



Full Company Report

Reason: Initiation of coverage

17 March 2022

Buy

Initiating Coverage

Share price: EUR 2.36

closing price as of 16/03/2022

Target price: EUR 2.83

Upside/Downside Potential 19.9%

Reuters/Bloomberg VYT.MC/VYT SM

Market capitalisation (EURm) 17

Current N° of shares (m) 7

Free float 33%

Daily avg. no. trad. sh. 12 mth (k) 12

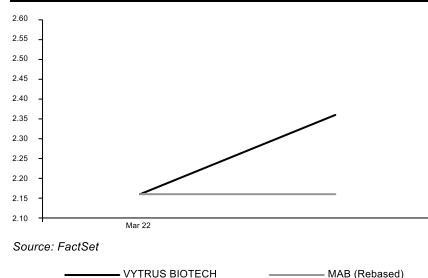
Daily avg. trad. vol. 12 mth (k) 17.37

Abs Perfs 1/3/12 mths (%) //

Key financials (EUR)	12/20	12/21e	12/22e
Sales (m)	2	3	4
EBITDA (m)	1	1	1
EBITDA margin	35.4%	35.6%	38.2%
EBIT (m)	0	0	1
EBIT margin	12.2%	15.0%	21.9%
Net Profit (adj.)(m)	0	0	1
ROCE	4.7%	8.3%	14.2%
Net debt/(cash) (m)	1	1	1
Net Debt Equity	0.2	0.2	0.1
Net Debt/EBITDA	1.3	0.8	0.4
Int. cover(EBITDA/Fin.int)	5.2	8.7	16.1
EV/Sales			4.7
EV/EBITDA			12.3
EV/EBITDA (adj.)			12.3
EV/EBIT			21.4
P/E (adj.)			22.3
P/BV			3.4
OpFCF yield			1.6%
Dividend yield	0.0%	0.0%	0.0%
EPS (adj.)	0.03	0.06	0.11
BVPS	0.52	0.60	0.70
DPS	0.00	0.00	0.00

Shareholders

Albert Jane 20%; Oscar Exposito 20%; Zamit capital 8%;



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Biotech's corporate success

Vytrus Biotech was founded in 2009 by Albert Jané and Óscar Expósito with the aim to develop, produce and market high-added value ingredients or active ingredients mainly for the cosmetic market. These active ingredients are synthesized via the cultivation of plant stem cells. We value Vytrus Biotech using the discounted operating free cash flow method, obtaining a target value of EUR2.83/share and begin our coverage with a Buy recommendation.

- ✓ Vytrus Biotech is just 13 years old and produces bioactive ingredients for the cosmetic industry via an innovative technique: cultivating plant stem cells. Initially, the Company developed and produced products for third parties, but as from 2014 it focuses on the development of own products, representing 78% of the estimated sales in 2021e.
- ✓ Since it was founded in 2009, by Albert Jané and Oscar Expósito, both CEOs, Vytrus Biotech has launched 17 products to the market (12 own products and 5 exclusively for third parties). In 2021, it reached estimated sales of EUR2.8m and a net profit of EUR0.4m.
- ✓ The Company's success is based on the investments in research and development. The founders' knowledge in the area of biotechnology, the research team built and the collaborations with public and private organisations, such as universities and research centres, have provided the Company with innovative advances in both new products and technological applications. Thus, and by way of example, Vytrus Biotech has won the First Prize for the World's Most Innovative Ingredient in 2019 and 2020 at the In-Cosmetics Global fair, the most important in the sector.
- ✓ The cosmetic market is one of growth, mainly in areas such as anti-aging and hair loss products, areas in which Vytrus Biotech specialises. The estimated market value of final products in these sub-segments would be around USD177bn and USD105bn in 2025e (USD142bn and USD94bn in 2021e, respectively).
- ✓ **Vytrus Biotech expects to launch 2 or 3 products per year.** This would help increase sales up to EUR6.5m in 2025e from EUR2.8m 2021e (CAGR 2021-25e +23%) according to our estimates. The Company has signed distribution agreements to 60 countries, having realised sales already in 30. Spain represents 46% of the estimated sales for 2021.
- ✓ **We value Vytrus Biotech using the discounted operating free cash flow method, obtaining a target value of equity (Dec. 2022e) of EUR20.1m, equal to EUR2.83/share.** The exit multiple used is 11.7x 2025e recurrent operating FCF. The implied 2023e and 2024e P/E 2023e are 18.4x and 13.2x, respectively. The implied EV/EBITDA ratios 11.2x and 8.7x, respectively



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Vytrus Biotech's corporate success

Vytrus Biotech is just 13 years old and produces bioactive ingredients for the cosmetic industry via an innovative technique: cultivating plant stem cells.

Since it was founded in 2009, by Albert Jané and Oscar Expósito, both CEOs, Vytrus Biotech has launched 17 products to the market (12 own products and 5 exclusively for third parties). In 2021, it reached estimated sales of EUR2.8m and a net profit of EUR0.4m. The Company has generated a positive EBITDA since 2020.

The Company's success is based on the investments in research and development. The founders' knowledge in the area of biotechnology, the research team built and the collaborations with public and private organisations, such as universities and research centres, have provided the Company with innovative advances in both new products and technological applications. Thus, and by way of example, Vytrus Biotech has won the First Prize for the World's Most Innovative Ingredient in 2019 and 2020 at the In-Cosmetics Global fair, the most important in the sector.

Bioactive ingredients for cosmetics: a market in expansion

The cosmetic market is one of growth, mainly in areas such as anti-aging and hair loss products, areas in which Vytrus Biotech specialises. The estimated market value of final products in these sub-segments would be around USD177bn and USD105bn in 2025e (USD142bn and USD94bn in 2021e, respectively).

The use of bioactive ingredients in cosmetics is relatively new and valued at approximately USD2.18bn. This is the niche in which Vytrus Biotech currently works in although in the future could investigate for other applications related more to the pharmaceutical world and that currently has an estimated market value of USD35bn.

In light of Vytrus Biotech's current size, growth possibilities are enormous, assuming it is capable of continuing to design novel products.

Plant stem cell culture technology has been known for decades, but only recently has it been applied to ingredients for the cosmetics industry. This technology has notable advantages over traditional crops, such as the development of unique and customised products, controlled production, consistent and standardised quality, and minimal water consumption. Few companies are currently using this technology. They are usually either small companies (such as Vytrus Biotech) or divisions of multinationals. These include Mibelle, Phenbiox and Alkion.

A promising future

Vytrus Biotech expects to launch 2 or 3 products per year. This would help increase sales up to EUR6.5m in 2025e from EUR2.8m 2021e (CAGR 2021-25e +23%) according to our estimates. The Company has signed distribution agreements to 60 countries, having realised sales already in 30. Spain represents 46% of the estimated sales for 2021.

With a gross margin of 90% and operating costs to grow at CAGR 2021-23e +12%, the Company would generate a **cash EBITDA of EUR2.2m in 2025e** (EUR0.3m in 2021), which implies a CAGR of +34% according to our estimates.

Investments in research and development would grow at +8%, reaching EUR1m in 2025e, equal to 15% of the Company's sales. In 2021e, EUR0.8m estimated investments represent 25% sales.

Thus, EBITDA would reach EUR3.2m in 2025e (CAGR +34%) and EBIT EUR2.5m (CAGR +57%). EBIT margin over sales would broaden to 39% from 15% in 2021e, according to our estimates.

The Company benefits from tax deductions based on investments in R+D+i and is also compensating the negative tax bases of past years. Therefore, taxes may start to reduce PBT from 2023 onwards and the Company should not pay taxes until 2025, according to our estimates. The tax rate in 2025 is estimated to reach 14%. In December 2020 the Company has net deferred tax assets amounting to EUR1m.

Net profit in 2025e is estimated to reach EUR2.5m, that is 6x the EUR0.4m estimated in 2021e.

The Company's financial net debt is very low, EUR0.8m in December 2020 (similar to 2021e according to our estimates), which implies a 2020 NFD/cash EBITDA ratio of 10.4x and 2.8x in 2021e (NFD/EBITDA 1.3x in 2020 and 0.8x in 2021e). The future cash generation would reduce those ratios to 0.8x and 0.4x in 2022e, respectively, on our figures. If our estimates are achieved, and assuming no dividend payments or consolidation moves, the Company would reach a positive net cash position in 2023e.

Valuation: EUR2.83 per share.

We value Vytrus Biotech using the discounted operating free cash flow method, obtaining a target value of equity (Dec. 2022e) of EUR20.1m, equal to EUR2.83/share. The exit multiple used is 11.7x 2025e recurrent operating FCF. The implied 2023e and 2024e P/E 2023e are 18.4x and 13.2x, respectively. The implied EV/EBITDA ratios 11.2x and 8.7x, respectively.

The latest transactions were realised at EUR1.72 per share. This price implies a P/E of 11.2x in 2023e and 8.0x 2024e; and EV/EBITDA of 6.6x and 4.6x, respectively.

The management team: the key to success

The two founders are the key behind the Company's ongoing success. Although the Company has been professionalised with the incorporation of directors in financial, marketing and research areas; in our opinion, Exposito's research capacity together with Jané's marketing and managerial skills make them the key people in the organisation. The founders each hold 19.9% of the Company.

Predator or prey?

The sector's history indicates that small-sized biotechnology companies are finally acquired by large multinationals at prices not usually disclosed. Vytrus Biotech's future will be to either be bought or lead a consolidation process with other complementary biotechnology companies in which shares - being listed - will serve as a bargaining chip. And we must not forget, the Company's estimated cash position as from 2023e! It is still early to know the outcome of this success story.

Vytrus Biotech: *At a glance*

Vytrus Biotech was founded in 2009 by Albert Jané and Óscar Expósito with the aim to develop, produce and market high-added value ingredients or active ingredients mainly for the cosmetic market. These active ingredients are synthesized via the cultivation of plant stem cells.

Initially, the Company developed and produced products for third parties, but as from 2014 it focuses on the development of own products, representing 78% of the estimated sales in 2021e.

Following 13 years of activity, Vytrus Biotech has a portfolio of **12 own products and 5 products produced exclusively for third parties** with distribution agreements in over 60 countries and has achieved CAGR 2014-21e sales of +52%. In 2021, it billed EUR2.8m (+64%), generated EBITDA of EUR1.0m (+66%) and EBIT of EUR0.4m (+105%). According to our estimates, 2021e net financial debt would amount to EUR0.8m, very similar to 2020, and shareholders' equity to EUR4.7m. In 2022e, the Company should begin to reduce its net financial debt (by c.EUR0.2m) maintaining its R+D+i investment plan – milestone that we consider very important for investors.

A promising future. With the launching of 2-3 propriety products per year, at a similar rhythm as in the past, sales would growth at CAGR 2021-25e +23%, reaching EUR6.5m. EBITDA could rise to EUR3.2m (CAGR +34%) and EBIT to EUR2.5m (CAGR +57%) in 2025e, with EBIT margin over sales expanding from 15% in 2021 to 39% due to the Company's operating leverage.

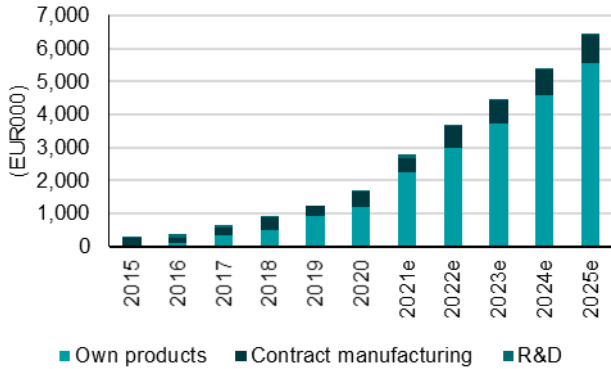
Figure 1. Main milestones

Date	Milestones
2009	Company founded
2011/2012	1st round of financing (EUR350k) to develop propriety product pipeline.
	Development and production of first cosmetic ingredient (anti-ageing)
2013	Development of first ingredient for health products proceeding from plant stem cells in Spain.
2014	First propriety ingredient (<i>Arabian Cotton</i>). Internationalisation.
	2nd round of financing (EUR960k).
2016	First international award in cosmetic innovation (<i>Capilia longa</i>)
2017	3rd round of financing (EUR600k) to boost industrial phase and double installations.
2019	4th round of financing (EUR1.2m) to accelerate the Company's expansion.
	World's Most Innovative Cosmetic Ingredient Award 2019 (Olea Vitae) and the 1 st prize in the World's Most Sustainable Component First Prize (Sarcoslim Reshape). EFfCI GMP Cosmetic Ingredient GMP Certification ¹ .
2020	World's Most Innovative Cosemtig Ingredient Award 2020 (1st and 2nd prize for <i>Kannabia Sense</i> and <i>Deobiome Noni</i> , respectively). Expansion of the facilities to 1,100m ² from 600m ² Obtained, together with the Gaiker Foundation, EUR500k of funding from the Retos-Colabora programme of the Ministry of Science and Innovation. Becomes limited propriety company.
2022	Listing

Source: Company. Elaborated GVC Gaesco Valores

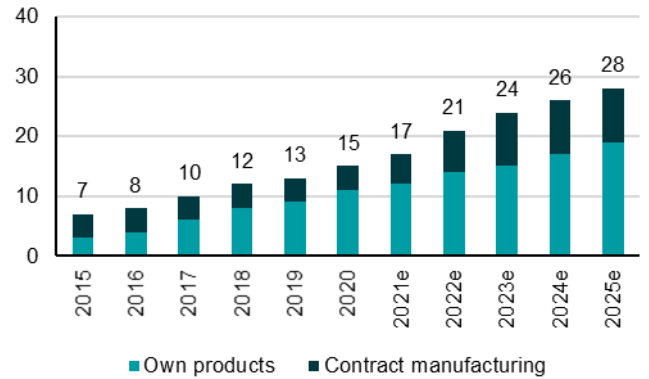
¹ Certification aimed at companies that manufacture ingredients for use in cosmetic products, in order to ensure quality and good practices in the elaboration and manufacturing processes, prior to distribution to consumers.

