

Natac Natural Ingredients

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9 September 2024, 11.00 a.m.

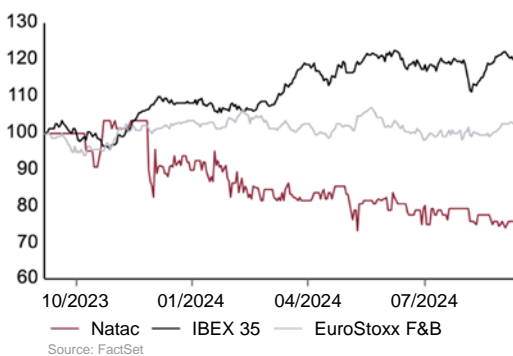
Head of Institutional Research

Market leader in the healthy ingredients market

OVERWEIGHT

Target price: €0.84
Current price: €0.62
Potential: 36.6%

Stock market performance



Behaviour	1 m.	3 m.	12 m.
Absolute	0%	-8%	-24%
Relative	-8%	-6%	-44%

NAT.MC / NAT ES

Capitalisation (€ million)	267.4
No. of shares (million)	434.8
Free Float	23.5%
Daily vol. (€ thousand)	26.8
Min/Max 12 months (€)	0.60-0.84
YTD revaluation	-15.8%

	Buy	Hold	Sell
Factset Consensus	n.d.	n.d.	n.d.

	2023	2025e	2026e
PER	36.8x	89.9x	44.5x
EV/EBITDA	54.2x	27.4x	18.0x
EV/Sales	14.7x	8.5x	5.8x
P/BV	7.7x	6.2x	5.4x
INDEBITDA	10.1x	6.0x	3.9x
Pay-Out	0.0%	0.0%	0.0%
Prof. Div.	0.0%	0.0%	0.0%
FCF Yield	-18.4%	-18.4%	-0.1%
ROCE	4.5%	6.6%	9.9%
ROE	20.8%	6.9%	12.1%

Source: Company and Renta 4 Banco estimates.

Market leader in the healthy ingredients market, ...

Natac Natural Ingredients is a stable, diversified group with strong fundamentals and an extensive product portfolio in the field of health ingredients and active ingredients of natural origin. The company has a growing worldwide demand, a solid, recurring customer base and high growth expectations for the coming years.

... positioned in a sector with a high growth potential...

Natac Natural Ingredients operates in sectors that will record strong growth in the coming years, which justifies the forecasts we expect for the company and which we show in our estimates (natural extracts CAGR +9.3% 2020/2030e and Omega 3 CAGR +7.8%).

... which has allowed it to record a period of strong growth and, ...

In the 2016/2023 period, Natac Group evolved in a very positive way showing a CAGR in sales and normalised EBITDA of +37.3% and +30.3%, respectively. As a result, the company achieved sales of €26.6 million and a normalised EBITDA of €9.4 million.

... that supported by the following growth levers ...

1) Organic growth, 2) Sustainext project (doubling the capacity of Hervás), 3) New Omega-3 factory, 4) Agreement with an American pharmaceutical company for the sale of a unique extract, 5) Entry into new markets and 6) Entry into the pharmaceutical market (GMP certifications).

... justifies our estimates.

Our estimates for Natac Natural Ingredients for 2027e point, exclusively organically, to sales 2027e of €84.0 million (+33.7% CAGR 2023/2027e) and an adjusted EBITDA of €28.1 million (+31.4% CAGR).

Conclusion: Investment opportunity

The company's outlook for the coming years points to a period of significant growth in sales and EBITDA without the need for significant investments, which will result in a high conversion of EBITDA to cash and a reduction in debt ratios. We initiate coverage on the stock with a target price of €0.84/share and an OVERWEIGHT recommendation.

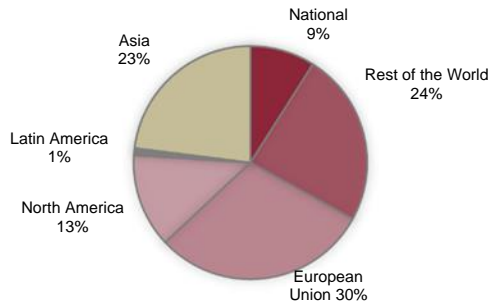
€ million	2022	2023	2024e	2025e	2026e	2027e
Sales	22.4	26.6	40.3	58.8	72.6	84.9
EBITDA	5.2	7.2	12.5	18.9	23.6	28.1
Margin (%)	23.1%	27.1%	31.0%	32.1%	32.6%	33.0%
EBITDA consensus	5.2	7.2	12.5	18.9	23.6	28.1
Net profit	3.9	8.6	3.0	6.0	9.7	13.5
EPS (€)	0.01	0.02	0.01	0.01	0.02	0.03
DPS (€)	0.00	0.00	0.00	0.00	0.00	0.00
FCF	0.0	0.0	-58.3	-49.1	-0.4	1.4
NFD + / net cash-	76.1	73.1	74.5	73.1	64.5	51.5

Source: Company and Renta 4 Banco estimates.

NATAC Natural Ingredients

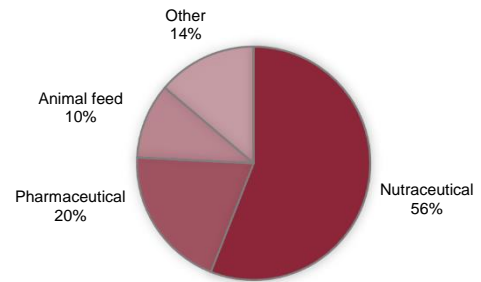
The new group represents the creation of a robust and diversified group listed on BME Growth, with strong fundamentals and an expansive portfolio of products in the healthy ingredients and natural active ingredients sector. The company has a growing worldwide demand, a solid, recurring customer base and high growth expectations for the coming years.

Breakdown of sales by geographical area 2023



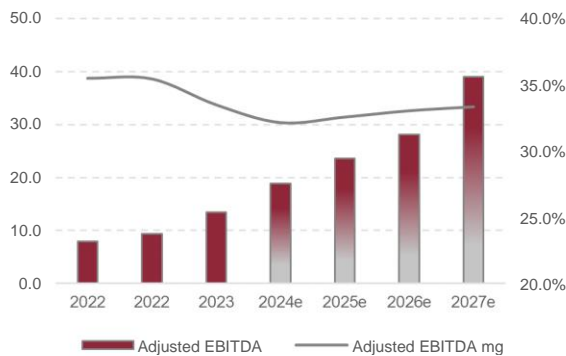
Source: Company

Breakdown of sales by industry 2023



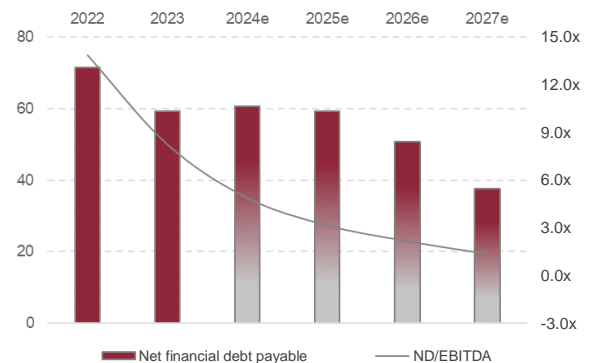
Source: Company

Evolution of the EBITDA margin



Source: Company and Renta 4 Banco estimates

Evolution net debt / EBITDA (x)



Source: Company and Renta 4 Banco estimates

Catalysts

- 1- **Completion of the Sustainext project**, which will double production at the Hervás plant.
- 2- **New drug** approvals from the American pharmaceutical company.
- 3- Expansion of **the product portfolio and attraction of new customers.**
- 4- **Growth of the herbal supplements and Omega-3 market in the 2020-2030e** period at a CAGR of +9.3% and +7.8%, respectively.

Risks

- 1- **High current** indebtedness.
- 2- Appearance of **new substitute products** to those manufactured by the group.
- 3- **Reduced size** of contracts resulting in lower operating efficiency.
- 4- **New drugs** to replace/improve the current ones manufactured by the American company.
- 5- **Operational risk** in the start-up of the Omega-3 factory.

Shareholder structure



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1. Investment thesis

Description. NATAC Natural Ingredients is the result of the merger between NATAC and IFFE Futura with the aim of creating a leader in the healthy ingredients market. The group that is the result of this merger is made up from the **NATAC Group, a leading company** in the research, development, production and marketing of natural ingredients **mainly from plant extracts**, and **IFFE FUTURA, a company specialised** in the development and refining of low concentrations and very good qualities of **Omega 3**.

