (DK)  
DKK 31bn turnover  
37% EBITDA margin

Novonesis, a Danish biotech-based company that research, develops and obtain enzymes for Industrial usage and addresses them to the technical enzyme market, the food enzyme market and the animal feed enzyme market.

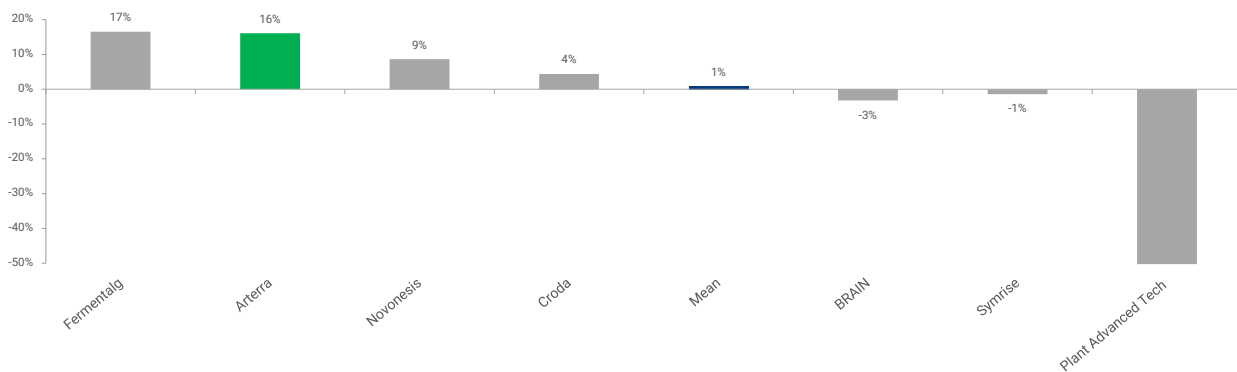
**Croda (UK)**  
**GBP 1.7bn turnover**  
**23% EBITDA margin**

Croda International Plc, is an English holding of a group of companies that develop specialty chemicals, including oleochemicals (derived from natural oils) and industrial chemicals. Its main end markets are: Consumer Care (35%), including Personal care (natural ingredients for hair, skin especially anti-aging, sun care), Life science (health care and Agriculture with ingredients and formulation to pharma and nutritional markets such as dermatology and animal health and to agrochemical companies); Performance Technologies (34%), to which it delivers high-added value additives such as lubricants for the Automotive and Industrial sectors, coatings and polymers serving Oil & Gas, Water treatment, Packaging sector and Home care ingredients serving Households product manufacturers; Industrial Chemicals (11%) including process additives (fatty acids, glycerin...) to Textiles and other Industrials such as Engineering and Automotive. It is mostly exposed in Western Europe (40%), North America and Asia Pacific.

**Symrise (DE)**  
**€4.9bn turnover**  
**22% EBITDA margin**

Symrise AG, is a German developer of fragrance bases, perfume oils, cosmetic raw materials and active ingredients, plant extracts, aroma chemicals, flavorings, fruit powders and seasonings, mostly based on natural raw materials. It addresses mainly to: Cosmetics, Personal care, Household care, Food & Beverage and Pharmaceuticals. Half of its sales come from Europe.

**Figure 7: Main international listed players – yoy growth in 2025**



Source: Banca Profilo on Company data, Factset

**B.R.A.I.N. (DE)**  
**€52.4mln turnover**  
**-1.4% EBITDA margin**

Biotechnology Research and Information Network AG, is a German industrial biotech company active in both BioSciences, for research and development, and BioIndustrial, for the development, of own products addressed to companies or end consumers. Main products are enzymes, biocatalysts, strains, and bioactive natural substances. The Company discovers and develops biotech compounds and microbial producer strains. Its end markets are mainly: Chemicals, Cosmetics, Food and Medical technology, as well as Energy companies, Consumer goods manufacturers and the Green Mining sector.

**Codexis (USA)**  
**USD 70.4mln turnover**  
**USD -28.4mln EBITDA**

Codexis Inc. is an American developer of protein and biocatalysts through an easy-on-the-environment technology that allows to scale-up and implement biocatalytic solutions for chemical processing. Relevant end-markets include Pharmaceuticals and Chemicals. It has a research agreement with Shell (half of Codexis' sales) to develop new ways of converting biomass into biofuel. It is also working to use its technology to manage carbon emissions from coal-fired power and treat wastewater. Some of its biocatalysts and enzymes are used to produce cholesterol-fighting drugs, allergy drugs and antidepressants. Americas represent almost 60% of Codexis' sales.

**Plant Advanced (FR)**  
**€2mln turnover**

Plant Advanced Technologies SA is a French plant biotechnology firm manufacturing rare new actives for Cosmetics, Pharmaceutical and Agriculture. Its main products are

42% EBITDA margin

proteins from the liquid of carnivorous plants and other actives from the roots of various plants.

Fermentalg (FR)  
 €13.4mIn turnover  
 € -6.5mIn EBITDA

Fermentalg SA, is a French industrial biotechnology company that obtain active ingredients from micro algae. Experts in microalgae culture and their industrial fermentation processes. Its main products are molecules including Omega 3 fatty acids, natural pigments antioxidants, proteins and biopolymers. It addresses its production to the following end-markets: Agri-food, Healthcare, Nutrition (human and animal) and Petrochemical industries.

In 2025 Arterra Total revenue  
 +16% yoy

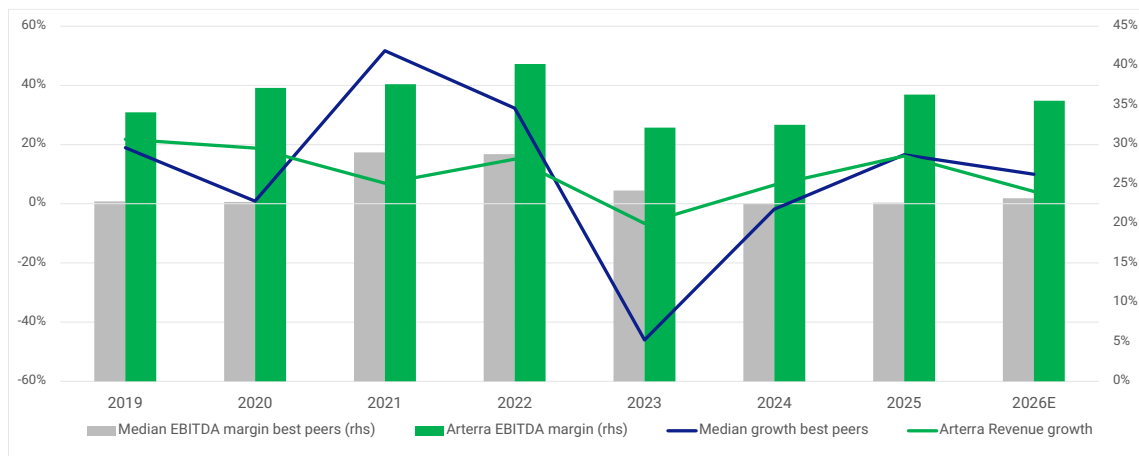
In 2025, Arterra reported the second highest Total revenue growth (+16% yoy), well above the peers' sample median growth of 1%.

Arterra EBITDA marginality  
 consistently above peers'  
 median

Arterra has consistently demonstrated EBITDA margins exceeding the median of its peers, a trend reaffirmed in 2025 with an EBITDA margin of 36%, approximately 10% higher than the Sample's median.

Furthermore, since 2023, as the other players moved from start-ups to a more mature step of their growing cycle, Arterra showed more resilience and then higher revenue growth topping the Sample's median in 2025.

Figure 8: Sales growth and marginality 2018-2026E – Sample median vs Arterra



Source: Banca Profilo on Company data, Factset

## FY25 results

### Cosmetics actives sales reach (again) all-time highs. Better revenue mix and grants improve EBITDA.

FY25:

**Cosmetics volumes and sales peak: 14,300 kgs and €3.9m (+13% yoy)**

In 2025, sales of cosmetic ingredients increased by 12.6% just below €4m (€3.96m), a new all-time high. Growth has been driven by both higher volumes and average price (+6% yoy). Selling volumes and price stand at peak, just below 14,300kgs and €280 per kg thanks to the improved product mix which includes more expensive ingredients addressed to functional make-up.

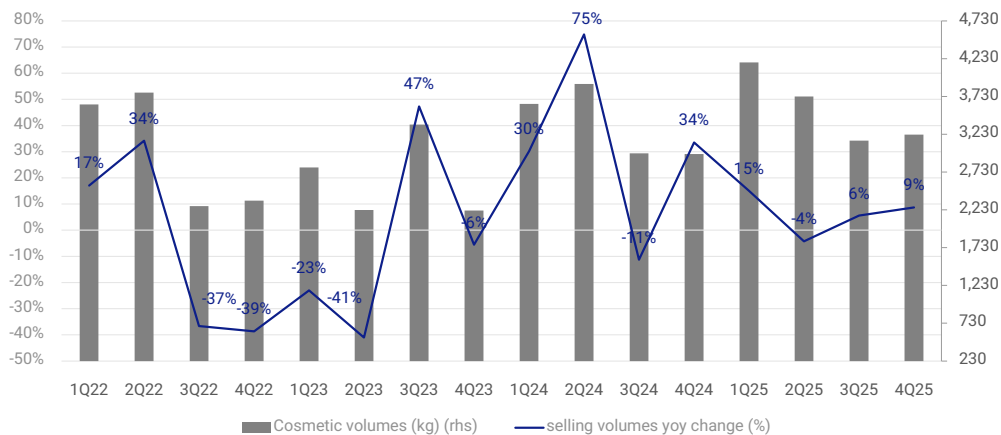
Except for the cyclical dip in 2023, both volumes and revenues have shown consistent growth with a 5-year CAGR exceeding 10%.

Total revenue rose even faster, by 16% yoy to €6.1m, fueled by the increase of grants for ongoing Research projects, which rose to €1.47m, up from €1m a year earlier. Their weight on Total revenue moved to 24% in 2025 from 21% in 2024.

**Volumes record in 1Q25 at almost 4,200 kgs**

Looking at the quarterly analysis of volumes, changes and average price per kg, the historical record in volumes has been reached in the 1Q25 with almost 4,200kgs (+22% yoy), whereas the highest quarterly average price per unit has been hit in the 2Q (above €280/kg).

**Figure 9: Arterra volumes and price quarterly trends 2022-2025**



Source: Banca Profilo on Company data

**EBITDA margin at 36% thanks to better product mix and grants**

In 2025, EBITDA soared to over €2.2m (+30% yoy) and margin improved 300bps to 36%, not only for higher research grants, but also for lower incidence of raw materials and services (31% in 2025 from 34% in 2024) driven by better product mix (higher concentration of make-up vs skin-care actives) and production process optimization, following the investments in advanced production and research equipment and the COO appointment in 2022.

Labour costs increased 16% yoy to €1.85m following 2 new hirings, the upgrade of some exiting employees and bonuses recognized to all employees in July. Nevertheless, Labour costs incidence on Total revenue stayed unchanged at 30%.

**Net profit at 33% margin**

Net profit stood above €2m or 33% margin (25% in 2024), also marking a new high, despite an equity investment write-down (€135k) and lower dividends from Vitalab (€144k from prior €200k), as these were more than offset by declining D&A (end of amortization of some intangibles, including IPO costs) and taxes (Patent Box renewal).