Figure 2. Sales performance



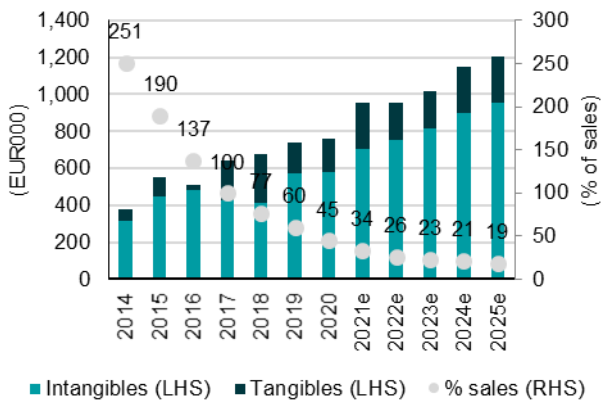
Source: Company. Elaborated GVC Gaesco Valores

Figure 3. Products pipeline



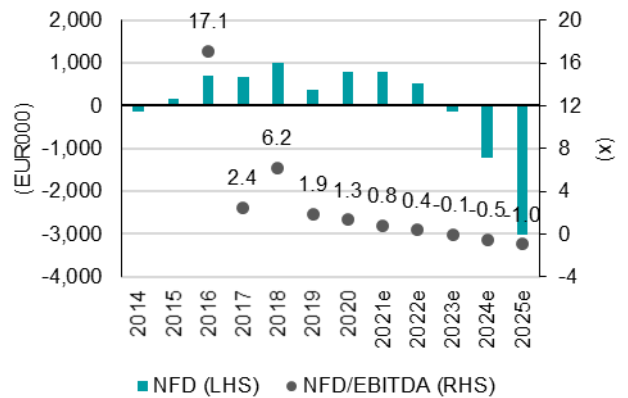
Source: Company. Elaborated GVC Gaesco Valores

Figure 4. Capex performance



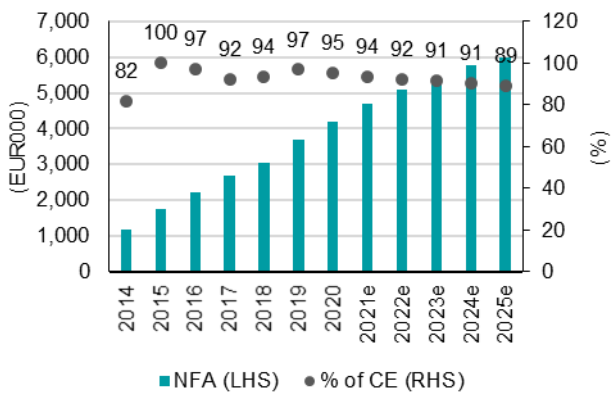
Source: Company. Elaborated GVC Gaesco Valores

Figure 5. Net Financial Debt performance



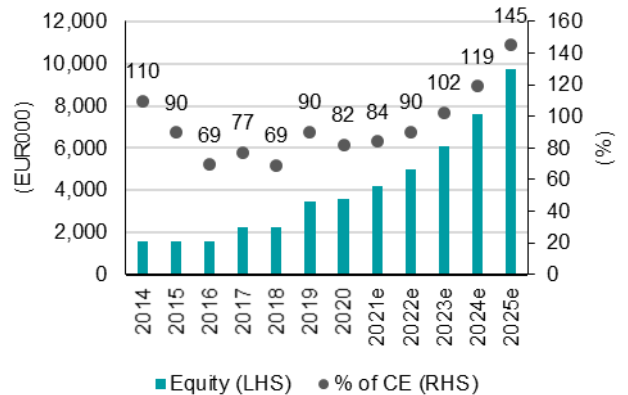
Source: Company. Elaborated GVC Gaesco Valores

Figure 6. Net Fixed Assets performance



Source: Company. Elaborated GVC Gaesco Valores

Figure 7. Equity performance



Source: Company. Elaborated GVC Gaesco Valores

Vytrus Biotech: The market and the competitors

Vytrus Biotech focuses on the development, production, and product sales for the cosmetic arena where its technology, based on plant stem cells, presents interesting competitive advantages, although in the future could expand towards the pharmaceutical market.

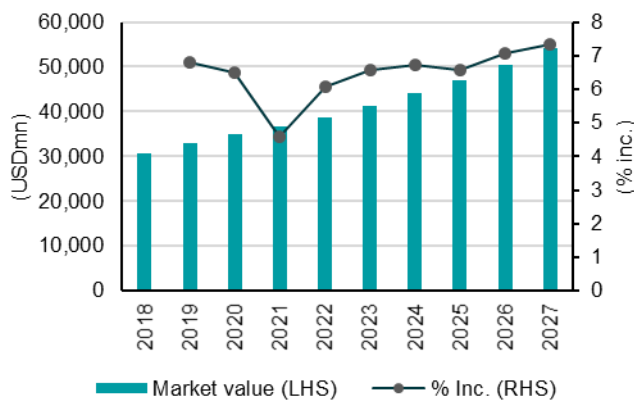
The cosmetic sector is characterised by the strong competition and relentless pressure to improve the added-value of the products marketed. Two segments can be distinguished: firstly, the low market segment with basic products and/or commoditised products where the pressure on prices is the main characteristic; and secondly, the high market segment with innovative, exclusive and luxury products in which high margins can be achieved.

Within the cosmetic sector, Vytrus Biotech has specialised in two segments: skin and hair care. In terms of the value of the final products acquired by consumers, the global product market for skin care came to USD142bn in 2021 and is expected to reach USD177bn according to Statista (2021). The global hair care market reached a value of USD94.9bn in 2021 and is estimated to grow up to USD105bn in 2025.

Cosmetic products usually incorporate a certain type of active ingredient in their formulation. It is precisely in the bioactive ingredients market, and specifically in the personal care or cosmetic sub-market where Vytrus Biotech operates. The ingredients developed by the Company are considered of high-added value and “expensive”. Compared to the pharmaceutical sector, where it could also develop its activity, the cosmetic market presents the advantage of lower regulatory approval requirements. In addition, it is a market in expansion that offers good growth prospects.

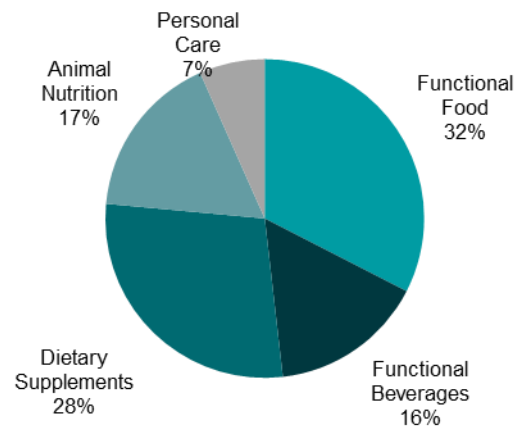
The bioactive ingredients market was valued at USD32,845m 2019 and is expected to grow at CAGR 2020-27 +6.4% up to USD54,076m according to DataM Intelligence.

Figure 8. Bioactive ingredients: market



Source: DataM Intelligenc. Elaborated GVC Gaesco Valores

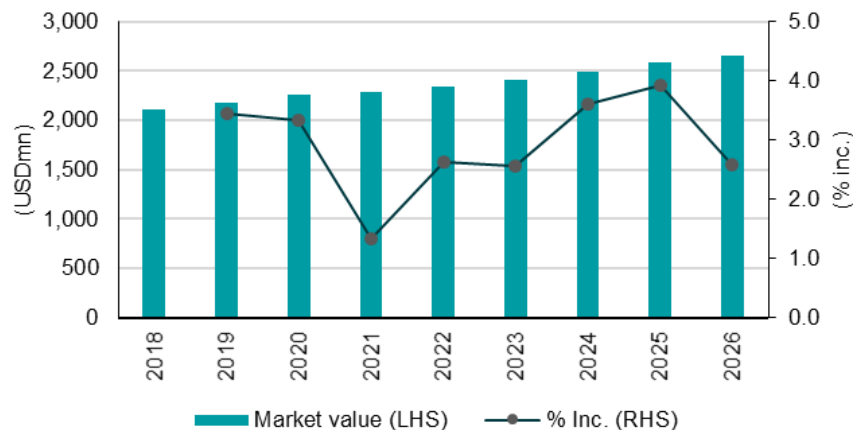
Figure 9. Breakdown of bioactive ingredients



Source: DataM Intelligenc. Elaborated GVC Gaesco Valores

The bioactive ingredients segment for personal care represents 6.7% of the total market, with an estimated volume of USD2.18bn in 2019. Estimated CAGR 2020-27 +2.7%, up to USD2,727m.

Figure 10. Market of bioactive ingredients for cosmetic applications



Source: DataM Intelligenc. Elaborated GVC Gaesco Valores

The personal care market is of recent application in the bioactive ingredients industry and includes healthy and nutritional ingredients for skin and hair treatments. In general, there is a growing interest in organic and plant-based cosmetic products, indicating significant growth potential. In addition, demand for basic and commoditised products looks set to be replaced by demand for more specific and higher quality products, which also offers interesting growth opportunities.

Vytrus Biotech develops bioactive ingredients for the cosmetic industry using plant stem cells which is a novel segment, with few companies capable of offering this technology, and consequently, with low competitive pressure, although, obviously, it also competes with other ingredients developed via other technologies. The use of plant stem cells gives way to a product with noteworthy competitive advantages, because it is natural, efficient, ecologic, sustainable and of high-added value. The global plant stem cell market is estimated to grow at CAGR 2020-25 +8.9% reaching USD24.8bn including in this market the three fundamental uses of plant stem cells: nutrition, pharmaceutical and cosmetic.

Among Vytrus Biotech's main competitors are:

- ✓ **Mibelle Biochemistry** (www.mibelle.ch). Swiss company of the Migros Group founded in 1925. Mibelle Group had a turnover of CHF640m in 2020 and is active in the development and manufacturing of cosmetic products for other brands. Mibelle Biochemistry is its research division for new active ingredients and acts as a supplier of active ingredients to third parties. They have developed eight active ingredients based on plant stem cells. Mibelle was the first company to sell plant stem cells.
- ✓ **IRB TECH, Sederma** (www.irbtech.com, www.sederma.com). Italian company created in 1999 that was acquired by the CRODA group in 2012. The Personal Care division to which Sederma belongs had a turnover of EUR562.8m in 2020. IRB Tech has the ambition to develop active ingredients for skin care, nutrition, pharmaceuticals, and animal health, based on plant cell cultures, as well as plant extracts and glycerophosphoinositol salts. It has developed 7 active ingredients for cosmetics based on plant stem cells.
- ✓ **Naolys** (www.naolys.com). French company created in 2003 focused on the cosmetics sector. In 2019 it had revenues of EUR4.5m. Naolys has developed a relatively wide range of active ingredients (about 40 species) grouped in 7 main applications (Anti-ageing, Protection, Hydration, Balance, Energy, Sensitivity and Brightening).

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- ✓ **Alkion Biopharma, Evonik** (www.alkion-biopharma.com). A biopharmaceutical company dedicated to the identification, validation, manufacturing, and commercialisation of new cancer treatments through plant cell culture technology. In 2016 Alkion was acquired by the multinational Evonik. Evonik had a turnover of EUR12.2bn in 2020.
 - ✓ **Phenbiox** (www.phenbiox.it). Is a spin-off company of the University of Bologna that develops and produces high-performance active ingredients of plant origin for the cosmetics sector. In 2020 it had revenues of EUR3.1m. It uses enzyme and stem cell stimulation technologies to obtain complete plant phytocomplexes in a highly bioavailable form.

Vytrus Biotech: Business and strategy

Vytrus Biotech's activity is based on **plant stem cell culture technology** for the development, production, and marketing of high added-value active ingredients in the cosmetic and dermatological markets. In the long term, this technology could be applied in other sectors, such as veterinary, food and pharmaceutical.

The use of this technology provides clear competitive advantages such as obtaining a natural product with improved properties compared to traditional extracts, the possibility of making unique and tailor-made extracts, the constant and unlimited supply under controlled production conditions or the possibility of working with plants that are difficult to obtain.

The Company currently develops **two business lines**:

- ✓ **Development, production, and marketing of inhouse products** that represented 78% of sales at 8M21. This line includes active ingredients that the Company sells directly to distributors and final clients.
- ✓ **Development and production of third-party products** (22% sales at 8M21), which includes:
 - ✓ Third party products (16% sales at 8m21). Including all active ingredients produced exclusively for certain clients.
 - ✓ R+D service (6% sale at 8M21). Including research services provided to related third parties, while also developing products for third parties.

Vytrus' aim is to consolidate the cosmetic ingredients sector as a **benchmark in innovation** through the use of plant stem cells. This technology, now mainly used for cosmetic products, in the future could be used to develop novel products in sectors such as veterinary and pharmaceutical.

In order to achieve its priority objective, Vytrus Biotech is working on three areas of research

- ✓ Firstly, **industrial growth so as to produce and respond to the needs of clients on time and with adequate quality**. To do so, the Company is investing in both its installations and acquiring reactors as well as the protection of industrial property by patenting products and technologies for an estimated EUR92,000 in 2022e.
- ✓ Secondly, **the internationalisation of the Company**. Vytrus currently sells its products in 30 countries and has distribution agreements in 60 countries. The Company has reinforced its marketing team to increase both the presence of distributors and final clients, to also improve the monitoring of these distributors.
- ✓ And, thirdly, **the development of new products and technologies**. Vytrus expects to launch between one and three high-added value propriety products per year and make regular improvements of its products portfolio. The Company will also continue to invest in technological development to remain at the forefront of innovation.

In short, Vytrus bets on continuous improvements, in the quality of products and services as well as the pre-sale and after-sale customer service, by extending the services offered such as formulation services, problem solving or market trends.

Vytrus Biotech: Technology and research

Vytrus Biotech's business is based on the cultivation of plant stem cells to obtain high added-value active ingredients. Although the technology is not new, the Company is a pioneer in its use for business purposes and has developed four innovative technological platforms for its production, which in our opinion gives it a sustainable competitive advantage. We must not forget that all this is the result of the Company's commitment to research, complementing its strong internal team with agreements with public and private organisations

What are plant stem cells?

Stem cells are the primary cells from which life originates. They are undifferentiated cells that have the ability to self-renew and reproduce into identical cells. Because of this characteristic, stem cells can perform a constant renewal of dead cells or regenerate them if they have been damaged.

Specifically, plant stem cells, contain and produce secondary metabolites and special proactive substances such as amino acids, lipids, carbohydrates, vitamins, minerals, antioxidants, and growth factors, among others. Thus, plants have a constant pool of plant stem cells that can repair any damaged tissue. In fact, if the right conditions are maintained, a complete and functional plant can be regenerated from a single stem cell. **The regenerative potential of plant stem cells is the basis of the Company's product portfolio.**

We must bear in mind that plants do not act with a single, highly concentrated, or pure molecule, but need the synergistic performance of a mixture of compounds or what is called molecular synergy. To cope with changes in their environment and to ensure their survival, plants, which are fixed in the soil, have developed phytocomplexes. Phytocomplexes are mixtures of active substances that act together to achieve a therapeutic purpose that would not be the same if they were administered separately.