High degree of internationalisation. Currently, all sales of the new group come from the Hervás and Córdoba plants, as the As Somozas plant is still under construction. By the close of 2023, 91% of the company's sales were generated in international markets

Competitive advantages. One of the group's strong points is its **diversified, recurring customer portfolio**, made up of significant companies in the nutraceutical, pharmaceutical, animal nutrition and cosmetics sectors, selling directly to own-brand manufacturers or to third-party manufacturers. The group has more than 400 customers from over 40 different countries.

High barriers to entry: **1)** proprietary know-how in natural extracts, **2)** high initial capex, **3)** business barely representative for the big players in the sector.

Market with high growth potential. Natac Natural Ingredients operates in sectors that will record strong growth in the coming years, a circumstance that justifies the growth we expect for the company and that we show in our estimates. **In the case of natural extracts of plant origin**, the total size of the market is expected to grow from USD 48,500 million in **2020** to USD 118,600 million in **2030**, representing a **CAGR of 9.3%**. Meanwhile, the **Omega-3** market could grow from USD 2,700 million in 2020 to USD 4,500 million in 2030, a **CAGR of 7.8%**. Common growth catalysts in both markets include a growing **preference for natural products** in a society increasingly conscious of **preventive health care**, which translates into **higher wellness spending**, supported by rising per capita income, a **growing senior population** (longer life expectancy) and the **increasing prevalence of chronic conditions**.

Strong organic growth strategy. This exclusively organic strategy is based **on a business model supported by the following growth levers** **1)** Organic growth, **2)** Sustainext project (doubling the capacity of Hervás), **3)** New Omega-3 factory, **4)** Agreement with an American pharmaceutical company for the sale of a unique extract, **5)** Entry into new markets and **6)** Entry into the pharmaceutical market (GMP certifications).

Inorganic growth strategy. The plant extracts for dietary supplements sector is a highly fragmented sector with numerous small companies specialising in very specific products. This point opens the door to growth via acquisitions with the aim of acquiring new products, customers or markets. **These potential operations would take place on the irrevocable premise of generating productive synergies.**

Agreement with an American pharmaceutical company: Natac has an agreement with an American pharmaceutical company, which in the first quarter of 2023 received the authorisation from the FDA for the commercialisation of an orphan drug to treat patients over 16 years old with a rare degenerative neuronal disease, which requires a unique extract produced from olive trees by the NATAC Group.

Estimates offer spectacular growth: we estimate **strong revenue growth in the 2022/2027e period at a CAGR of +33.7% to €84.9 million** (+22.9% CAGR to €208.1 million) justified by: **1)** strong market growth, **2)** idle capacity in the Hervás factory, **3)** capacity expansion in Hervás by Sustainext, **4)** Omega 3 plant, **5)** agreement with American pharmaceutical company,, **6)** entry into the pharmaceutical sector, **7)** new organic products, and **8)** geographic expansion: entry into new markets thanks to both new products and a strengthening of the commercial team. In **terms of EBITDA** , we expect growth in the **2023/2027e period at a CAGR of +38.4% to €28.1 million**, higher than the increase in sales thanks to the operating leverage of both divisions (+24.8% CAGR to €70 million in 2033e). This will result in a 4.2 p.p. improvement in the sales margin to 33.0% in 2027e (33.6% in 2033e).

Conclusion: Natac Natural Ingredients offers a history of growth based on an excellent time in the sector and supported by a strategic plan with financial targets that we consider realistic. In short, Natac is an opportunity to invest in a sector with high growth prospects for the coming years without the need for significant additional investments. **We initiate coverage with an OVERWEIGHT recommendation and a target price of €0.84/share.**

2. Description: NATAC + IFFE Futura = Creating a market leader in healthy ingredients

NATAC Natural Ingredients is the result of the merger between NATAC and IFFE Futura with the aim of creating a leader in the healthy ingredients market. The group resulting from this merger of the **NATAC Group, a leading company** in the research, development, production and marketing of natural ingredients mainly from **plant extracts**, with **IFFE FUTURA, a company specialised** in the development and refining of low concentrations and very good qualities of **Omega 3..**

The new group represents the creation of a leader in the sector, listed on BME Growth, with an expansive portfolio of products in the sector of healthy ingredients and active ingredients of natural origin. The company has a growing global demand and a solid recurring customer base.

What was the rationale for the transaction?:

1. **Differential value proposition** through the creation of the **leader in the healthy ingredients market**, focused on natural extracts from different types of plants and high quality Omega-3.
2. **Potential synergies** through maximising revenue and optimising costs.
3. **Complete product portfolio with** natural extracts from different types of plants and high quality Omega-3.
4. **Commercial synergies** through the vast product portfolio that will enhance the sales network of the combined group.
5. **High growth prospects**, with competitive and operational advantages in a sector with high potential.
6. **Recurrence of prime customers**, with whom long-term relationships have been established and will grow.
7. **Focus on R&D** supported by a first class team of professionals to ensure the innovation and flexibility necessary to adapt to customer needs.
8. **Four work centres** including three state-of-the-art manufacturing plants with large production capacities.
9. **Experienced management team** with an in depth knowledge of the product and the market.

Natoc Natural Ingredients has three factories, the one from Innovaoleo (formerly IFFE Biotech) in As Somozas (A Coruña), and the two NATAC factories in Cáceres and Córdoba, two sales offices in Salt Lake City (Utah, USA) and Singapore, and has its headquarters and central services in Madrid. The group's main plants are:

1. **Factory in Hervás (Cáceres):** opened in 2021, with an €18 million investment, it is considered one of the best natural extracts plants in the world, based on a circular economy model (98% of waste is biodegradable and used as fertiliser for local agriculture) and with an annual processing capacity of 3,000 mt of raw material. Currently, with this capacity, the maximum sales of this factory stand at around €70 million, which will double once the expansion being carried out under the Sustainext project is completed.
2. **Factory in As Somozas (A Coruña):** construction is currently being completed and commercial activity is expected to start in 3Q/4Q24. With a €18 million investment, this plant will be dedicated to the production of Omega-3 with a capacity of 13,000 mt of raw materials and a production of 11,050 mt of RBD (refined, bleached and deodorised). The potential sales of this plant with RBD alone are €71 million.
3. **Factory in Córdoba:** NATAC plant for high purity olive extracts.

Table 1. Production structure



Source: Company

High level of internationalisation. Currently, all sales of the new group come from the Hervás and Córdoba plants, as the As Somozas plant is still under construction. By the close of 2023, 91% of the company's sales were generated in international markets

Table 2. Geographical breakdown of sales



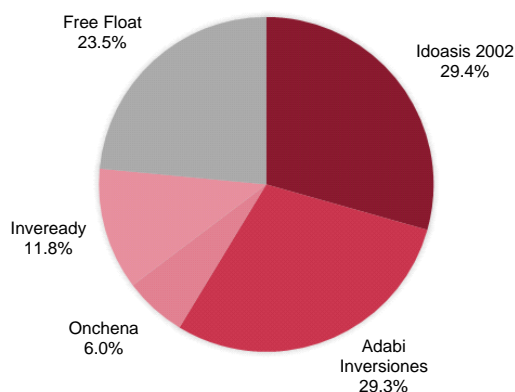
Source: Company

One of the group's strong points is its diversified, recurring customer portfolio, made up of significant companies in the nutraceutical, pharmaceutical, animal nutrition and cosmetics sectors, selling directly to own-brand manufacturers or to third-party manufacturers. The group has close to 400 customers from more than 40 different countries. 68% of revenue is concentrated among the group's top 20 customers, having declined in recent years (2019 the Top 15 accounted for 81% of sales). On the other hand, it is important to highlight that in addition to increasing the number of customers substantially in recent years (156 in 2019 to nearly 400 in 2023), Natac has been able to grow in customer share, increasing the number of products sold to each customer, reinforcing customer loyalty.

2.1. Shareholders and organisational structure

Natac Natural Ingredients Group's shareholding is led by its two founding shareholders who, through the companies Idoasis 2002, S.L. and Aldabi Inversiones, S.L.U., control nearly 60% (29.38% and 29.30%, respectively), followed by Inverady with 11.79% and Onchena, S.L. with 6.03%. At the end of 30 June 2024, considering as free-float any shareholding below 5%, this amounts to 23.5%.