Table 1: Arterra Profit and Loss FY2019-2025

Profit & Loss								
	€/000	2019	2020	2021	2022	2023	2024	2025
Cosmetic turnover		2,167	2,281	3,253	2,984	2,633	3,519	3,963
Nutraceutical/medical devices turnover		0	0	0	0	0	0	0
Agriculture/AgriFood		0	0	0	0	0	0	0
Research contracts and services		542	541	573	580	671	654	686
Licences and royalties		0	0	0	0	0	0	0
<b>Total turnover</b>		<b>2,709</b>	<b>2,822</b>	<b>3,825</b>	<b>3,564</b>	<b>3,304</b>	<b>4,173</b>	<b>4,649</b>
	yoy	12%	4%	36%	-7%	-7%	26%	11%
cosmetic volumes (kg)		8,839	9,117	13,342	12,036	10,599	13,475	14,280
	yoy	24%	3%	46%	-10%	-12%	27%	6%
avg cosmetic price (€/kg)		245	250	244	248	248	261	278
Research grants and stock changes		917	1,487	783	1,740	1,647	1,093	1,466
	% on total revenue	25%	35%	17%	33%	33%	27%	24%
<b>Total Revenue</b>		<b>3,627</b>	<b>4,308</b>	<b>4,608</b>	<b>5,303</b>	<b>4,951</b>	<b>5,266</b>	<b>6,115</b>
	yoy	22%	19%	7%	15%	-7%	6%	16%
raw materials cost		(455)	(525)	(318)	(507)	(425)	(463)	(381)
cost of services		(726)	(873)	(986)	(1,140)	(1,292)	(1,331)	(1,511)
	% on total revenue	-33%	-32%	-28%	-31%	-35%	-34%	-31%
cost of labour		(1,025)	(1,128)	(1,228)	(1,391)	(1,476)	(1,598)	(1,854)
	% on total revenue	-28%	-26%	-27%	-26%	-30%	-30%	-30%
lease		(146)	(151)	(158)	(83)	(82)	(95)	(86)
other operating costs		(38)	(30)	(184)	(51)	(85)	(66)	(60)
<b>EBITDA</b>		<b>1,236</b>	<b>1,602</b>	<b>1,735</b>	<b>2,133</b>	<b>1,591</b>	<b>1,712</b>	<b>2,222</b>
	margin	34%	37%	38%	40%	32%	33%	36%
# employees		28	30	35	36	34	34	38
labor cost per unit		(37)	(38)	(35)	(39)	(43)	(47)	(49)
D&A		(296)	(400)	(487)	(532)	(532)	(339)	(290)
	% on total revenue	-8%	-9%	-11%	-10%	-11%	-6%	-5%
<b>EBIT</b>		<b>940</b>	<b>1,201</b>	<b>1,248</b>	<b>1,601</b>	<b>1,059</b>	<b>1,373</b>	<b>1,932</b>
	margin	26%	28%	27%	30%	21%	26%	32%
net financial income (expenses)		1	(2)	26	197	243	328	200
	% on total revenue	0.0%	0.0%	0.6%	3.7%	4.9%	6.2%	3.3%
<b>EBT</b>		<b>940</b>	<b>1,199</b>	<b>1,274</b>	<b>1,797</b>	<b>1,302</b>	<b>1,701</b>	<b>2,132</b>
	margin	26%	28%	28%	34%	26%	32%	35%
taxes		(83)	(91)	(163)	(383)	(226)	(365)	8
	tax rate	-9%	-8%	-13%	-21%	-17%	-21%	0%
<b>Net income</b>		<b>857</b>	<b>1,108</b>	<b>1,111</b>	<b>1,414</b>	<b>1,076</b>	<b>1,337</b>	<b>2,141</b>
	% on total revenue	24%	26%	24%	27%	22%	25%	35%

Source: Banca Profilo on Company data

Net Cash at the end of December rose to €6mln.

At the end of December 2025, net cash rose further to €6mln from €5.6mln a year earlier, driven by rising EBITDA and the cash in of receivables from grants. It included €4.9mln of short-term liquid financial asset, increasing from €2.5mln at the end of 2024.

Table 2: Arterra Balance Sheet 31.12.19 – 31.12.25

Balance Sheet								
	€/000	2019	2020	2021	2022	2023	2024	2025
tangibles		1278	1400	1662	1535	1232	1508	1680
intangibles		706	567	442	204	40	36	22
financials		452	452	949	982	982	982	982
<b>Fixed assets</b>		<b>2,437</b>	<b>2,419</b>	<b>3,052</b>	<b>2,722</b>	<b>2,254</b>	<b>2,526</b>	<b>2,685</b>
other current net receivables		452	912	914	227	869	98	308
receivables from grants		495	585	755	905	816	1,455	1,508
trade receivables		414	339	806	774	695	1,628	1,719
inventories		425	570	488	1,157	1,356	1,330	1,539
trade payables		(500)	(188)	(250)	(188)	(250)	(276)	(241)
<b>Net operating Working Capital</b>		<b>834</b>	<b>1,306</b>	<b>1,798</b>	<b>2,648</b>	<b>2,617</b>	<b>4,139</b>	<b>4,526</b>
	% on total revenue	23%	30%	39%	50%	53%	79%	74%
receivables from grants (% grants)		54%	39%	96%	52%	50%	133%	103%
trade receivables (% revenue)		11%	8%	17%	15%	14%	31%	28%
inventories (% revenue)		12%	13%	11%	22%	27%	25%	25%
trade payables (% COGS)		42%	13%	19%	11%	15%	15%	13%
<b>Capex</b>		<b>1,897</b>	<b>383</b>	<b>609</b>	<b>184</b>	<b>83</b>	<b>612</b>	<b>449</b>
	tangible	1143	342	541	179	66	588	453
	intangibles	754	40	68	5	17	24	-4
	% on total revenue	52%	9%	13%	3%	2%	12%	7%
<b>Provisions</b>		<b>(504)</b>	<b>(522)</b>	<b>(490)</b>	<b>(632)</b>	<b>(659)</b>	<b>(895)</b>	<b>(957)</b>
<b>Invested Capital</b>		<b>3,218</b>	<b>4,115</b>	<b>5,273</b>	<b>4,965</b>	<b>5,080</b>	<b>5,868</b>	<b>6,562</b>
shareholders' equity		327	330	333	333	333	333	333
reserves		5,926	6,742	8,029	8,720	9,343	9,753	10,243
net income		857	1,108	1,111	1,414	1,076	1,337	2,006
<b>Equity</b>		<b>7,110</b>	<b>8,181</b>	<b>9,473</b>	<b>10,467</b>	<b>10,752</b>	<b>11,423</b>	<b>12,582</b>
<b>Net debt (cash)</b>		<b>(3,892)</b>	<b>(4,066)</b>	<b>(4,199)</b>	<b>(5,502)</b>	<b>(5,672)</b>	<b>(5,555)</b>	<b>(6,021)</b>

Source: Banca Profilo on Company data

**Cash generation  
driven by €1.9mln  
EBIT**

In 2025, Arterra generated almost €1mln net Free Cash Flows coming from €1.9mln EBIT and including €387k cash absorption, despite net working capital optimization with its weight on Total revenue declining to 74% at the end of 2025 from 79% a year earlier, when receivables from grants reached their peak above 1.3x the yearly grants. Capex has been reduced to €450k in 2025 from above €600k in 2024.

**Table 3: Arterra Free Cash Flows FY20 – FY25**

Free Cash Flows								
	€/000	2019	2020	2021	2022	2023	2024	2025
EBIT		940	1,201	1,248	1,601	1,059	1,373	1,932
tax (figurative)		(188)	(241)	(250)	(321)	(212)	(275)	(387)
D&A		296	400	487	532	532	339	290
change in Net Working Capital		868	(472)	(492)	(850)	31	(1,522)	(387)
capex		(1,153)	(383)	(609)	(184)	(83)	(612)	(449)
<b>Free Cash Flow</b>		<b>762</b>	<b>506</b>	<b>385</b>	<b>778</b>	<b>1,328</b>	<b>-697</b>	<b>999</b>

Source: Banca Profilo on Company data

## Strategy Update

### Research and partnerships in Medical Devices and Agri-food. Expanding in Cosmetics via Vitalab.

<p><b>Production capacity expansion</b></p> <p><b>Process optimization</b></p>	<p>Since its IPO in 2019, Arterra has consistently invested in expanding both its production capacity and research capabilities. In 2021, the Company further upgraded its production facilities, acquiring additional equipment and implementing advanced technologies to enhance plant cellular growth. This expansion strategy remains ongoing, supported by continued investments in headquarters’ development and production infrastructure.</p> <p>Since 2024, over €900k has been invested in facility expansion and new equipment, primarily within the Process Lab, Plant Growing Facility, and Lactobacillus &amp; Agrobacterium Growing Facility.</p>
<p><b>Organization strengthening and streamlining</b></p>	<p>Between 2020 and 2022, Arterra also strengthened its organization by appointing:</p> <ul style="list-style-type: none"> <li>• a COO (Giuseppe Ferrante),</li> <li>• an R&amp;D Coordinator (Vincenzo Fogliano),</li> <li>• a Grant &amp; IP Director (Marida Bimonte)</li> <li>• a Cell &amp; Molecular Biology Director (Annalisa Tito).</li> </ul> <p>In 2023, the Company introduced an additional organizational layer - the Middle Management - to further streamline research and production processes.</p> <p>More recently, Arterra has enhanced its commercial capabilities with the addition of Alessandro Barbarulo as Business Developer.</p> <p>In parallel, the Company has strengthened its position in Medical Aesthetics through a consultancy agreement with Vitalab, involving Alessandro Galli.</p>
<p><b>State of the art</b></p>	<p>Since 2024, Arterra has launched 8 new products and 3 patents, including innovations in Haircare (hair growth stimulus), Cosmetics (skincare and functional make up) and ingredients specifically addressed to China.</p> <p>A key focus of this innovation pipeline is represented by next generation actives on plant-derived exosomes and plant-derived polynucleotides which have emerged as strategic pillars for advanced skin and hair regeneration.</p> <p>In 2025, 5 exclusive active ingredients are being developed for key multinational Cosmetics brands.</p> <p>The Company is expanding into a new end-market: Aesthetic Medicine with pre- and post-treatment products and ingredients addressed to Medical Device producers in a B2B business model.</p> <p>In Nutraceutical, Arterra has a clinically tested, patented product, for atopic dermatitis.</p>

**Figure 10: Arterra state of the art and addressable markets**

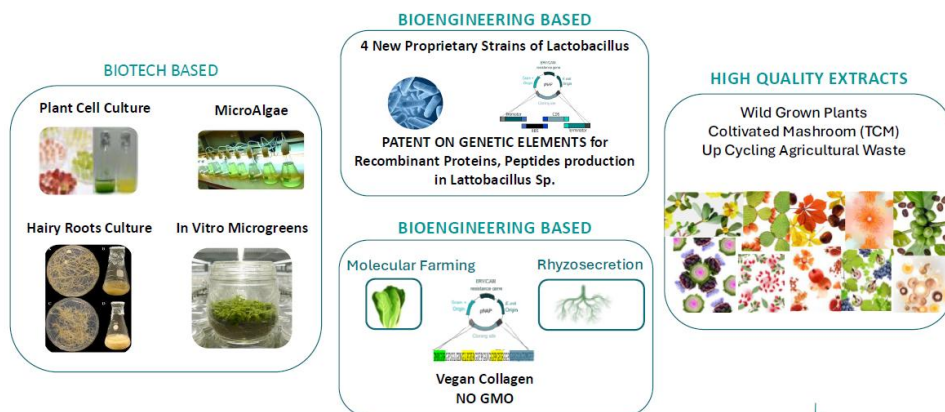


Source: Company data

**Medical Devices and Agri-Food** In-vitro research, especially on skin and intestine, led to new agreements in Agrifood, Nutraceutical and Medical Devices.