Active ingredients: How they are obtained

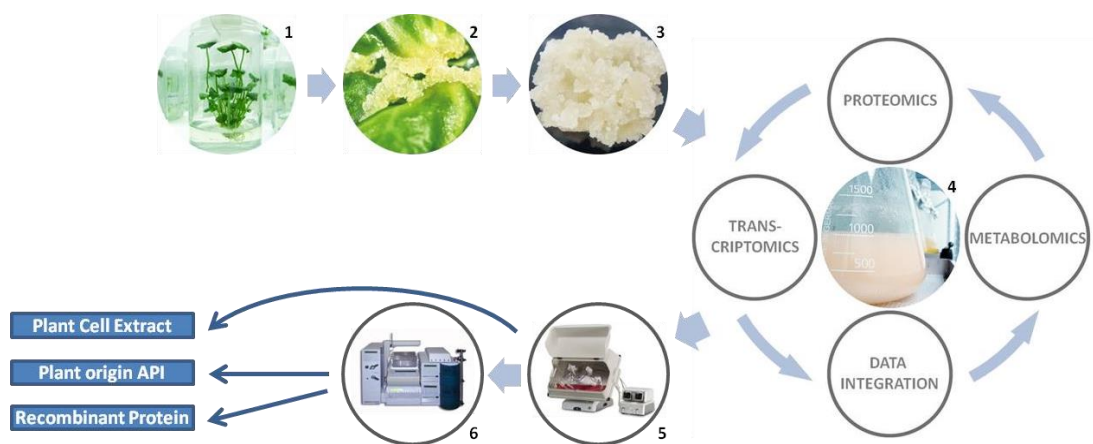
Before describing the new features of Vytrus' technology, we will outline the production process of the active ingredients, from the original plant or seed to the final product.

Traditionally, active ingredients from plant origin were obtained by cultivating plants. This procedure presented weaknesses derived from climate and geographic conditions. In addition, the techniques to extract active substances only recovered part of the compounds.

Stem cell culture allows the same products to be obtained in the laboratory, through a controlled invitro process, avoiding the mentioned weaknesses. The process is as follows (see Figure 11 below):

- ✓ **Sterilisation of invitro plants or seeds** to obtain sterile plants, i.e. without contaminants (number 1 in Figure 11 below).
- ✓ Invitro cultivation of plant fragments (stem, root, or leaf) under species-specific conditions to allow plant stem cells, also called totipotent cells, to multiply (number 2). Plant stem cells are obtained through an engineered process of cell reprogramming called **dedifferentiation** from selected plant tissues called **explants**.
- ✓ With the multiplication of these cells, cell masses are formed and are known as **callus** (number 3). At this stage, the aim is to maximise the growth of these cells so that it is viable to produce them at an industrial level.
- ✓ **Carrying out cell culture** (or suspension cell culture). This is the process by which certain cells are isolated from the plant and, under controlled conditions, enhancing certain physiological, biochemical, or genetic properties to obtain the specific ingredient (number 4).
- ✓ Industrial scale-up of the cell culture (No 5).
- ✓ If necessary, **purification** of the final product (No 6).

Figure 11. Process in developing a cell culture



Source: Company

Stem cell culture makes it possible to obtain these same products in the laboratory, through a controlled invitro process, which has significant advantages over traditional plant extracts, such as:

- ✓ Development of unique and customised products adapted to customers' needs.
- ✓ Controlled and unlimited production given that production conditions are controlled.
- ✓ Ecological product, reducing water requirements by 99.98% for production and 99% of the land used.
- ✓ Constant quality and aseptic conditions
- ✓ Batch standardisation
- ✓ Innovative products can be obtained from any plant, even those in the process of extinction.

Vytrus Biotech's novel technologies

As mentioned, cultivating plant stem cells is a technology that is not new, but Vytrus has introduced a differentiating technological focus to obtain its products. Specifically, it has developed four biotechnological platforms:

- ✓ Plasma Rich in Cell Factors TM (PRCF)
- ✓ Phyto-Peptidic Fractions (PPF)
- ✓ Phyto-Lipidic Fractions (PLF)
- ✓ Phyto-Glucidic Fractions (PGF)

a. Plasma Rich in Cell Factors TM (PRCF-Metabolome).

PRCF is an innovative focus to take advantage of the phytocomplexes developed by plants and molecule's synergic performance (the so-called Molecular Synergy)

The PRCF is obtained through the following procedures: 1) cultivate plant stem cells in a liquid medium; 2) stimulation of specific signalling pathways with inducers to optimise/enhance the biosynthesis of the desired phytocomplexes; 3) obtaining the cell lysate once the biosynthesis of each phytocomplex and the rate of biomass production is optimised. This lysate is called Plasma Rich in Cellular Factors TM (PRCF).

EI PRCF has advantages over traditional plant extracts. Firstly, the biosynthesis of specific secondary metabolites that have been stimulated is enhanced. Secondly, the PRCF contains the other bioactive molecules because the lysate allows the recovery of the full content of active plant stem cell molecules, without wasting any active compounds, as is the case in traditional plant extracts.

These advantages translate into improved cosmetic efficacy of Vytrus products compared to those extracted by traditional methods.

The PRCF technology is applied on 7 of the Company's propriety products:

- ✓ Deobiome noni™: biological deodorant
- ✓ Sarcoslim Re-shape™: slimming and firming
- ✓ Quora Noni™: microbiome communication blocker
- ✓ Turmeria Zen™: fights stress related to the skin-brain connection
- ✓ Sensia Carota: soothes and protects sensitive skin
- ✓ Luminia Granatum™: fights pigmentation imperfections
- ✓ Arabian Cotton™: broad-spectrum photo-ageing protector

b. Phyto-Peptidic Fractions (PPF-Secretome)

The Phyto-Peptidic Fractions (PPF) is the first generation of genuine plant peptides.

Peptides are a type of molecule formed by the union of amino-acids by means of peptide bonds and are responsible for many functions. Among their functions is that of transmitting information to and from the dermis (the deepest part of the skin) and the epidermis (the most superficial part). Thus, they "warn" the dermis that the epidermis needs help or repair. This function weakens over the years and the skin loses its ability to "self-repair". This is where plant peptides come into play in cosmetics: they make up for this deficiency and act as a neurotransmitter to stimulate collagen production or relax the muscles, thereby reducing the appearance of wrinkles. Together with retinol, antioxidants and AHAs (glycolic, lactic, malic, mandelic acids...) are key in anti-ageing treatments.

Vytrus Biotech, through a growth factor control development process, has been able to identify, produce and concentrate these peptides from an optimised stem cell culture, giving rise to what the Company has called Phyto-Peptide Fractions (PPF).

These PPFs are mainly responsible for the regenerative properties of stem cells and, for the first time, their potential can be applied to the cosmetics industry. PPFs are the first cosmetic active ingredient in this category that is able to maintain the skin's regenerative potential.

PPF technology is used in two propriety products:

- ✓ Capilia Longa™: hair growth reactivator
- ✓ Centella Reversa: skin rejuvenator.

c. Phyto-Lipidic Fractions (PLF-Lipidome)

Phyto-lipidic fractions represent the first generation of biomimetic lipids from plant cells. Through a guided process of cell membrane disruption, unique lipid fractions such as lipid RAFTs and SCFAs (Short Chain Fatty Acids) can be identified, produced, and released from within the plant stem cell.

Lipids are a group of biological molecules that share two characteristics: they are insoluble in water, and they are rich in energy due to the number of carbon-hydrogen bonds. The lipidome is the lipid pool of a cell or tissue. Thanks to PLF technology it is possible to modify the composition of the cell lipidome to address different biological functions and to make specific cell lipids bioavailable to the skin with a very innovative raw material source: cell oil.

PLF technology is used in two propriety products:

- ✓ Kannabia Sense™: Stimulates oxytocin production in the skin and activates the pleasure zones of the brain.
- ✓ Olea Vitae™: Improves the vitality and energy levels of epidermal cells, with anti-wrinkle properties as well as a repairing and firming effect.

d. Phyto-Glucidic Fractions (PGF-Glycoma)

Phyto-Glucidic Fractions (PGF) are Vytrus' latest technology platform. This technology is inspired by the relevance of sugars and glycoconjugates (Glycoma) in plant biology and physiology, and more specifically in plant glycocalyx. We must recall that plant physiology is characterised by making plants "sweetening experts" who use sugars to perform multiple essential cell functions (signalling, energisation, activity catalysts, etc.).

The technological process used by Vytrus involves disrupting the cell membrane to release and make bioavailable to the skin a full range of glycoconjugates present in the glycocalyx of plant stem cells. These glycoconjugates are released while preserving their structural integrity to guarantee their bioactivity.

Consequent of the technology applied, the cell nectar is composed by glycoconjugates and complex sugars capable of absorbing and retaining water; polyphenols, with a fundamental role in light management, a feature also provided by the organic acids it contains, which protect the glycocalyx and optimise skin structure.

One product has been developed with this technology:

- ✓ Nectaria Lithops™: Stimulates the production of vitamin D in the skin.

Vytrus Biotech's competitive advantages

Vytrus Biotech's technology has a very relevant advantage over the traditional plant extracts realised. Because a plant cannot be applied directly to the skin or in a cream, different techniques have traditionally been developed to make extracts. But with these extracts only a part of the compounds in the plant are recovered. This results in a product (extract) that is very rich in a few compounds but poor in diversity, as other compounds are lost.

Traditionally, active ingredients of plant origin are obtained via plant crops, with the consequent dependence on natural factors, the need for cultivable space and the use of water.

Vytrus, applying its technological platforms, obtains via few plants or seeds, a renewable and unlimited source to produce plant origin ingredients, reducing the water used by 99% and the use of cultivable land, as well as considerably reducing production times (from 8-10 months to an average of 4 weeks).

Thanks to the use of plant stem cells the entire plant content can be applied (without losing other active compounds) in a cream, and therefore on the skin. In this manner, innovative products are obtained that are more active and high-added value.

In our opinion, Vytrus' main competitive advantages are:

- ✓ **Natural product with improved properties compared to traditional extracts.** Due to the production process employed, the extracts obtained can have higher biological activities and even new activities vs. traditional extracts.
- ✓ **Ecologic products.** Production is more efficient and sustainable, due to the non-use of pesticides or herbicides, and the reduction of the carbon footprint.
- ✓ **Possibility of realising unique and tailor-made extracts.** The Company can modulate the metabolism of plant stem cells, thus making cells produce a higher amount of active ingredients vs. others. In this manner, unique products can be obtained that would be impossible via the traditional way.
- ✓ **Constant and unlimited supply, and very controlled production conditions.** Vytrus' technology allows the production of plant extracts regardless of seasonal eventualities, weather, geopolitical conditions, etc., which often affect the quality of traditional plant crops and traditional extracts, as well as their supply. Vytrus produces under highly controlled industrial conditions and therefore the quality of the product is much more constant and can adapt production capacity to the customer's needs.
- ✓ **Independent of nature.** The impact on nature is minimal, as only a few seeds or plants need to be obtained at the beginning of the research process. Neither in later R&D phases nor in production during the entire life cycle of the product is it necessary to use nature anymore.
- ✓ **Possibility of working with plants that are difficult to obtain.** Being so independent from nature, Vytrus can work with any plant species. When we talk about plants that are difficult to obtain, we are referring to plants that are in danger of extinction, endemic to remote parts of the planet or of which there is no stable supply due to various reasons. It is also possible to work with active ingredients that are in short supply because only an initial extract is needed.

The bet on research

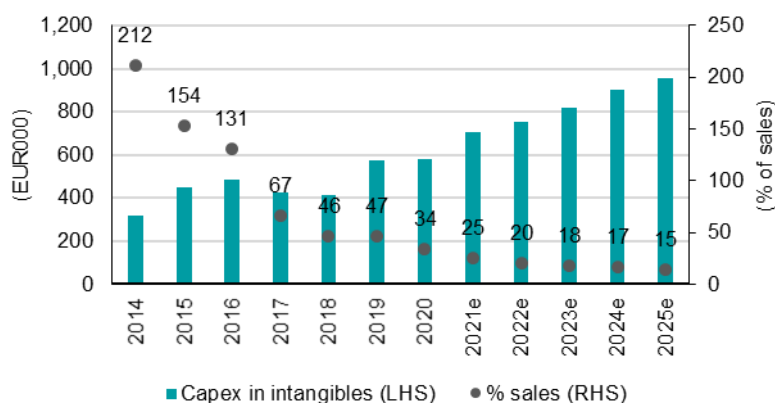
Research is the key to both the Company's present and future. The significant investment effort in R+D+i that the Company realises each year is the basis for maintaining its position at the forefront of the sector and in the launching of new products each year allowing past and future sales growths.

Vytrus Biotech has a research team of 12 people out of the 27 that make up the total staff, and of course the Company's founder, Óscar Expósito.

Apart from the in-house team, the Company collaborates, when necessary, with public and private organisms to develop products and technology. It collaborates with technology centres such as Gaiker to carry out clinical studies on the efficiency and toxicology of products developed. Vytrus also collaborates with universities and research centres.

Investments in intangible assets, which includes investments in research and the registration of trademarks and patents rose to EUR 0.7m 2021e, equal to 25% estimated sales. This item grew +11% during the period 2014-20 and is expected to maintain this level during the period 2021-25e.

Figure 12. Investment in Intangible Assets



Source Company. Elaborated: GVC Gaesco Valores

Vytrus Biotech: Pipeline

Vytrus Biotech's product portfolio is currently composed of 17 products, of which 12 are own products and 5 are exclusive products for third parties. In 2021e, sales of own products represented 78% of the estimated total sales. We expect these to be the Company's future growth driver.

Figure 13. Vytrus Biotech: Own products portfolio

Name	Year launched	Benefits
Arabian Cotton	2014	Photo-protection and anti-ageing
Sensia Carota	2015	Anti-redness and sensitive skin
Luminia Granatum	2015	Whitening and blemish reduction
Capilia Longa	2016	Hair care
Centella Reversa	2017	Anti-ageing and firming
Turmeria Zen	2017	Anti-stress and anti-ageing
Sarcoslim re-shape	2018	Body care and anti-ageing
Quora noni	2018	Anti-acne and microbiome rebalancing
Olea Vitae	2019	Ageing and revitalising/energising
Kannabia Sense	2020	Anti-aging and skin care
Deobiome Noni	2020	Odour reduction and skin care
Nectaria Lithops	2021	Sun care and skin care

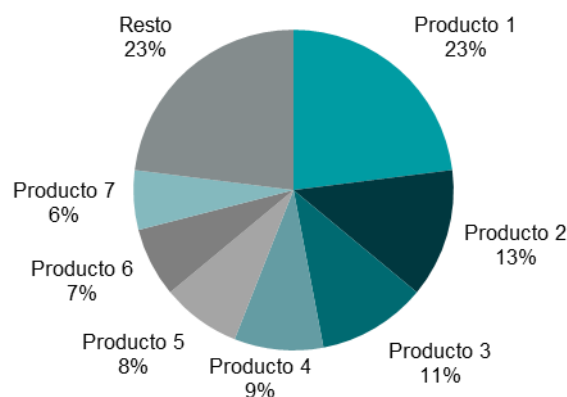
Source: Company. Elaborated GVC Gaesco Valores

Vytrus launched its own in-house product in 2014 (Arabian Cotton), and since then has introduced an average of 2 products per year, rhythm that we expect may continue or even accelerate in coming years. The investigation process of each product lasts an average 3 years.

