Company:	Rating:	Target Price:	Sector:
Arterra Bioscience	**Buy** (unchanged)	**€4.2** (unchanged)	**Health Care, Biotech**

Cosmetics growth gain momentum as Biotech opens new frontiers

October, 27th 2026 at 19:00

1H26: Cosmetic ingredients sales growth accelerates. Turnover breaches €3mln

10.5% increase in Total Revenue to €3.47mln, driven by +22% yoy organic growth in Cosmetic actives sales to €2.69mln, thanks to higher selling volumes and further improving revenue mix. EBITDA remained broadly stable at €1.18mln with margin declining to 34% for increasing cost of labour coming from hirings, salary upgrades and bonuses. Net income at €740k, while a solid net cash position is confirmed at the end of June (>€6mln).

Vitalab: strengthening brand identity and expanding international distribution

Arterra is accelerating the commercial development of Vitalab through a renewed brand identity, a dedicated marketing and regulatory team and an expanding portfolio of innovative Cosmetic actives. The Company is targeting a distribution network covering six European countries and the United States in 2027.

Nutraceuticals: building a clear route to market

Arterra is leveraging its proprietary ingredient discovery platform to expand into Nutraceuticals, including beauty-from-within applications. The Company is developing a pipeline of innovative ingredients and appointed Mr. A.Barbarulo as Business Developer to strengthen commercial activities through strategic alliances aimed at translating scientific research into market opportunities.

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: 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.

Funded R&D and Innovation

Arterra's ability to pursue these emerging opportunities is underpinned by its advanced research and proprietary technology platforms, but also by a portfolio of publicly funded research projects spanning 2024-2029, which include microbiological cell factories, precision fermentation, advanced delivery systems, purified exosomes, polynucleotides and powdered active ingredients, supporting innovative solutions for Cosmetics, Nutraceuticals and Medical Aesthetics.

Fine tuning 2026E-2028E

Main changes to our estimates comprise i) higher 26E Cosmetics selling volume and turnover, as 1H26 results beat our forecast; ii) lower 26E EBITDA margin, as 1H26 cost of labour came out higher than our estimates; iii) additional Research grants according to the deployment Smart Lab 2.0, Re-Food, Main Cosmetic and new NEX-Bio funded research projects and iv) new investment plans both in terms of laboratories/production plant expansion and new equipment. These changes lower 26E-28E cumulated cash generation to €3.7mln (vs prior €4.9mln), amid additional Capex and NWC investments, mainly in 2027. In fact, 28E FCF remains basically unchanged as receivables from grants start to be cashed in and the investment process comes to an end.

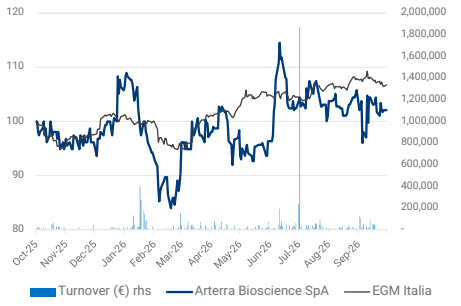
Valuation: BUY confirmed; price target unchanged at €4.2

2H26E-2029E DCF cumulated FCFs are 5% lower than our Company Update in April, but are more than offeset by 20% higher Terminal FCF. Nevertheless, higher WACC at 9.3% lead to marginally lower Equity Valuation of €29.2mln or €4.4/share (vs prior €4.8). The relative market multiple lead to higher Equity Valuation of €27.1mln or €4.1/share (vs prior €3.6) and it is based on an average 1.6x EV/SALES 27-28 and 12.4x EV/EBITDA 27-28 applied respectively to business/growth and mature/value peers. Ongoing investments in Vitalab brand positioning, market capabilities and international distribution could unlock significant untapped value of Arterra's 40% stake. Weighing equally DCF and market multiples valuation, we confirm our 12-month target price at €4.2. BUY.

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	26/10/2026	3.0
Number of shares (mln)		6.7
Market capitalization (€, mln)		20.2
1-year performance		2%
1- year Max / Min		4.3/1.3
1- year average daily volumes		12,371

Key financials	2024	2025	2026E	2027E	2028E
(€/000)					
Turnover	**4,173**	**4,649**	**5,284**	**5,984**	**6,782**
yoy (%)	*26%*	*11%*	*14%*	*13%*	*13%*
Total revenue	**5,266**	**6,115**	**6,535**	**7,505**	**8,205**
yoy (%)	*6%*	*16%*	*7%*	*15%*	*9%*
EBITDA	**1,712**	**2,222**	**2,189**	**2,773**	**3,176**
margin (%)	*33%*	*36%*	*33%*	*37%*	*39%*
EBIT	**1,373**	**1,932**	**1,782**	**2,208**	**2,484**
margin (%)	*26%*	*32%*	*27%*	*29%*	*30%*
Net Income	**1,137**	**2,006**	**1,480**	**1,791**	**2,021**
margin (%)	*22%*	*33%*	*23%*	*24%*	*25%*
Net Debt (cash)	**(5,555)**	**(6,021)**	**(5,777)**	**(5,830)**	**(6,850)**
Equity	11,423	12,582	13,085	14,168	15,214
Capex	612	449	723	854	420
FCFs	**-697**	**999**	**771**	**836**	**2,066**

1-year performance



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SWOT analysis

STRENGTHS	WEAKNESSES
• Outstanding R&D and highly qualified Technology and Management Team • A global market reach with limited sales force investments thanks to the partnership with Intercos and the equity stake in Vitalab • 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	• Small size of the business • End-markets concentration • Non optimal cash management

OPPORTUNITY	THREATS
• 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 • Ongoing investments in Vitalab brand positioning, market capabilities and international distribution	• 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. Nevertheless, Statista expects Chinese beauty sales to grow below 2% per year to 2031, half the pace of the global market.

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.

Online at 30% of beauty sales in 2025

Online sales accounted for 30% of global Beauty & Personal Care revenue in 2025, up from 19% in 2018, and are expected to reach 33% by 2030 (Statista). The digital channel lowers entry barriers and accelerates product cycles, favoring indie brands which, in turn, require fast and differentiated ingredient innovation.

Arterra: strategic innovation partner for multinational and 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.

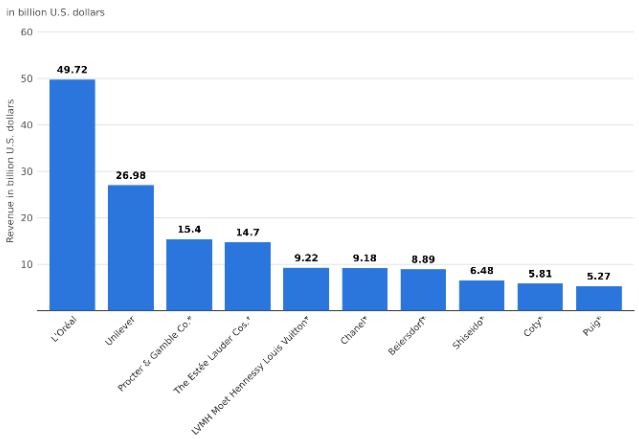
Skincare continues to be the largest segment, accounting for approximately 40% of the global cosmetics market. The United States is the biggest market worldwide, with an 18% share of global Beauty & Personal Care sales (USD 131bn in 2025), ahead of China (11%) and Japan (6%).

L'Oreal the global leader

Among the ten largest markets, Brazil and India are expected to grow the fastest to 2031.

L'Oreal remains the leading beauty manufacturer worldwide with USD 49.7bn sales in 2025.

Figure 1: Leading ten beauty manufacturers worldwide (sales in 2025, $bn)



Source: Statista (September 2026)

Cosmetics demand 4% CAGR confirmed to 2031

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. According to L'Oreal, the global beauty market grew 3.5% in 2025. That year, the Cosmetics segment of the Beauty & Personal Care Industry worldwide reached USD 124bn and, according to Statista, will increase to close to USD 157bn by 2031, growing at a 4% CAGR.

Figure 2: Global Cosmetics sales growth 2004-2031E (%)



Source: Banca Profilo elaborations on Statista (September 2026)

Biotech ingredients from niche 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.

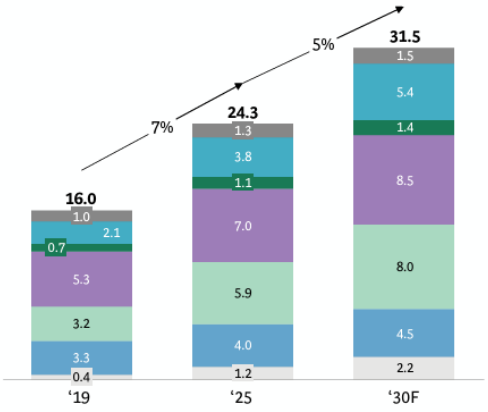
New frontiers: Aesthetic Medicine, Exosomes and PDRN

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.

Over the last decade, non-surgical aesthetic procedures performed by plastic surgeons rose by over 70%, from 11.9mln in 2013 to 20.5mln in 2024, although growth has slowed after the post-pandemic surge of 2021-2022 (ISAPS).

In 2025, botulinum toxin (7.3mln) and hyaluronic acid fillers (4.7mln) remained the most common non-surgical treatments, while biostimulators such as poly-L-lactic acid and calcium hydroxyapatite already reached some 700k procedures (ISAPS).

Figure 3: Global Medical Aesthetics manufacturer revenues 2019-2030E ($bn)



	CAGR '19 - '25	CAGR '25 - '30E
Breast Implants	4%	4%
MG Skincare	11%	7%
Specialty facials • Microdermabrasion • Hydro-dermabrasion	7%	4%
Energy-based devices • Skin tightening • Skin resurfacing • Laser hair removal • Vascular treatments • Depigmentation • Tattoo removal • Body contouring	6%	4%
Toxins	11%	6%
HA Fillers	5%	2%
Regerative Fillers[1]	18%	12%

1. Includes regenerative fillers, combination fillers, and skin boosters.

Source: BCG (May 2026)

Regenerative fillers: the fastest growing segment

According to BCG (May 2026), the global Medical Aesthetics manufacturer market reached USD 24bn in 2025, growing at a 7% CAGR since 2019, and is expected to exceed USD 31bn by 2030, at a slower 5% CAGR. Growth is shifting within injectables: hyaluronic acid filler sales are almost flat (2% CAGR 2025-2030E), while regenerative fillers, including combination fillers and skin boosters, are expected to be the fastest growing segment (12% CAGR), almost doubling to USD 2.2bn by 2030. Medical-grade skincare is also expected to grow above the market average (7% CAGR).