<p><b>Agri-Food :</b> <b>Arterra-Montecarlo Fruit</b></p>	<p>In June 2021, Arterra and Montecarlofruit signed a research agreement for the upcycle of mango waste that led to new products in the Baby Food: Mango Super Purea, the aseptic fruit puree for baby food produced in Mali.</p>
<p><b>Nutraceutical:</b> <b>Arterra-ADL-ABR</b></p>	<p>In April 2021, Arterra signed its first agreement with ADL Farmaceutici for a 5-year production and license of mix of four active compounds named “ArterraBio Complex I” against skin acne. This first agreement became a stake acquisition when, in June 2021, Arterra subscribed to the capital increase by ADL acquiring a 6.81% stake.</p> <p>Arterra and ABR are co-developing a natural product for the treatment of Irritable Bowel Syndrome, combining their respective expertise to create an innovative, science-based solution targeting gut health and patient well-being. The product has already been certified as a Novel Food, supporting its regulatory positioning and market readiness.</p>
<p><b>Patents in Medical Devices</b></p>	<p>Arterra is actively developing an innovative solution for the treatment of atopic dermatitis, designed for both topical and oral administration. In this context, two extracts have been identified and patented for the prevention and treatment of atopic dermatitis. Clinical evidence supports their efficacy, showing that the combined topical and oral use in partial responders, in association with the biologic dupilumab, can effectively eliminate disease flares.</p>
<p><b>New proprietary enabling IP</b></p>	<p>A new, potentially disruptive proprietary platform technology may enable the development of innovative compounds across Cosmetics, Agriculture, Medical Devices, Agri-food, and Pharma. This approach is based on the expression of biomolecules in a bacterial system that is more widely accepted and safer than conventional E. coli-based systems, offering a novel alternative for synthetic biology and precision fermentation.</p> <p>In this context, four proprietary lactobacilli strains, isolated from raw buffalo milk, Sardinian Pecorino cheese and human skin have been registered. In addition, a patent covering specific genetic elements has been granted, enabling the production of proteins, nucleic acids, and new metabolic pathways for a wide range of industrial applications, in collaboration with prospective partners in the pharma and biotech sectors.</p>
<p><b>Exosomes Technology</b></p>	<p>Exosome research is redefining the future of advanced skincare, unlocking next-generation biological performance for Cosmetics and Medical Aesthetics. Within this vision, Arterra has developed an exclusive active ingredient derived from Coffea bengalensis exosomes, designed to boost collagen and enhance skin regeneration, setting a new benchmark in skin revitalization. Complementing this innovation, exosome actives from lactobacilli and lettuce sprouts have also been developed and fully characterized, enriching our cutting-edge portfolio.</p>
<p><b>PDRN Technology</b></p>	<p>Polynucleotide-based active ingredients (PDRN) technology represents a new frontier in regenerative skincare, delivering advanced biological activity for skin repair and revitalization. Within this vision, Arterra has developed an innovative active ingredient derived from Coffea bengalensis cell cultures that offers a multi-target approach to skin and scalp regeneration.</p>

**Figure 11: Arterra sources for actives discovery and development**



Source: Company data

**Consolidating in Skincare and makeup  
A new industrial application: Haircare**

In Cosmetics, since 2024, Arterra has launched 8 new products on the market and filed 5 patents, including for actives addressed to Haircare, Arterra’s new industrial application for hair growth stimulus.

**Figure 12: new actives in Cosmetics**

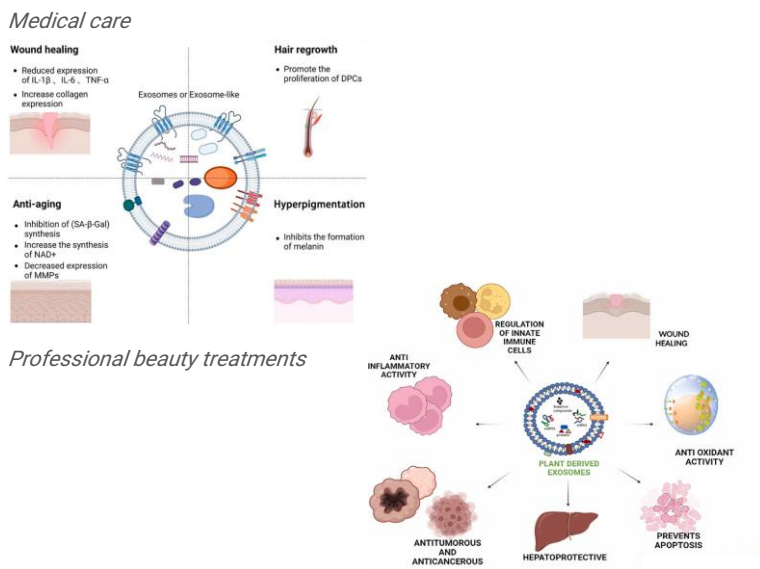


Source: Company data

**Innovation in Cosmetics  
Extracellular vesicles  
Plant Exosomes**

Further innovation in Cosmetics includes: i) powder active ingredients for make-up application; ii) recombinant peptides using molecular farming technology, such as Vegan Collagen; iii) post biotics using precision fermentation technology leading to new proprietary strains; iv) new delivery systems and v) plant-based extracellular vesicles, such as plant exosomes, as well as lactobacillus-derived exosomes, having a number of complex biological functions and containing components with relevant claimed properties including anti-inflammatory, anti-tumorous and anti-cancerous activity, as well as hepatoprotective effects in medical care or wound healing, hair regrowth, anti-aging and hyperpigmentation action to be used in Skincare and professional beauty treatments; vi) polynucleotide-based active ingredients (PDRN), developed through advanced biotechnology, designed to support skin regeneration, stimulate collagen production, promote wound healing, and enhance hair follicle activity.

**Figure 13: Innovation in Cosmetics - plant Exosomes, claimed properties and their industrial applications**



Source: Company data

Skincare



**Plant Exosomes industrial application**

The technology that Arterra has been using has great potential for developing active ingredients based on plant exosomes to be addressed to Medical Aesthetics, Medical Devices and Bio medic.

## Estimates update

### 2025-2027 estimates fine tuning. Adding 2028E.

2025-2027 projections fine tuning. Adding 2028E.

Better revenue mix and production efficiency gain already included in our latest report

Sales CAGR 25-28E at 13%.

EBITDA margin +300bps to 39%

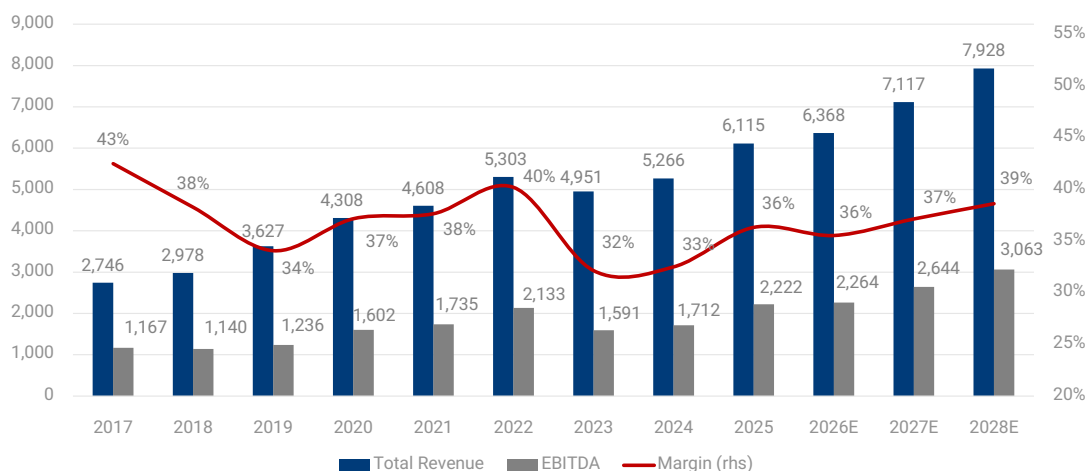
In this report we update our previous 2026-2027 projections [Company Update on October the 20th 2025], amid FY25 results and add 2028 forecast, according to the Company strategic development and management guidance.

In our latest report, which followed brilliant 1H25 results, we had already revised upward our three-year estimates, including some increase in the average price per kg, amid the improved revenue mix with higher weight of functional make-up, and some production efficiency gains, amid lower incidence of raw materials. Following stronger 2025 results in terms of marginality and adding one year of forecast, new three-year estimate are a fine-tuning.

For the three-year projections, we now expect 2025-2028E Cosmetics sales CAGR at 13% driven by increasing selling volumes to 20,600 kgs and higher unit selling price as the revenue mix has been moving towards the “richest” actives addressed to functional make-up cosmetics. These projections are slightly lower than our latest Update (2024-2027E Cosmetics sales CAGR at 16% and selling volumes of 20,800 at target) for lower selling volumes in 2025 compared to our forecast.

In terms of Total revenue, we expect Research grants at some 20% weight, which stands below the historical average (27% over 2019-2025), but more in line with Arterra’s business expansion and revenue mix development. Moreover, the peak in 2025 also derived from slower cash in, much of it we expect in 2026. Finally, despite less-than-historical grants contribution to revenue, we forecast EBITDA margin to improve 300bps further to 39% in 2028E, which is in line with our previous forecast for the final three-year explicit period, as we assume better revenue mix, production efficiency and operating leverage to consolidate in the next three years.

Figure 14: Revenue, EBITDA and margin 2017-2027E



Source: Banca Profilo on Company data

9% Net Income CAGR 25-28E

The remaining P&L metrics see a return to material D&A increase after the end of IPO costs amortization as they include new investments at some €1mln in 2024-2025, an average of €170k dividend from Vitalab and a 20% tax rate, which we confirm in 2026-2028. Net income CAGR slows to 9% in our new estimates, due to much higher EBIT and Net income occurred in 2025 for very low D&A and no taxes, which we assume as non-sustainable over the next three years.