The Company has registered the trademarks of its products only in Spain, with the exception of Capilia Longa, which is protected at the European level thanks to the successful sales.

Five products (Arabian Cotton, Capilia Longa, Olea Vitae, Quora Noni and Turmeria Zen) represented 64% of Vytrus' total sales in 8M21.

Figure 14. Vytrus Biotech: Sales breakdown (8M21)



Source: Company. Elaborated GVC Gaesco Valores

Vytrus' pipeline is mainly focused on skin and hair care applications. Below we sum up the main applications per product:

Figure 15 Products portfolio: applications

Application	Product
Skin Care	
	Arabian Cotton
	Sensia Carota
	Luminia Granatum
	Centella Reversa
	Turmeria Zen
	Sarcoslim re-shape
	Quora noni
	Olea Vitae
	Kannabia Sense
	Deobiome Noni
	Nectaria Lithops
Sun Care	
	Arabian Cotton
	Nectaria Lithops
Body Care	
	Sarcoslim re-shape
	Quora noni
	Deobiome Noni
Hair and Scalp Care	
	Capilia Longa

Source: Company. Elaborated GVC Gaesco Valores

Considering that the technology employed by Vytrus Biotech is very versatile and can be used to create multiple products, the Company establishes its priorities in launching new products via two complementary lines of work: on one hand, the knowledge of different plant species and compounds already developed with that species, and on the other hand, market needs and trends. With the above, the Company can establish what the market demands at any given moment and what applications and/or plant species could meet this demand.

With the union of these two axes, scientific, commercial, and marketing information is coordinated, making it possible to decide which plant species, active ingredients, and applications to be researched as a priority.

Below is a description of each of Vytrus Biotech's own products, including their applications, the plant from which the stem cells originate and awards where applicable.

It should be noted that seven of the Company's twelve proprietary products have won awards at both national and international fairs, giving them an endorsement of the innovation and research carried out.

Arabian Cotton™ (2014)

First, propriety cosmetic active ingredient launched by the Company in 2014 and one of the first five in sales contribution.

It is an active ingredient enriched in defensive plant molecules that protect and repair cell structures against sun damage. It provides photoprotection against UV, IR and VIS radiation and combats photo-ageing with a broad-spectrum antioxidant effect.

This active ingredient is derived from the stem cells of the plant *Gosypium Herbaceum* (Arabian cotton) which is an extremophilic plant native to the semi-arid regions of sub-Saharan Africa and Arabia.

The most relevant applications of this active ingredient are:

- ✓ Sun protection and broad-spectrum formulations
- ✓ Photo-ageing treatment and prevention formulations
- ✓ Blue light protection formulations
- ✓ After-sun and damage repair treatments
- ✓ All types of cosmetic formulations (emulsions, gels, serums, creams)

This product is protected by the patent granted in Spain (Cotton cell cultures and their use in photoprotection).

Sensia Carota (2015)

Active ingredient that protects and prevents damage to sensitive and sensitised skin. This ingredient provides the skin with a highly moisturising effect and respects the skin's microbiota. It is developed for hypersensitive, reactive, irritable, and intolerant skin.

It works by replenishing lipids, inhibiting neurogenic inflammation, inhibiting inflammation caused by an unbalanced microbiota and restoring the well-being of epidermal cells.

It is derived from *Daucus Carota Sativa* (orange carrot), a plant that has gained popularity in recent decades due to increased awareness of its nutritional value, thanks to its carotene content and source of vitamin A, as well as phenolic antioxidant compounds and flavonoids.

Applications include:

- ✓ Formulations for the care of sensitive and reactive skin.
- ✓ Protective and repairing formulations
- ✓ Soothing formulations for depilated and aftershave skin
- ✓ Skin microbiota friendly treatments
- ✓ Gentle refreshing lotions and gels

Luminia Granatum™ (2015)

This active ingredient is effective against pigmentary imperfections, improving skin brightness, lightening dark spots, evening out skin tone, and protecting against oxidative stress after solar radiation.

It acts by inhibiting melanin synthesis, as well as the maturation, transfer, and transport of melanosomes.

It comes from the stem cells of *Punica Granatum* (the pomegranate) which is considered one of the oldest medicinal foods, having proven its antioxidant and anti-inflammatory properties.

Its main applications are:

- ✓ Whitening and perfecting formulations
- ✓ Treatment and prevention of photo-induced pigmentation.
- ✓ Anti-spot treatments and sun protection
- ✓ Smoothing, texturizing, and toning night formulations
- ✓ Healthy ageing, and antioxidant products

Capilia Longa™ (2016)

Active ingredient that delays hair loss and regenerates the hair follicle.

It acts by boosting hair growth, density, and quality, delaying hair loss, and restarting the capital cycle, activating the regeneration of the hair follicle, and stimulating microcirculation and nourishment of the bulb. It is worth mentioning that hair loss is a problem that affects both men and women and that, despite having different origins, it has a common link with the arrest of hair growth processes.

It comes from the stem cells of Curcuma Longa (turmeric) which is a tropical and subtropical plant characterised by the existence of orange, cylindrical and highly branched rhizomes, modified roots that act as storage and resistance organs. They grow non-stop and have excellent regenerative properties. It is one of the most studied plants in biomedicine with more than 230 different compounds described and more than 3,000 publications demonstrating its properties (anti-inflammatory, antioxidant, healing, antimicrobial etc.).

It is used in:

- ✓ Formulations for the prevention and reduction of hair loss.
- ✓ Products to stimulate hair growth and redensification.
- ✓ Formulations for the growth of eyelashes and eyebrows and fragile hair.
- ✓ Nourishing and strengthening hair formulations
- ✓ Beard growth treatments

Capilia Longa™ was awarded first prize at the Beauty Industry Awards 2017 for Cosmetics Design.

Centella Reversa™ (2017)

It is an active ingredient that provides an overall improvement of the facial complexion. Its regenerative properties are based on plant growth factors, which improve wrinkles and roughness of the skin and reduces red spots and pores.

This active ingredient works by reversing cellular senescence (cellular ageing process that prevents cells from dividing), offering overall cellular protection and healing properties.

It comes from the stem cells of Centella Asiatica which is a small herb from humid areas characterised by its regenerative properties and has been traditionally used in Ayurvedic medicine and Chinese medicine.

Its applications include:

- ✓ Treatment and prevention of skin ageing.
- ✓ Firming, anti-sagging and anti-wrinkle formulations.
- ✓ Treatments for skin imperfections
- ✓ Rich nourishing creams and lotions (day and night).
- ✓ Facial, neck, neckline, and hand treatments.

Turmeria Zen™ (2017)

Natural active ingredient with regenerative properties to combat the harmful effects of stress on the skin, improving hydration and wrinkles. It acts by neutralising stress-related inflammation and has healing and moisturising properties while protecting the dermal structure.

This ingredient is extracted from turmeric (*Curcuma longa*), a tropical plant from which Vytrus also extracts Capilia Longa, although through a different technology.

We highlight its applications in:

- ✓ Moisturising and regenerating formulations
- ✓ Treatments for good and healthy ageing
- ✓ Serums, gels, and emulsions for the prevention of wrinkles.
- ✓ Skin revitalising treatments (eye contour, serums for scalp regeneration)
- ✓ Massage lotions, facial masks, gels, light creams, and serums

Sarcoslim Re-Shape™ (2018)

This active ingredient reduces fat while using the intercellular energy released during fat burning to tighten and firm the tissue. It has a global lipolytic effect and activates cell metabolism. The skin looks younger and firmer.

It is produced from the stem cells of the *Sarcocapnos Crassifolia* plant, a plant endemic to the south of the Iberian Peninsula that lives in rock crevices, which is why it is known as "the rock-breaker". It is highly resistant to heat, cold and drought. As it is an endangered plant, it is only possible to work with it through cell cultures. The Company dedicates a percentage of its annual turnover to financing the reintroduction and maintenance of this species in the area of the province of Jaén, from which it originates, in agreement with the University of Jaén.

Its applications include:

- ✓ Reduction of rebellious volumes and anti-cellulite treatments.
- ✓ Anti-bags and double chin treatments
- ✓ Firming and remodelling formulations
- ✓ Treatments for specific needs of the neck, neckline, and breasts.
- ✓ Anti-sagging, anti-puffiness, lack of tone and smoothing of orange-peel skin

Sarcoslim Re-shape won First Prize for the World's Most Sustainable Ingredient at the In-Cosmetics Global trade fair in 2019.

Quora Noni™ (2018)

Active ingredient that helps to prevent bacteria that are harmful to the skin, treating acne-prone skin by rebalancing the microbiota and smoothing its surface. This active ingredient acts by preventing the so-called Quorum Sensing, which is the communication system between unicellular organisms that allows these organisms to act together and, for example, bacteria to become virulent and cause acne.

It is made from stem cells from the Noni plant (*Morinda citrifolia*) which is native to Southeast Asia (Indonesia) and Australia. This plant is used for more than 40 types of ailments (anti-tumour, anthelmintic, analgesic and anti-inflammatory, immunostimulant, various skin diseases, urinary tract disorders, fever, etc.).

The applications of Quora Noni are:

- ✓ Creams and gel protection and microbiota balance
- ✓ Treatment and prevention of oily, acne-prone skin.
- ✓ Anti-dandruff and oily scalp treatments
- ✓ Foot creams (fungal treatments)
- ✓ Skin perfecting formulations

Quora Noni received the First Prize at the Beauty Industry Awards 2019 at Cosmetics Design and the Most Innovative Formula Award 2018 at Cosmatorium 2018.

Olea Vitae™ (2019)

This active ingredient revitalises mature skin and fights ageing. It acts in rejuvenation cycles by helping cells fight programmed mitochondrial obsolescence.

It is extracted from the stem cells of wild olive shoots, specifically from wild olive trees (*Olea europaea* var. *silvestris*). Olive trees are characterised by their resistance to drought and high temperatures, their vitality and longevity.

Among its applications, the following are worth mentioning:

- ✓ Revitalising and energising skin treatments.
- ✓ Anti-wrinkle and skin softening formulations.
- ✓ Firming and repairing formulations
- ✓ Facial, eye, lip, body, and hair treatments.
- ✓ Wellness and rejuvenation treatments
- ✓ Men (serum + aftershave treatments)

Olea Vitae received the First Prize in 2019 for the World's Most Innovative Ingredient at the In-Cosmetics Global trade fair, as well as the Most Innovative Ingredient Award 2019 at Cosmatorium 2019.

Kannabia Sense™ (2020)

Active ingredient that activates the pleasure areas of the brain, stimulating the skin microbiota and the synthesis of oxytocin.

Among the tests to demonstrate the efficacy of this ingredient, a clinical trial was carried out with volunteers where their brain activity was measured through Functional Magnetic Resonance Imaging. This trial was carried out at the Hospital de la Fe in Valencia with the approval of an ethical committee and demonstrated how, after the application of a topical lotion containing Kannabia Sense, positive brain activation was produced in the volunteers after only 10 minutes, increasing even more after 28 days of treatment.

The product is made from the plant cells of cannabis (*Cannabis sativa*), a plant native to Asia and popular for its pharmacological use and psychotropic properties.

This ingredient contains no psychotropic cannabinoids (neither tetrahydrocannabinol (THC) nor cannabidiol (CBD)). It is applied topically via a cosmetic product and activates an indirect mechanism between the skin microbiota and the brain.

Applications include:

- ✓ Treatments for sensitive skin
- ✓ Uplifting massage lotions
- ✓ Ageing cosmetics
- ✓ Anti-wrinkle and repairing night creams
- ✓ Facial treatments and wellness body lotion

Kannabia Sense won the first Prize for the World's Most Innovative Ingredient 2020 at the In-Cosmetics Global trade fair.

Deobiome Noni™ (2020)

Active ingredient used as a deodorant treatment that reduces the intensity of odours while allowing the skin to breathe and rebalances the microbiota. Like Quona Noni, acts against Quorum Sensing, preventing the formation of bacterial communication and biofilms involved in the generation of bad odour.

Like Quona Noni, it is made from the stem cells of the Noni plant.

It can be applied in:

- ✓ Underarm deodorants
- ✓ Deodorant treatments for feet
- ✓ Scalp treatment serums
- ✓ Microbiota rebalancing formulations
- ✓ Roll-ons, sticks, creams, and deodorant gels

Deobiome Noni won the second prize for the World's Most Innovative Ingredient 2020 at the In-Cosmetics Global fair, after Kannabia Sense.

Nectaria Lithops™ (2021)

This ingredient optimises the skin's microenvironment and vitamin D levels in the skin, so skin is more hydrated and revitalised.

It is made from Lithops Pseudotruncatella, a plant native to the deserts of southern Africa, known as "living stones", which specialises in managing water, space, and light to survive in very extreme conditions and can live up to 95 years. This plant has a peculiar sugar structure and metabolism that allows it to capture the light needed for photosynthesis without compromising its water balance, and thus keep its cells healthy in periods of extreme drought.

Possible applications include:

- ✓ Moisturising, densifying, and structuring formulations.
- ✓ Volume, luminosity, and dermal fillers applications.
- ✓ Night-time treatments to improve skin tone and texture
- ✓ Sun protection: vitamin D enrichment, after-sun repair formulations
- ✓ Age-defying formulations for oxygenation and microcirculation

Netaria Lithops won the Accesit for Most Innovative Formula 2021 at the Cosmetorium 2021.

Vytrus Biotech: Commercial and marketing strategy

The Company has a dual sales structure: on one hand, sells directly to manufacturers; and on the other, via distributors.