Arterra at the crossroads of Cosmetics, Biotech and Medical applications

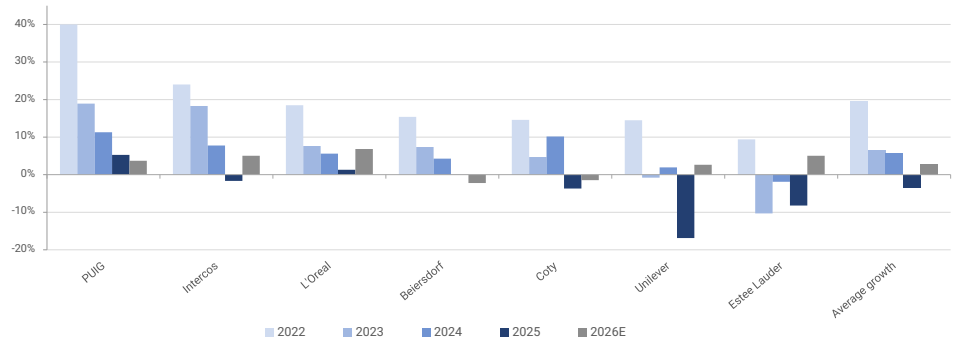
Arterra has actively developed advanced ingredient platforms in plant-derived exosomes and polynucleotides (PDRN), the same regenerative technologies driving the fast-growing skin booster segment, further strengthening its positioning at the intersection of cosmetics, biotechnology and medical applications. Moreover, Arterra's ingredients for pre- and post-treatment products could benefit from the growth of medical-grade skincare.

End-markets trend

End-markets: weakening ales 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 2.8%, which includes a persisting reduction in turnover (-1.7%) at Coty and a first decline in four years at Beiersdorf (-2.2%).

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

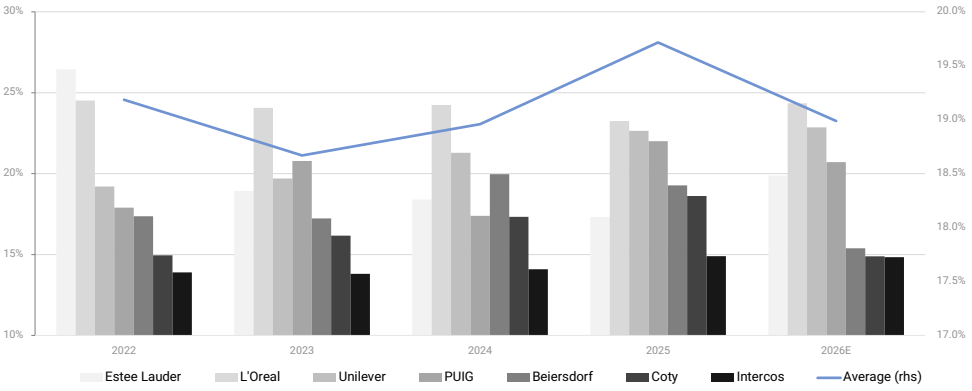


Source: Banca Profilo elaborations on Company data, consensus Bloomberg/Factset. Estée Lauder and Coty 2026 are actual as FY ends in June

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 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

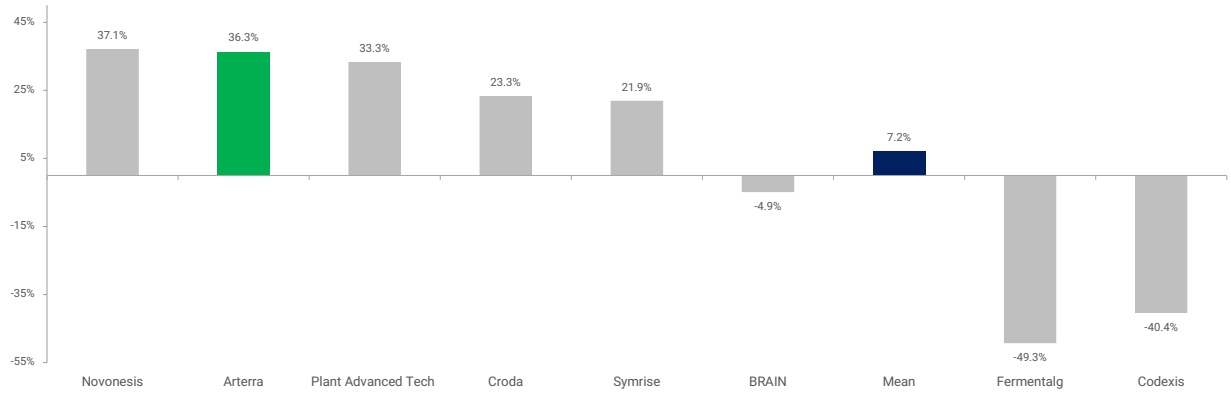
European and US listed biotech

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 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.

Plant Advanced (FR)
€2mln turnover
33% EBITDA margin

Plant Advanced Technologies SA is a French plant biotechnology firm manufacturing rare new actives for Cosmetics, Pharmaceutical and Agriculture. Its main products are proteins from the liquid of carnivorous plants and other actives from the roots of various plants.

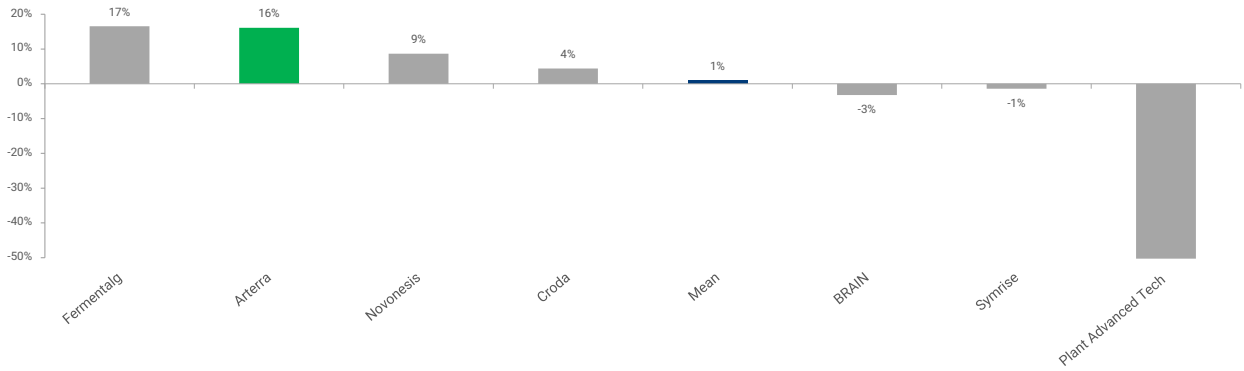
Croda (UK)
GBP 1.7bn turnover
23% EBITDA margin

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)
€50.5mln turnover
-4.9% 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.

Fermentalg (FR)
€13.4mln turnover
€ -6.6mln 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.

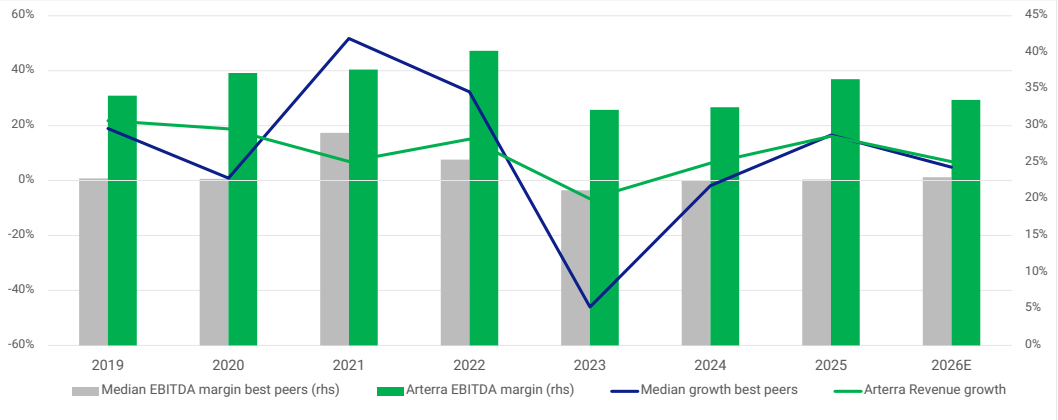
In 2025 Arterra Total revenue +16% yoy

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

1H26 results

Cosmetics actives sales reach (again) all-time highs. Increasing cost of labor keeps EBITDA stable.

Cosmetics volumes and sales peak: 9.42k kgs and €2.7mln (+22% yoy) 1H Turnover breaches the €3mln mark for the first time

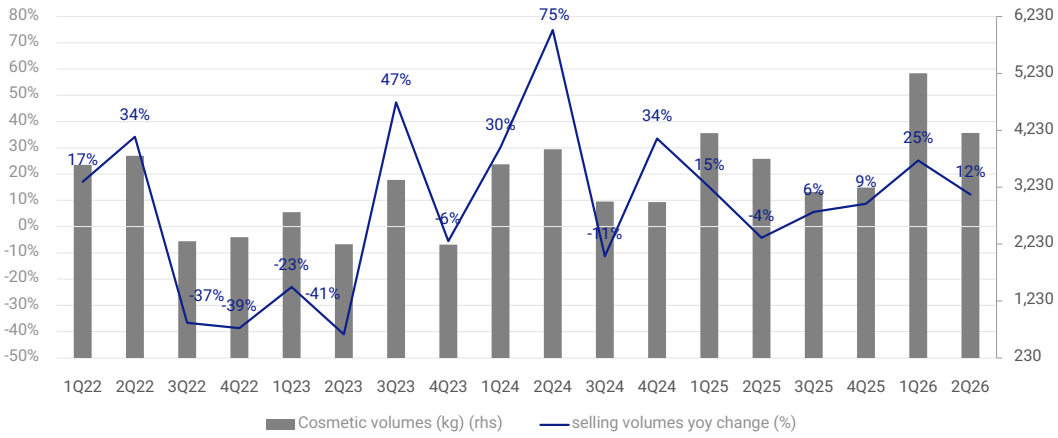
Arterra reported another strong set of top-line figures in 1H26, with Cosmetics sales growing more than 22% yoy to €2.7mln and confirming the 1Q26 positive trend. Selling volumes rose 19% yoy to above 9.4 kgs showing persisting improvement in revenue-mix towards higher value-added cosmetics actives for make-up rather than skincare. Turnover increased by 18% yoy, surpassing the €3mln mark for the first time ever. Half-year Cosmetics revenue already accounts for 61% of our previous FY forecast of €4.4mln [*Company Update April 21st, 2026*], compared with an average historical first-half contribution of 54% over 2018-2025 (matched only in 1H22), suggesting that our previous estimates were conservative.