Table 4: P&amp;L estimates old vs new 2025E-2027E

Profit & Loss																
€/'000	2017	2018	2019	2020	2021	2022	2023	2024	2025E old	2025	2026E old	2026E new	2027E old	2027E new	2028E new	
<i>Cosmetic turnover</i>	1,503	1,868	2,167	2,281	3,253	2,984	2,633	3,519	4,107	3,963	4,764	4,439	5,526	5,016	5,718	
<i>yoy</i>		24%	16%	5%	43%	-8%	-12%	34%	17%	13%	16%	12%	16%	5%	29%	
<i>Nutraceutical/Medical Devices</i>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
<i>Agriculture/Agri-food</i>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
<i>Research contracts and services</i>	551	559	542	541	573	580	671	654	722	686	825	752	942	841	937	
<i>Licences and royalties</i>	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
<b>Total turnover</b>	<b>2,054</b>	<b>2,427</b>	<b>2,709</b>	<b>2,822</b>	<b>3,826</b>	<b>3,563</b>	<b>3,304</b>	<b>4,173</b>	<b>4,829</b>	<b>4,650</b>	<b>5,588</b>	<b>5,192</b>	<b>6,468</b>	<b>5,857</b>	<b>6,655</b>	
<i>yoy</i>		18%	12%	4%	36%	-7%	-7%	26%	16%	11%	16%	12%	16%	5%	28%	
<i>cosmetic volumes (kg)</i>	5,690	7,142	8,839	9,117	13,342	12,036	10,599	13,475	15,496	14,280	17,976	15,994	20,852	18,073	20,603	
<i>yoy</i>		90%	26%	24%	3%	46%	-10%	-12%	27%	15%	6%	16%	12%	1%	29%	
<i>avg cosmetic price (€/kg)</i>	264	262	245	250	244	248	248	261	265	278	265	278	265	278	278	
<i>Research grants and stock changes</i>	692	551	917	1,487	783	1,740	1,647	1,093	1,187	1,466	1,283	1,176	1,381	1,260	1,273	
<i>% on sales</i>	25%	18%	25%	35%	17%	33%	33%	21%	20%	24%	19%	18%	18%	18%	16%	
<b>Total Revenue</b>	<b>2,746</b>	<b>2,978</b>	<b>3,627</b>	<b>4,309</b>	<b>4,609</b>	<b>5,303</b>	<b>4,951</b>	<b>5,267</b>	<b>6,016</b>	<b>6,115</b>	<b>6,871</b>	<b>6,368</b>	<b>7,848</b>	<b>7,117</b>	<b>7,928</b>	
<i>yoy</i>	45%	8%	22%	19%	7%	15%	-7%	6%	14%	16%	14%	6%	30%	16%	15%	
<i>raw materials cost</i>	(210)	(259)	(455)	(525)	(318)	(507)	(425)	(463)	(381)	(381)						
<i>cost of services</i>	(466)	(533)	(726)	(873)	(986)	(1,140)	(1,292)	(1,331)	(1,511)	(1,511)	(2,135)	(1,971)	(2,438)	(2,203)	(2,453)	
<i>% on total revenue</i>	25%	27%	33%	32%	28%	31%	35%	34%	31%	31%	31%	31%	31%	31%	31%	
<i>cost of labour</i>	(736)	(847)	(1,025)	(1,128)	(1,228)	(1,391)	(1,476)	(1,598)	(1,858)	(1,854)	(2,034)	(1,987)	(2,221)	(2,124)	(2,266)	
<i>% on total revenue</i>	27%	28%	28%	26%	27%	26%	30%	30%	31%	30%	30%	31%	28%	30%	29%	
<i>lease</i>	(123)	(146)	(146)	(151)	(158)	(83)	(82)	(95)	(86)	(86)	(86)	(86)	(86)	(86)	(86)	
<i>other operating costs</i>	(43)	(53)	(38)	(30)	(184)	(51)	(85)	(66)	(72)	(60)	(72)	(60)	(72)	(60)	(60)	
<b>EBITDA</b>	<b>1,167</b>	<b>1,140</b>	<b>1,236</b>	<b>1,602</b>	<b>1,736</b>	<b>2,133</b>	<b>1,591</b>	<b>1,713</b>	<b>2,131</b>	<b>2,222</b>	<b>2,545</b>	<b>2,264</b>	<b>3,031</b>	<b>2,644</b>	<b>3,063</b>	
<i>margin</i>	43%	38%	34%	37%	38%	40%	32%	33%	35%	36%	37%	36%	39%	37%	39%	
<i># employees</i>	n.a.	20	28	30	35	36	34	34	38	38	40	40	42	42	44	
<i>labor cost per unit</i>		(42)	(37)	(38)	(35)	(39)	(43)	(47)	(49)	(49)	(51)	(50)	(53)	(51)	(51)	
<i>D&amp;A</i>	(143)	(73)	(296)	(400)	(487)	(532)	(532)	(339)	(445)	(290)	(520)	(370)	(580)	(440)	(515)	
<i>% on total revenue</i>	5%	2%	8%	9%	11%	10%	11%	6%	7%	5%	8%	6%	7%	6%	6%	
<b>EBIT</b>	<b>1,024</b>	<b>1,067</b>	<b>940</b>	<b>1,201</b>	<b>1,249</b>	<b>1,601</b>	<b>1,059</b>	<b>1,373</b>	<b>1,686</b>	<b>1,932</b>	<b>2,024</b>	<b>1,894</b>	<b>2,451</b>	<b>2,204</b>	<b>2,548</b>	
<i>margin</i>	37%	36%	26%	28%	27%	30%	21%	26%	28%	32%	29%	30%	31%	31%	32%	
<i>net financial income (expenses)</i>	(7)	6	1	(2)	26	197	243	328	230	200	268	251	279	261	273	
<i>% on total revenue</i>	-0.2%	0.2%	0.0%	0.0%	0.6%	3.7%	4.9%	6.2%	3.8%	3.3%	3.9%	3.9%	3.6%	3.7%	3.4%	
<i>write down</i>									(135)	(135)						
<b>EBT</b>	<b>1,017</b>	<b>1,073</b>	<b>941</b>	<b>1,199</b>	<b>1,274</b>	<b>1,797</b>	<b>1,302</b>	<b>1,702</b>	<b>1,781</b>	<b>1,998</b>	<b>2,293</b>	<b>2,145</b>	<b>2,730</b>	<b>2,465</b>	<b>2,821</b>	
<i>margin</i>	37%	36%	26%	28%	28%	34%	26%	32%	30%	33%	33%	34%	35%	35%	36%	
<i>taxes</i>	(272)	(29)	(83)	(91)	(163)	(383)	(226)	(365)	0	8	(99)	(69)	(186)	(133)	(205)	
<i>tax rate</i>	27%	3%	9%	8%	13%	21%	17%	21%	0%	0%	4%	3%	7%	5%	7%	
<b>Net income</b>	<b>745</b>	<b>1,044</b>	<b>857</b>	<b>1,109</b>	<b>1,111</b>	<b>1,414</b>	<b>1,076</b>	<b>1,337</b>	<b>1,781</b>	<b>2,006</b>	<b>2,194</b>	<b>2,076</b>	<b>2,544</b>	<b>2,332</b>	<b>2,616</b>	
<i>% on total revenue</i>	27%	35%	24%	26%	24%	27%	22%	25%	30%	33%	32%	33%	32%	33%	33%	

Source: Banca Profilo estimates and Company data

**Balance Sheet:**

Gradual cash in of grants receivables;  
 €1mIn Capex;  
 generous dividend policy  
 net cash above €8.6mIn  
 by the end of 2028

Regarding our Balance Sheet estimates, we worsened the Net Operating Working capital to 65% of sales at the end of 2028, from previous 50% of sales at the end of 2027, including some €900k cash in of grants receivables this year and a similar average cash in over the next three years. Higher cash absorption by Net Operating Working capital is expected to offset higher EBIT over the next three years.

Net cash at the end of 2028 is then projected at €8.6mIn vs prior €9.1mIn at the end of 2027. We confirm €1mIn capex over the three-year period and a generous dividend distribution policy (some 70% of consolidate Net income).

Table 5: Balance Sheet old vs new estimates 2025E-2027E

Balance Sheet																
€/000	2017	2018	2019	2020	2021	2022	2023	2024	2025E old	2025	2026E old	2026E new	2027E old	2027E new	2028E new	
tangibles	185	567	1278	1400	1662	1535	1232	1508	1512	1680	1314	1662	1061	1581	1477	
intangibles	27	108	706	567	442	204	40	36	36	22	14	39	-14	52	40	
financials	462	452	452	452	949	982	982	982	982	982	982	982	982	982	982	
<b>Fixed assets</b>	<b>675</b>	<b>1,127</b>	<b>2,437</b>	<b>2,419</b>	<b>3,052</b>	<b>2,722</b>	<b>2,254</b>	<b>2,526</b>	<b>2,530</b>	<b>2,685</b>	<b>2,310</b>	<b>2,683</b>	<b>2,030</b>	<b>2,615</b>	<b>2,500</b>	
other current net receivables	131	177	452	912	914	227	869	98	-334	308	-262	380	-190	452	524	
receivables from grants	1,176	1,062	495	585	755	905	816	1,455	1,224	1,508	1,002	1,211	871	1,171	1,055	
trade receivables	303	630	414	339	806	774	695	1,628	1,445	1,719	1,513	2,227	1,729	2,347	2,455	
inventories	263	267	425	570	488	1,157	1,356	1,330	1,520	1,539	1,736	1,602	1,983	1,791	1,995	
trade payables	(161)	(257)	(500)	(188)	(250)	(188)	(250)	(276)	(343)	(241)	(328)	(280)	(375)	(313)	(348)	
<b>Net operating Working Capital</b>	<b>1,582</b>	<b>1,702</b>	<b>834</b>	<b>1,306</b>	<b>1,798</b>	<b>2,648</b>	<b>2,617</b>	<b>4,139</b>	<b>3,846</b>	<b>4,526</b>	<b>3,923</b>	<b>4,760</b>	<b>4,208</b>	<b>4,995</b>	<b>5,157</b>	
% on total revenue	58%	57%	23%	30%	39%	50%	53%	79%	64%	74%	57%	75%	54%	70%	65%	
receivables from grants (% grants)	170%	193%	54%	39%	96%	52%	50%	133%	103%	103%	78%	103%	63%	93%	83%	
trade receivables (% revenue)	11%	21%	11%	8%	17%	15%	14%	31%	24%	28%	22%	35%	22%	33%	31%	
inventories (% revenue)	10%	9%	12%	13%	11%	22%	27%	25%	25%	25%	25%	25%	25%	25%	25%	
trade payables (% COGS)	24%	32%	42%	13%	19%	11%	15%	15%	18%	13%	15%	14%	15%	14%	14%	
<b>Capex</b>	<b>50</b>	<b>536</b>	<b>1,897</b>	<b>383</b>	<b>609</b>	<b>184</b>	<b>83</b>	<b>612</b>	<b>450</b>	<b>449</b>	<b>300</b>	<b>350</b>	<b>300</b>	<b>350</b>	<b>400</b>	
tangible	28	447	1143	342	541	179	66	588	405	453	270	315	270	315	360	
intangibles	22	89	754	40	68	5	17	24	45	-4	30	35	30	35	40	
% on total revenue	2%	18%	52%	9%	13%	3%	2%	12%	7%	7%	4%	5%	4%	5%	5%	
<b>Provisions</b>	<b>(629)</b>	<b>(630)</b>	<b>(504)</b>	<b>(522)</b>	<b>(522)</b>	<b>(522)</b>	<b>(659)</b>	<b>(895)</b>	<b>(895)</b>	<b>(957)</b>	<b>(895)</b>	<b>(957)</b>	<b>(895)</b>	<b>(957)</b>	<b>(957)</b>	
<b>Invested Capital</b>	<b>1,757</b>	<b>2,375</b>	<b>3,218</b>	<b>4,115</b>	<b>5,241</b>	<b>5,075</b>	<b>5,080</b>	<b>5,868</b>	<b>5,148</b>	<b>6,562</b>	<b>5,077</b>	<b>6,866</b>	<b>5,153</b>	<b>7,106</b>	<b>7,224</b>	
shareholders' equity	250	250	327	330	333	333	333	333	333	333	333	333	333	333	333	
reserves	720	1,265	5,926	6,742	8,029	8,720	9,343	9,753	10,243	10,243	10,772	11,272	11,424	12,049	12,920	
net income	745	1,044	857	1,108	1,111	1,414	1,076	1,337	1,781	2,006	2,194	2,076	2,543	2,332	2,616	
<b>Equity</b>	<b>1,715</b>	<b>2,559</b>	<b>7,110</b>	<b>8,181</b>	<b>9,473</b>	<b>10,467</b>	<b>10,752</b>	<b>11,423</b>	<b>12,357</b>	<b>12,582</b>	<b>13,299</b>	<b>13,681</b>	<b>14,301</b>	<b>14,713</b>	<b>15,869</b>	
<b>Net debt (cash)</b>	<b>42</b>	<b>(185)</b>	<b>(3,892)</b>	<b>(4,066)</b>	<b>(4,232)</b>	<b>(5,392)</b>	<b>(5,672)</b>	<b>(5,555)</b>	<b>(7,209)</b>	<b>(6,021)</b>	<b>(8,222)</b>	<b>(6,815)</b>	<b>(9,148)</b>	<b>(7,607)</b>	<b>(8,645)</b>	
adj Net debt (cash)	771	464	(3,439)	(3,727)	(4,199)	(3,796)	(3,300)	(3,083)	(7,209)	(6,021)	(8,222)	(6,815)	(9,148)	(7,607)	(8,645)	

Source: Banca Profilo estimates and Company data

### 2026E-2028E FCFs at €4.9mln

In terms of Free Cash Flows, we project 2026E-2028E cumulated cash generation at €4.9mln vs previous €5.3mln, as higher EBIT will be more than offset by higher NWC cash absorption forecast.