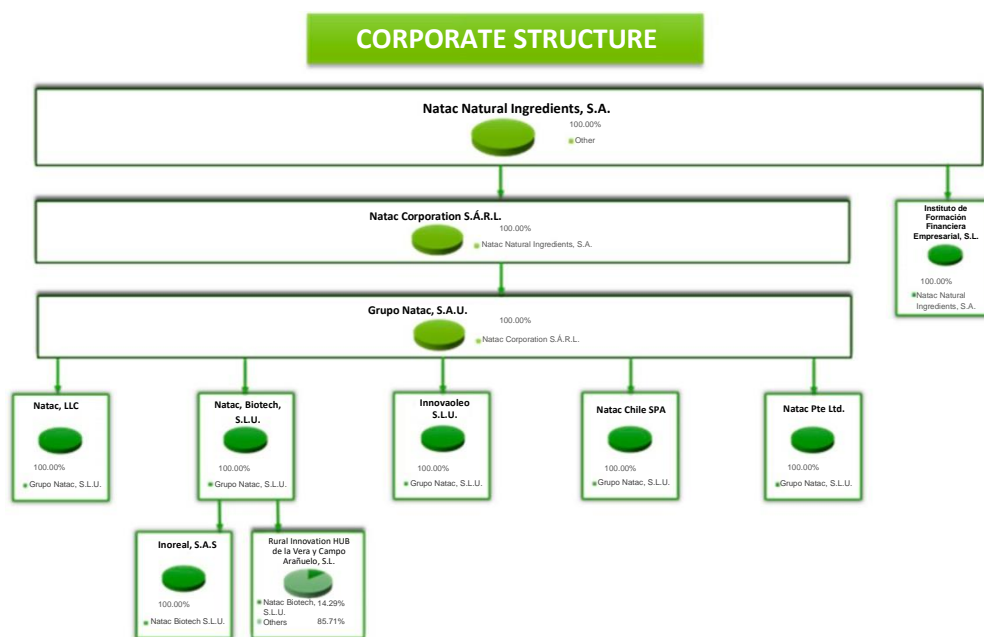
Table 3. Shareholding structure



Source: Company

The corporate structure of Natac Natural Ingredients, as well as the branches and subsidiaries included in the consolidation perimeter, are shown below

Table 4. Natac Natural Ingredients



Source: Natac

2.2. Main milestones

2010: Founding of the NATAC Group

2011: Creation of the olive unit.

2012: Construction of the olive extract factory in Palenciana (Córdoba).

2013: Innovative SME "Start up % Investor Awards".

2014: Opening of sales office in the United States.

2015: Internal creation of a quality system for botanical identification, revolutionary in the industry (Haboid).

2016: Launch of products for clinical trials.

2017: Launch of extracts containing the full plant profile, a new industry milestone ("Full Spectrum").

2018: Among the 65 most innovative SMEs in Europe in the Horizon 2020 Programme.

2019: Entry into the Asian market.

2020: Construction of the most modern plant in the sector in Hervás (Caceres).

2021: Obtaining organic certification.

2022: Purchase of Inoreal SAS in France.

2022: Opening of a sales office in Singapore.

2023: FDA approval of a drug for Natac Group's main pharmaceutical customer.

2023: Natac Spain leader of the European Sustainext project.

2023: Merger with IFFE Futura.

2023: On 23 November 2023 Natac Natural Ingredients was listed on the BME Growth with a capitalisation of €343.5 million.

2024: Approval from the European Medicines Agency (EMA) for the commercialisation of the same drug approved by the FDA in February 2023 that uses an exclusive olive tree extract that Natac produces.

2.3. Board of Directors and management team

The new group will have a management team with extensive experience in the healthy ingredients sector, committed to management and composed of key members of both NATAC and IFFE. Natac Natural Ingredients currently employs 170 people. In turn, the Board of Directors is made up of 7 directors, 2 of whom are independent.

Main members of the management team:

Chief Executive Officer: Antonio Delgado. He has 14 years of experience within the Natac Group. He has also held the positions of Sales and Marketing Manager at Biosearch Life and the Provimi Group, General Manager at Adami S.A. and Commercial Manager at EuropaC Group. TGMP-17 at Harvard Business School. International Business at IE MBA Business School. Degree in Philosophy from UNED (End of Degree Award for the best academic record).

Marketing Manager: Noelia González. She has 14 years of experience within the Natac Group. She has also held the positions of General Manager at Biosearch Life, Operations Manager and co-founder of Prodcán, Business Development Manager at Almirall and at Eli Lilly. PLD 16 (Executive MBA) at Harvard Business School. Degree in Business Administration, Marketing and International Business from San Francisco State University.

Industrial Manager: Francisco Alcaín. He has 5 years of experience within the Natac Group. He has also held the positions of Production Manager at Cooperativas Valle del Jerte and Cotabaco, Factory Manager at Fj Sanchez Sucesores and Biosearch Life, Technical Manager at Globalab, and General Manager at Unión de Productores Pimentón. He holds a degree in Agricultural Engineering from the University of Cordoba.

Scientific Manager and cofounder: José Carlos Quintela. He has 14 years of experience within the Natac Group. He has also held the positions of R&D Manager at Bioserach Life and Exxentia, and Technical Pharmaceutical Manager at GSN. Phd in Biological Sciences and Molecular Biology. Pharmacy at the University of Santiago de Compostela.

R&D Manager: Esther de la Fuente. She has 14 years of experience within the Natac Group. She has also held the positions of Head of New Products and Technological Processes at Biosearch Life and PhD Researcher at CSIC. PhD in Analytical Chemistry. Master's Degree for Food and Technology from the University of Castilla la Mancha.

Chief Financial Officer: Gemma García. She has 7 years of experience within the Natac Group. She has also held the position of Auditor at BDO. She holds a degree in Business Administration and Management from the University of Tarragona.

Sales Manager: Belén Blanco. She has 8 years of experience within the Natac Group. She has also held the positions of Exhibitor Services Manager at Servis Complet and Business Development Manager at Rome Accommodation. Master's Degree in Marketing and Sales Management from ESIC. Postgraduate degree in Legal and Sworn Translation from the Autonomous University of Barcelona. Degree in Translation and Interpreting from the University of Valladolid.

2.4. Certificates

The NATAC Group has obtained certain certifications in order to guarantee the quality and safety of some of its products for its customers. This same certification process will be carried out at the As Somozas factory if necessary. The main certificates obtained by the NATAC Group include:

- **Green Certification:** Organic certification that guarantees that the products have been produced or processed in accordance with organic agricultural standards, and that this has been controlled throughout the production, preparation process, packaging and marketing.
- **ISO 22716** (cosmetics sector): is an international standard of good manufacturing practice (GMP) for the cosmetics industry.
- **FAMI-QS:** is a code that ensures safety, quality and legal compliance in animal feed.
- **FSSC22000:** certification of the effectiveness of food safety management.
- **ISO 14001:** certifies effectiveness and promotes environmental management and protection, as well as pollution prevention whilst balancing socio-economic issues.
- **Halal:** process that ensures the characteristics and quality of products in accordance with the rules established by the Islamic Council.

- **Kosher:** certifies that the food complies with the requirements of Jewish law.

On the other hand, **the NATAC Group has recently obtained the Good Manufacturing Practices (GMP) certification from SGS,** this certification is applied to the food and pharmaceutical sector. It consists of a series of actions that guarantee that the products are properly manufactured in compliance with the safety standards and requirements of the food industry, as well as commercial quality, obeying different criteria according to their intended use and in accordance with the requirements for their commercialisation. This certification is focused on quality. After obtaining this certification, the company is currently in the process of obtaining the necessary licences to market APIS (Active Pharmaceutical Ingredients) in Europe.

2.5. Business lines

Natac Natural Ingredients develops products for the sector of healthy ingredients and active ingredients of natural origin. In order to carry out this task, Natac conducts its activity by breaking down its business into two divisions:

1. **Natural Extracts:** division specialised in the research, development, production and distribution of natural ingredients, mainly plant extracts for the pharmaceutical, nutraceutical, food, cosmetic and animal nutrition markets.
2. **Omega 3:** division dedicated to the research, development and production of omega-3 fatty acids (DHA/EPA).

2.5.1. Natural Extracts

Division **specialising in the research, development, production and distribution of natural ingredients**, mainly plant extracts for the pharmaceutical, animal nutrition, cosmetics, food and nutraceutical (nutritional supplements made from natural ingredients) markets.

This division concentrates its production in two plants located in the south of Spain, Hervás (Caceres) which is working at 40% of its capacity and in Palenciana (Cordoba) operating at 100%. **Its main facility is strategically located in Extremadura**, a region with a strong agro-industrial culture and direct access to raw materials, allowing it to create strategic alliances with the main agro-industrial sectors. It should be noted that it recently received a subsidy from the European Union (Sustainext Project) of €9.5 million, associated with an investment of €14 million over the next 4 years in the Hervás factory, with the aim of converting this plant into the most modern, digital, innovative and sustainable plant extracts plant in the world, as well as doubling its capacity.