For the remaining top line figures, research grants and stock changes amounted to € 445k, just below our previous estimate at €550k, leading to €3.47mln Total Revenue (+11% yoy) some 3% below our forecast at €3.58mln in Total Revenue (+14% yoy).

Volumes record in 1Q26 with more than 5,200 kgs

Looking at the quarterly analysis of volumes, changes and average price per kg, the historical record in volumes has been reached in the 1Q26 with more than 5,200kgs (+25% yoy), whereas the highest quarterly average price per unit has been hit in the 2Q26 (above €295/kg).

Figure 9: Arterra volumes and price quarterly trends 2022-2026



Source: Banca Profilo on Company data

Stable EBITDA despite double digit top line growth for increasing cost of Labour

Despite double digit growth in Total Revenue and a better product mix (higher concentration of make-up vs skin-care actives), EBITDA was stable at €1.2mln with margin declining 4% from 1H25 and 2% from FY25 to 34% in 1H26 for investments and enhancement of the Labour force, a process already seen in the 2H25. 1H26 EBITDA margin came out 2% below our previous FY26 estimates due to higher Cost of Labour (32% vs 31% of Total Revenue). In the first semester the Cost of Labour increased by over 20% yoy following 5 new hirings, including the Business Developer, the upgrade of some exiting employees and bonuses recognized to all employees.

Net profit at 21% margin amid the end of Patent Box benefit

Net profit declined to €742k in 1H26 from €1.1mln a year earlier following the end of Patent Box and therefore it includes a normalized 30% tax rate (vs 0% in 1H25).
In terms of EBT, this is in line with 1H25 as the foregoes of Vitalab dividend in 1h26 has fully offset the equity investment write down a year earlier.

Table 1: Arterra Profit and Loss 1H19 - 1H26

Profit & Loss								
€/000	1H19	1H20	1H21	1H22	1H23	1H24	1H25	1H26
Cosmetic turnover	**1,269**	**1,234**	**1,423**	**1,822**	**1,285**	**1,914**	**2,202**	**2,690**
yoy	*19%*	*-3%*	*15%*	*28%*	*-30%*	*49%*	*15%*	*22%*
weight on FY	*59%*	*54%*	*44%*	*61%*	*49%*	*54%*	*56%*	*59%*
Research contracts and services	270	273	272	304	308	336	370	337
yoy		*1%*	*0%*	*12%*	*1%*	*9%*	*10%*	*-9%*
Total turnover	**1,539**	**1,507**	**1,695**	**2,126**	**1,593**	**2,251**	**2,572**	**3,028**
yoy	*45%*	*-2%*	*12%*	*25%*	*-25%*	*41%*	*14%*	*18%*
cosmetic volumes (kg)	4,902	4,239	5,913	7,407	5,019	7,529	7,910	9,417
yoy	*60%*	*-14%*	*39%*	*25%*	*-32%*	*50%*	*5%*	*19%*
avg cosmetic price (€/kg)	259	291	241	246	256	254	278	286
Research grants and stock chan	334	567	372	640	527	68	570	445
% on total revenue	*22%*	*38%*	*22%*	*30%*	*33%*	*3%*	*22%*	*15%*
Total Revenue	**1,873**	**2,074**	**2,066**	**2,766**	**2,119**	**2,318**	**3,142**	**3,473**
yoy	*40%*	*11%*	*0%*	*34%*	*-23%*	*9%*	*36%*	*11%*
raw materials cost	(213)	(297)	(149)	(229)	(210)	(218)	(203)	(266)
cost of services	(314)	(455)	(507)	(507)	(678)	(692)	(761)	(777)
% on total revenue	*28%*	*36%*	*32%*	*27%*	*42%*	*39%*	*31%*	*30%*
cost of labour	(551)	(604)	(684)	(754)	(800)	(853)	(926)	(1,118)
% on total revenue	*29%*	*29%*	*33%*	*27%*	*38%*	*37%*	*29%*	*32%*
lease	(43)	(43)	(43)	(44)	(36)	(44)	(34)	(57)
other operating costs	(9)	(59)	(41)	(28)	(29)	(25)	(36)	(73)
EBITDA	**743**	**616**	**641**	**1,205**	**366**	**486**	**1,181**	**1,182**
margin	*40%*	*30%*	*31%*	*44%*	*17%*	*21%*	*38%*	*34%*
weight on FY	*60%*	*38%*	*37%*	*56%*	*23%*	*28%*	*53%*	*54%*
# employees	22	30	29	32	37	30	38	39
labor cost per unit	(25)	(20)	(24)	(24)	(22)	(28)	(24)	(29)
D&A	(49)	(182)	(222)	(268)	(262)	(160)	(141)	(164)
% on total revenue	*4%*	*10%*	*12%*	*11%*	*13%*	*8%*	*5%*	*6%*
EBIT	**694**	**434**	**419**	**937**	**104**	**327**	**1,040**	**1,017**
margin	*37%*	*21%*	*20%*	*34%*	*5%*	*14%*	*33%*	*29%*
net financial income (expenses)	4	(3)	0	(5)	1	106	35	44
dividend from Vitalab					160	200	144	0
% on total revenue	*0.2%*	*-0.2%*	*0.0%*	*-0.2%*	*7.6%*	*13.2%*	*5.7%*	*1.3%*
impairment							(135)	
EBT	**697**	**431**	**419**	**932**	**105**	**432**	**1,076**	**1,062**
margin	*37%*	*21%*	*20%*	*34%*	*5%*	*19%*	*34%*	*31%*
taxes	(69)	(87)	(28)	(253)	(16)	(115)	0	(319)
tax rate	*10%*	*20%*	*7%*	*27%*	*15%*	*27%*	*0%*	*30%*
Net income	**628**	**344**	**391**	**679**	**249**	**517**	**1,085**	**742**
% on total revenue	*34%*	*17%*	*19%*	*25%*	*12%*	*22%*	*35%*	*21%*

Source: Banca Profilo on Company data

Net Cash at the end of June rose to €6.1mln.

At the end of June, Net cash slightly increased to €6.1mln from €6mln at the end of December 2025 and includes financial short-term assets for €5mln.

Table 2: Arterra Balance Sheet 30.06.19 - 30.06.26

Balance Sheet								
€/000	30.06.19	30.06.20	30.06.21	30.06.22	30.06.23	30.06.24	30.06.25	30.06.26
tangibles	765	1334	1452	1624	1382	1251	1756	1808
intangibles	238	653	522	346	116	46	31	19
financials	452	452	812	949	982	982	897	847
Fixed assets	**1,456**	**2,440**	**2,786**	**2,919**	**2,480**	**2,279**	**2,685**	**2,675**
other current net receivables	343	678	712	779	336	798	813	867
receivables from grants	530	287	611	294	1,174	1,053	1,221	1,648
trade receivables	396	530	528	716	463	862	1,330	1,042
inventories	274	491	455	872	1,014	1,102	1,289	1,345
trade paybles	(161)	(204)	(212)	(218)	(185)	(285)	(479)	(301)
Net operating Working Capital	**1,039**	**1,105**	**1,382**	**1,665**	**2,466**	**2,732**	**3,361**	**3,735**
Net Working Capital	**1,382**	**1,782**	**2,094**	**2,444**	**2,802**	**3,530**	**4,175**	**4,601**
Capex	**949**	**186**	**305**	**56**	**21**	**185**	**384**	**289**
tangible	572	157	270	56	21	166	384	289
intangibles	377	29	34	0	0	19	0	0
Provisions	**(550)**	**(476)**	**(540)**	**(550)**	**(718)**	**(762)**	**(905)**	**(1,023)**
Invested Capital	**2,288**	**3,747**	**4,340**	**4,813**	**4,564**	**5,047**	**5,954**	**6,253**
shareholders' equity	250	329	330	333	333	333	333	333
reserves	2,009	6,668	7,851	8,720	9,468	9,753	10,243	11,272
net income	628	344	391	679	249	517	1,085	742
Equity	**2,888**	**7,341**	**8,572**	**9,731**	**10,050**	**10,603**	**11,661**	**12,347**
Net debt (cash)	**(600)**	**(3,595)**	**(4,232)**	**(4,919)**	**(5,486)**	**(5,556)**	**(5,707)**	**(6,094)**

Source: Banca Profilo on Company data

Cash generation driven by €1.9mln EBIT

In the first six months of 2026, Arterra generated almost €1.5mln net Free Cash Flows coming from €1mln EBIT and including €289k cash absorption from Capex, more than offset by €791k cash generation form net working capital optimization with its weight on Total revenue declining to 58% at the end of June 2026 from 74% at the end of December 2025.

Table 3: Arterra Free Cash Flows 1H20 - 1H26

Free Cash Flows							
€/000	1H20	1H21	1H22	1H23	1H24	1H25	1H26
EBIT	**434**	**419**	**937**	**104**	**327**	**1,040**	**1,017**
tax (figurative)	(87)	(84)	(188)	(21)	(65)	(208)	(204)
D&A	182	222	268	262	160	141	164
change in Net Working Capital	(270)	(75)	133	182	(115)	777	791
capex	(186)	(305)	(56)	(21)	(185)	(384)	(289)
Free Cash Flow	**73**	**177**	**1,094**	**507**	**121**	**1,366**	**1,480**

Source: Banca Profilo on Company data

State of the Art

Strenghtening R&D capabilities, accelerating Cosmetics growth via Vitalab, unlocking the route to market in Neutraceuticals

Production capacity expansion

Process optimization

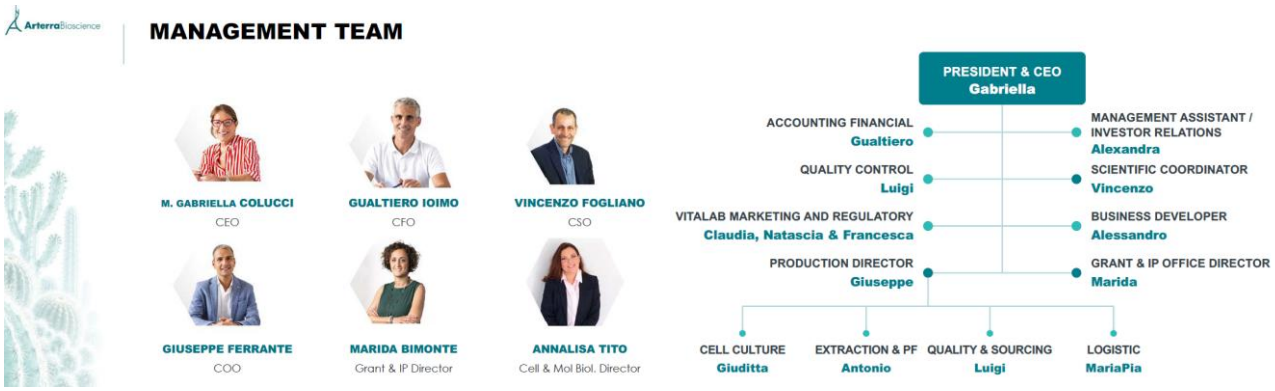
Since its IPO in 2019, Arterra has consistently invested in expanding both its production capacity and research capabilities. Since then, the Company has upgraded its production facilities, acquired additional equipment and implemented advanced technologies to enhance plant cellular growth.
Since 2024, over €900k have been invested in facility expansion and new equipment, primarily within the Process Lab, Plant Growing Facility, and Lactobacillus & Agrobacterium Growing Facility.
As of now the Research Department consists of 1,600 sqm of laboratories, it has capacity to produce 15 tons of ingredients per year and innovation capability which has led to 67 active ingredients, 7 innovation awards, 25 patents and over 70 publications together with more than 50 global R&D partners.
In 2026-2027 the expansion strategy comprises €700k capex for additional 1,300sqm lab and production facility, and about €1mln for the acquisition of additional research and production equipment.