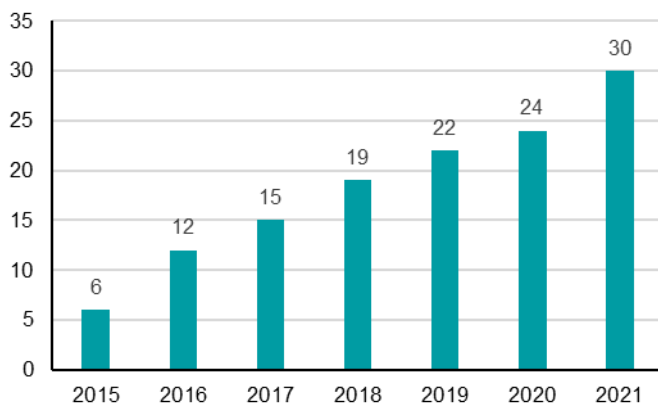
The exclusive third-party products, products with which the Company began and represented 22% of sales in 2021e, are sold directly by the Company. Customers fall into two categories: a) cosmetic manufacturers that want a propriety ingredient to differentiate their products from competitors; and b) companies that want to broaden their product base.

Own products (78% sales in 2021e) are sold either directly to cosmetic manufacturers, or via a distributor who in turn sells to the cosmetic manufacturer.

The election of the distributor model to market its products is a relatively cheap way to expand internationally and very suitable for a small-sized company. We understand that, in the short term, the Company could, in certain countries, try to establish its own marketing company, not only to keep the distributor's margin within the Company, but also because it is a model that leads to exponential sales growths. The main problem with the distributor model, in our opinion, is the lack of control over the end customer, which can be detrimental to customer loyalty.

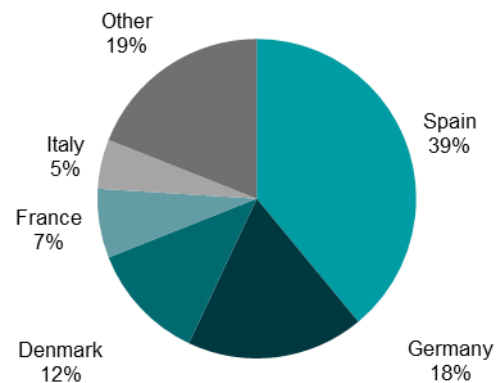
Currently, Vytrus Biotech has distribution agreements in 60 countries, having materialised sales in 30 during 2021. International sales represented 61% of 2021e estimated sales. International sales are expected to be the Company's growth driver in coming years. Hence, US is a great opportunity because sales in this country represented only 4% of the total sales at 8M21, whereas this market represented approximately 25% of the bioactive ingredient consumption. In addition, and according to DataM Intelligence, it is the market with the highest estimated growth: CAGR 2020-27 7.0%.

Figure 16. Number of countries where the company sells



Source: Company. Elaborated GVC Gaesco Valores

Figure 17. Sales breakdown per country (8M21)



Source: Company. Elaborated GVC Gaesco Valores

The Company recently reinforced its commercial team with the aim to better monitor pre-sale and after-sales of its direct clients and distributors. This follow-up and better service, as well as the improved information regarding the possibilities offered by each product in their applications should result in an increase in sales in the medium term.

Vytrus Biotech reinforces its name and products recognition on behalf of cosmetic manufacturers by participating in the most renowned trade fairs in the sector, the publication of scientific articles in research journals and participation in scientific congresses.

a. Participation in trade fairs

Sector trade fairs is where Vytrus Biotech presents its products and cosmetic innovations.

The **most important trade fair world-wide is In-Cosmetics Global** in which small companies such as Vytrus are present as well as large multinationals such as BASF. In recent editions, over 840 exhibitors, 12,300 visitors and 114 countries were represented. The Company has attended as an exhibitor with its own stand since 2016. Vytrus Biotech obtained the **First Prize for the Most Innovative Ingredient in the World in 2019** (Olea Vitae) and in **2020** (Kannabia Sense) and the First Prize for the Most Sustainable Ingredient in the World in 2019 (Sarcoslim Re-Shape). In 2021, this fair was cancelled due to the pandemic.

In **Spain**, The Company has participated with its own stand in **Cosmetorium** since 2018. Vytrus Biotech won the Most Innovative Formula Award in 2018 (Quora Noni); the Most Innovative Ingredient Award in 2019 (Olea Vitae) and the Accesit to the Most Innovative Formula in 2021 (Nectaria Lithops).

b. Participation in scientific congresses and publications

Vytrus Biotech is a member of the International Federation of Societies of Cosmetic Chemists (IFSCC), the association of more than 16,000 cosmetic chemists from 80 countries, is dedicated to international cooperation in the field of cosmetic science and technology. This association organises an annual global scientific congress where the latest research is presented. Vytrus Biotech presents its annual launch every year at this congress, which grants high visibility amongst the scientific community and formulators of cosmetic companies. In 2018, it gave a plenary presentation on the prevention and treatment of acne (Quora Noni).

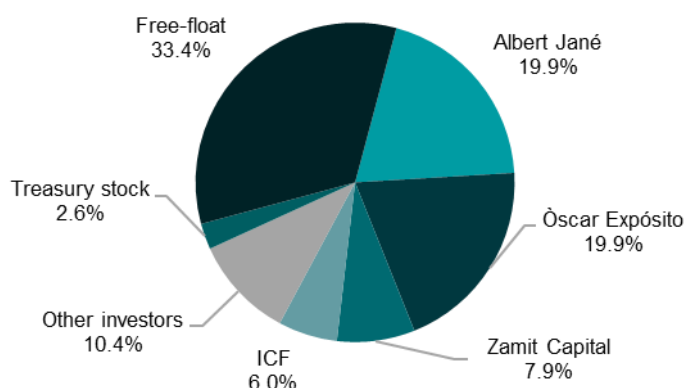
Finally, the Company actively promotes its products constant presence in the most important B2B trade magazines such as Personal Care, Cosmetics Business, Cosmetics & Toiletries, SOFW, HPC Today, Cosmetics Design and Industria Cosmética, among others.

Vytrus Biotech: Shareholder structure and listing

Vytrus was created in June 2009 as “Phytire Biotech, S.L.”. The two founding partners, Albert Jané and Oscar Expósito, each held 1,415 shares representing 94% capital (i.e. 47% each). Following several rounds of financing and private transactions (summed up in Tables 19 and 20), the shareholder structure continues to be headed by the founders, with 19.9% each. Zamit Capital S.C.A., SICAV-RAIF in November 2021 acquired 7.9%; ICV Venture Tech II FCRE hold a direct stake of 6.0% (acquired in various tranches) and an indirect stake of 0.19%; and other private shareholders hold 10.4%. Recent transactions amounted to EUR1.72 per share which implies a valuing the Company’s equity at EUR12m

The Company changed its name to Vytrus Biotech S.L. in April 2016 and became a limited propriety company in July 2020.

Figure 18. Vytrus Biotech: Main shareholders (February 2022)



Source: Company. Elaborated GVC Gaesco Valores

Figure 19. Capital increases

Date	# new shares	# total shares	Price per sh. (EUR)	Total (EUR)	Concept	Imp. Valuation (EUR 000's)
02/06/2009	3,012	3,012	1.00	3,012	Creation	3
28/07/2011	23,000	26,012	1.00	23,000	Capital increase	26
10/01/2012	3,382	29,394	17.30	58,500	Credit compensation	508
09/07/2012	7,936	37,330	34.02	270,000	Capital increase	1,270
24/03/2015	15,420	52,750	61.61	950,026	Capital increase	3,250
14/12/2017	3,840	56,590	138.39	531,412	Capital increase	7,831
14/12/2017	449	57,039	153.55	68,943	Capital increase	8,758
27/07/2018	130	57,169	153.55	19,962	Capital increase	8,778
27/07/2018	3,072	60,241	1.00	3,072	Credit compensation	60
27/07/2018		6,024,100			Split (100 x 1)	0
20/06/2019	502,294	6,526,394	1.41	708,736	Credit compensation	9,209
24/12/2019	325,967	6,852,361	1.41	459,939	Capital increase	9,669
24/12/2019	28,586	6,880,947	0.01	286	Credit compensation	69
24/12/2019	88,589	6,969,536	1.41	124,999	Credit compensation	9,834
17/12/2021	145,564	7,115,100	1.72	250,370	Capital increase	12,238

Source: Company. Elaborated GVC Gaesco Valores

Figure 20. Transactions

Date	Seller	Buyer	# shares	Price per sh. (EUR)	Total (EUR)	Imp. Valuation (EUR 000's)
30/06/2020	IUCT Empren	Resero Power	100,000	1.32	132,000	9,199,788
30/09/2020	Various	ICF Venture	126,400	1.05	132,720	7,318,013
16/10/2020	IUCT Empren	Various	148,713	0.80	119,285	5,590,373
16/11/2021	IUCT Empren	Treasury stock	113,784	1.72	195,708	11,987,573
16/11/2021	IUCT Empren	Zamit Capital	558,140	1.72	960,001	11,987,604
2021	Various	Julia Patrimoni	51,323	1.72	88,276	11,987,662
2021	Various	ICF Venture	148,082	1.72	254,701	11,987,600
14/12/2021	Various	Barnet Products	355,814	1.72	612,008	11,987,757

Source: Company. Elaborated GVC Gaesco Valores

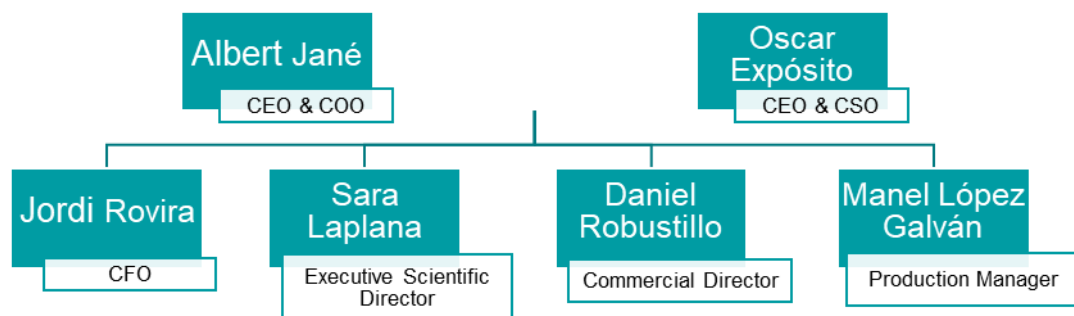
On 15 March 2022, Vytrus Biotech's shares are expected to begin trading in the BME Growth index. The reasons why the Company has decided to become a listed company are to:

- ✓ Provide a mechanism for liquidity and objective valuation of the shares that can serve as a reference for potential future corporate operations.
- ✓ Increase its notoriety, brand image, transparency, and solvency, strengthening its relationship with customers, investors, suppliers, and financiers.
- ✓ Set up a mechanism that enables the Company to raise financial resources and diversify its finance sources, in order to develop its investment policy and take advantage of new opportunities that are arising in the markets in which it operates.
- ✓ Have traded securities that are suitable for the establishment of employee loyalty mechanisms through share-based remuneration programmes or those indexed to the value of the Company's shares.
- ✓ Increase the shareholder base with new shareholders by facilitating the incorporation to those who consider Vytrus' business attractive.

Vytrus Biotech: Management team

Vytrus Biotech is headed by the two founders: Albert Jané and Oscar Expósito, both CEOs. With the success of its products and consequent sales growths, the management team has been reinforced with the gradual incorporation of production, financial, commercial, and scientific directors. In our opinion, the permanency of the management team, and especially the two founders, is key to the Company's future.

Figure 21. Organisation Chart



Source: Company. Elaborated GVC Gaesco Valores

Below is a summary of the management team's CVs:

✓ **Albert Jané: CEO, COO and Chairman of the Board of Directors.**

Graduated in Biotechnology and Biochemistry from the Faculty of Sciences of the Universidad Autónoma of Barcelona and with a Master's Degree in Pharmaceutical Sciences from the University of Barcelona. He started his professional career in R&D, quality control and customer management departments. In 2009 he founded Vytrus Biotech together with Òscar Expósito, assuming the position of CEO and COO. His objectives are to promote innovation, continuous improvement, maintain a constant standard of quality and improve services to customers and distributors and take care of the human team as the Company's core value.

✓ **Òscar Expósito: CEO, CSO and Member of the Board of Directors**

Degree in Biology and PhD in Plant Biotechnology from the Faculty of Pharmacy of the University of Barcelona. He is the author of more than 14 scientific articles related to plants and has registered 7 patents in the cosmetic and pharmaceutical sector. He has participated as a speaker in 35 national and international academic conferences. Lecturer in Masters and specialisation courses in the fields of biotechnology and entrepreneurship. Member of several professional associations such as SEQC, SCS and IFSCC.

✓ **Jordi Rovira: CFO and Secretary of the Board of Directors**

Graduate in Economics from the Universidad Autónoma of Barcelona. He has 25 years of experience in finance and strategic consultancy. Specialised in the biotechnology and pharmaceutical sector, he has held various management and board positions. He is the Professor of Accounting and Finance in the Master's Degree on Biotechnology and Health and in the Master's Degree on Commercial Management and Marketing of Pharmaceutical Industries at CESIF. Founder of MABIA, whose main activity was the analysis of companies whose shares are traded on alternative markets. He has also been a Managing Partner in charge of the tax and financial area of IMB Grup, General Secretary of Cataloniabio (the Catalan Association of Biotechnology companies), Corporate Financial Director of Lipotec and Financial Director of Gp Pharm.

✓ **Sara Laplana Lasierra: Executive Scientific Director.**

Holds a degree in Biochemistry and Biotechnology and a Master's Degree in Industrial Biotechnology Research. She is trained in Project Management and in Cosmetics and Dermocosmetics. She is responsible for the coordination and execution of the Company's R&D&i projects and for helping to translate scientific discoveries to the needs of the cosmetic and healthcare market. Professional experience of more than 11 years, both nationally and internationally.

✓ **Daniel Robustillo Miró: Commercial Director**

Degree in Biology with a specialisation in Plant Physiology and a Master's Degree in Environmental Technology. Responsible for the commercial expansion of the Company since 2018. Daniel has extensive experience in sales and business management in companies such as Tervita Corporation or Ferrovial. His technical knowledge in biotechnology allows him to provide good advice to current and potential clients.

✓ **Manel López Galván: Production Manager**

Trained in Biotechnology. He has a Master's Degree in Advanced Biotechnology with specialisation in industrial processes and a professional Master's Degree in Production Management. Since 2016 he has held the position of Production Manager, managing the production process and ensuring the maximum quality of products. He is currently studying for a Master's Degree in Production Management and Process Control.

Vytrus Biotech: The figures of a success story

Vytrus Biotech is expected to multiply its net profit by 5 in 2025e, up to EUR2.1m from EUR0.4 in 2021e, based on CAGR sales +23% and the operating leverage effect. Having obtained profits in 2020 (EUR0.2m), the Company may begin to reduce its net financial debt in 2022e due to the estimated cash generation of EUR0.3m, milestone that we believe should be very relevant for investors.