Table 6: Free Cash Flows old vs new estimates 2025E-2027E

Free Cash Flows																
€/000	2017	2018	2019	2020	2021	2022	2023	2024	2025E old	2025	2026E old	2026E new	2027E old	2027E new	2028E new	
EBIT	1,024	1,067	940	1,201	1,249	1,601	1,059	1,373	1,686	1,932	2,024	1,894	2,451	2,204	2,548	
tax (figurative)	(205)	(214)	(188)	(241)	(250)	(321)	(212)	(275)	(338)	(387)	(406)	(380)	(491)	(442)	(511)	
<b>NOPAT</b>	<b>819</b>	<b>853</b>	<b>751</b>	<b>961</b>	<b>998</b>	<b>1,280</b>	<b>847</b>	<b>1,098</b>	<b>1,348</b>	<b>1,545</b>	<b>1,619</b>	<b>1,514</b>	<b>1,960</b>	<b>1,762</b>	<b>2,037</b>	
D&A	143	73	296	400	487	532	532	339	445	290	520	370	580	440	515	
<b>Gross FCF</b>	<b>962</b>	<b>926</b>	<b>1,048</b>	<b>1,361</b>	<b>1,486</b>	<b>1,812</b>	<b>1,379</b>	<b>1,437</b>	<b>1,793</b>	<b>1,835</b>	<b>2,139</b>	<b>1,884</b>	<b>2,540</b>	<b>2,202</b>	<b>2,552</b>	
change in Net Working Capital	(219)	(120)	868	(472)	(492)	(850)	31	(1,522)	293	(387)	(77)	(234)	(285)	(236)	(162)	
capex	(50)	(536)	(1,153)	(383)	(609)	(184)	(83)	(612)	(450)	(449)	(300)	(350)	(300)	(350)	(400)	
<b>Free Cash Flow</b>	<b>693</b>	<b>270</b>	<b>762</b>	<b>506</b>	<b>385</b>	<b>778</b>	<b>1,328</b>	<b>-696</b>	<b>1,636</b>	<b>999</b>	<b>1,762</b>	<b>1,300</b>	<b>1,955</b>	<b>1,617</b>	<b>1,991</b>	

Source: Banca Profilo estimates and Company data

### Main risks to our estimates

Main downside risk to our estimates remains Arterra's effective capacity to reach a relevant scale, also in new end-markets. We also see the lack of net cash optimization with persisting cumulating cash and low capex.

## Valuation

DCF: Arterra cash generating business Market multiples can also be used

Given Arterra's cash generating business model, a DCF method well adapts as a valuation approach.

For what concerns the market multiples approach, the listed international research-based companies represent a fitting panel of comparables for suggesting an appropriate relative valuation using market multiples.

### DCF

DCF assumptions:

€4.9mln of cumulated FCFs (-8%)

€1.5mln as Terminal Value cash flow (+27%)

To run a DCF model, we use our projected FCFs for the 2026-28E explicit period. With respect to our last Company Update in October, cumulated FCFs have decreased by 8% to €4.91mln mostly for higher than previously estimated cash absorption by Net Working Capital over the explicit period. However, the Terminal Value Unlevered Free Cash Flow has increased to €1.48mln from previous €1.16mln because the negative figure from 2024 is no longer included in the five-year average we use to assess the TV flow.

Therefore, to assess the Terminal Value, we factor in:

- an annual FCF generation of €1.48mln (+27%) corresponding to the average FCF in 2025-27E;
- perpetual growth rate of 2% (unchanged).

To get to the Equity Valuation, we would consider the reported net cash at the end of December at €6mln (€5.7mln at the end of June 2025) and Vitalab as peripheral asset (40% stake) valued on market multiples.

Table 7: DCF valuation

DCF Valuation	2025	2026E	2027E	2028E	over
Free Cash Flows (€/000)	999	1,300	1,617	1,991	1,477
years		1	2	3	
discount factor		0.92	0.85	0.79	
NPV Cash flows (€/000)		1,201	1,381	1,572	
Sum of NPVs (€/000)					4,154
Terminal Value (€/000)					23,847
NPV Terminal Value (€/000)					20,373
<b>Enterprise Value (€/000)</b>					<b>24,527</b>
peripheral assets: Vitalab (@40%)					1,412
Net debt December 2025 (€/000)					-6,021
<b>Equity Value (€/000)</b>					<b>31,960</b>
number of shares (mln)					6.7
<b>Per share value (€)</b>					<b>4.8</b>

Source: Banca Profilo estimates and Company data

Updated WACC at 8.2% according to expectations on interest rates path

Our WACC (unchanged at 8.2%) assumptions include:

- risk free rate at 4.4% (unchanged), according to 100-day 30-year BTP yield moving average and to the expected path of BCE monetary easing policy.
- market risk premium at 5.5% (unchanged);
- beta at 1 (unchanged), as the average of chosen listed peers to Arterra;
- debt to equity target structure with an 80% weight on Equity (unchanged).

Table 8: WACC calculation

WACC Calculation	
perpetual growth rate	2.0%
<b>WACC</b>	<b>8.2%</b>
risk free rate (30Y)	4.4%
equity risk premium	5.5%
beta	1.0
<b>KE</b>	<b>9.9%</b>
cost of debt	1%
tax rate	20%
<b>KD</b>	<b>1%</b>

Source: Banca Profilo estimates and Company data

**DCF Equity valuation:** We run the DCF model and end up with an Enterprise Value of €24.5mIn (vs previous €19.5mIn) and an Equity Value of €31.9mIn or €4.8/share (vs €27.2 and €4.1 respectively) as lower cumulated Free Cash Flows in the explicit period and lower Vitalab valuation, have been more than offset by higher Terminal Value Cash Flow and Net Cash.

**Relative market multiples valuation**

EV/SALES and EV/EBITDA used to assess the relative valuation of Arterra according to two selected sub-samples

To assess the relative valuation of Arterra through the market multiples approach, we divided our panel of comparables into two sets of peers:

- The first sub-sample comprises companies that are comparable to Arterra in terms of business model and growth potential. It includes BRAIN, Fermentalg, and Codexis, all of which currently exhibit negative EBITDA margins.
- The second sub-sample includes companies like Arterra, which are notable for their marginality and cash flow generation, but they are mainly active in Chemicals. Companies in this group include Croda, Symrise, Plant Advanced Technologies, Novonesis, Lonza, Ashland and Wacker Chemie. These companies were selected based on their performance in marginality and cash flow generation metrics.

We appreciate Plant Advance Technologies joined the second sub-sample as it had showed positive EBITDA margin since 2024. Nevertheless, its multiples are still too high for very little revenue and EBITDA compared to its EV. Thus we exclude it from our market multiples average for relative valuation purposes.

**Table 9: Sample benchmarking on revenue growth and EBITDA margin**

Company	Currency	Market Cap (mln)	Enterprise Value (mln)	Sales growth										EBITDA margin									
				2019	2020	2021	2022	2023	2024	2025	2026E	2027E	2018	2019	2020	2021	2022	2023	2024	2025	2026E	2027E	
15/04/2026																							
BRAIN Biotech	EUR	50	68	24.8%	-0.5%	7.6%	23.7%	8.3%	-1.6%	-3.2%	10.0%	12.4%	-16.7%	-7.3%	-9.1%	-4.2%	0.1%	0.3%	-1.2%	-1.4%	3.5%	9.7%	
Croda	GBP	4,091	4,603	-0.7%	0.9%	35.9%	10.6%	-18.9%	-3.9%	4.4%	4.0%	4.6%	28.5%	28.8%	27.9%	29.0%	28.8%	24.2%	23.2%	23.3%	24.2%	25.3%	
Symrise	EUR	10,433	12,075	8.0%	3.3%	8.7%	20.7%	2.4%	5.7%	-1.4%	5.1%	20.0%	20.3%	21.1%	21.3%	20.0%	19.1%	20.7%	21.9%	21.9%	22.1%	22.1%	
Fermentalg	EUR	48	46	n.m.	16.3%	155.3%	35.1%	-46.1%	180.5%	16.5%	49.3%	69.3%	n.m.	n.m.	n.m.	n.m.	n.m.	-190.2%	-56.7%	-48.5%	-17.5%	0.7%	
Plant Advanced Technologies	EUR	8	12	9.1%	4.7%	83.1%	0.0%	-26.1%	11.8%	-52.6%	0.0%	0.0%	n.m.	n.m.	n.m.	-34.8%	-47.8%	-17.6%	42.1%	33.3%	33.3%	33.3%	
Novonesis	DKK	157,448	177,845	-0.1%	-2.5%	6.7%	17.4%	2.0%	59.7%	8.6%	6.6%	7.4%	35.8%	36.7%	35.1%	36.3%	34.6%	32.2%	36.2%	37.1%	37.4%	37.9%	
Codexis	USD	224	231	13.0%	0.9%	51.2%	32.3%	-49.4%	-15.4%	18.6%	5.9%	10.5%	-3.8%	-10.8%	-11.8%	-19.0%	-13.3%	-68.5%	-76.9%	-40.4%	-24.0%	-23.2%	
Lonza Group	CH	37,488	41,007	6.8%	4.5%	-12.5%	14.6%	8.3%	-2.1%	-0.7%	9.1%	12.2%	27.3%	26.8%	22.7%	30.8%	32.2%	29.8%	29.0%	31.6%	32.2%	33.2%	
Ashland	USA	2,548	3,694	-28.4%	-4.6%	1.7%	-1.7%	-7.4%	-6.3%	-9.9%	n.a.	n.a.	18.8%	21.6%	22.2%	21.8%	23.8%	21.2%	21.9%	21.9%	22.2%	23.7%	
OCI NV	NL	776	823	-2.6%	1.8%	95.2%	64.0%	-48.5%	-19.8%	-62.8%	-29.8%	-0.8%	28.6%	22.8%	24.0%	40.1%	40.1%	24.2%	-0.8%	2.9%	4.7%	5.7%	
Wacker Chemie AG	DE	4,743	6,164	-1.0%	-4.8%	32.3%	32.2%	-22.0%	-10.6%	-4.1%	1.5%	4.1%	18.7%	15.8%	14.2%	24.8%	25.3%	12.0%	13.3%	7.8%	11.3%	12.7%	
<b>Median best peers</b>				<b>18.9%</b>	<b>0.9%</b>	<b>51.7%</b>	<b>32.3%</b>	<b>-46.1%</b>	<b>-1.8%</b>	<b>16.5%</b>	<b>10.0%</b>	<b>12.4%</b>	<b>27.3%</b>	<b>22.8%</b>	<b>22.7%</b>	<b>29.0%</b>	<b>28.8%</b>	<b>24.2%</b>	<b>22.6%</b>	<b>22.6%</b>	<b>23.2%</b>	<b>24.5%</b>	
<b>Arterra</b>	<b>ITA</b>	<b>20.2</b>	<b>14.2</b>	<b>21.8%</b>	<b>18.8%</b>	<b>7.0%</b>	<b>15.1%</b>	<b>-6.6%</b>	<b>6.4%</b>	<b>16.1%</b>	<b>4.1%</b>	<b>11.8%</b>	<b>38.3%</b>	<b>34.1%</b>	<b>37.2%</b>	<b>37.7%</b>	<b>40.2%</b>	<b>32.1%</b>	<b>32.5%</b>	<b>36.3%</b>	<b>35.6%</b>	<b>37.2%</b>	

Source: Banca Profilo estimates and elaborations on Factset

Very little average multiple changes since October

Consistently with our sample split, we use the average of EV/SALES 26E-27E at 2.2x-1.7x respectively (vs previous EV/SALES 25E-26E 2.4-2.1x), of the first sub-sample and the average of EV/EBITDA 26E-27E at 12.1x-10.9x respectively (vs previous EV/EBITDA 25E-26E 13.2x-12.2x) of the second sub-sample. Arterra trades at some 10% premium on the average of EV/SALES, but more than 40% below the mean EV/EBITDA, despite much higher EBITDA margin.