Organization strengthening and streamlining

Since its IPO in 2019, Arterra has also strengthened its management team by appointing:

- a CSO (Vincenzo Fogliano)
- a COO (Giuseppe Ferrante),
- a Grant & IP Director (Marida Bimonte)
- a Cell & Molecular Biology Director (Annalisa Tito).

Figure 10: Organization



Source: Company data

Middle management and a new dedicated marketing and regulatory team for Vitalab

Furthermore, in 2023, the Company introduced an additional organizational layer - the Middle Management - to further streamline research and production processes.
More recently, Arterra has enhanced its commercial capabilities with the addition of Alessandro Barbarulo as Business Developer with a specific role in Nutraceutical.
In parallel, the Company has strengthened its position in Medical Aesthetics through a consultancy agreement with Vitalab, involving Alessandro Galli.
Finally, a dedicated marketing and regulatory team for Vitalab has been set up.

Expanding the R&D pipeline through 4 funded research projects

Arterra's innovation pipeline is also funded through 4 main research projects spanning 2024-2029, worth approximately €8.4mln: Re-Food, SmartLab 2.0, Main Cosmetic and Nex-Bio. Key research areas include microbiological cell factories, precision fermentation, advanced delivery systems, purified exosomes, polynucleotides and powdered active ingredients. These projects support the development of innovative solutions for Cosmetics, Nutraceuticals and Medical Aesthetics

Table 4: Funded projects

	Re-Food	SmartLab 2.0	Main Cosmetic	NEX-Bio
FUNDING / PERIOD	MUR 2026-2029	Regional funding 2024–2026	MIMIT 2027–2029	Regional Programme STEP BIS Call 2027–2028
RESEARCH AREA	Agrifood and circular economy	Microbiological Cell factories	Innovative materials and formulations	Next-generation bioactive ingredients and industrial scale-up
TECHNOLOGY	Fermentation	Lactobacillus sp.	Delivery systems	Purified exosomes Polynucleotides Powdered actives
BUDGET	Total: € 19.982.436 Arterra: €720,012.00	Total (Arterra) €2,975,389.00	Total: €9,752,778.00 ABS: €2,676,008.40	Total (Arterra) €2,027,761.15
APPLICATIONS	Cosmetics	Cosmetics, Agriculture, Netraceuticals	Cosmetics Medical aesthetics	Cosmetics Nutraceuticals Medical aesthetics

SmartLab 2.0 and NEX-Bio: Arterra is the sole project participant.

Source: Company data

2026 priorities:

Strengthen Vitalab positioning

Define a clear route to Neutraceuticals

Matching current trends in Cosmetics with beauty brands increasingly aligned with dermatology and aesthetic medicine, functional benefits becoming a "must have" in the makeup proposition and new opportunities in scalp health, with Vitalab global market positioning, the 2026 priority become to strengthen this position. In fact, in 2025, about 50 mln SKUs have been globally formulated using Vitalab actives.

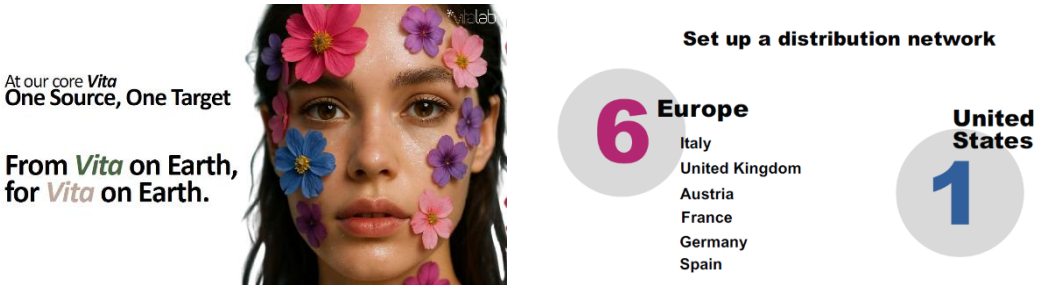
Furthermore, Arterra's solid scientific foundation to develop nutraceutical and novel food ingredients is the assumption to define and accelerate the route to market in Nutraceuticals.

Vitalab: building brand identity commercial strategy, international expansion

Arterra has started its path towards a comprehensive brand repositioning strategy for Vitalab by setting up a dedicated marketing and regulatory team, which will build a distinctive brand identity, leveraging a portfolio of 67 actives across skincare, scalp and haircare applications.

Once band awareness drivers have been set, in 2027, Arterra plans to establish an international distribution network covering 6 European countries and the United States, with additional markets potentially joining at a later stage. In 2026 Arterra approved Vitalab dividend waiver to fund marketing and distribution expenses.

Figure 11: Vitalab brand awareness and distribution network build up



Source: Company data

Nutraceuticals: defining a clear route

Alessandro being appointed as Business Developer

Arterra is expanding its strategic focus on Nutraceuticals, leveraging its proprietary ingredient discovery platform and scientific expertise to develop innovative bioactive ingredients, including beauty-from-within applications.

The Company's strategy is structured around three pillars: scientific discovery, development of a targeted ingredient pipeline and commercial expansion through strategic alliances.

The appointment of Alessandro Barbarulo as Business Developer supports the Company's efforts to establish partnerships and define a route to market for its priority nutraceutical ingredients.

Strenghtening partnerships with global beauty brands

Arterra continues to strengthen its positioning as an innovation partner for leading international beauty brands through customized ingredient development. The Company has 3 ongoing custom-made actives development projects involving the Intercos Group and major cosmetic brands, including prestigious Swiss brands.
Among the most notable applications is the world-first Recoverstem Peptide, backed by 10 years of scientific research and featured in a skin cream which is based on a blend of over 100 Peptides extracted from the stem cells of the eternal Jasmine Youth Plant that never age.

Figure 12: Tailored actives development 2025-2026

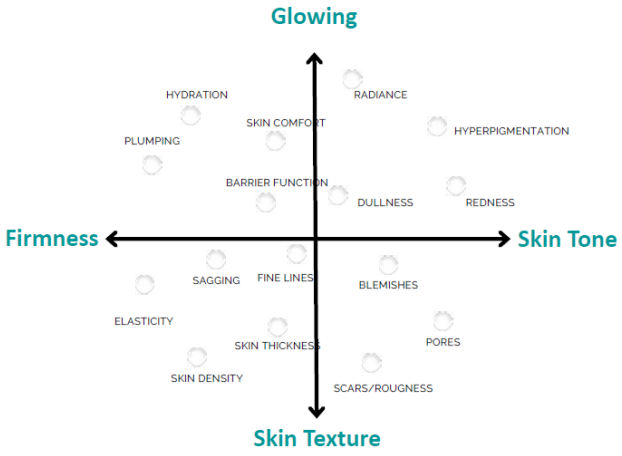


Source: Company data

Research innovation: The Skin Quality Matrix

Arterra's research is increasingly focused on the development of active ingredients that address a multidimensional approach to skin health, going beyond aesthetic appearance to encompass skin functionality and overall well-being. In this context, the Skin Quality Matrix, inspired by the principles of Aesthetic Medicine, provides a comprehensive framework to assess the key dimensions of skin quality — radiance, firmness, skin tone and texture — as visible manifestations of underlying biological processes. This holistic approach is increasingly shaping Arterra's R&D strategy, driving the development of innovative, targeted solutions that address multiple factors contributing to overall skin health and quality.

Figure 13: The Skin Quality Matrix



Source: Company data

Research innovation: State of the art

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. 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.
Since 2025, 5 exclusive active ingredients have been developed for key multinational Cosmetics brands. Additionally, the Company is expanding into Aesthetic Medicine with pre- and post-treatment products and ingredients addressed to Medical Device producers in a B2B business

model. Finally, in Nutraceutical, Arterra has a clinically tested, patented product, for atopic dermatitis.

Figure 14: 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.

Agri-Food : Arterra-Montecarlo Fruit

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.

Nutraceutical: Arterra-ADL-ABR

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.

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.

Patents in Medical Devices

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.

New proprietary enabling IP

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.

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.

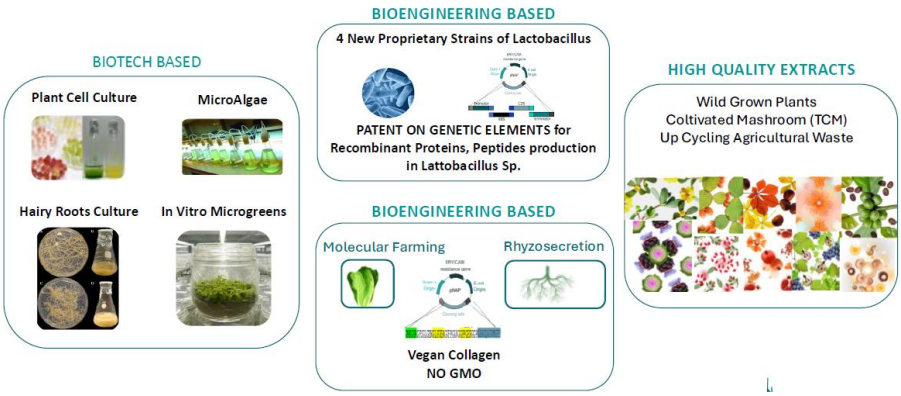
Exosomes Technology

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.

PDRN Technology

Complementing this innovation, exosome actives from lactobacilli and lettuce sprouts have also been developed and fully characterized, enriching our cutting-edge portfolio.
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.