Below, we have included the estimated financial statements.

Figure 22. Income Statement (2014-2025e)

	2014	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e	2024e	2025e	CAGR 25e/21
Sales	150	291	369	642	888	1,222	1,705	2,804	3,683	4,462	5,394	6,471	23
% inc.	-	94	27	74	38	38	40	64	31	21	21	20	
Gross margin	145	232	288	606	789	1,026	1,593	2,546	3,315	4,016	4,854	5,824	
% inc.	-	60	24	110	30	30	55	60	30	21	21	20	
% sales	96	80	78	94	89	84	93	91	90	90	90	90	
EBITDA cash	-306	-421	-368	-128	-219	-357	76	292	654	1,023	1,487	2,219	
CCPE	301	413	408	399	383	553	527	706	754	819	903	956	
EBITDA	-5	-9	41	271	164	196	603	998	1,408	1,842	2,390	3,176	34
% inc.	n.s.	95	n.s.	566	-40	19	208	66	41	31	30	33	
% sales	-3	-3	11	42	18	16	35	36	38	41	44	49	
EBIT	-37	-100	-80	38	-158	-161	208	422	808	1,226	1,756	2,535	57
% inc.	n.s.	169	-20	n.s.	n.s.	2	n.s.	103	92	52	43	44	
% sales	-25	-34	-22	6	-18	-13	12	15	22	27	33	39	
PBT	-61	-123	-108	2	-211	-324	92	307	721	1,151	1,697	2,487	69
% inc.	n.s.	101	-13	n.s.	n.s.	54	n.s.	235	135	60	47	47	
% sales	-41	-42	-29	0	-24	-26	5	11	20	26	31	38	
Net profit	47	4	0	89	-44	-73	217	429	752	1,094	1,529	2,137	49
% inc.	-	-91	n.s.	n.s.	n.s.	65	n.s.	98	75	46	40	40	
% sales	31	1	0	14	-5	-6	13	15	20	25	28	33	

Source: Company. Elaborated GVC Gaesco Valores

Figure 23. Balance Sheet (summary) (2014-2025e)

	2014	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e	2024e	2025e
Net Fixed Assets	1,167	1,755	2,207	2,702	3,055	3,697	4,194	4,693	5,078	5,423	5,774	5,990
OWC	258	-5	64	221	206	114	207	326	420	504	604	720
Capital employed	1,425	1,750	2,272	2,923	3,261	3,811	4,402	5,019	5,498	5,927	6,378	6,710
Equity.	1,560	1,570	1,574	2,259	2,247	3,441	3,610	4,216	4,968	6,062	7,591	9,728
NFD	-136	180	697	664	1,015	370	792	803	530	-135	-1,212	-3,018

Source: Company. Elaborated GVC Gaesco Valores

Figure 24. Cash Flow (2014-2025e)

	2015	2016	2017	2018	2019	2020	2021e	2022e	2023e	2024e	2025e	
EBITDA	-9	41	271	164	196	603	998	1,408	1,842	2,390	3,176	
Financial Result	-23	-28	-36	-53	-162	-117	-115	-87	-74	-59	-48	
- Capex	-554	-469	-640	-523	-737	-762	-956	-954	-1,019	-1,153	-1,206	
- Inc. OWC	263	-69	-156	14	92	-93	-118	-94	-84	-100	-116	
+/-Subsidies	6	9	-5	43	-7	-15	0	0	0	0	0	
+ Capital Increase /(- treasury stock)	0	-4	600	-12	1,274	-32	55	0	0	0	0	
+/- Adjustments	2	3	-2	14	-11	-5	125	0	0	0	0	
NFD/Cash var	-315	-518	34	-351	645	-422	-11	272	665	1,077	1,806	
NFD/(Cash) final	-136	180	697	664	1,015	370	792	803	530	-135	-1,212	-3,018

Source: Company. Elaborated GVC Gaesco Valores

Note: All years included in the Cash Flow Statement are estimated by GVC Gaesco Valores.

Sales: CAGR 2021-25 +23% based on R+D+i

Vytrus Biotech is estimated to reach EUR6.5m sales in 2025e according to our estimates. Having increased its CAGR 2014-21 sales +52%, we expect the Company to maintain over 20% sales growths.

Two key factors to this performance

- ✓ On one hand, launching of new products; and
- ✓ on the other, maturity of products.

Our estimates include the Company launching two own products per year, increasing from the current 12 to 19 in 2025e. In addition, and according to the existing contracts, we expect the portfolio of exclusive third-party products to increase by 5 products in coming years, reaching 9 in 2025 vs. current 5. In total, and **according to our estimates, the Company would commercialise 28 products in 2025e vs. the current 17.**

Figure 25. Performance Number of Products

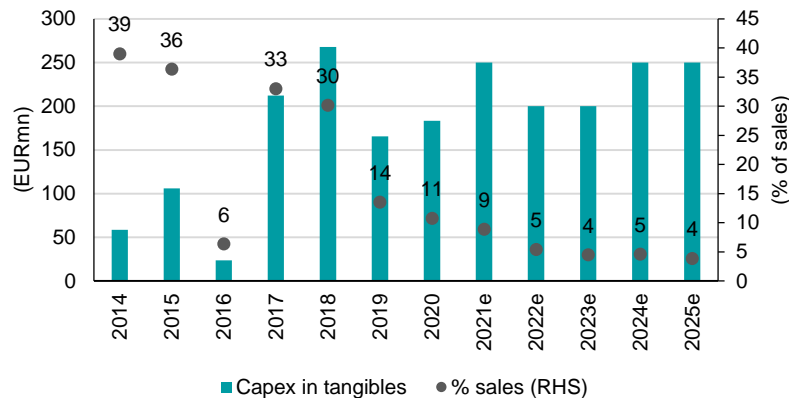


Source: Company. Elaborated: GVC Gaesco Valores

To meet our sales forecasts, the Company would have to invest in production capacity and R+D+i. Currently Vytrus has already realised the necessary investment in bioreactors to produce tonnes of active ingredients expected to be sold in 2025e, as well as reconditioned its plant (which is leased). On the other hand, we expect the investments in research and development, key to realise the annual product launches, to grow at 8% per year, reaching EUR1m in 2025e.

Since 2019, the Company has focused investments on increasing production capacity, in terms of both machinery and installations. Thus, the Company has sufficient capacity to absorb the estimated sales growths in coming years.

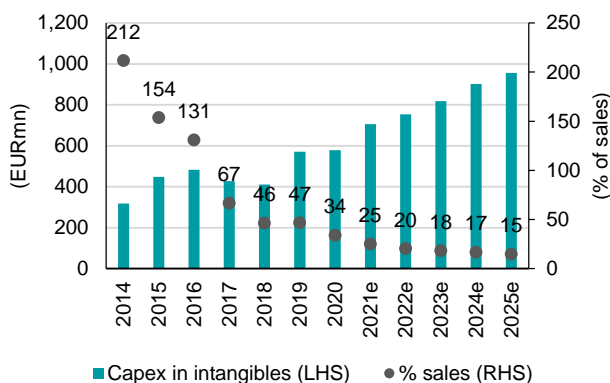
Figure 26. Investments in tangible fixed assets



Source: Company. Elaborated GVC Gaesco Valores

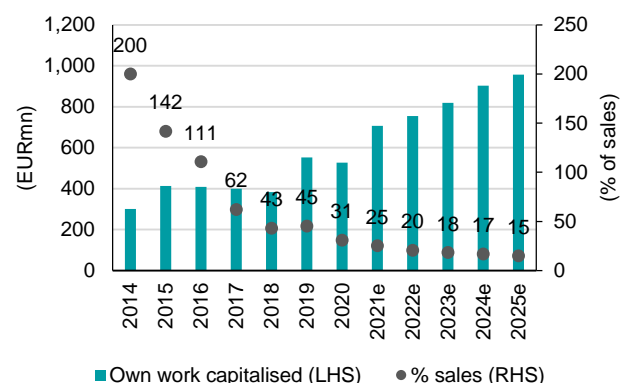
Vytrus has increased its efforts in research and development. Because a large part of the investments in R+D+i is realised by the internal team, this has an impact on the Company's income statement by capitalising the expenses incurred in the account "Own work capitalised" hence in our summarised income statement we differentiate EBITDA cash (prior to own work capitalised and EBITDA). To capitalise research and development expenses, these should be individualised by project and based on the success of the project.

Figure 27. Investment in intangible assets



Source: Company. Elaborated GVC Gaesco Valores

Figure 28. Own work capitalised

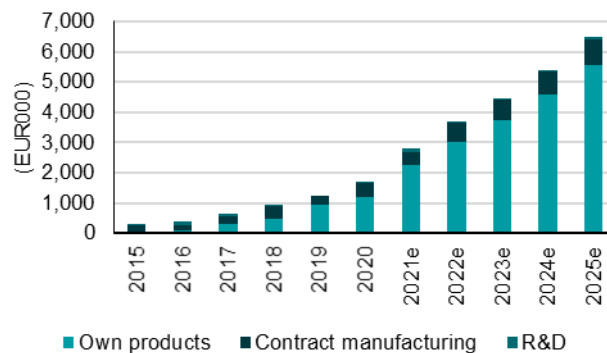


Source: Company. Elaborated GVC Gaesco Valores

We estimate EUR957k investments in intangible assets in 2025e, representing 15% of sales. We estimate CAGR 2021-25e +8.0% vs CAGR 2014-2021e +8.9%.

Bearing in mind the mentioned hypotheses, Vytrus Biotech's sales would reach CAGR +23%, reaching EUR6.5m in 2025e. It is a lower rate than observed during the Company's launching period but does reflect its growth potential.

Figure 29. Sales



Source: Company. Elaborated GVC Gaesco Valores

EBITDA: margin widening to 49% due to operating leverage

Vytrus Biotech is estimated to generate EBITDA of EUR3.2m in 2025e vs. EUR1m 2021e. The EBITDA margin is expected to widen to 49% in 2025e vs. 36% in 2021 due to the very relevant operating leverage effect.

The **Company's gross margin should remain at 90%** in coming years, having varied between 78% (minimum) to 94% (maximum) during the period 2014-21. According to the Company, the minimal margins were caused by the transition and optimisation costs necessary to move from a relatively small production of active ingredients to a real industrial production. This transition is now complete, although the Company is still in the process of improving and optimising its production system. The impact of the rise in energy prices is having a minimal impact on the Company's accounts due to the wide margins with which it operates.

Total operating costs (prior to capitalisations) comes to EUR3.7m in 2025e vs. EUR2.3m in 2021e, which implies a +12% annual increase. Our hypotheses include the share-based remuneration plan underway, reinforcing the commercial structure, and wage increase above inflation due to the research profiles that prevail in the Company. We have also considered additional costs incurred from the Company's listing to the market.

In short, we estimate EBITDA cash (prior to own work capitalised) of EUR2.2m in 2025e vs. EUR0.2m in 2021.

The EBIT is estimated to reach EUR1.8m in 2025e from EUR0.4m in 2021e, which implies a +57% annual increase. The EBIT margin would widen to 39% in 2025e from 15% in 2021. We recall that the first positive EBIT was registered in 2020.

Tax benefits on investments in R+D+i

According to our estimates, the Company will begin to pay corporate taxes in 2025e although the first expense accrual will occur in 2023e. The Company's tax rate has been positive since 2014 due to both tax loss carry-forwards and R+D+i deductions. At 2020, the Company had EUR1.6m in deferred tax assets and EUR0.4m deferred tax liabilities. The deferred tax assets include both those generated by tax losses (which we estimate at EUR0.6m) and those arising from investment deductions (EUR+1.0m).

As a general rule, the Spanish corporate income tax regulations allow a deduction of 25% of expenses incurred in research and development. In addition, if the expenses of a period exceed the average of the two preceding years, an additional 17% can be applied to this excess. An additional 17% can also be deducted for personnel expenses of persons working exclusively on R+D+i. **Vytrus has generated an average deduction of 30% of the R+D+i expenses incurred (after deduction of subsidies).** For this item, the Company had accounted for EUR954k as of December 2020.

Taking into account the limits on deductions (25% of the gross tax liability), the accrued tax may change from income to expense in 2023e, according to our estimates. However, no payments should be made to the public administration for corporate income tax until 2025, when the tax loss carry forward arising from the Company's accounting losses are consumed.

Net profit, cash generation and dividends

Vytrus is estimated to generate net profit EUR2.1bn in 2025e vs. EUR400k 2021e, which implies multiplying these by 5. The key is in the estimated performance of sales and the high gross margins that act as a leverage over fixed costs, thus a +23% rise in sales results in EBITDA increasing +34%, EBIT +57%, PBT +69% and net profit +49% (lower due to the impact from corporate taxes).

The Company's debt level is very low. Besides, we estimate positive cash generation in coming years. With a financial net debt of EUR0.8m in December 2020 (according to our estimates, practically the same in December 2021) and net cash flows enjoying exponential growths, the Company could reach a net cash position in 2023e. The NFD/EBITDA cash ratio would go from 10.4x in 2020 to 2.8x in 2021e and reach just 0.8x in 2022e. The NFD/EBITDA would drop from 1.3x in 2020 to 0.8x in 2021e and 0.4x in 2022e.

As from this point, the Company should decide on the use of the cash generated. There are three possible options: a) shareholders remuneration via dividends or share buybacks; b) increase investments in new business lines such as entering the pharmaceutical sector; or c) acquire a small company that is complementary with its products portfolio or technology.

Vytrus has not outlined a pay-out policy to date.

Vytrus Biotech: Valuation

Our valuation of Vytrus Biotech at December 2022e is EUR20m, or EUR2.83 per share.

We have used the discounted free operating cash flow method to value the Company.

On the estimated operating free cash flow generated during the period 2023-25e we add a terminal value on the Company, assuming only maintenance investments and no new, additional products launched. We estimate EUR250k due to the investments needed in maintaining installations and updating products. The recurrent FCF would be EUR2.6m and terminal value EUR25m, which implies an exit multiple of 11.7x, figure we consider conservative. Additionally, we have included the net deferred tax assets not consumed in 2025e amounting to EUR0.7m. A summary of our valuation is provided below.