**Table 10: Market multiples**

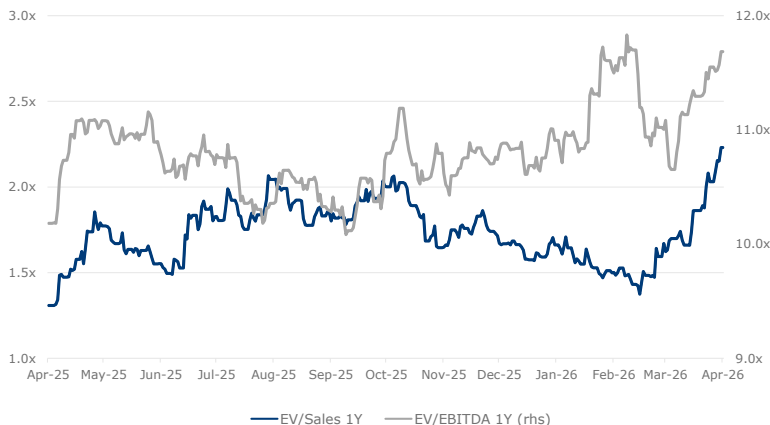
Company	EV / Sales		EV / EBITDA	
	2026E	2027E	2026E	2027E
15/04/2026				
BRAIN Biotech	1.2x	1.0x	33.5x	10.9x
Croda	2.6x	2.5x	10.8x	9.8x
Symrise	2.4x	2.3x	11.1x	10.4x
Fermentalg	2.3x	1.4x	n.m.	n.m.
Plant Advanced Technologies	13.4x	13.4x	n.m.	n.m.
Novonesis	5.4x	5.0x	14.3x	13.2x
Codexis	3.1x	2.8x	n.m.	n.m.
Lonza Group			17.9x	15.5x
Ashland			8.9x	8.0x
OCI NV			17.8x	14.8x
Wacker Chemie AG			9.8x	8.3x
<b>Mean best peers</b>	<b>2.2x</b>	<b>1.7x</b>	<b>12.1x</b>	<b>10.9x</b>
<b>Arterra</b>	<b>2.2x</b>	<b>2.0x</b>	<b>6.4x</b>	<b>6.3x</b>
<i>premium (discount) on best peers</i>	<i>2%</i>	<i>15%</i>	<i>-47%</i>	<i>-42%</i>

1-year forward market multiples trend

Source: Banca Profilo estimates and elaborations on Factset

Over the past year, our Sample's market multiples have risen in terms of both EV/SALES 1Y-forward (+70% yoy) to 2.2x and EV/EBITDA 1Y-forward (+15%) to 11.7x.

Figure 15: Sample market multiples evolution (one year analysis)



Source: Banca Profilo elaborations, Bloomberg

Relative market multiples valuation  
Equity Value €24 (unchanged)

Market multiples valuation includes a 15% liquidity discount and an Equity valuation of Vitalab (at 40% stake) on the mean EV/SALES 2026E at 2.2x (vs previous 2.3x) on its 2025 sales at €1.6mln (€1.9mln in 2024), leading to a value of €1.41mln (vs previous €1.93). We end up with a relative Equity Value of Arterra at €23.9mln, which is in line with our previous €24mln as the combined results of i) lower average of market multiples, mostly due to the introduction of 2027 estimates and multiples; iii) lower Vitalab relative valuation; and iv) higher net cash at the end of December.

Table 11: Market multiples valuation

Valuation on market multiples (C/000)					
Arterra on EV/SALES (business + growth)	2026E	2027E	Arterra on EV/EBITDA (margins + cash flow generation)	2026E	2027E
<b>EV/Sales best peers</b>	<b>2.2x</b>	<b>1.7x</b>	<b>EV/EBITDA best peers</b>	<b>12.1x</b>	<b>10.9x</b>
sales	6,368	7,117	EBITDA	2,264	2,644
net debt December 2025	-6,021				
EV	13,993	12,381	EV	27,447	28,792
<b>Equity Value</b>	<b>20,013</b>	<b>18,401</b>	<b>Equity Value</b>	<b>33,468</b>	<b>34,813</b>
<b>Average Equity Value</b>	<b>26,674</b>				

Vitalab (@ 40%) on EV/SALES	2026E
EV/Sales	2.2x
sales 2025	1,607
net debt (adj)	
EV	3,531
Equity	3,531
<b>(40% stake)</b>	<b>1,412</b>

Arterra (including Vitalab @40%)	2026E
liquidity discount	15%
<b>Average 2022E EV/SALES - EV/EBITDA</b>	<b>23,873</b>

Source: Banca Profilo estimates, Factset

Valuation:  
BUY confirmed  
12-month TP rose to 4.2/share

To summarize, we end up with a DCF Equity valuation of €32mln or €4.8/share (+18% vs our Company Update in October 2025) and with a relative market multiples valuation of €23.9mln (unchanged vs previous Company Update) or €3.6/share. Taking the average of the two methods, we therefore raise our 12-month target price to €4.2/share from previous 3.8/share. BUY is confirmed.

## APPENDIX

### Biotech serving the irreversible trend of product sustainability

Arterra: know-how in biological science to develop active innovative and green compounds

Arterra Bioscience is an Italian, innovative SME, research-based biotech company with a strong know-how in biological science and an extensive experience in screening for the discovery of new active compounds with potential multiple industrial applications, such in Cosmetics, Nutraceutical, Agriculture and Agri-food. By studying signal transduction mechanisms in plants, animals and human cells, Arterra uses its technological platforms to verify the existence of molecular activity in various types of natural resources, which might have simultaneous industrial applications.

Figure 16: Biotech sources of research and fields of application



Source: Company Data

Arterra: strong know-how and experience for simplifying needs of many industries in the persisting search for clean substitutes to chemicals

Arterra's research activity is focused on the so-called Green Biotech (from plants and agricultural processes to innovative active ingredients) and White Biotech (from raw materials to valuable compounds). Other Biotech sources of research are: the sea and its organism (Blue Biotech) and genetics (Red Biotech). Arterra also uses algae and microalgae in the Blue Biotech, whereas from Red Biotech it acquires data on genetics and drug discovery and uses them for potential innovation and discovery addressable to other needing sectors. Arterra's main areas of activity are technological screening platforms; plants and cellular farming to brew or modify to obtain rich molecules; process innovation mostly in the extraction phases.

Arterra's bio factories and biomass production have applications in various fields simultaneously: the Company's core and current end market is Cosmetics, whereas new and potential sectors are Nutraceuticals, functional food and Agri-food processing

Arterra: ready to serve the most active sectors in the global trend to sustainability.

The global industry is in an irreversible trend of finding ways to sustainable products and processes. Arterra is ready to serve the most active sectors in this global trend, through both its innovative technologies and its range of bio-sustainable active ingredients that can be applied not only to various end-markets but also to different segments in the same sector (from mass green to prestige luxury products, mostly in Skincare).

Ongoing research projects on rich

The most active market is Cosmetics, Arterra's core end-market, followed by Pharmaceutical, Nutraceutical, Agriculture and Agri-food.

<p>biomolecules for application in:</p> <p>Medical Devices</p> <p>Nutraceutical</p> <p>Agriculture</p> <p>Agri-food</p>	<p>The Pharmaceutical industry is investing in new applications using natural ingredients which are easier to be absorbed by the organism. Arterra has several ongoing research projects to find ways to add natural ingredients in the recipes of different Medical Devices (like any product that acts physically and mechanically, not biologically), mostly treatments addressed to the gastrointestinal, respiratory, and nervous systems.</p> <p>The Nutraceutical industry is experiencing a growing demand for food supplements to add to one's diet, when lacking some key nutrients. Arterra is developing methods to enhance quality and concentration of natural ingredients to be added to food supplements based on solid research, effective screening, and robust tests.</p> <p>Agriculture is gradually shifting towards sustainability as consumers are increasing their attention towards organic food and key players are introducing sustainable techniques for producing and protecting crops in place of chemical pesticides and fertilizers. Arterra is developing tools to enhance the use of bio solutions for pest control, for protecting the plants from climate stress, for quality improvement.</p> <p>In the Agri-food industry there is a strong and increasing interest in natural food preservatives and additives as consumers' attention on both the production and conservation of food has been significantly increasing. Main players have begun investing in biological molecules that can act as natural preservatives or coloring. Arterra is working on various active ingredients acting as antioxidants to be used for natural preservation of fresh food.</p>
<p>Arterra's core end-market: Cosmetics</p>	<p>Cosmetics is Arterra's core end-market, reached both through a partnership agreement with Intercos, which buys Arterra's active compounds and put them into its formulas, (mostly sold to make-up and skincare global brands of various positioning, from mass, to private label to prestige brands), and an equity co-participation in the joint venture Vitalab (25% Arterra and 75% Intercos), which distributes Arterra's active ingredients mostly to skincare multinational global and luxury global brands. In 2022, the turnover coming from Cosmetics (skincare) was 60% of revenue, the remaining coming from Research contracts and other Services.</p>
<p>High productivity and quick time to market the active compounds in skincare</p>	<p>The productivity of the active compounds used in Skincare is particularly high: 1kg of active compound produces from 200kg (in the suggested formulas) to 1000kg of final product (if used for mass market/marketing purposes). The time to market in Cosmetics is shorter than in other end markets: from 3 to 6 new active ingredients have been released every year, which compares to 3 to 5 years in Agriculture, as an example.</p>

## Arterra : overview and business model

### History, overview and activities

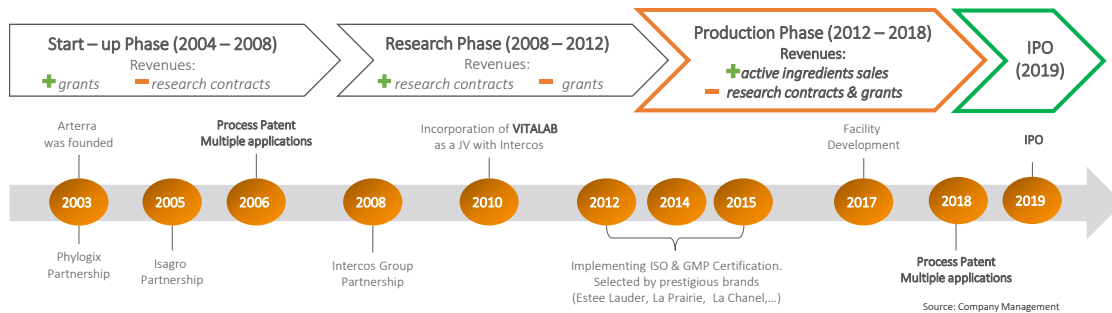
<p>Founded in 2004 by Gabriella Colucci in Naples, as a spin-off of Arena Pharma Biology division (San Diego, USA). A key partner for bio innovation to various end-markets</p>	<p>Arterra Bioscience was founded in 2004 in Naples by Gabriella Colucci, an Italian Scientist who returned to Italy after more than four years as Senior Research Scientist at Arena Pharmaceuticals (a listed company on NASDAQ), leading the Plant Biology Team. Arterra is a spin-off of Arena Pharmaceuticals from which it took the biotechnology developed by Ms. Colucci during the years spent in the US Company. Arterra started bio research for industrial applications more than 15 years ago, anticipating an urgent need, a mandatory and irreversible global trend today. Other than being Ms. Colucci native city, Naples has been chosen as Arterra's headquarter for: i) its competitive R&amp;D costs (including labour, leasing, transportation, and utilities); ii) being in the South and thus having an easier access to substantial support by the EU funds for Bioscience research; iii) the local presence of accredited universities and Research Centers from which highly qualified scientists come out.</p>
<p>From a small research group to a</p>	<p>At the beginning of its activity, in 2004, Arterra's main sources of revenue were the research grants from public institutions (Regione Campania, MISE, MIUR and the European Union). In</p>

**profitable biotech company**

2005, Isagro invested a 22% stake in Arterra and became financing the bio research for innovation in Agriculture. Arterra’s first patent was in this field, but immediately the Company discovered its perfect fit and application to Cosmetics. In 2007, research grants contributed about 55% and research contracts for less than 20% of total revenue. Starting from 2008, both the agreement with Intercos for developing new active compounds for skincare and the setting up of the joint venture, Vitalab, for the distribution to clients different from Intercos’, marked the shifting of revenue from mainly public research grants to research contracts.

In 2022, turnover for the selling of active compounds contributed for almost 60% of Total Revenue, that for research contracts weighed 11% and public grants 33%. Starting from 2017, the bio facility was extended and further developed and Arterra started the production of new active bio ingredients for different end-markets, thanks to a new process patent with multiple industrial applications. Starting from the second half of 2019, the first round of significant investments, using IPO proceeds, have been made for doubling production capacity and optimizing production processes. Moreover, the organizational structure has been strengthened by appointing: an R&D coordinator (V. Fogliano), Chief Operating Officer (G. Ferrante), a Grant & IP Director (M. Bimonte), a Cell & Molecular Biology Director (A. Tito) and a business developer (B. Cicatiello).