Figure 15: Arterra sources for actives discovery and development



Source: Company data

Consolidating in Skincare and makeup

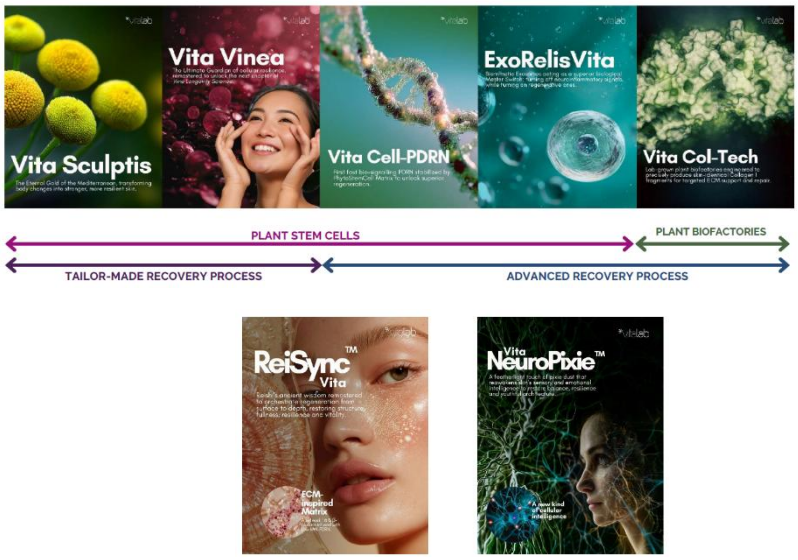
A new industrial application: Haircare

5 new Cosmetic actives in 2026

In Cosmetics, since 2024, Arterra has launched 8 new products on the market and filed 3 patents, including for actives addressed to Haircare, Arterra's new industrial application for hair growth stimulus.

In 2026, Vitalab presented 5 new active ingredients: Vita Sculptis, Vita Vinea, Vita Cell-PDRN, ExoRelisVita and Vita Col-Tech. These innovations leverage plant stem cell technologies and plant biofactories, further expanding the Company's portfolio of advanced ingredients. Additional developments in the pipeline include ReSync Vita and Vita NeuroPixie.

Figure 16: new actives in Cosmetics



Source: Company data

Innovation in Cosmetics

Extracellular vesicles

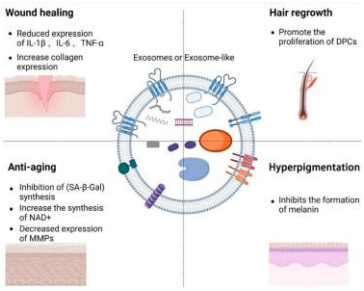
Plant Exosomes

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

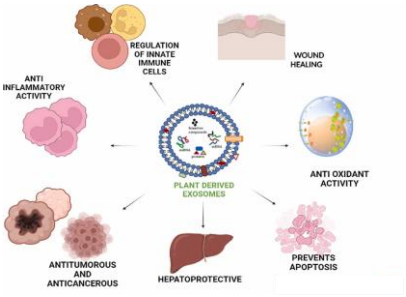
components with relevant claimed properties including anti-inflammatory, anti-tumorous and anti-cancerous activity, as well as hepatoprotective effects in medical care or wound healing, hair regrowth, anti-aging and hyperpigmentation action to be used in Skincare and professional beauty treatments; vi) 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 17: Innovation in Cosmetics - plant Exosomes, claimed properties and their industrial applications

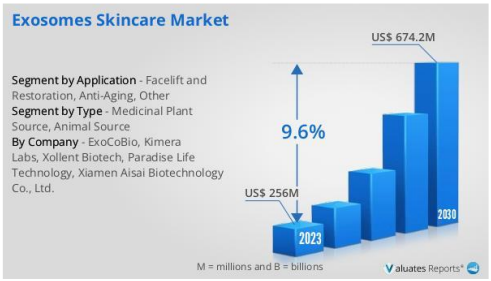
Medical care



Professional beauty treatments



Skincare



Source: Company data

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 medics.

Estimates update

2026-2028 estimates fine tuning

2026-2028

P&L fine tuning

Adding new investments in Balance Sheet

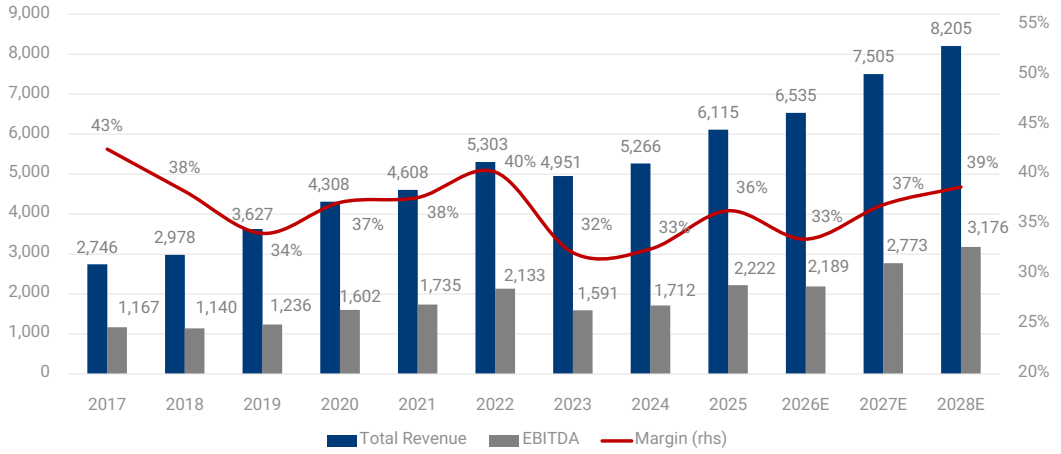
In this report we update our previous 2026-2028 projections *[Company Update on April the 20th 2026]*, amid 1H26 results and according to Company's October presentation, strategic development and management guidance.
Main changes regard i) 2026E Cosmetics sales volume and turnover, as 1H26 results were higher than our expectations; ii) 2026E EBITDA margin, as 1H26 cost of Labour came out higher than our estimates; iii) Research grants according to the deployment of Smart Lab 2.0, Re-Food, Main Cosmetic and new NEX-Bio funded research projects and iv) new investment plan both in terms of laboratories/production plant expansion and new equipment.

Sales CAGR 25-28E at 14% (vs prior 13%).

EBITDA margin +230bps to 39%

Therefore, for the three-year projections, we now expect 2025-2028E Cosmetics sales CAGR at 14% (from prior 13%) driven by increasing selling volumes to 20,800 kgs (vs prior 20,600kgs) and persisting improving revenue mix towards the "richest" actives addressed to functional make-up cosmetics and advanced skincare.
In terms of Total revenue, we expect Research grants at a three-year average of €1.4mln (vs previous €1.2mln) with a peak in 2027 related to the new NEX-Bio funded research project. Receivables from grants and grants cash-in follow the rule of funding, including capex funding according to related 5-year D&A and Research activities at about 70% funding.
We reflect higher first-semester cost of Labour into our 2026 estimates and set it at about €2.3mln average over the three-year period (from previous €2.1mln), according to the organization strengthening. This ends into a lower EBITDA margin in 2026 (33% vs prior 36%) but we confirmed our old estimates for the following two perspective years. Consequently, EBITDA is now expected at €2.2mln in 2026 (unchanged yoy) to increase to €3.2mln in 2028 with margin improving 230bps in the three-year period (from prior 240bps).

Figure 18: Revenue, EBITDA and margin 2017-2028E



Source: Banca Profilo on Company data

3% Net Income CAGR 25-28E with 25% average margin

The remaining P&L metrics see a return to material D&A coming from: i) the end of IPO costs amortization; ii) capex for some €1mln in 2024-2025 and iii) new capex at almost €2mln for the expansion of lab and production facilities within the Headquarter in Naples and the acquisition of related equipment also linked to the development of NEX-Bio project. Furthermore, Net Income will be impacted by the waiver of the dividend from Vitalab in 2026E and the end of Patent Box tax benefit. Consequently, Net Income CAGR 2025-2028E is now estimated at 3%, down from previous 9% for the re-introduction of a "standard" and historical

20% tax rate. Vitalab dividend is restored in 2027 and 2028 according to our estimates. A 25% Net Income margin is seen over the 2026-2028E period.