Figure 30. Vytrus Biotech: Valuation

(EUR000)	2022e	2023e	2024e	2025e	Terminal
EBIT	808	1,226	1,756	2,535	3,005
Taxes o/EBIT	0	0	0	0	-361
NOPAT	808	1,226	1,756	2,535	2,645
+ Depreciation	600	616	633	641	250
- Capex	-954	-1,019	-1,153	-1,206	-250
- Inc. NOF	-94	-84	-100	-116	-18
OCF	359	740	1,137	1,854	2,627
Terminal value				25,072	
Implied terminal value (x)				11.7	
Tax adjustment				663	
Total flows	359	740	1,137	27,588	

Current value (Dec. 22) 20,677

- NFD (Dec. 22e) -530

Equity value. 20,147

Value per share (€) 2.83

Source: GVC Gaesco Valores

Implied multiples (PER and EV/EBITDA):

Figure 31. Vytrus Biotech: Implied multiples at EUR2.83

(x)	2021e	2022e	2023e	2024e	2025e
PER	47.0	26.8	18.4	13.2	9.4
EV/EBITDA	20.7	14.7	11.2	8.7	6.5

Source: GVC Gaesco Valores

Recent transactions realised at EUR1.72/sh, implying the following multiples

Figure 32. Vytrus Biotech: Implied multiples at EUR1.72

(x)	2021e	2022e	2023e	2024e	2025e
PER	28.0	16.3	11.2	8.0	5.7
EV/EBITDA	20.7	13.1	9.1	6.6	4.6

Source: GVC Gaesco Valores

ESG Focus

Within Vytrus Biotech's DNA is its commitment to Corporate Social Responsibility (CSR) and interconnecting the axes of its organisation (people, planet, company, and social commitment) with the 10 Principles of the United Nations Global Compact and the 17 Sustainable Development Goals of the United Nations Global Compact for 2030.

Its own philosophy focuses on a sustainable production process, respectful to nature. Its technology allows it to reduce water consumption by 99% compared to traditional production.

The 4 axes of the organisation are:

- c. **People:** For Vytrus Biotech, its human team is one of the main assets of its value chain. Actions are implemented to enhance their development, exploit their skills, and increase their efficiency and productivity.
- d. **Planet:** The Company allocates a percentage of the turnover of its cosmetic ingredients to collaborate with social, scientific and/or research projects related to the preservation of natural heritage, the environment and protection of plants.
- e. **Company:** Vytrus Biotech is ISO 9001:2015 certified, which is the Global Benchmark for Corporate Quality Management. It is designed to help organisations ensure that they meet the needs and expectations of customers and other stakeholders, according to internationally recognised quality management principles established by the International Organization for Standardization (ISO). It also holds the Good Manufacturing Practices for Cosmetics Ingredients (GMPs certificate). GMPs accredits companies for good management of key guidelines to be used in the cosmetic industry and ensures quality and safety in the production of cosmetic ingredients.
- f. **Social Commitment:** Vytrus Biotech's actions are based on the principles of conscious cosmetics. They use the natural resources of the immediate environment, understanding that global sustainability starts at the local and closest level.

ESG Scorecards

Vytrus Biotech	NO	WIP	OK	Comments/Descriptions
ESG projects/activities/certifications				COSMO-ECOCERT, ISO 16128, sin GMO
Materiality Matrix (CRI or Others)				
Sustainability Report (CSR)				
Sustainability Plan / Defined ESG Goals				
ESG Ratings				ECOVADIS Platinum

Source: GVC Gaesco Valores

ESG Positioning

Vytrus Biotech	Below	In line	Above	Comments/Descriptions
Environment				
GHG emission cut (CO ₂ reduction)				99% less than traditional production
Water consumption				
Electricity & Power consumption				
Plastic reduction				
Social				
Social engagement				One woman out of 5 members in the Board of Directors and 1 woman out of 6 in the top management.
Accident index				
Gender Equality ¹				
Training / Employees satisfaction				
Governance				
BoD composition ²				The board is composed by 3 executive members, 1 proprietary and 1 independent
Top management ESG Involvement ³				

Notes

1) Women % Executive/BoD positions

2) % Independents Directors on Total BoD

3) % Variable Remuneration linked to ESG (or qualitative comments)

Source: GVC Gaesco Valores

The UN has set 17 Sustainable Development Goals (SDGs) to urge companies and governments to act on them.

As we have already mentioned, the Company aligns its actions with these goals. For a company the size of Vytrus Biotech, its concern for Corporate Social Responsibility and the principles of sustainable development, in our opinion, seem to deserve a positive score. In addition, the Company has the most relevant certifications in the cosmetics industry, such as COSMOS-Ecocert, which is widely used and valued to rigorously endorse organic and natural products developed in an environmentally friendly way.

The impact of ESG aspects on the Company's rating is, in our opinion, Positive.

SUSTAINABLE DEVELOPMENT GOALS





Vytrus Biotech: Summary tables

PROFIT & LOSS (EURm)	12/2019	12/2020	12/2021e	12/2022e	12/2023e	12/2024e
Sales	1.2	1.7	2.8	3.7	4.5	5.4
Cost of Sales & Operating Costs	-1.0	-1.1	-1.8	-2.3	-2.6	-3.0
Non Recurrent Expenses/Income	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	0.2	0.6	1.0	1.4	1.8	2.4
EBITDA (adj.)*	0.2	0.6	1.0	1.4	1.8	2.4
Depreciation	-0.4	-0.4	-0.6	-0.6	-0.6	-0.6
Depreciation of Right-of-Use			0	0	0	0
EBITA	-0.2	0.2	0.4	0.8	1.2	1.8
EBITA (adj.)*	-0.2	0.2	0.4	0.8	1.2	1.8
Amortisations and Write Downs	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	-0.2	0.2	0.4	0.8	1.2	1.8
EBIT (adj.)*	-0.2	0.2	0.4	0.8	1.2	1.8
Net Financial Interest	-0.2	-0.1	-0.1	-0.1	-0.1	-0.1
Other Financials	0.0	0.0	0.0	0.0	0.0	0.0
Associates	0.0	0.0	0.0	0.0	0.0	0.0
Other Non Recurrent Items	0.0	0.0	0.0	0.0	0.0	0.0
Earnings Before Tax (EBT)	-0.3	0.1	0.3	0.7	1.2	1.7
Tax	0.3	0.1	0.1	0.0	-0.1	-0.2
<i>Tax rate</i>	<i>77.5%</i>	<i>n.m.</i>	<i>n.m.</i>	<i>n.m.</i>	<i>5.0%</i>	<i>9.9%</i>
Discontinued Operations	0.0	0.0	0.0	0.0	0.0	0.0
Minorities	0.0	0.0	0.0	0.0	0.0	0.0
Net Profit (reported)	-0.1	0.2	0.4	0.8	1.1	1.5
Net Profit (adj.)	-0.1	0.2	0.4	0.8	1.1	1.5
CASH FLOW (EURm)	12/2019	12/2020	12/2021e	12/2022e	12/2023e	12/2024e
Cash Flow from Operations before change in NWC	0.0	0.5	1.0	1.3	1.8	2.3
Change in Net Working Capital	0.1	-0.1	-0.1	-0.1	-0.1	-0.1
Cash Flow from Operations	0.1	0.4	0.9	1.2	1.7	2.2
Capex	-0.7	-0.8	-1.0	-1.0	-1.0	-1.2
Net Financial Investments	0.0	0.0	0.0	0.0	0.0	0.0
Free Cash Flow	-0.6	-0.4	-0.1	0.3	0.7	1.1
Dividends	0.0	0.0	0.0	0.0	0.0	0.0
Other (incl. Capital Increase & share buy backs)	1.3	-0.0	0.1	0.0	0.0	0.0
Change in Net Financial Debt	0.6	-0.4	-0.0	0.3	0.7	1.1
NOPLAT	-0.1	0.2	0.3	0.6	0.9	1.3
BALANCE SHEET & OTHER ITEMS (EURm)	12/2019	12/2020	12/2021e	12/2022e	12/2023e	12/2024e
Net Tangible Assets	0.5	0.6	0.7	0.8	0.8	0.9
Net Intangible Assets (incl. Goodwill)	2.3	2.5	2.8	3.1	3.4	3.9
Right-of-Use Assets (Lease Assets)	0.0	0.0	0.0	0.0	0.0	0.0
Net Financial Assets & Other	1.0	1.1	1.2	1.2	1.2	1.0
Total Fixed Assets	3.7	4.2	4.7	5.1	5.4	5.8
Inventories	0.2	0.2	0.4	0.5	0.6	0.7
Trade receivables	0.2	0.2	0.3	0.4	0.5	0.6
Other current assets	0.0	0.0	0.0	0.0	0.0	0.0
Cash (-)	-0.8	-1.1	-1.0	-1.1	-1.5	-2.3
Total Current Assets	1.2	1.5	1.8	2.0	2.6	3.6
Total Assets	4.9	5.7	6.4	7.1	8.0	9.4
Shareholders Equity	3.4	3.6	4.2	5.0	6.1	7.6
Minority	0.0	0.0	0.0	0.0	0.0	0.0
Total Equity	3.4	3.6	4.2	5.0	6.1	7.6
Long term interest bearing debt	0.2	0.4	0.9	1.1	1.3	1.0
Provisions	0.0	0.0	0.0	0.0	0.0	0.0
Lease Liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Other long term liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Total Long Term Liabilities	0.2	0.4	0.9	1.1	1.3	1.0
Short term interest bearing debt	1.0	1.5	1.0	0.6	0.0	0.0
Trade payables	0.2	0.2	0.4	0.5	0.6	0.8
Other current liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Total Current Liabilities	1.2	1.7	1.4	1.1	0.7	0.8
Total Liabilities and Shareholders' Equity	4.9	5.7	6.4	7.1	8.0	9.4
Net Capital Employed	3.8	4.4	5.0	5.5	5.9	6.4
Net Working Capital	0.1	0.2	0.3	0.4	0.5	0.6
GROWTH & MARGINS	12/2019	12/2020	12/2021e	12/2022e	12/2023e	12/2024e
<i>Sales growth</i>	<i>37.6%</i>	<i>39.5%</i>	<i>64.5%</i>	<i>31.3%</i>	<i>21.2%</i>	<i>20.9%</i>
EBITDA (adj.)* growth	19.3%	208.3%	65.5%	41.1%	30.8%	29.7%
<i>EBITA (adj.)* growth</i>	<i>n.m.</i>	<i>n.m.</i>	<i>102.6%</i>	<i>91.6%</i>	<i>51.7%</i>	<i>43.3%</i>
<i>EBIT (adj.)* growth</i>	<i>n.m.</i>	<i>n.m.</i>	<i>102.6%</i>	<i>91.6%</i>	<i>51.7%</i>	<i>43.3%</i>

Vytrus Biotech: Summary tables

GROWTH & MARGINS	12/2019	12/2020	12/2021e	12/2022e	12/2023e	12/2024e
Net Profit growth	n.m.	n.m.	97.6%	75.4%	45.6%	39.7%
EPS adj. growth	n.m.	n.m.	97.5%	71.9%	45.6%	39.7%
DPS adj. growth						
EBITDA (adj)* margin	16.0%	35.4%	35.6%	38.2%	41.3%	44.3%
EBITA (adj)* margin	-13.2%	12.2%	15.0%	21.9%	27.5%	32.6%
EBIT (adj)* margin	n.m.	12.2%	15.0%	21.9%	27.5%	32.6%
RATIOS	12/2019	12/2020	12/2021e	12/2022e	12/2023e	12/2024e
Net Debt/Equity	0.1	0.2	0.2	0.1	0.0	-0.2
Net Debt/EBITDA	1.9	1.3	0.8	0.4	-0.1	-0.5
Interest cover (EBITDA/Fin.interest)	1.2	5.2	8.7	16.1	24.8	40.2
Capex/D&A	206.5%	193.0%	165.8%	159.0%	165.3%	182.0%
Capex/Sales	60.3%	44.7%	34.1%	25.9%	22.8%	21.4%
NWC/Sales	9.3%	12.2%	11.6%	11.4%	11.3%	11.2%
ROE (average)	-2.6%	6.2%	11.0%	16.4%	19.8%	22.4%
ROCE (adj.)	-4.2%	4.7%	8.3%	14.2%	19.4%	24.6%
WACC	0.0%	0.0%	13.0%	13.0%	0.0%	0.0%
ROCE (adj.)/WACC	n.m.	n.m.	0.6	1.1	n.m.	n.m.
PER SHARE DATA (EUR)***	12/2019	12/2020	12/2021e	12/2022e	12/2023e	12/2024e
Average diluted number of shares	6.3	7.0	7.0	7.1	7.1	7.1
EPS (reported)	-0.01	0.03	0.06	0.11	0.15	0.21
EPS (adj.)	-0.01	0.03	0.06	0.11	0.15	0.21
BVPS	0.55	0.52	0.60	0.70	0.85	1.07
DPS	0.00	0.00	0.00	0.00	0.00	0.00
VALUATION	12/2019	12/2020	12/2021e	12/2022e	12/2023e	12/2024e
EV/Sales				4.7	3.7	2.9
EV/EBITDA				12.3	9.0	6.5
EV/EBITDA (adj.)*				12.3	9.0	6.5
EV/EBITA				21.4	13.6	8.9
EV/EBITA (adj.)*				21.4	13.6	8.9
EV/EBIT				21.4	13.6	8.9
EV/EBIT (adj.)*				21.4	13.6	8.9
P/E (adj.)				22.3	15.3	11.0
P/BV				3.4	2.8	2.2
Total Yield Ratio		0.0%	0.0%	0.0%	0.0%	0.0%
EV/CE				4.1	3.5	2.9
OpFCF yield				1.6%	4.0%	6.4%
OpFCF/EV				1.6%	4.0%	6.9%
Payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Dividend yield (gross)		0.0%	0.0%	0.0%	0.0%	0.0%
EV AND MKT CAP (EURm)	12/2019	12/2020	12/2021e	12/2022e	12/2023e	12/2024e
Price** (EUR)				2.36	2.36	2.36
Outstanding number of shares for main stock	7.0	7.0	7.1	7.1	7.1	7.1
Total Market Cap				16.8	16.8	16.8
Gross Financial Debt (+)	1.2	1.9	1.8	1.6	1.3	1.0
Cash & Marketable Securities (-)	-0.8	-1.1	-1.0	-1.1	-1.5	-2.3
Net Financial Debt	0.4	0.8	0.8	0.5	-0.1	-1.2
Lease Liabilities (+)	0.0	0.0	0.0	0.0	0.0	0.0
Net Debt	0.4	0.8	0.8	0.5	-0.1	-1.2
Other EV components	0.0	0.0	0.0	0.0	0.0	0.0
Enterprise Value (EV adj.)				17.3	16.7	15.6

Source: Company, GVC Gaesco Valores estimates.