The Group has developed an innovative line of standardised natural extracts based on the simultaneous concentration of the main phytochemical compounds of plants, as found in nature. The differentiation of Natac's products lies in:

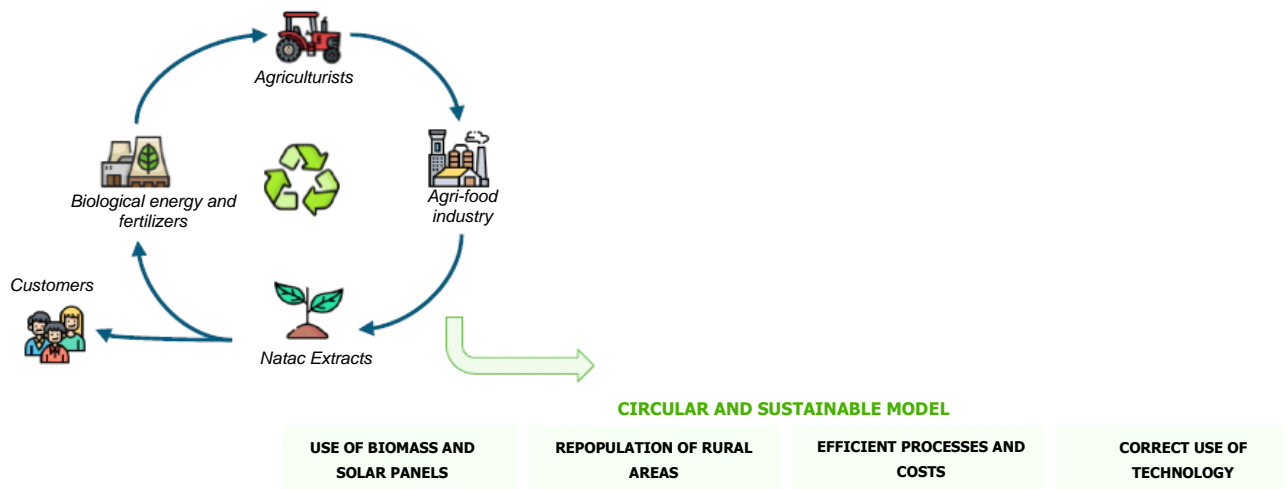
1. Standardisation in several groups of bioactive compounds containing the plant's benefits.
2. A final extract closer to the holistic profile of the plant as designed by nature.
3. Highly concentrated product with the aim of it being used in a lower dosage.

4. Standardisation for consistent potency and purity.

The business model of this division is characterised by the non-disruptive implementation of its extraction in several traditional agro-industrial production processes, such as the processing of olive oil (olives) or wine (grapes) in order to obtain certain active ingredients in the most efficient way.

Natac focuses its products on Mediterranean and other strategic plants, with different applications in international markets in different sectors.

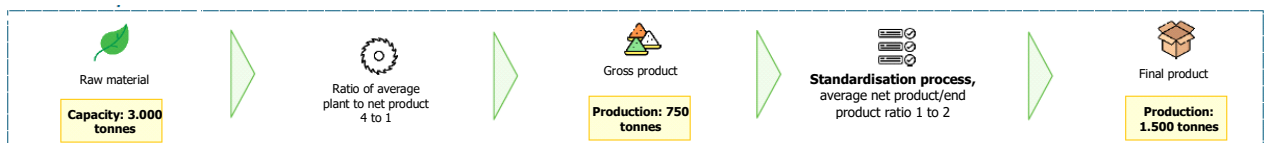
Table 5. Business model



Source: Company

The group has a processing capacity of 3,000 mt of raw materials that Natac is able to convert into 1,500 mt of final product..

Table 6. Production process



Source: Company

The main strengths of this division's business model can be summarised as follows: sustainability, specialisation in natural extracts, customer focus, global presence, European origin and variety of its products, continuous improvement and efficiency of production processes, in-house manufacturing, traceability, quality assurance and agreements with strategic partners.

The group's products, 100% manufactured in Spain, are based on a B2B business model, marketed through both own-brand and unbranded products, and mainly aimed at the nutraceutical, pharmaceutical and animal nutrition sectors. In 2022, it sold around 350 mt of products obtained from 47 plants, including olives, grapes, rhodiola, milk thistle, artichoke, saffron and grapes. Among the company's main products, the following stand out:

1. Branded products for the nutraceutical sector:

- a. **Satiereal**: unique natural extract of saffron for weight loss.
- b. **Moodreal**: product aimed at emotional balance.
- c. **Elimreal**: product that stimulates the natural elimination of toxins.
- d. **Endolive**: product made from olive extract to prevent cardiovascular diseases.
- e. **Pomolive**: a combination of bioactive ingredients from olives and apples that helps control 4 risk factors associated with metabolic syndrome.

2. Branded products for the animal feed sector:

- a. **Aquolive**: a patented olive-derived product that improves the resilience of fish by enhancing their response to stress.
- b. **Oligut**: a patented product that combines olive polyphenols and triterpenoids to provide control of chronic subclinical inflammation, improving intestinal function for pigs, poultry and ruminants.
- c. **Olifeed**: a polyphenolic olive extract that provides an antioxidant function, helping to control oxidative stress in animals.

3. **Non-branded products**: non-genetically modified, science-based extracts obtained using state-of-the-art technologies. These products have guaranteed botanical identity, quality standards in accordance with various industries and include innovative extracts.

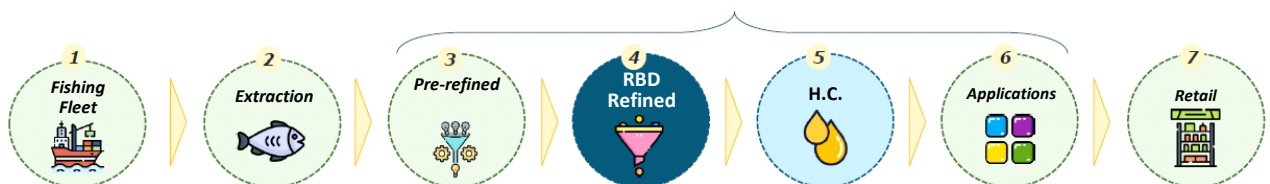
4. **“Full Spectrum” products**; standardised ingredients that concentrate the main phytochemical compounds of the plants, allowing us to offer stability in terms of quality and dosage, in addition to placing a product on the market that is as close as possible to the plant's profile. In short, it makes it possible to offer the consumer a single extract that contains all the benefits that the source plant can provide.

2.5.2. Omega 3

Division dedicated to the research, development and production of Omega-3 fatty acids (DHA/EPA), RBD Triglycerides, AC Ethylester, AC Triglycerides and Phospholipids. This RBD (refined, bleached and deodorised) oil is marketed as an ingredient to be integrated into final products.

This division has an Omega 3 (EPA/DHA) factory, with a production capacity of 13,000 mt/year, located in As Somozas (A Coruña). This plant is currently in the final construction stage and is expected to start marketing its products in 3Q/4Q24.

Table 7. Production process



Source: Company

The **aim of this division is to become a world leader in the biotechnology sector in the production of RBD (refined, bleached and deodorised) fish oil** with low concentrations and very good qualities of Omega 3. To achieve this, an intensive R&D process has been carried out to achieve a process to obtain high quality oil with less oxidants and pollutants. To do this, the company is following the following lines of action: **1)** completion of the factory, **2)** achieve the appropriate level of commercialisation and **3)** invest part of the resources generated by the activity in the execution of technologies aimed at vertical growth.

The main consumer sectors for these products are: Nutraceutical, infant formulas, animal nutrition and food. **The growth potential of the market is supported** by the ageing of the population, the increase in the population's concern for health and wellbeing and the recommendations of institutions for the daily consumption of Omega-3.

This division develops different products with different concentrations of Omega-3. These products have the following common organoleptic characteristics: **1)** transparent light yellow colour, **2)** tasteless, **3)** deodorised and **4)** form: liquid, oily.