Table 5: P&L estimates old vs new 2026E-2028E

Profit & Loss															
€/000	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026E old	2026E new	2027E old	2027E new	2028E old	2028E new
Cosmetic turnover	1,503	1,868	2,167	2,281	3,253	2,984	2,633	3,519	3,963	4,439	4,550	5,016	5,142	5,718	5,862
yoy		*24%*	*16%*	*5%*	*43%*	*-8%*	*-12%*	*34%*	*13%*	*12%*	*15%*	*13%*	*16%*	*29%*	*29%*
Nutraceutical/Medical Devices	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Agriculture/Agri-food	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Research contracts and services	551	559	542	541	573	580	671	654	686	752	733	841	842	937	920
Licences and royalties	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total turnover	**2,054**	**2,427**	**2,709**	**2,822**	**3,826**	**3,563**	**3,304**	**4,173**	**4,650**	**5,192**	**5,284**	**5,857**	**5,984**	**6,655**	**6,783**
yoy		*18%*	*12%*	*4%*	*36%*	*-7%*	*-7%*	*26%*	*11%*	*12%*	*14%*	*13%*	*15%*	*28%*	*28%*
cosmetic volumes (kg)	5,690	7,142	8,839	9,117	13,342	12,036	10,599	13,475	14,280	15,994	16,136	18,073	18,234	20,603	20,787
yoy	*90%*	*26%*	*24%*	*3%*	*46%*	*-10%*	*-12%*	*27%*	*6%*	*12%*	*13%*	*13%*	*14%*	*29%*	*29%*
avg cosmetic price (€/kg)	264	262	245	250	244	248	248	261	278	278	282	278	282	278	282
Research grants and stock changes	692	551	917	1,487	783	1,740	1,647	1,093	1,466	1,176	1,251	1,260	1,521	1,273	1,422
% on sales	*25%*	*18%*	*25%*	*35%*	*17%*	*33%*	*33%*	*21%*	*24%*	*18%*	*19%*	*18%*	*20%*	*16%*	*17%*
Total Revenue	**2,746**	**2,978**	**3,627**	**4,309**	**4,609**	**5,303**	**4,951**	**5,267**	**6,115**	**6,368**	**6,535**	**7,117**	**7,505**	**7,928**	**8,205**
yoy	*45%*	*8%*	*22%*	*19%*	*7%*	*15%*	*-7%*	*6%*	*16%*	*6%*	*7%*	*16%*	*23%*	*25%*	*29%*
raw materials cost	(210)	(259)	(455)	(525)	(318)	(507)	(425)	(463)	(381)						
cost of services	(466)	(533)	(726)	(873)	(986)	(1,140)	(1,292)	(1,331)	(1,511)	(1,971)	(1,957)	(2,203)	(2,248)	(2,453)	(2,457)
% on total revenue	*25%*	*27%*	*33%*	*32%*	*28%*	*31%*	*35%*	*34%*	*31%*	*31%*	*30%*	*31%*	*30%*	*31%*	*30%*
cost of labour	(736)	(847)	(1,025)	(1,128)	(1,228)	(1,391)	(1,476)	(1,598)	(1,854)	(1,987)	(2,208)	(2,124)	(2,303)	(2,266)	(2,390)
% on total revenue	*27%*	*28%*	*28%*	*26%*	*27%*	*26%*	*30%*	*30%*	*30%*	*31%*	*34%*	*30%*	*31%*	*29%*	*29%*
lease	(123)	(146)	(146)	(151)	(158)	(83)	(82)	(95)	(86)	(86)	(86)	(86)	(86)	(86)	(86)
other operating costs	(43)	(53)	(38)	(30)	(184)	(51)	(85)	(66)	(60)	(60)	(95)	(60)	(95)	(60)	(95)
EBITDA	**1,167**	**1,140**	**1,236**	**1,602**	**1,736**	**2,133**	**1,591**	**1,713**	**2,222**	**2,264**	**2,189**	**2,644**	**2,773**	**3,063**	**3,177**
margin	*43%*	*38%*	*34%*	*37%*	*38%*	*40%*	*32%*	*33%*	*36%*	*36%*	*33%*	*37%*	*37%*	*39%*	*39%*
# employees	n.a.	20	28	30	35	36	34	34	38	40	39	42	40	44	41
labor cost per unit		(42)	(37)	(38)	(35)	(39)	(43)	(47)	(49)	(50)	(57)	(51)	(58)	(51)	(58)
D&A	(143)	(73)	(296)	(400)	(487)	(532)	(532)	(339)	(290)	(370)	(407)	(440)	(565)	(515)	(692)
% on total revenue	*5%*	*2%*	*8%*	*9%*	*11%*	*10%*	*11%*	*6%*	*5%*	*6%*	*6%*	*6%*	*8%*	*6%*	*8%*
EBIT	**1,024**	**1,067**	**940**	**1,201**	**1,249**	**1,601**	**1,059**	**1,373**	**1,932**	**1,894**	**1,782**	**2,204**	**2,208**	**2,548**	**2,484**
margin	*37%*	*36%*	*26%*	*28%*	*27%*	*30%*	*21%*	*26%*	*32%*	*30%*	*27%*	*31%*	*29%*	*32%*	*30%*
net financial income (expenses)	(7)	6	1	(2)	26	197	243	328	200	251	69	261	220	273	232
% on total revenue	*-0.2%*	*0.2%*	*0.0%*	*0.0%*	*0.6%*	*3.7%*	*4.9%*	*6.2%*	*3.3%*	*3.9%*	*1.1%*	*3.6%*	*2.9%*	*3.4%*	*2.8%*
write down									(135)						
EBT	**1,017**	**1,073**	**941**	**1,199**	**1,274**	**1,797**	**1,302**	**1,702**	**1,998**	**2,142**	**1,851**	**2,465**	**2,428**	**2,821**	**2,716**
margin	*37%*	*36%*	*26%*	*28%*	*28%*	*34%*	*26%*	*32%*	*33%*	*34%*	*28%*	*34%*	*32%*	*35%*	*33%*
taxes	(272)	(29)	(83)	(91)	(163)	(383)	(226)	(365)	8	(69)	(371)	(133)	(487)	(205)	(544)
tax rate	*27%*	*3%*	*9%*	*8%*	*13%*	*21%*	*17%*	*21%*	*0%*	*3%*	*20%*	*5%*	*20%*	*7%*	*20%*
Net income	**745**	**1,044**	**857**	**1,109**	**1,111**	**1,414**	**1,076**	**1,337**	**2,006**	**2,076**	**1,480**	**2,332**	**1,941**	**2,616**	**2,172**
% on total revenue	*27%*	*35%*	*24%*	*26%*	*24%*	*27%*	*22%*	*25%*	*33%*	*33%*	*23%*	*33%*	*26%*	*33%*	*26%*

Source: Banca Profilo estimates and Company data

Balance Sheet update:

gradual cash in of grants receivables

€2mln Capex (vs previous €1mln);

generous dividend policy

net cash above €8.6mln by the end of 2028

Regarding our Balance Sheet estimates, main changes regard Capex and Net Working Capital according to Arterra's new plan of investments.

In details, Capex are now expected close to €2mln, doubling from our Company Update in April, as they include the expansion of the lab and production facilities in Arterra Headquarter in Naples and the acquisition of new equipment supporting the NEX-Bio project development. Net Working Capital is now expected to absorb about €1.2mln in 2026-2028E period, up from €630 of our Company Update in April, mainly coming from the peak of Receivable from grants in 2027, related to new projects which will be gradually cashed in the following years.

Higher cash absorption by Net Operating Working capital and Capex lead to €5.8mln net cash at the end of 2026 (from prior €6.8mln) and to €6.8mln at the end of 2028 (from prior €8.6mln).

Table 6: Balance Sheet old vs new estimates 2026E-2028E

Balance Sheet															
€/000	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026E old	2026E new	2027E old	2027E new	2028E old	2028E new
tangibles	185	567	1278	1400	1662	1535	1232	1508	1680	1662	2000	1581	2303	1477	2079
intangibles	27	108	706	567	442	204	40	36	22	39	38	52	53	40	39
financials	462	452	452	452	949	982	982	982	982	982	982	982	982	982	982
Fixed assets	**675**	**1,127**	**2,437**	**2,419**	**3,052**	**2,722**	**2,254**	**2,526**	**2,685**	**2,683**	**3,021**	**2,615**	**3,338**	**2,499**	**3,100**
other current net receivables	131	177	452	912	914	227	869	98	308	380	380	452	452	524	524
receivables from grants	1,176	1,062	495	585	755	905	816	1,455	1,508	1,211	1,373	1,171	1,687	1,055	1,500
trade receivables	303	630	414	339	806	774	695	1,628	1,719	2,227	2,089	2,347	2,249	2,455	2,459
inventories	263	267	425	570	488	1,157	1,356	1,330	1,539	1,602	1,695	1,791	1,871	1,995	2,046
trade paybles	(161)	(257)	(500)	(188)	(250)	(188)	(250)	(276)	(241)	(280)	(294)	(313)	(303)	(348)	(307)
Net operating Working Capital	**1,582**	**1,702**	**834**	**1,306**	**1,798**	**2,648**	**2,617**	**4,139**	**4,526**	**4,760**	**4,864**	**4,995**	**5,504**	**5,157**	**5,697**
% on total revenue	*58%*	*57%*	*23%*	*30%*	*39%*	*50%*	*53%*	*79%*	*74%*	*75%*	*74%*	*70%*	*73%*	*65%*	*69%*
receivables from grants (% grants)	*170%*	*193%*	*54%*	*39%*	*96%*	*52%*	*50%*	*133%*	*103%*	*103%*	*110%*	*93%*	*111%*	*83%*	*105%*
trade receivables (% revenue)	*11%*	*21%*	*11%*	*8%*	*17%*	*15%*	*14%*	*31%*	*28%*	*35%*	*32%*	*33%*	*30%*	*31%*	*30%*
inventories (% revenue)	*10%*	*9%*	*12%*	*13%*	*11%*	*22%*	*27%*	*25%*	*25%*	*25%*	*26%*	*25%*	*25%*	*25%*	*25%*
trade paybles (% COGS)	*24%*	*32%*	*42%*	*13%*	*19%*	*11%*	*15%*	*15%*	*13%*	*14%*	*15%*	*14%*	*14%*	*14%*	*13%*
Capex	**50**	**536**	**1,897**	**383**	**609**	**184**	**83**	**612**	**449**	**350**	**723**	**350**	**854**	**400**	**420**
tangible	28	447	1143	342	541	179	66	588	453	315	687	315	811	360	399
intangibles	22	89	754	40	68	5	17	24	-4	35	36	35	43	40	21
% on total revenue	*2%*	*18%*	*52%*	*9%*	*13%*	*3%*	*2%*	*12%*	*7%*	*5%*	*11%*	*5%*	*11%*	*5%*	*5%*
Provisions	**(629)**	**(630)**	**(504)**	**(522)**	**(522)**	**(522)**	**(659)**	**(895)**	**(957)**	**(957)**	**(957)**	**(957)**	**(957)**	**(957)**	**(957)**
Invested Capital	**1,757**	**2,375**	**3,218**	**4,115**	**5,241**	**5,075**	**5,080**	**5,868**	**6,562**	**6,866**	**7,308**	**7,106**	**8,338**	**7,224**	**8,365**
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	11,272	11,272	12,049	11,894	12,920	12,710
net income	745	1,044	857	1,108	1,111	1,414	1,076	1,337	2,006	2,076	1,480	2,332	1,941	2,616	2,171
Equity	**1,715**	**2,559**	**7,110**	**8,181**	**9,473**	**10,467**	**10,752**	**11,423**	**12,582**	**13,681**	**13,085**	**14,714**	**14,168**	**15,869**	**15,214**
Net debt (cash)	**42**	**(185)**	**(3,892)**	**(4,066)**	**(4,232)**	**(5,392)**	**(5,672)**	**(5,555)**	**(6,021)**	**(6,815)**	**(5,777)**	**(7,608)**	**(5,830)**	**(8,645)**	**(6,850)**

Source: Banca Profilo estimates and Company data

2026E-2028E FCFs at €3.7mln (from €4.9mln) for higher Capex and NWC increase

In terms of Free Cash Flows, we project 2026E-2028E cumulated cash generation at €3.7mln vs previous €4.9mln, amid the increase in Capex and NWC mainly in 2027. In fact, FCF in 2028E remain basically unchanged as receivables from grants start to be cashed in and the investment process comes to an end.