**Figure 17: from a research group to a profitable biotech company**



Source: Company Data

**Research and technology to get active ingredients from food and agriculture waste. Plant extraction and Agri-food by-products in-house. From 1kg of raw materials to >5kgs of active ingredients and up to 1000kgs of skincare finished goods**

Supported by an excellent research and tech team (most of them hold a Phd in Biology, Biotech, LifeScience or Genetics) and by the long experience and endless passion of Gabriella Colucci, Arterra uses cells from plants or algae as bio-factories to extract and produce, through sustainable procedures, active and valuable molecules (Plants Extraction production process). Typically, from 1kg of raw materials the transformation process can obtain more than 5kgs of finished product. Moreover, Arterra uses waste from food and agriculture to search for and develop new active ingredients (Agri-food by-products production process). The Agri-food by-products in-house transformation and production process to get to active compounds from food and agriculture waste includes: Agri-food-by-products, washing and freezing phases, extraction, lyophilization, and dissolution in glycerol. Typically, from 1kg of raw materials the upcycling transformation process can obtain about 10kgs of finished product (creating value from food waste, much more than simply recycling food waste). Furthermore, depending on the quantity of active compounds used in the products formulas (skincare products, in Cosmetics, for example), 1kg of active compounds can lead to 200kgs (luxury, prestige skincare product) up to 1000kgs of finished goods (mass market, marketing-based skincare product).

**Profitability and production capacity are main reasons to choose between product Production or IP Licencing**

To summarize, Arterra’s revenue comes from different sources: research grants, research contracts, product selling and licencing royalties.

Active compounds might be either produced and sold or their related in-house Intellectual Property (IP) might be licenced out. The decision depends on end-market applications. Typically, Cosmetics is a high-tech industry, made of small volumes, but very high margins; thus, it can be well served with Arterra’s ingredients. Opposite, Agriculture is typically made of

large volumes, low margins, and a very long time to market; it can be well served by Arterra’s Ips licencing.

Moreover, in terms of time to market, in Cosmetics this is much quicker than in any other industry: 3 to 6 new active compounds are introduced every year in Cosmetics, whereas in Agriculture the time for a new active ingredient to land on the market can range from 3 to 5 years.

**Figure 18: Arterra’s reach of global brands in Cosmetics**



Source: Banca Profilo on Company data

**Key partnerships:  
Isagro and Intercos**

In Agriculture, Arterra has been selected by Isagro, that in 2005 invested directly a 22% stake, which went down to 16.5% after the IPO. Isagro has become the right channel for the licencing of Arterra’s patented technology in Agrochemical. However, so far, no significant bio-solutions have been applied to Agriculture. In 2020 Isagro was acquired by Gowan, a worldwide provider of agricultural products and in April 2022 Isagro disposed the whole stake increasing Arterra floating shares.

In Cosmetics, Arterra has been selected by Intercos as its research partner and preferred supplier of innovative active ingredients to be applied especially in skincare. According to their agreement, Arterra has a research contract with Vitalab worth more than €500k to develop three active ingredients every year; in the first year Intercos has the exclusive right to use the active ingredients in its products; starting from the second year the active compound is commercialized through Vitalab. Intercos owns 8.7% of Arterra.

**The distribution in Cosmetics is demanded to Intercos and Vitalab.**

Clients range from multinational to SME, from mass to prestige skincare or make up brands

Intercos and Arterra founded the commercial joint venture, Vitalab, with the purpose of distributing Arterra’s active compounds into the global cosmetic market. Arterra owns 25% of Vitalab with a call option up to 40%, whereas Intercos owns the remaining 75%. According to their agreement, Arterra’s ingredients for Cosmetics products are sold through either Intercos or Vitalab, which interact directly with global brands. Thanks to this agreement, Arterra can reach multinational global and prestige brands, make-up and skincare brands having a mass to private labelled to luxury positioning thanks to multiple and democratic applications of Arterra’s valuable molecules. In 2019, Arterra core Cosmetics end-market weighed 60% of total turnover and Intercos’ contribution was over 80%. Vitalab significantly increased its contribution from €1.3mIn in 2019 to almost €3mIn in 2021.

**Figure 19: Arterra with Intercos and Vitalab in Cosmetics**



Source: Company data

## A scalable and profitable business model

**Biomass production is a replicable and low cost process allowing outstanding yields**

Arterra's business model is scalable: R&D activity is for either production and sales of active ingredients (through Intercoss and Vitalab) or for licensing to third parties in-house developed Intellectual Property (IP) to be applied simultaneously to different end markets and positioning (cross sector, cross technology and from mass to luxury products). Applications vary from the anti-age compounds in Cosmetics, to natural pesticides in Agriculture to natural preservatives in fresh Food to a bio gastrointestinal defender in Medical Devices. The business model is profitable as biomass production to get innovative active ingredients is a very low-cost process. Bio-factories allow for outstanding yields with relatively limited expenses and investments. Typically, from 1kg of plant stem cells, Arterra's bio farms produce more than 5kgs of active compound, via cells reproduction, that can be sold in a range of 4x to 10x the cost of raw materials. In the same way, from 1kg of Agri-food by-products Arterra's bio farms can typically develop about 10kgs of active ingredients that can be sold between 20x and 50x the cost of raw materials.

**Figure 20: Profitable and scalable business model**



*Source: Company Data*

In addition, the distribution phase of the value chain and the reach of global brands, mainly in Cosmetics, is set on a win-win partnership with Intercos and through an equity participation (together with Intercos) in the commercial joint venture Vitalab.

No investment in sales force is made with the focus on research and tech scientists.

## Shareholders, Board of Directors and managers: long experience and sounded know-how

**Key partnerships: Isagro, Intercos and Vitalab**

In 2005, Isagro acquired a 22% of Arterra to partner for research-based bio innovation in Agriculture. In 2008, Arterra signed an agreement with Intercos and became its biotech research arm in Cosmetics. Arterra develops 3 active compounds every year in either Skincare or Make up. The active ingredients are bought by Intercos that is for exclusive use for the first year; thereafter, the same ingredients are distributed globally through the joint venture Vitalab (25% owned by Arterra - with an option to go up to 40% and with the right to receive 40% of Vitalab's distributed income - and the remaining by Intercos).

**Listed in 2019 at €2.6**

In 2019, Arterra was listed on the Euronext Growth segment of the Italian Stock Exchange at €2.6/share. The share capital is represented by 6.66mln shares. Through the IPO process, Intercos became a shareholder in Arterra.

**€6.6mln shares**

The Company is currently owned by:

**43% floating**

- the founder Gabriella Colucci with 20.9%;
- Alberto Previtali with 15.2%;
- Smart Capital with 12%
- Intercos with 8.7%;

Floating shares are then 43% of the total.

**Gabriella Colucci: Founder, Chairman and CEO**

Arterra's founder, Gabriella Colucci built more than 30 years of Academic research experience in Italy, Nigeria, USA and Australia. She is the author of more than 40 scientific publications and 18 patents. She worked for 10 years in San Diego, of which 5 at the University of California

**A rare mastermind leaving US and returning to Italy**

and 4 years as Senior Research Scientist at Arena Pharmaceuticals, leading the Plant Biology group. In 2003, she left San Diego and returned to its native Naples, where she founded Arterra Bioscience, as a spin-off of Arena Pharmaceuticals. She won the Marisa Bellisario Prize, the EU Prize for Women Innovations in 2018 and the Rising Star in Cosmetics Global in 2019.

**The Board of Directors renewed in April 2025**

In April, the Shareholders have appointed the BoDs for 2025-2027 which consists of 5 members: Gabriella Colucci (founder, Chair and CEO), Gualtiero Iomo (CFO, IR Manager), Giuseppe Ferrante (COO), Alberto Previtali and Pof. Lucio Annunziato, this last as independent board member.

**Focus on: research and production processes optimization**

**Over €4mln capex since 2019 to enhance research capabilities, scale up production and increase productivity**

Since 2019, Arterra has increased its production capacity and research activity investing over €4mln. The Company extended its production plant, bought additional equipment, and invested in technology to enhance cellular growth. Among relevant investments: i) equipment for “ex vivo” tests on skin and human tissues for innovation in Nutraceutical and medical devices; ii) new lyophilizers; iii) expanding chemical laboratories for cellular growth. Since 2024, over €900k investment have been made in Headquarter expansion and new equipment. These investments led to an increase in productivity from 21kgs/day in 2021 to current 75kgs/day.

**Figure 21: Arterra facilities**



Source: Company data

**Simplifying and streamlining research and production processes**

In 2020-2022 Arterra strengthened its organization by appointing a COO (Giuseppe Ferrante), an R&D Coordinator (Vincenzo Fogliano), a Grant & IP Director (Marida Bimonte) and a Cell & Molecular Biology Director (Annalisa Tito). At the end of June 2025, Arterra and Vitalab Team consisted of 42 employees and 2 PhD students, of which 33 women, including 13 PhDs, 2 Chemical Engineers, 11 with a Master of Science and the remaining with either a bachelor's degree in science or a Tech Diploma.

**Figure 22: Arterra top management**

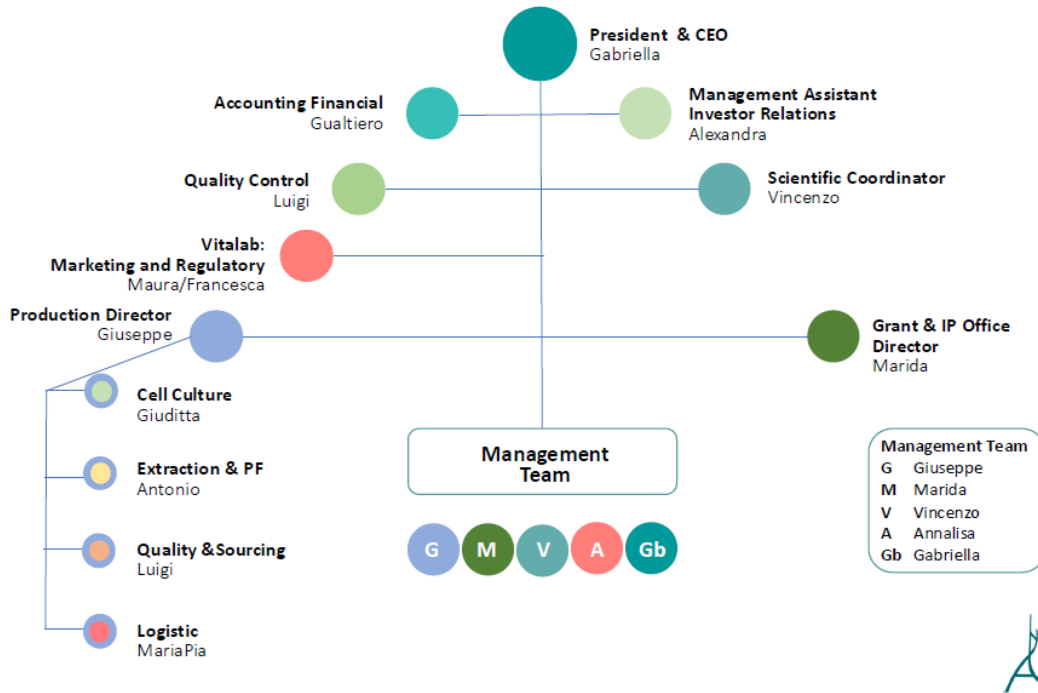


Source: Company data

Introducing Middle Management for better Research process transmission

In 2023, Arterra introduced a new organizational layer, the Middle management, to streamline research and production processes. Within this new organization, research ideas arise from multidisciplinary research units with all processes managed by an internal technical-scientific Committee. This process is constantly on track to catch new opportunities.