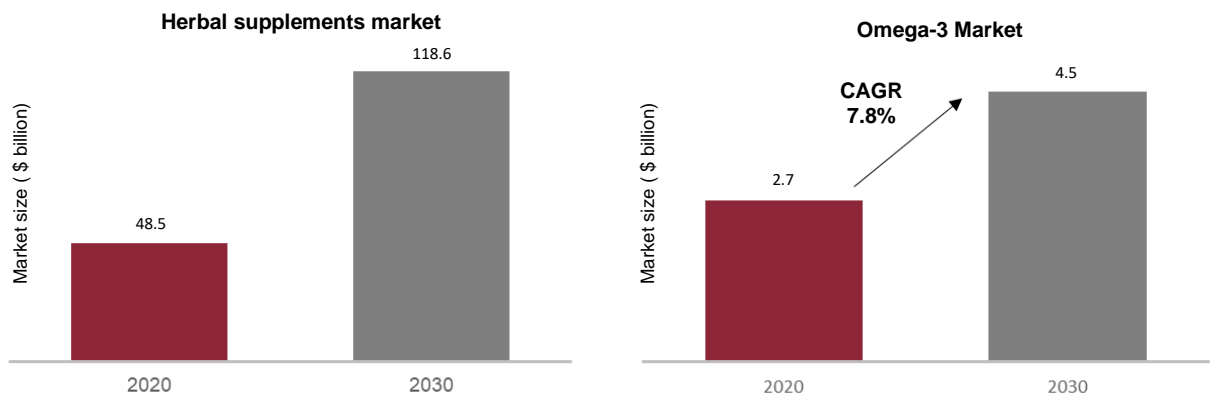
Natac offers Omega-3 with excellent sensory properties for functional foods and nutritional supplements. At the same time, this division has a **specialised area in synergistic combinations of Omega-3 with other bioactive ingredients of interest**, offering customised ingredients with natural antioxidants and botanical extracts.

3. Market

The **natural plant extracts and Omega-3 markets share similar dynamics**, and both have **strong growth prospects going forward**, supported by growing demand and gains in market share.

In the case of **natural plant extracts**, the total market size is expected to grow from USD 48,500 million in **2020** to USD 118,600 million in **2030**, representing a **CAGR of 9.3%**. Meanwhile, the **Omega-3** market could grow from USD 2,700 million in 2020 to USD 4,500 million in 2030, a **CAGR of 7.8%**. Common growth catalysts in both markets include a growing **preference for natural products** in a society increasingly aware of **preventive health care**, which translates into **higher wellness spending**, supported by rising per capita income, a **growing senior population** (longer life expectancy) and the **increasing prevalence of chronic conditions**.

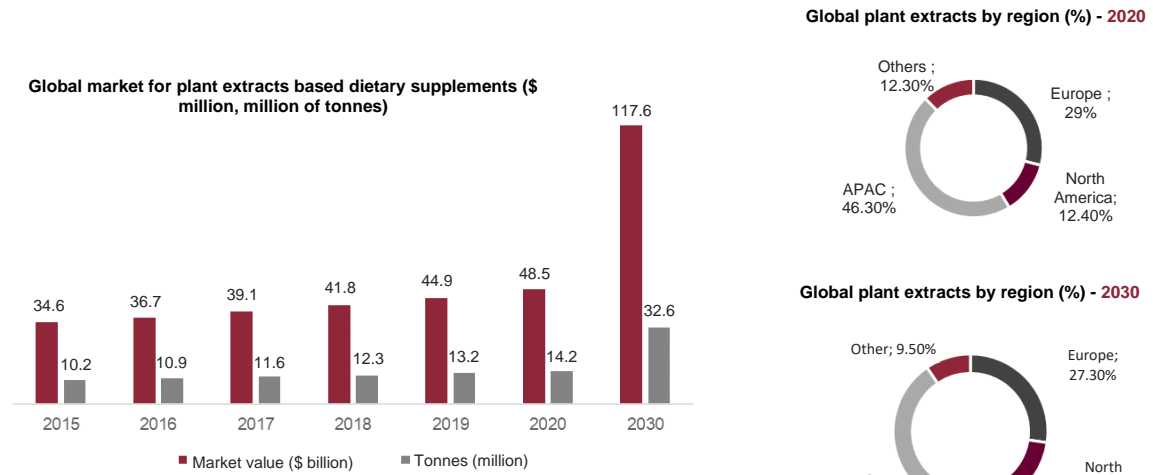
Table 8. Herbal supplements and Omega-3 markets



Source: Company

In particular, **plant extracts will benefit from the growth of the dietary supplement market**. According to estimates by FMI and Technavio, after accumulating an average growth of +7% in value (+6.8% in volume) in the 2015-20 period, plant extraction for use as dietary supplements is expected to accelerate globally to **+9.3% CAGR** (+8.6% volume) in the **2020-30 period**. The **main market would be APAC**, with increasing weight (46% in 2020, 49% in 2030e), followed by Europe (29% and 27%e respectively) and North America (12% and 14%e).

Table 9. Plant extracts market

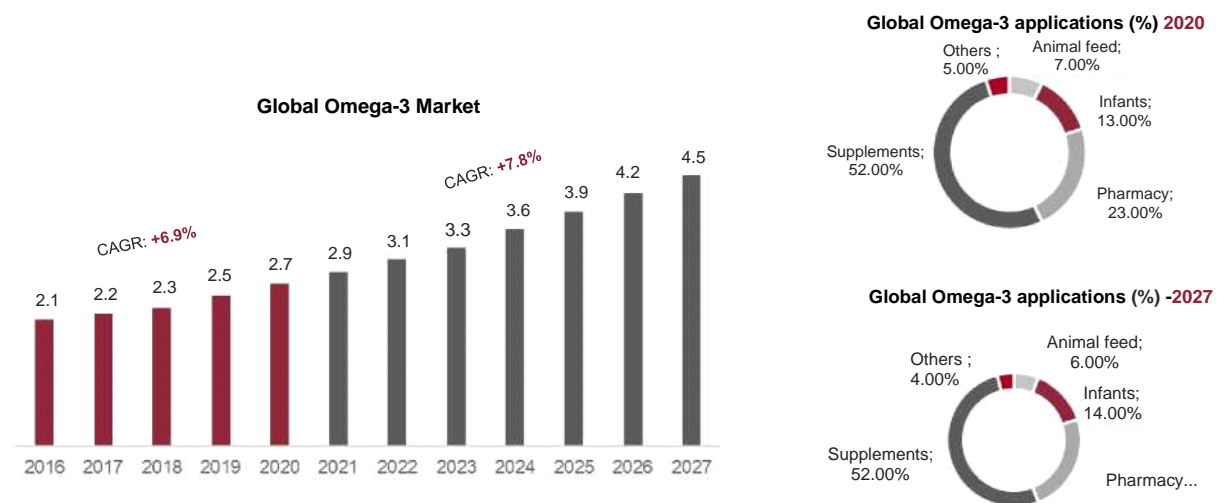


Source: FMI Report, Technavio Report and available public information.

Meanwhile, the **Omega-3 market** offers sustainable growth for the future, **driven by its** increasing global use **by healthcare specialists**. According to Grandview estimates, after accumulating an average growth of **+6.9%** in value over the 2016-20 period, the global Omega-3 market is expected to accelerate to **+7.8% over the 2021-27 period**. Among the **main applications**, we would highlight **supplements** or nutraceuticals (52%), followed by **pharmaceuticals** (23%-24%), **infant food** (13%-14%) and **animal feed** (6%-7%).

The **main attraction of Omega-3 is its ability to reduce the risk of disease**, with positive health effects from both EPA (eicosapentaenoic acid, which helps prevent cardiovascular disease and protects joints) and DHA (docosahexaenoic acid, which helps the eyes, brain and reproductive organs to function properly, as well as the cognitive development of children and the elderly).