Table 7: Free Cash Flows old vs new estimates 2026E-2028E

Free Cash Flows															
€/000	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026E old	2026E new	2027E old	2027E new	2028E old	2028E new
EBIT	1,024	1,067	940	1,201	1,249	1,601	1,059	1,373	1,932	1,894	1,782	2,204	2,208	2,548	2,484
tax (figurative)	(205)	(214)	(188)	(241)	(250)	(321)	(212)	(275)	(387)	(380)	(357)	(442)	(443)	(511)	(498)
NOPAT	**819**	**853**	**751**	**961**	**998**	**1,280**	**847**	**1,098**	**1,545**	**1,514**	**1,425**	**1,762**	**1,766**	**2,037**	**1,986**
D&A	143	73	296	400	487	532	532	339	290	370	407	440	565	515	692
Gross FCF	**962**	**926**	**1,048**	**1,361**	**1,486**	**1,812**	**1,379**	**1,437**	**1,835**	**1,884**	**1,832**	**2,202**	**2,331**	**2,552**	**2,679**
change in Net Working Capital	(219)	(120)	868	(472)	(492)	(850)	31	(1,522)	(387)	(234)	(338)	(236)	(641)	(162)	(193)
CapEx	(50)	(536)	(1,153)	(383)	(609)	(184)	(83)	(612)	(449)	(350)	(723)	(350)	(854)	(400)	(420)
Free Cash Flow	**693**	**270**	**762**	**506**	**385**	**778**	**1,328**	**-696**	**999**	**1,300**	**771**	**1,617**	**836**	**1,991**	**2,066**

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.

Meanwhile, ongoing investments in Vitalab brand positioning and international distribution might release value of Arterra's 40% stake.

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:

€4.6mln of cumulated FCFs (-5%)

€1.8mln as Terminal Value cash flow (+21%)

To run a DCF model, we use our projected FCFs for the 2026-29E explicit period. With respect to our last Company Update in April, we use 2H26E only, but we add 2029E FCFs (vs previous FY26E-FY28E). These combined changes of the duration of the explicit period and the update of our 2026-2028 estimates lead to a 5% decrease in cumulated FCFs to €4.6mln (from prior €4.9mln). Moreover, the Terminal Value Unlevered Free Cash Flow has increased to €1.78mln from previous €1.48mln as the FY29E new cash flow and higher FY28E cash flow more than offset lower FY27E.

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

- an annual FCF generation of €1.78mln (+21%) corresponding to the average FCF in 2027-29E;
- perpetual growth rate of 2% (unchanged).

To get to the Equity Valuation, we would consider the reported net cash at the end of June 2026 at €6.1mln (€6mln at the end of December 2025) and Vitalab as peripheral asset (40% stake) valued on market multiples.

Regarding Vitalab, we believe the ongoing investments in brand positioning, market capabilities and international distribution could unlock significant untapped value of Arterra's 40% stake.

Table 8: DCF valuation

DCF Valuation		2H26E	2027E	2028E	2029E	over
Free Cash Flows (€/000)		**-709**	**836**	**2,066**	**2,449**	**1,784**
years	27/10/2026	0.2	1.2	2.2	3.2	
discount factor		0.98	0.90	0.82	0.75	
NPV Cash flows (€/000)		-698	752	1,699	1,842	
Sum of NPVs (€/000)						3,596
Terminal Value (€/000)						24,186
NPV Terminal Value (€/000)						18,192
Enterprise Value (€/000)						**21,788**
peripheral assets: Vitalab (@40%)						1,108
Net debt June 2026 (€/000)						-6,094
Equity Value (€/000)						**28,991**
number of shares (mln)						6.7
Per share value (€)						**4.4**

Source: Banca Profilo estimates and Company data

Updated WACC at 9.4% according to expectations on interest rates path and updated ERP

Our WACC (9.3% from prior 8.2%) assumptions include:

- risk free rate at 4.8% (from 4.4%), according to 100-day 30-year BTP yield moving average and to the expected path of BCE monetary tightening policy.
- market risk premium at 6.6% (from prior 5.5%), according to Damodaran ERP update in July 2026;
- 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 9: WACC calculation

WACC Calculation	
perpetual growth rate	2.0%
WACC	**9.4%**
risk free rate (30Y)	4.8%
equity risk premium	6.6%
beta	1.0
KE	**11.2%**
cost of debt	3%
tax rate	20%
KD	**2%**

Source: Banca Profilo estimates and Company data

DCF Equity valuation: €29mln (-9%)

We run the DCF model and end up with an Equity Value of €29mln or €4.4/share (vs prior €31.9mln or €4.8/share respectively) as lower cumulated Free Cash Flows over the explicit period and lower Vitalab valuation, have been more than offset by higher Terminal Value Cash Flow and slightly higher 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 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.

Table 10: Sample benchmarking on revenue growth and EBITDA margin

Company	Currency	Market Cap (mln)	Enterprise Value (mln)	Sales growth								
26/10/2026				2019	2020	2021	2022	2023	2024	2025	2026E	2027E
BRAIN Biotech	EUR	60	78	*24.8%*	*-0.5%*	*7.6%*	*23.7%*	*8.3%*	*-1.8%*	*-6.2%*	*-2.4%*	*10.0%*
Croda	GBP	5,039	5,551	*-0.7%*	*0.9%*	*35.9%*	*10.6%*	*-18.9%*	*-3.9%*	*4.4%*	*4.1%*	*5.0%*
Symrise	EUR	13,998	15,641	*8.0%*	*3.3%*	*8.7%*	*20.7%*	*2.4%*	*5.7%*	*-1.4%*	*1.7%*	*4.6%*
Fermentalg	EUR	47	45	*n.m.*	*16.3%*	*155.3%*	*35.1%*	*-46.1%*	*180.5%*	*16.5%*	*14.2%*	*59.5%*
Plant Advanced Technologies	EUR	5	8	*9.1%*	*4.7%*	*83.1%*	*0.0%*	*-26.1%*	*11.8%*	*-42.1%*	*0.0%*	*0.0%*
Novonesis	DKK	194,343	214,740	*-0.1%*	*-2.5%*	*6.7%*	*17.4%*	*2.0%*	*59.7%*	*8.6%*	*7.7%*	*7.9%*
Codexis	USD	142	158	*13.0%*	*0.9%*	*51.7%*	*32.3%*	*-49.4%*	*-15.4%*	*18.6%*	*4.9%*	*12.7%*
Lonza Group	CH	44,581	48,100	*6.8%*	*4.5%*	*-12.5%*	*14.6%*	*8.3%*	*-2.1%*	*-0.7%*	*9.0%*	*11.5%*
OCI NV	NL	869	926	*-2.6%*	*1.8%*	*95.2%*	*-33.1%*	*-74.5%*	*3.0%*	*11.4%*	*1.7%*	*-16.0%*
Wacker Chemie AG	DE	4,222	5,513	*-1.0%*	*-4.8%*	*32.3%*	*32.2%*	*-22.0%*	*-10.6%*	*-4.1%*	*5.0%*	*2.6%*
Median best peers				***18.9%***	***0.9%***	***51.7%***	***32.3%***	***-46.1%***	***-1.8%***	***16.5%***	***4.9%***	***12.7%***
Arterra	**ITA**	**20.2**	**14.2**	***21.8%***	***18.8%***	***7.0%***	***15.1%***	***-6.6%***	***6.4%***	***16.1%***	***6.9%***	***14.9%***

	EBITDA margin									
	2018	2019	2020	2021	2022	2023	2024	2025	2026E	2027E
BRAIN Biotech	*-16.7%*	*-7.3%*	*-9.1%*	*-4.2%*	*0.1%*	*0.3%*	*-1.2%*	*-3.6%*	*-3.6%*	*8.1%*
Croda	*28.5%*	*28.8%*	*27.9%*	*29.0%*	*28.8%*	*24.2%*	*23.2%*	*23.3%*	*24.1%*	*25.2%*
Symrise	*20.0%*	*20.3%*	*21.1%*	*21.3%*	*20.0%*	*19.1%*	*20.7%*	*21.9%*	*21.8%*	*22.2%*
Fermentalg	*n.m.*	*n.m.*	*n.m.*	*n.m.*	*n.m.*	*-190.2%*	*-56.7%*	*-49.3%*	*-31.4%*	*-11.3%*
Plant Advanced Technologies	*n.m.*	*n.m.*	*n.m.*	*-34.8%*	*-47.8%*	*-17.6%*	*42.1%*	*63.6%*	*63.6%*	*63.6%*
Novonesis	*35.8%*	*36.7%*	*35.1%*	*36.3%*	*34.6%*	*52.7%*	*36.2%*	*37.1%*	*37.7%*	*38.5%*
Codexis	*-3.8%*	*-10.8%*	*-31.8%*	*-18.6%*	*-13.3%*	*-68.5%*	*-76.9%*	*-40.4%*	*-37.6%*	*-19.3%*
Lonza Group	*27.3%*	*26.8%*	*22.7%*	*30.8%*	*32.2%*	*29.8%*	*29.0%*	*31.6%*	*33.5%*	*34.1%*
OCI NV	*28.6%*	*22.8%*	*24.0%*	*40.1%*	*17.0%*	*-9.6%*	*8.1%*	*4.3%*	*4.9%*	*5.5%*
Wacker Chemie AG	*18.7%*	*15.8%*	*14.2%*	*24.8%*	*25.3%*	*12.9%*	*13.3%*	*7.8%*	*12.3%*	*12.4%*
Median best peers	***27.9%***	***24.8%***	***23.4%***	***29.9%***	***27.1%***	***21.6%***	***23.2%***	***23.3%***	***24.1%***	***25.2%***
Arterra	***38.3%***	***34.1%***	***37.2%***	***37.7%***	***40.2%***	***32.1%***	***32.5%***	***36.3%***	***33.5%***	***36.9%***

Source: Banca Profilo estimates and elaborations on Factset

Consistently with our sample split, and introducing 2028E multiples, we use the average of EV/SALES 27E-28E of 1.6x (vs previous EV/SALES 26E-27E mean at 2x), of the first sub-sample and the average of EV/EBITDA 27E-28E of 12.4x (vs previous EV/EBITDA 26E-27E mean at 11.5x) of the second sub-sample.

Arterra trades above 15% (1.8x) on the average of EV/SALES, but more than 50% (5.8x) below the mean EV/EBITDA, despite much higher historical and expected EBITDA margin.