Notes

* Where EBITDA (adj.) or EBITA (adj.) = EBITDA (or EBITA) +/- Non Recurrent Expenses/Income and where EBIT (adj.) = EBIT +/- Non Recurrent Expenses/Income - PPA amortisation

**Price (in local currency): Fiscal year end price for Historical Years and Current Price for current and forecasted years

***EPS (adj.) diluted = Net Profit (adj.) / Avg DIL. Ord. (+ Ord. equivalent) Shs. EPS (reported) = Net Profit reported / Avg DIL. Ord. (+ Ord. equivalent) Shs.

Sector: Healthcare/Pharmaceuticals

Company Description: Vytrus Biotech develops, produces and commercialises bio-active ingredients for the cosmetic industry using a very innovative technology: plants stem cells cultures.

European Coverage of the Members of ESN

Automobiles & Parts	Mem(*)	Kaufman & Broad	IAC	Banca Ifis	BAK	Avio	BAK
Brembo	BAK	Kering	CIC	Banca Mediolanum	BAK	Biesse	BAK
Faurecia	CIC	L'Oreal	CIC	Banca Sistema	BAK	Bollore	CIC
Ferrari	BAK	Lvmh	CIC	Bff Bank	BAK	Bureau Veritas	CIC
Gestamp	GVC	Maisons Du Monde	CIC	Dea Capital	BAK	Caf	GVC
Indelb	BAK	Moncler	BAK	Finecobank	BAK	Catenon	GVC
Michelin	CIC	Monnalisa	BAK	Illimity Bank	BAK	Cellnex Telecom	GVC
Pirelli & C.	BAK	Ovs	BAK	Mediobanca	BAK	Cembre	BAK
Plastic Omnium	CIC	Piaggio	BAK	Poste Italiane	BAK	Clasquin	IAC
Renault	CIC	Richemont	CIC	Rothschild & Co	CIC	Cnh Industrial	BAK
Sogefi	BAK	Safilo	BAK	Food & Beverage	Mem(*)	Corticeira Amorim	CBI
Stellantis	BAK	Salvatore Ferragamo	BAK	Advini	CIC	Ctt	CBI
Valeo	CIC	Smcp	CIC	Bonduelle	CIC	Danieli	BAK
Banks	Mem(*)	Swatch Group	CIC	Campari	BAK	Datalogic	BAK
Banca Mps	BAK	Technogym	BAK	Danone	CIC	Enav	BAK
Banco Sabadell	GVC	Tod'S	BAK	Diageo	CIC	Enogia	CIC
Banco Santander	GVC	Trigano	CIC	Ebro Foods	GVC	Exel Industries	CIC
Bankinter	GVC	Ubisoft	CIC	Enervit	BAK	Fiera Milano	BAK
Bbva	GVC	Energy	Mem(*)	Fleury Michon	CIC	Fincantieri	BAK
Bnp Paribas	CIC	Cgg	CIC	Italian Wine Brands	BAK	Getlink	CIC
Bper	BAK	Ecoslops	CIC	Lanson-Bcc	CIC	Global Dominion	GVC
Caixabank	GVC	Eni	BAK	Laurent Perrier	CIC	Haulotte Group	CIC
Credem	BAK	Galp Energia	CBI	Ldc	CIC	Interpump	BAK
Credit Agricole Sa	CIC	Gas Plus	BAK	Lindt & Sprüngli	CIC	Inwit	BAK
Intesa Sanpaolo	BAK	Gtt	CIC	Nestle	CIC	Leonardo	BAK
Societe Generale	CIC	Maurel Et Prom	CIC	Orsero	BAK	Logista	GVC
Unicaja Banco	GVC	Plc	BAK	Pernod Ricard	CIC	Manitou	CIC
Unicredit	BAK	Repsol	GVC	Remy Cointreau	CIC	Nicolas Correa	GVC
Basic Resources	Mem(*)	Rubis	CIC	Tipiak	CIC	Openjobmetis	BAK
Acerinox	GVC	Saipem	BAK	Vilmorin	CIC	Osai	BAK
Altri	CBI	Technip Energies	CIC	Viscofan	GVC	Prima Industrie	BAK
Arcelormittal	GVC	Technipfmc Plc	CIC	Vranken	CIC	Prosegur	GVC
Ence	GVC	Tecnicas Reunidas	GVC	Healthcare	Mem(*)	Prosegur Cash	GVC
Imerys	CIC	Tenaris	BAK	Abionyx Pharma	CIC	Prysmian	BAK
Neodecortech	BAK	Totalenergies	CIC	Amplifon	BAK	Rai Way	BAK
Semapa	CBI	Vallourec	CIC	Atrys Health	GVC	Rexel	CIC
The Navigator Company	CBI	Fin. Serv. Holdings	Mem(*)	Biomerieux	CIC	Saes	BAK
Tubacex	GVC	Cir	BAK	Crossject	CIC	Salcef	BAK
Chemicals	Mem(*)	Corp. Financiera Alba	GVC	Diasorin	BAK	Talگو	GVC
Air Liquide	CIC	Digital Magics	BAK	El.En.	BAK	Teleperformance	CIC
Arkema	CIC	Eurazeo	CIC	Fermentalg	CIC	Verallia	CIC
Plasticos Compuestos	GVC	Gbl	CIC	Fine Foods	BAK	Vidrala	GVC
Consumer Products & Services	Mem(*)	Peugeot Invest	CIC	Genfit	CIC	Zardoya Otis	GVC
Abeo	CIC	Rallye	CIC	Gpi	BAK	Zignago Vetro	BAK
Beneteau	CIC	Tip Tamburi Investment Partners	BAK	Guerbet	CIC	Insurance	Mem(*)
Brunello Cucinelli	BAK	Wendel	CIC	Korian	CIC	Axa	CIC
Capelli	CIC	Fin. Serv. Industrials	Mem(*)	Oncodesign	CIC	Catalana Occidente	GVC
De Longhi	BAK	Abitare In	BAK	Orpea	CIC	Cattolica Assicurazioni	BAK
Europcar	CIC	Dovalue	BAK	Prim Sa	GVC	Generali	BAK
Fila	BAK	Nexi	BAK	Recordati	BAK	Linea Directa Aseguradora	GVC
Geox	BAK	Tinexta	BAK	Shedir Pharma	BAK	Mapfre	GVC
Givaudan	CIC	Financial Services Banks	Mem(*)	Theraclion	CIC	Net Insurance	BAK
Groupe Seb	CIC	Amundi	CIC	Vetoquinol	CIC	Unipolsai	BAK
Hermes Intl.	CIC	Anima	BAK	Virbac	CIC	Materials, Construction	Mem(*)
Hexaom	CIC	Azimut	BAK	Industrial Goods & Services	Mem(*)	Acs	GVC
Interparfums	CIC	Banca Generali	BAK	Applus	GVC	Aena	GVC

Atlantia	BAK	Real Estate	Mem(*)	I Grandi Viaggi	BAK
Buzzi Unicem	BAK	Almagro Capital	GVC	Ibersol	CBI
Cementir	BAK	Igd	BAK	Int. Airlines Group	GVC
Cementos Molins	GVC	Lar España	GVC	Melia Hotels International	GVC
Clerhp Estructuras	GVC	Merlin Properties	GVC	Nh Hotel Group	GVC
Crh	CIC	Realia	GVC	Pierre Et Vacances	CIC
Eiffage	CIC	Retail	Mem(*)	Sodexo	CIC
Fcc	GVC	Burberry	CIC	Utilities	Mem(*)
Ferrovial	GVC	Fnac Darty	CIC	A2A	BAK
Groupe Adp	CIC	Inditex	GVC	Acciona	GVC
Groupe Poujolat	CIC	Unieuro	BAK	Acea	BAK
Groupe Sfpj S.A.	CIC	Technology	Mem(*)	Albioma	CIC
Heidelberg Cement	CIC	Agile Content	GVC	Alerion Clean Power	BAK
Herige	CIC	Akka Technologies	CIC	Audax	GVC
Holcim	CIC	Almawave	BAK	Derichebourg	CIC
Maire Tecnimont	BAK	Alten	CIC	Edp	CBI
Mota Engil	CBI	Amadeus	GVC	Enagas	GVC
Obrascon Huarte Lain	GVC	Atos	CIC	Encavis Ag	CIC
Sacyr	GVC	Axway Software	CIC	Endesa	GVC
Saint-Gobain	CIC	Capgemini	CIC	Enel	BAK
Sciuker Frames	BAK	Cast	CIC	E-Pango	CIC
Sergeferrari Group	CIC	Esi Group	CIC	Erg	BAK
Spie	CIC	Exprivia	BAK	Falck Renewables	BAK
Tarkett	CIC	Gigas Hosting	GVC	Greenalia	GVC
Thermador Groupe	CIC	Indra Sistemas	GVC	Greenvolt	CBI
Vicat	CIC	Izertis	GVC	Hera	BAK
Vinci	CIC	Lleida.Net	GVC	Holaluz	GVC
Webuild	BAK	Memscap	IAC	Iberdrola	GVC
Media	Mem(*)	Neurones	CIC	Iren	BAK
Arnoldo Mondadori Editore	BAK	Ovhcloud	CIC	Italgas	BAK
Atresmedia	GVC	Reply	BAK	Naturgy	GVC
Cairo Communication	BAK	Sii	CIC	Red Electrica Corporacion	GVC
Digital Bros	BAK	Sopra Steria Group	CIC	Ren	CBI
GI Events	CIC	Stmicroelectronics	BAK	Snam	BAK
Il Sole 24 Ore	BAK	Tier 1 Technology	GVC	Solaria	GVC
Ipsos	CIC	Visiativ	CIC	Terna	BAK
Jcdecaux	CIC	Vogo	CIC	Volitalia	CIC
Lagardere	CIC	Telecommunications	Mem(*)		
M6	CIC	Bouygues	CIC		
Mediaset Espana	GVC	Ekinops	CIC		
Mfe-Mediaforeurope	BAK	Ezentis	GVC		
Miogroup	GVC	Nos	CBI		
Nrj Group	CIC	Orange	CIC		
Publicis	CIC	Telecom Italia	BAK		
Rcs Mediagroup	BAK	Telefonica	GVC		
Tf1	CIC	Tiscali	BAK		
Universal Music Group	CIC	Unidata	BAK		
Vivendi	CIC	Vodafone	BAK		
Personal Care, Drug & Grocery S	Mem(*)	Travel & Leisure	Mem(*)		
Carrefour	CIC	Accor	CIC		
Casino	CIC	Autogrill	BAK		
Jeronimo Martins	CBI	Compagnie Des Alpes	CIC		
Marr	BAK	Edreams Odigeo	GVC		
Sonae	CBI	Elior	CIC		
Unilever	CIC	Fdj	CIC		
Winfarm	CIC	Groupe Partouche	IAC		

LEGEND: BAK: Banca Akros; CIC: CIC Market Solutions; CBI: Caixa-Banco de Investimento; GVC: GVC Gaesco Valores

as at 4 February 2022

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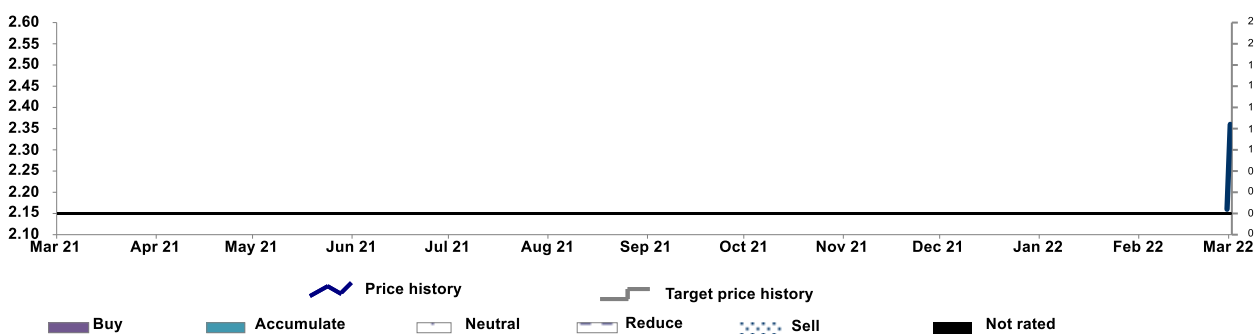
Recommendation history for VYTRUS BIOTECH

Date	Recommendation	Target price	Price at change date
17-Mar-22	Buy	2.83	2.36

Source: Factset & ESN, price data adjusted for stock splits.

This chart shows GVC Gaesco Valores continuing coverage of this stock; the current analyst may or may not have covered it over the entire period.

Current analyst: Marisa Mazo, Ph.D, CFA (since 16/03/2022)



ESN Recommendation System

The ESN Recommendation System is **Absolute**. It means that each stock is rated based on **total return**, measured by the upside/downside potential (including dividends and capital reimbursement) over a **12-month time horizon**. The final responsible of the recommendation of a listed company is the analyst who covers that company. The recommendation and the target price set by an analyst on one stock are correlated but not totally, because an analyst may include in its recommendation also qualitative elements as market volatility, earning momentum, short term news flow, possible M&A scenarios and other subjective elements.



The ESN spectrum of recommendations (or ratings) for each stock comprises 5 categories: **Buy (B), Accumulate (A), Neutral (N), Reduce (R) and Sell (S)**.

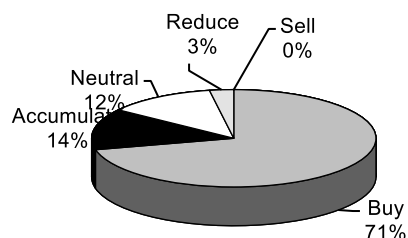
Furthermore, in specific cases and for a limited period of time, the analysts are allowed to rate the stocks as **Rating Suspended (RS)** or **Not Rated (NR)**, as explained below.

Meaning of each recommendation or rating:

- **Buy:** the stock is expected to generate total return of **over 15%** during the next 12-month
- **Accumulate:** the stock is expected to generate total return of **5% to 15%** during the next 12-month
- **Neutral:** the stock is expected to generate total return of **-5% to +5%** during the next 12-month
- **Reduce:** the stock is expected to generate total return of **-5% to -15%** during the next 12-month
- **Sell:** the stock is expected to generate total return **under -15%** during the next 12-month
- **Rating Suspended:** the rating is suspended due to: a) a capital operation (take-over bid, SPO, etc.) where a Member of ESN is or could be involved with the issuer or a related party of the issuer; b) a change of analyst covering the stock; c) the rating of a stock is under review by the Analyst.
- **Not Rated:** there is no rating for a stock when there is a termination of coverage of the stocks or a company being floated (IPO) by a Member of ESN or a related party of the Member.

Note: a certain flexibility on the limits of total return bands is permitted especially during higher phases of volatility on the markets.

GVC Gaesco Valores, S.V., S.A. Ratings Breakdown



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