Table 10. Omega-3 Market



Source: Grand View Research

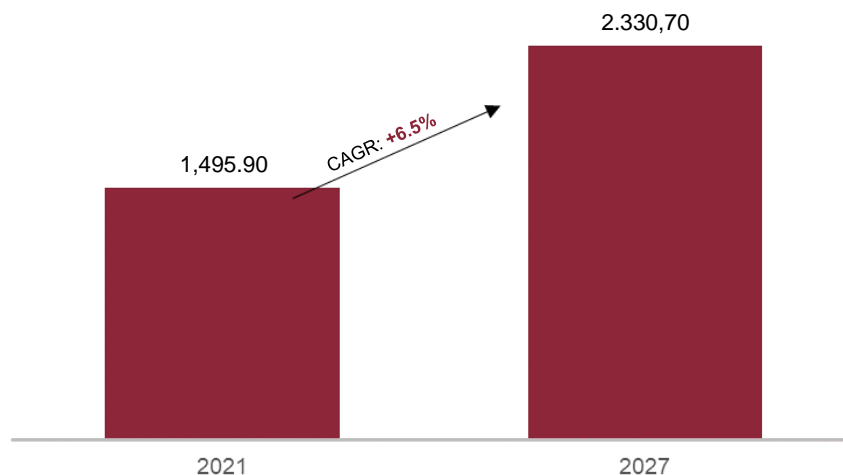
If we approach the **analysis from the point of view of potential applications**, we could talk about up to **four industries: 1) Nutraceuticals, 2) Pharmaceuticals, 3) Animal Nutrition and 4) Infant formulas.**

1. Nutraceuticals/supplements:

Nutraceutical supplements or compounds are **dietary supplements of bioactive natural substances** (in the form of pills, capsules, powder...). They are usually products derived from herbs, nutrients, vitamins and minerals that are **consumed due to their physiological benefits and to enhance immunity against various diseases.**

The **nutraceuticals/supplements sector, which has grown strongly in recent years, dominates the global Omega-3 market** given the **numerous benefits of this product** (it facilitates adequate nutrient and fitness levels in adults, so its weight in the daily diet is increasing), growing R&D initiatives and rising healthcare costs. It is estimated that this nutraceutical industry will enable **Omega-3 revenue growth at a +7.6% CAGR in 2020-27 compared to +6.5% for all nutraceuticals.**

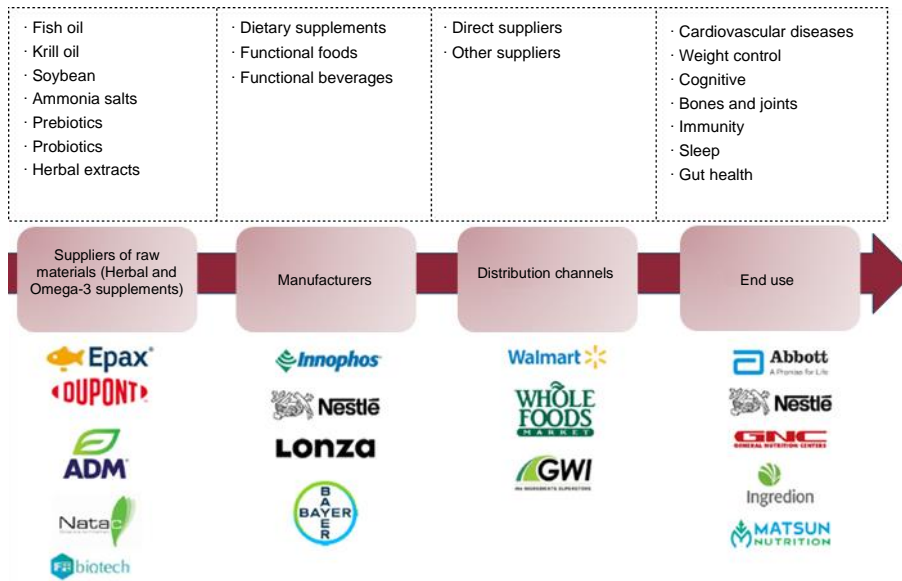
Table 11. Global supplements and functional foods industry (USD million)



Source: Report Linker, Grand View Research, Unleash and available public information.

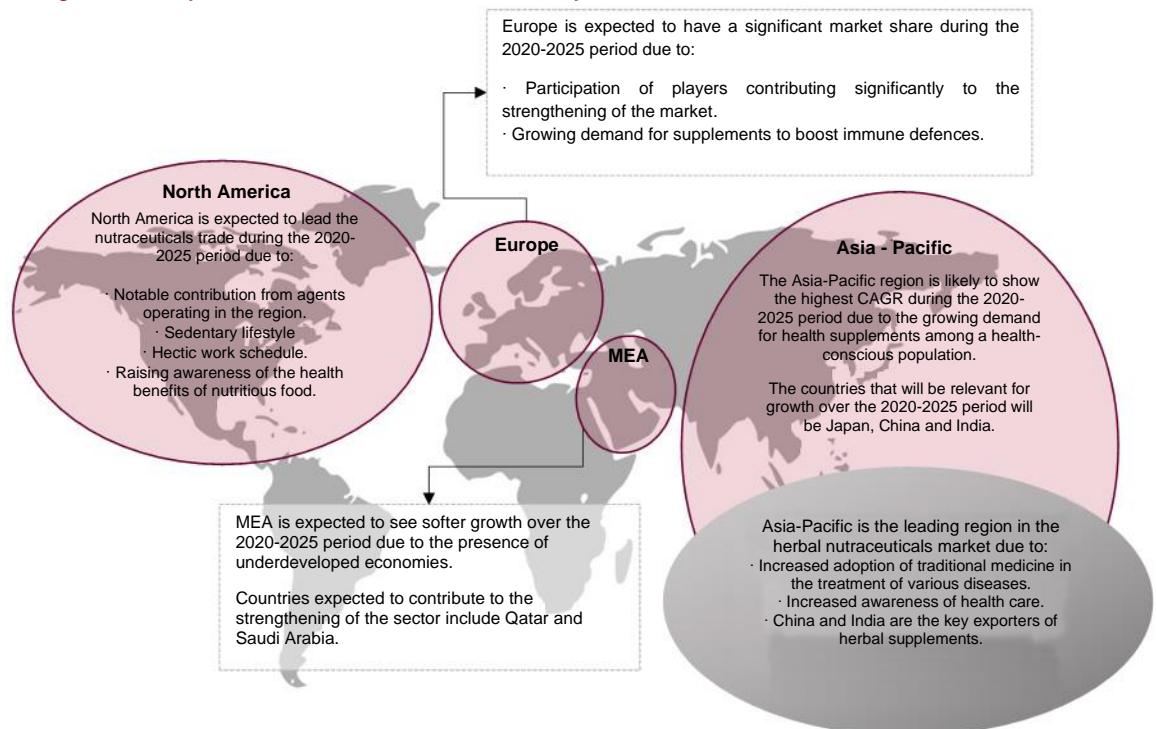
The **leading market for supplements and Omega-3 is APAC (Asia Pacific), followed by the US and Europe.** Its main **growth drivers** are: **1) increasing spending on health and wellness and higher disposable income**, especially in **emerging markets**; **2) ageing population** (higher prevalence of diseases); **3) increasing trend towards natural products**; **4) impact of Covid-19** ; and **5) increased awareness of disease prevention and healthy lifestyle**, especially in the younger generations.

Table 12. Nutraceuticals industry value chain



Source: Grand View Research.

Table 13. Regional Analysis of the Nutraceuticals Industry 2020-25



Source: Market Research Future, Grand View Research.

2. Pharmaceutical products

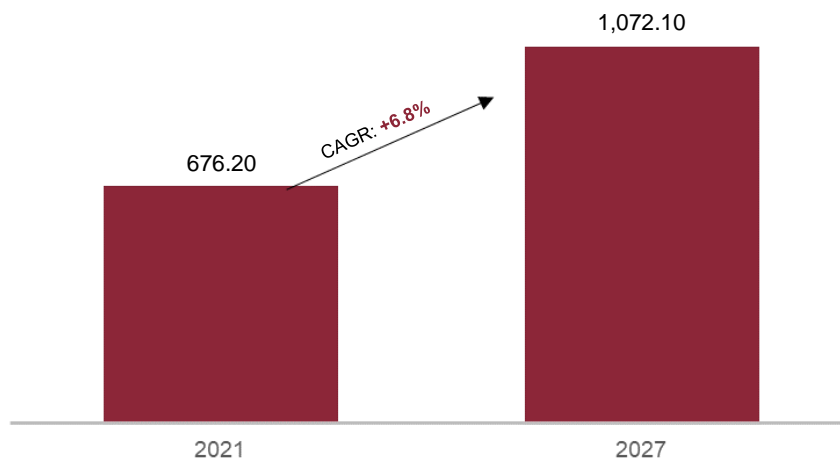
The pharmaceutical sector manufactures medical products for the treatment and prevention of diseases. **Medicines derived from natural sources (such as plants) have fewer side effects than synthetic ones**, and the presence of bioactive components in medicinal plants helps to rapidly cure chronic diseases.

In turn, the pharmaceutical industry needs "botanically" derived ingredients to develop drugs of natural origin, as well as highly purified molecules to initiate the synthesis of pharmaceutical ingredients.

By geography, **North America and Europe dominate the market for botanicals and Omega-3 medicines** due to the growing **awareness of their benefits** and the **increasing prevalence of diseases**, as well as the fact that both geographies are home to the largest **pharmaceutical companies**.

As for the growth prospects **of the global botanical/plant-derived medicines market, a significant acceleration is expected in the 2021-30 period**, given the increasing risk of potential side effects of synthetic drugs, as well as the high price of specialist drugs.