Figure 23: Arterra top management



Source: Company data

Each research unit is market oriented, and the scientific idea must be brought to either a product or a technology. In Cosmetics, the time to market is between 3-4 months.

Figure 24: Arterra research process – from the idea to the product



Source: Company data

## ESG analysis

### Sustainability report

#### ESG and the Sustainability of Competitive Advantage

Every active investor seeking value should be aware of how companies deal with environment, social and governance issues, since these are factors that can improve corporate value. In a world where companies are increasingly facing environmental issues, such as climate change and pollution, as well as social factors such as diversity and inclusion, gender balance and product safety, attention to ESG issues has become a competitive advantage.

#### Arterra: Sustainability Report

To best involve stakeholders and to communicate in an increasingly transparent way its ESG goals, Arterra published its Sustainability Report in accordance with both GRI and SDGs standards.

### Sustainability for Arterra

#### Arterra, a biological and molecular R&D company applied to cells of natural origin

Beyond sustainability standards and goals, Arterra naturally generates positive externalities with its core activities. In fact, the Company operates in the Research and Development of biological molecules to extract innovative active ingredients mainly for Cosmetics, but with potential applications in Agriculture, Nutraceuticals and Pharmaceutical. Arterra has always focused on green biotechnologies as a tool for sustainable innovation and a potential boost to the circular economy. The Company develops sustainable products, such as active ingredients from plant-based raw material and uses certified sustainable production processes.

#### Arterra is leader in biological and molecular research on plant-based raw materials

Arterra's main production process consists of the processing of raw materials in liquid culture, a process free of any type of microbiological contaminant or environmental pollutant. Raw materials are 100% natural, the remaining being synthetic. To increase the incidence of natural raw materials and seek constant innovation, Arterra has recently launched a project in collaboration with Montecarlo Fruit, a supplier of quality fruit and vegetables on a global scale, for producing active ingredients from fruit waste.

#### Materiality assessment

Arterra carried out a Materiality Assessment to identify priority sustainability disclosure items, set most relevant issues for the Company and its stakeholders, and finally to decide which issues should be included (and updated) in the Report.

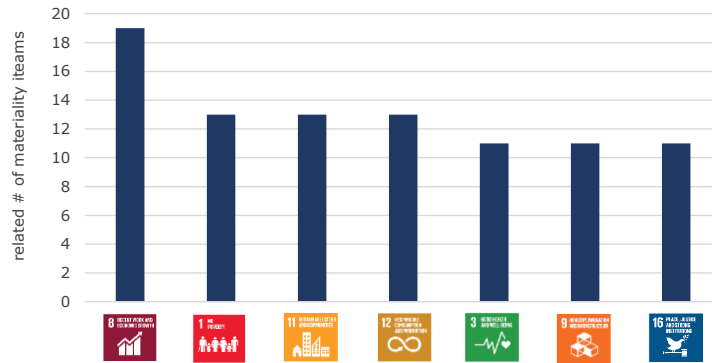
#### SDGs vs corporate goals: n. 8, 1, 11, and 12 are those Arterra is more sensitive to

By relating the material topics identified through the Materiality Map to the seventeen Sustainable Development Goals (SDGs), it emerges that SDGs 8, 1, 11, and 12 are the most sensitive ones for Arterra.

- Goal 8 promotes inclusive and sustainable economic growth as well as decent work for all. This goal is particularly sensitive for the Company as Arterra guarantees higher levels of economic productivity mainly through technological upgrading and R&D, promotes development-oriented policies that support productive activities, decent job creation, creativity, and innovation. Moreover, Arterra particularly cares to progressively improve global resource efficiency in production and responsibly select suppliers.
- Goal 1 promotes poverty everywhere. Arterra promotes this goal mainly by implementing appropriate social protection systems and granting equal rights to economic resources.
- Goal 11 makes cities and human settlements inclusive, safe, resilient, and sustainable. Arterra promotes this goal mainly thanks to the strong connection with the Neapolitan and Campania territory, from which Arterra obtains natural raw materials used in its processes. Arterra is also promoter of Est(ra)Moenia, an association aimed at implementing projects that enhance the Naples surrounding areas and East Naples.

- Goal 12 ensures sustainable consumption and production patterns. Arterra promotes this goal by achieving sustainable management and efficient use of natural resources and the sound management of chemicals and all wastes throughout their life cycle.

**Figure 25: Raw materials breakdown between natural and synthetic ones**



Source: Banca Profilo on Company data

**Arterra  
"ID Card"**

Recommendation

**BUY**

Target Price

**4.2 €**

Upside

**38%****Company Overview**

Arterra Bioscience is an Italian research-based biotech company with a strong know-how in biological science and an extensive experience in screening for the discovery of new active compounds able to have various potential industrial applications in multiple end markets, such as cosmetics, nutraceutical, agriculture and agrifood. By studying signal transduction mechanisms in plants, animals and human cells, Arterra uses its technological platforms to verify the existence of molecular activity in various type of natural resources (from plants, to microalgae to food waste), which might have simultaneous industrial applications. Arterra, thus, represents an ideal partner to cross-sector companies who have not the financial or cultural strength to develop innovative technologies and bio-sustainable products, mainly in Cosmetics (from skin care to functional make up and Haircare), Aesthetic Medicine (through plant exosomes), Food (supplements, functional food, natural preservatives), Medical Devices (acting on stomach, skin, brain, breathing and vascular systems), and Agriculture (crop protection and yield enhancement). Since its foundation in 2004 Arterra has been showing strong revenue growth (>20%) and robust EBITDA, in a competitive scenario of international players with negative marginality.

**SWOT Analysis****Strengths**

- Outstanding R&D and high qualified Technology team
- A global market reach with limited sales force investments thanks to the partnership with Intercos and the equity participation in Vitalab
- Scalable business model as products and in house developed Ips can be applied simultaneously to different end-markets
- Profitable business model since its set up for a very low cost of raw materials and an effective and light organizational structure

**Opportunities**

- Bioscience great momentum as product sustainability has become the key mission of many industries
- Significant growth potential and resilience of Arterra's main end-market, the cosmetic industry

**Weaknesses**

- Small size of the business
- End-markets concentration
- Non-optimized financial structure

**Threats**

- Effective end-markets diversification within the planned time frame
- Potential difficulty in maintaining the independence from global multinational brands

**Main catalysts**

- 👍 Profitability improvement driven by the scaling up of production
- Significant growth fuelled by the needed bio innovation across industries
- Growing demand for functional make-up and Haircare
- Rich opportunities in Medical Devices and Agri-food
- Surging demand in Medical Aesthetics

**Main risks**

- 👎 Effective end-market diversification within the business plan time frame
- Becoming dependent on global multinational brands
- China's path of recovery

## Arterra "ID Card"

apr, 20 2026 - 20:06

Recommendation

**BUY**

Target Price

**4.2 €**

Upside

**38%**

### Main Financials

(€/000)	2022	2023	2024	2025	2026E	2027E	2028E
<b>Total revenue</b>	<b>5,303</b>	<b>4,951</b>	<b>5,266</b>	<b>6,115</b>	<b>6,368</b>	<b>7,117</b>	<b>7,928</b>
yoy change	#RIF!	-6.6%	6.4%	16.1%	4.1%	11.8%	11.4%
<b>EBITDA</b>	<b>2,133</b>	<b>1,591</b>	<b>1,712</b>	<b>2,222</b>	<b>2,264</b>	<b>2,644</b>	<b>3,063</b>
EBITDA margin (%)	40.2%	32.1%	32.5%	36.3%	35.6%	37.2%	38.6%
<b>EBIT</b>	<b>1,601</b>	<b>1,059</b>	<b>1,373</b>	<b>1,932</b>	<b>1,894</b>	<b>2,204</b>	<b>2,548</b>
EBIT margin (%)	30.2%	21.4%	26.1%	31.6%	29.7%	31.0%	32.1%
<b>Net income</b>	<b>1,414</b>	<b>1,076</b>	<b>1,337</b>	<b>2,006</b>	<b>2,076</b>	<b>2,332</b>	<b>2,616</b>
Margin (%)	26.7%	21.7%	25.4%	32.8%	32.6%	32.8%	33.0%
<b>Adjusted net debt (cash)</b>	<b>(5,502)</b>	<b>(5,672)</b>	<b>(5,555)</b>	<b>(6,021)</b>	<b>(6,815)</b>	<b>(7,607)</b>	<b>(8,645)</b>
Shareholders Equity	10,467	10,752	11,423	12,582	13,681	14,713	15,869
Net Operating Working Capital	2,648	2,617	4,139	4,526	4,760	4,995	5,157
Capex and acquisitions	184	83	612	449	350	350	400
Free Cash Flow	778	1,328	(697)	999	1,300	1,617	1,991

### Company Description

Company Sector	Health Care - Biotech
Price (€)	3.0
Number of shares (mln)	6.7
Market Cap (€ mln)	20.2
Reference Index	Euronext Growth
Main Shareholders	Gabriella Colucci, Previtali
Main Shareholder stake	20.9%
Free Float	43.2%
Daily Average Volumes	20,074
Sample of comparables	BRAIN, Croda, Symrise, Fermentalg, Plant Advanced Technologies, Novonosis, Codexis

### Breakdown by business unit

(% of total sales)	2022	2023	2024	2025	2026E	2027E	2028E
Cosmetic turnover	56%	53%	67%	65%	70%	70%	72%
Research contracts and services	11%	14%	12%	11%	12%	12%	12%
Research grants	33%	33%	21%	24%	18%	18%	16%
Total revenue	100%	100%	100%	100%	100%	100%	100%

### Data of peers

	2022	2023	2024	2025	2026E
Revenue Growth (yoy)	32.3%	-46.1%	-1.8%	16.5%	10.0%
<b>Arterra</b>	<b>15.1%</b>	<b>-6.6%</b>	<b>6.4%</b>	<b>16.1%</b>	<b>4.1%</b>
EBITDA Margin	29%	24%	23%	23%	23%
<b>Arterra</b>	<b>40%</b>	<b>32%</b>	<b>33%</b>	<b>36%</b>	<b>36%</b>

Average data

### Solvability Ratios

	2022	2023	2024	2025	2026E	2027E	2028E
Net debt (cash) / EBITDA	-2.6x	-3.6x	-3.2x	-2.7x	-3.0x	-2.9x	-2.8x
Net debt (cash) / Equity	-0.5x	-0.5x	-0.5x	-0.5x	-0.5x	-0.5x	-0.5x

### Financial and Operative ratios

	2022	2023	2024	2025	2026E	2027E	2028E
Tax rate	-21%	-17%	-21%	0%	-20%	-20%	-20%
ROIC	32%	21%	23%	29%	28%	31%	35%
ROE	14%	10%	12%	16%	15%	16%	16%
Capex/Sales	3%	2%	12%	7%	5%	5%	5%
D&A to capex	290%	644%	55%	65%	106%	126%	129%

Source: Factset, Banca Profilo estimates and elaborations, Company Data, Factset

### Multiples of peers

	2026E	2026E
Best peers (business and potential growth)		
EV / SALES	2.2x	1.7x
<b>Arterra</b>	<b>2.2x</b>	<b>2.0x</b>
Best peers (margins and cash flows)		
EV / EBITDA	12.1x	10.9x
<b>Arterra</b>	<b>6.4x</b>	<b>6.3x</b>



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### ADDITIONAL INFORMATION

THE BANK PROVIDES ALL OTHER ADDITIONAL INFORMATION, ACCORDING TO ARTICLE 114, PARAGRAPH 8 OF LEGISLATIVE DECREE 58/98 ("FINANCIAL DECREE") AND COMMISSION DELEGATED REGULATION (EU) 2016/958 AS OF 9 MARCH 2016 (THE "COMMISSION REGULATION") ON THE RELEVANT SECTION OF ITS WEBSITE (WWW.BANCAPROFILO.IT, IN THE SECTION "CLIENTI AZIENDALI E ISTITUZIONALI/ANALISI E RICERCA).