Table 11: Market multiples

Company	EV / Sales		EV / EBITDA	
26/10/2026	**2027E**	**2028E**	**2027E**	**2027E**
BRAIN Biotech	1.4x	1.4x	17.5x	17.7x
Croda	3.0x	2.8x	11.9x	11.0x
Symrise	3.0x	2.9x	13.4x	12.8x
Fermentalg	1.9x	1.2x	n.m.	n.m.
Plant Advanced Technologies	7.4x	7.4x	11.6x	11.6x
Novonesis	5.9x	5.5x	15.5x	14.2x
Codexis	1.9x	1.6x	n.m.	n.m.
Lonza Group			17.8x	15.5x
OCI NV			18.1x	17.8x
Wacker Chemie AG			7.5x	6.7x
Mean best peers	**1.7x**	**1.4x**	**12.9x**	**12.0x**
Arterra	**1.9x**	**1.7x**	**6.5x**	**5.1x**
premium (discount) on best peers	*9%*	*23%*	*-50%*	*-57%*

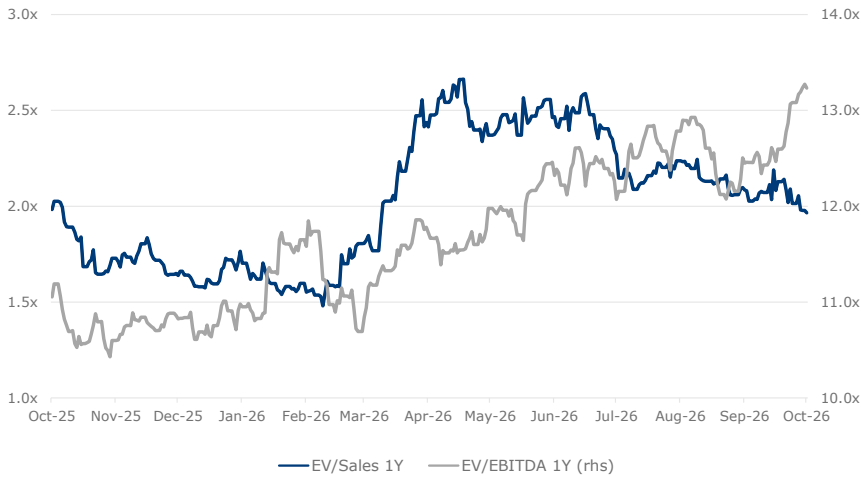
Source: Factset. All mutiples are calendarised

Source: Banca Profilo estimates and elaborations on Factset

1-year forward market multiples trend

Over the past year, our Sample's market multiples have risen in terms of EV/EBITDA 1Y-forward (+20%) to 13.2x, while the EV/SALES stayed basically unchanged at 2x.

Figure 19: Sample market multiples evolution (one year analysis)



Source: Banca Profilo elaborations, Bloomberg

Relative market multiples valuation Equity Value €27mln (+13%)

Market multiples valuation includes a 15% liquidity discount and an Equity valuation of Vitalab (at 40% stake) on the mean EV/SALES 2027E at 1.7x (vs previous 2.2x) on its 2025 sales at €1.6mln (€1.9mln in 2024), leading to a value of €1.1mln (vs previous €1.4).

We end up with a relative Equity Value of Arterra at €27mln, which is 13% above our prior Company Update in April (€24mln) mainly thanks to the introduction of Arterra's 2028E sales and EBITDA, into the relative valuation.

Table 12: Market multiples valuation

Valuation on market multiples (€/000)					
Arterra on EV/SALES (business + growth)	2027E	2028E	Arterra on EV/EBITDA (margins + cash flow generation)	2027E	2028E
EV/Sales best peers	**1.7x**	**1.4x**	**EV/EBITDA best peers**	**12.9x**	**12.0x**
sales	7,505	8,205	EBITDA	2,773	3,176
net debt June 2026	-6,094				
EV	12,940	11,486	EV	35,886	37,969
Equity Value	**19,034**	**17,581**	**Equity Value**	**41,981**	**44,063**
Average Equity Value	**30,665**				
Vitalab (@ 40%) on EV/SALES	2027E				
EV/Sales	1.7x				
sales 2025	1,607				
net debt (adj)					
EV	2,770				
Equity	2,770				
(40% stake)	**1,108**				
Arterra (including Vitalab @40%)					
liquidity discount	*15%*				
	27,007				

Source: Banca Profilo estimates, Factset

Valuation: BUY confirmed 12-month TP unchanged at 4.2/share

To summarize, we end up with a DCF Equity valuation of €29.2mln or €4.4/share (-9% vs our Company Update in April 2026) and with a relative market multiples valuation of €27mln (+13% vs previous Company Update) or €4.1/share.

Taking the average of the two methods, we therefore confirm our 12-month target price at €4.2/share. BUY is also confirmed.

APPENDIX

Arterra : 20+ years of innovation and research in nature inspired bioactives for industrial applications

History, overview and activities

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

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&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.

From a small research group to a profitable biotech company

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 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.

From a "one woman" company to a structured and managerial firm

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: a CSO (V. Fogliano), COO (G. Ferrante), a Grant & IP Director (M. Bimonte), a Cell & Molecular Biology Director (A.Tito) and a business developer (A. Barabulo).

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.

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 Aplir 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.

Cosmetics distribution is demanded to Intercos and Vitalab.

Clients range from multinational to SME, from mass to prestige 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.

Figure 20: 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 Aood 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 21: 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 Arterrra 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.

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

43% floating

The Company is currently owned by:

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

Floating shares are then 43.2% of the total.

Gabriella Colucci: Founder, Chairman and CEO

A rare mastermind leaving US and returning to Italy

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 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 Ioimo (CFO, IR Manager), Giuseppe Ferrante (COO), Alberto Previtali and Pof. Lucio Annunziato, this last as independent board member.

Arterra Bioscience

Recommendation	Target Price	Upside
BUY	**4.2 €**	**39%**

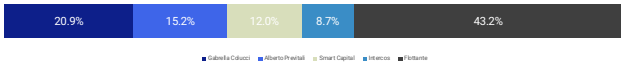
Company Overview

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.

P&L (€/000)	2022	2023	2024	2025	2026E	2027E	2028E
Turnover	3,564	3,304	4,173	4,649	5,284	5,984	6,782
Research grants & stock change	1,740	1,647	1,093	1,466	1,251	1,521	1,422
Total Revenues	**5,303**	**4,951**	**5,266**	**6,115**	**6,535**	**7,505**	**8,205**
yoy (%)	15.1%	-6.6%	6.4%	16.1%	6.9%	14.9%	9.3%
EBITDA	**2,133**	**1,591**	**1,712**	**2,222**	**2,189**	**2,773**	**3,176**
margin (%)	40.2%	32.1%	32.5%	36.3%	33.5%	36.9%	38.7%
EBIT	**1,601**	**1,059**	**1,373**	**1,932**	**1,782**	**2,208**	**2,484**
margin (%)	30.2%	21.4%	26.1%	31.6%	27.3%	29.4%	30.3%
Net Income	**1,414**	**1,076**	**1,337**	**2,006**	**1,480**	**1,941**	**2,171**
margin (%)	26.7%	21.7%	25.4%	32.8%	22.6%	25.9%	26.5%

Company Description	
Company Sector	Health Care - Biotech
Reference Index	FTSE Italia Small Cap
Main Shareholders	Gabriella Colucci, Alberto Previtali
Price (€)	3.03 €
Daily Average Volumes (1Y)	12,371

Shareholders



Share Data	2022	2023	2024	2025	2026E	2027E	2028E
Market Cap (€ mln)	20.2	20.2	20.2	20.2	20.2	20.2	20.2
Number of Shares (mln)	6.66	6.66	6.66	6.66	6.66	6.66	6.66
EPS (€)	0.21	0.16	0.20	0.30	0.22	0.29	0.33
DPS (€)	0.05	0.10	0.13	0.15	0.13	0.17	n.a.
BVPS (€)	1.57	1.61	1.72	1.89	1.97	2.13	2.28

Balance Sheet (€/000)	2022	2023	2024	2025	2026E	2027E	2028E
Fixed Assets	2,722	2,254	2,526	2,685	3,021	3,338	3,100
Net Operating Working Capital	2,648	2,617	4,139	4,526	4,864	5,504	5,697
Other Assets/(Liabilities)	(405)	209	(796)	(649)	(577)	(505)	(433)
Net Invested Capital	**4,965**	**5,080**	**5,868**	**6,562**	**7,308**	**8,338**	**8,365**
Shareholders' Equity	10,467	10,752	11,423	12,582	13,085	14,168	15,214
Net Debt/(Cash)	**(5,502)**	**(5,672)**	**(5,555)**	**(6,021)**	**(5,777)**	**(5,830)**	**(6,850)**

Key Ratios	2022	2023	2024	2025	2026E	2027E	2028E
ROE	13.5%	10.0%	11.7%	15.9%	11.3%	13.7%	14.3%
ROIC	32.2%	20.8%	23.4%	29.4%	24.4%	26.5%	29.7%
Net Debt (cash)/Equity	(0.53)	(0.53)	(0.49)	(0.48)	(0.44)	(0.41)	(0.45)
Net Debt (cash)/EBITDA	(2.6)	(3.6)	(3.2)	(2.7)	(2.6)	(2.1)	(2.2)
NOWC/Sales	50%	53%	79%	74%	74%	73%	69%
CapEx/Sales	3.5%	1.7%	11.6%	7.3%	11.1%	11.4%	5.1%
D&A/CapEx	2.9	6.4	0.6	0.6	0.6	0.7	1.6
Tax rate	21.3%	17.4%	21.4%	-0.4%	20.0%	20.0%	20.0%

Cash Flow (€/000)	2022	2023	2024	2025	2026E	2027E	2028E
EBIT	1,601	1,059	1,373	1,932	1,782	2,208	2,484
Notional taxes on EBIT	(321)	(212)	(275)	(387)	(357)	(443)	(498)
D&A	532	532	339	290	407	565	692
Change in NWC	(850)	31	(1,522)	(387)	(338)	(641)	(193)
CapEx	(184)	(83)	(612)	(449)	(723)	(854)	(420)
Free Cash Flow (unlevered)	**778**	**1,328**	**(697)**	**999**	**771**	**836**	**2,066**

Multiples	2022	2023	2024	2025	2026E	2027E	2028E
P/BV	1.9x	1.9x	1.8x	1.6x	1.5x	1.4x	1.3x
EV/Sales	2.7x	2.8x	2.7x	2.3x	2.2x	1.9x	1.7x
EV/EBITDA	6.6x	8.8x	8.2x	6.3x	6.4x	5.1x	4.4x
EV/EBIT	8.8x	13.3x	10.3x	7.3x	7.9x	6.4x	5.7x
P/E	14.3x	18.7x	15.1x	10.1x	13.6x	10.4x	9.3x
Dividend yield	1.7%	3.3%	4.2%	4.8%	4.3%	5.6%	n.a.
FCF yield	3.9%	6.6%	-3.5%	5.0%	3.8%	4.1%	10.2%

Peers (mean)	2027E	2028E
EV/Sales (best peers: business and potential growth)	1.7x	1.4x
EV/EBITDA (best peers: margins and cash flows)	12.9x	12.0x

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 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, thanks to a very low cost of raw materials and an effective and light organizational structure

Weaknesses

- Small size of the business
- End-markets concentration
- Non-optimized financial 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
- Rich opportunities in Medical Devices and Agri-food
- Growing demand in functional Make-up and Haircare
- Surging demand in Medical Aesthetics
- Ongoing investments in Vitalab brand positioning and international distribution

Threats

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

Source: Bloomberg, Factset, Company data, Banca Profilo estimates and elaborations

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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