Table 14. Global pharmaceutical industry (USD million)



Source: BCC Research, Inkwood Research

Omega-3 is used for its anti-inflammatory properties, as well as to treat depression, cancer, Alzheimer's, osteoporosis and cardiovascular diseases.

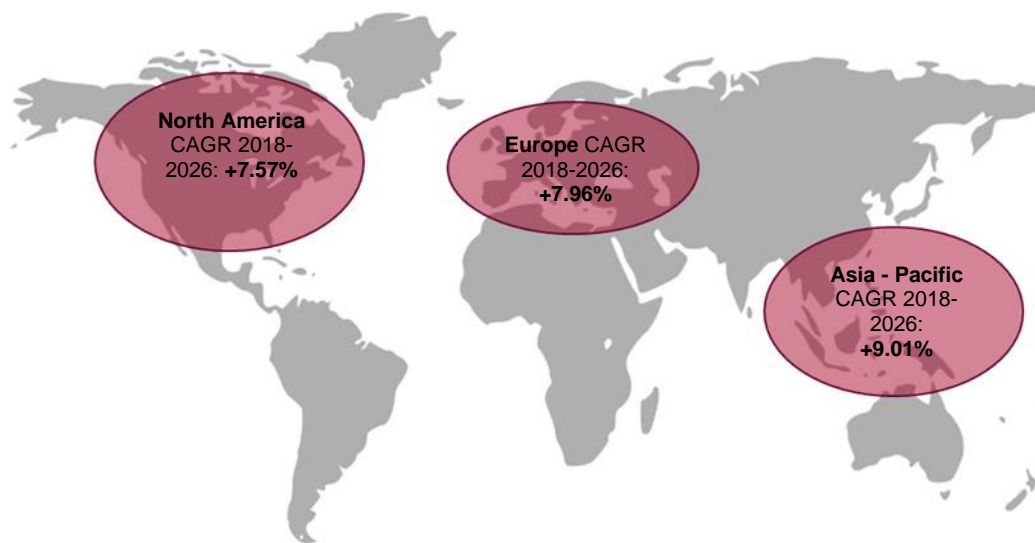
The **main drivers of growth** in the pharmaceutical sector are: 1) **increasing public initiatives for botanical drug production in the US** with FDA and EMEA approval; 2) **increasing limitations on traditional medicines** (greater regulatory requirements); 3) **growing demand for botanical products** and their medical applications; 4) **public concessions for their production**; 5) **lower production costs** derived from **greater technological development**; 6) **fear of side effects of synthetic drugs**.

The **main catalyst** for the growth of the botanical or plant-derived medicines market is the **increasing number of applications in diseases**, as well as the growing risk of side effects of synthetic medicines. The main applications include: **oncology** (treatment and prevention of various types of cancer by limiting the growth of cancer cells), **dermatology**, **central nervous**

system disorders, hormonal diseases (endocrine system) and **other** therapeutic applications (respiratory, joint, renal, dysentery, cardiovascular).

Geographically, **North America and Europe** are the areas that **dominate the market** for botanical and plant-derived medicines, owing to both increased awareness of their benefits and growing prevalence of diseases. By **2026, APAC** (Asia Pacific) is expected to hold the largest share of this market, with **China and India** dominating, supported by their growing populations, increased awareness and prevalence of chronic diseases.

Table 15. Botanical and Plant-Based Medicines Market Analysis 2020-26



Source: BCC Research, Inkwood Research, Technavio

3. Animal Nutrition

The animal nutrition sector focuses on **the dietary needs of animals**, mainly in agriculture, food production and specialised wildlife management centres. **Feed additives** (essential oils and plant extracts) are increasingly used in animal nutrition, as they **contribute to improving the quality of their feed and thus the health and development of the animals**. The properties of these additives help to treat inflammations, improve arthritic pain, kidney and heart function, prevent cancer, increase training capacity and improve the mood of the animals.

Table 16. Animal Nutrition

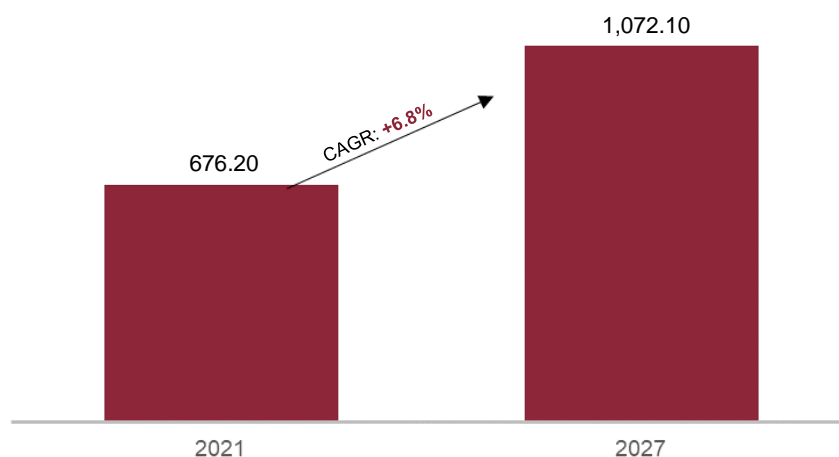
Products	Species	Applications
· Amino acids	· Poultry	· Veterinary
· Vitamins	· Pigs	· Feed manufacturers
· Minerals	· Ruminants	· Households
· Enzymes	· Pets	· Farms
· Botanicals	· Others	· Others

Source: Inkwood Research, UFS (University of the Free State), Industry ARC and Grand Review Research.

The **sector is undergoing significant changes in the face of legislation that is increasingly oriented towards natural solutions** to meet the demands of users. In this sense, the growing innovation of products in pet food and in the animal feed industry should **drive demand for Omega-3 based products**, with forecasts of a growth of **6.9% in CAGR** for the 2020-27 period in Omega-3 revenue in the animal nutrition sector.

The main **drivers of growth** in the animal nutrition sector are: 1) **growing demand for nutritious feed** (increased consumption of meat and other end products such as milk, eggs...), 2) growing applications of plant extracts in animal nutrition and increased **awareness of their benefits**, 3) a **favourable regulatory scenario, such as the ban on the use of antibiotics in Europe and the US**, which will open up new possibilities for the use of substitute products such as enzymes, amino acids and natural extracts, 4) the **inability of animals to produce some of the essential fatty acids naturally**; 5) **increasing pet ownership and rising disposable income in developed countries** such as Germany, UK, US and Canada and 6) **awareness of rising levels of pet obesity and allergies due to poor quality food**.

Table 17. Global feed and food industry (USD million)



Source: Inkwood Research, UFS (University of the Free State), Industry ARC and Grand Review Research.

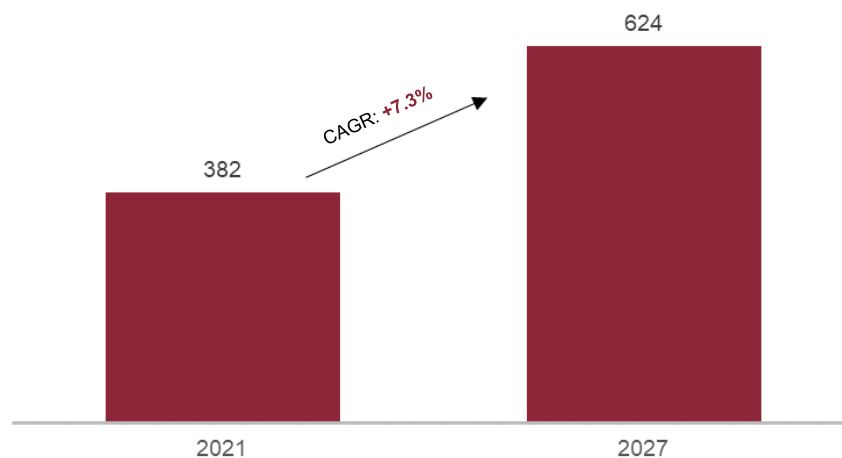
4. Infant formulas

We are in a context of increasing **R&D** activities in infant nutrition, given the **growing consumption of breastmilk substitutes**.

Infant formulas use Omega-3 because it is a naturally occurring component of breast milk and because of the increasing importance of arachidonic acid (AA or ARA) and docosahexaenoic acid (DHA) for the **functional development of children**, both during pregnancy and in the first two years of a child's life. Omega-3 is increasingly relevant for the development of the **nervous system, vision and brain**, in addition to its ability to contribute to better long-term health.

Omega-3 revenue for **the infant formula sector is forecast to grow at a CAGR of +8.4%** in the 2020-27 period, ahead of the global infant formula sector +7.3%.

Table 18. Global infant formula industry



Source: Grand View Research and available public information.

As **main growth drivers** for the **infant formula** sector, we highlight: 1) the growing popularity of DHA supplementation among pregnant women and non-breastfeeding mothers, 2) higher birth rates and growing population of young mothers in Asia Pacific (leading market), 3) increasing participation of women in the labour market (which means more packaged infant formula for babies); 4) stable birth rates in Europe, and 5) growing demand for premium nutritious baby food in North America.

3.1. Competitors

The natural extracts sector is highly fragmented and composed of small and medium-sized companies, with no major global manufacturer. However, some of the main competitors belong to relevant groups such as Givaudan, IFF or Symrise. The main independent producers are Indena and Euromed, and there are also important Asian producers. Competitors in the sector can be classified according to their revenue as follows:

1. **Large competitors:** companies with revenue of more than €500 million such as Givaudan, DSM, Martin Bauer, IFF or Symrise. The strategy of these companies is to grow by expanding their facilities, conducting research, as well as developing new products and applications, establishing alliances with regional competitors, and inorganic growth.
2. **Medium-sized competitors:** companies with sales between €10 and 500 million such as Nektium, or Euromed. These companies focus their growth strategy on strengthening their production capacity and establishing partnerships with local agencies.
3. **Niche competitors:** companies such as Biobotanica. The growth strategy of these companies lies in increasing sales volume in specific products, innovation in their product portfolio and research and development of new products and applications.

4. Adequate future strategy

Natac Natural Ingredients' strategy is based on a **business model supported by the following growth levers**:

1. **Organic growth:** through an increase in the production capacity utilisation rate of the Hervás factory, which is currently operating at 40% of its total capacity. It should be recalled that the sales potential of this factory operating at 100% is around €70 million.
2. **Sustainext project:** increased revenue thanks to the Sustainext project, for which Natac Group has received European aid amounting to €9.5 million to implement a series of technical improvements in the Hervás factory. Sustainext is a 4 and a half year European project, led by Natac together with 21 other European companies (7 from Extremadura) whose aim is to position Europe as a world reference in circular bioeconomy.

Regarding NATAC, the aim is to turn the factory in Hervás into the most innovative, modern, digital and sustainable plant extracts factory in the world. The total project amounts to an investment of €22 million, NATAC will make investments of €14.5 million, of which €9.5 million corresponds to the grants received from the European Union. Following these investments, the NATAC Group expects to achieve efficiency improvements in the production process that will enable it to double the current capacity of the Hervás factory.

This point is not included in the current strategic plan as we expect the first sales from this expansion in 2028, but it is undoubtedly a clear lever for growth beyond 2027.

3. **Omega-3 factory in As Somozas:** revenue from the completion and start of product marketing from 3Q/4Q24. This plant will enable the group to offer new products, generating synergies by offering new products to existing customers and gaining new Omega-3 customers to whom it can also offer natural extracts. The potential of this plant is high and the company has set a sales target of around €71 million, supported by the expected growth of the industry (worldwide Omega-3 sales are expected to grow at a CAGR of +7.8% in the 2020/2030 period). This growth is underpinned by:
 - a. Increase in cardiovascular diseases and changes in consumption habits.
 - b. Inclusion of omega-3 in diets to improve heart and brain health.
 - c. Increased consumer spending on healthy products in the face of rising health concerns.
 - d. Sales of DHA-enriched infant formulas have grown in recent years because of its benefit for cognitive development.
4. **Agreement with an American pharmaceutical company:** Natac has an agreement with an American pharmaceutical company, which in the first quarter of 2023 received the authorisation from the FDA (US Medicines Authority) for the commercialisation of an orphan drug to treat patients over 16 years old with a rare degenerative neuronal disease, which

requires a unique extract produced from olive trees by NATAC Group. Key points of this agreement:

- a. The first treatment for this disease in the United States, with no competitors expected in the next few years.
 - b. Commercialisation of the product from September 2023.
 - c. Product composition patents in Europe, the United States, Japan, China and more than 20 other countries.
 - d. These patents could be extended 14 years after approval (2037 in the US and 2038 in Europe).
 - e. Potential approval in other regions, recently approved in Europe. Currently approved for marketing in 4 European countries, with further approvals expected in the short term.
 - f. Potential approval in the United States for children under 16 years of age.
 - g. Potential use of the same extract in other medicines from the same pharmaceutical company that are in the approval process.
5. **Entry into new markets:** the company expects to increase revenue from new markets through the introduction of new organic products to the order book, allowing it to enter new markets and increase the number of customers both in number and volume. One of the key sectors here is the food sector, which is seeing strong growth in demand for natural products free of pesticides, fertilisers and chemicals. On the other hand, although the company has access to the main markets for natural extracts, there are certain geographical areas with a high consumption of this type of products that have not yet been targeted by the company and where it hopes to be able to boost its sales in the near future (Germany and England in Europe, Asia and Latin America)
6. **Commercialisation of APIS: the NATAC Group has recently obtained Good Manufacturing Practices (GMP) certification from SGS**, this certification applies to the food and pharmaceutical sector. It consists of a series of actions that guarantee that the products are properly manufactured in compliance with the safety standards and requirements of the food industry, as well as commercial quality, obeying different criteria according to their intended use and in accordance with the requirements for their commercialisation. This certification is focused on quality. After obtaining this certification, the company is currently in the process of obtaining the necessary licences to market APIS (Active Pharmaceutical Ingredients) in Europe.

In addition to these growth levers, **the company has other additional ones that could further strengthen this strategic plan**, such as:

1- **Agreement with American pharmaceutical company:**

- a. Approval of the medicine by the American pharmaceutical company for children under 16 years of age in the United States.
- b. Approval of new drugs from the same company in trial phase.

2- **M&A opportunities:** the plant extracts for dietary supplements sector is a highly fragmented sector with numerous small companies specialising in very specific products. This point opens the door to growth via acquisitions with the aim of acquiring new products, customers or markets. **These potential operations would take place on the irrevocable premise of generating productive synergies.**

In conclusion, we believe that Natac's strategy is adequately justified by the growth levers we see for the coming years.

5. SWOT Analysis

5.1. Weaknesses

- **Debt level:** The group still maintains a high debt level of 7.76x FND/EBITDA (2023), which may pose a problem in a high interest rate environment.
- **Start-up of the Omega 3 plant:** the start of production and the ability to generate the expected revenue are always more uncertain in a newly built plant.
- **Concentration of customers and suppliers:** The group has close to 400 customers in more than 40 different countries. 68% of revenue is concentrated among the group's top 20 customers, having declined in recent years (in 2019 the Top 15 accounted for 81% of sales).

5.2. Threats

- **International instability:** The war between Ukraine and Russia, as well as the conflict between Israel and Hamas, and existing or potential geopolitical tensions, could be negative for global markets, and in particular for the company, which is in the process of strong growth in general, and international growth in particular.
- **Obtaining and maintaining its own and its customers' authorisations:** The loss of approvals for any of its products, or any of its customers' products, could mean a loss of revenue for the group.
- **Intensified competition:** In a highly competitive market such as that of plant extracts, the entry of new competitors could put pressure on Natac's margins.

5.3. Strengths

- **Predictability of estimates:** Natac has had a positive evolution in its revenue **in line with its estimates, and with positive expectations for the future.**
- **Market power:** Natac is a leader in the research and production of olive-derived vegetable extracts, being the only producer of some variants of olive extract, and giving it pricing power.
- **Market diversification:** The diversification obtained with the purchase of Iffe-Futura's Omega-3 division, or the entry into market segments such as animal feed contribute to reducing risks for the group.
- **R&D capacity:** Its strong R&D department guarantees the innovation and flexibility necessary to adapt to market needs.
- **High barriers to entry:** **1)** proprietary know-how in natural extracts, **2)** high initial capex, **3)** business barely representative for the big players in the sector.

5.4. Opportunities

- **Regulatory approvals of medicines:** New drug approvals using raw materials produced by Natac could increase the group's sales.
- **International expansion:** The establishment of sales offices in Asia and the United States may contribute to increase the group's sales and diversify its customer base.
- **Health and wellness trends:** The recent and expected strong increase in demand for natural products to improve health and wellness has the potential to contribute to a strong increase in the group's sales.
- **Expansion and improvement projects:** The Sustainext project, largely financed by EU non-repayable subsidies aimed at increasing the production of botanical extracts, is serving to increase the capacity of the Hervás factory. Moreover, the choice of Natac by the European Union to receive the subsidies, serves as an example of a company and a leader in innovation in its sector.

6. Financial performance and outlook

Below, we will detail both the company's recent financial performance in order to understand the strong growth recorded in recent years and our forecasts for the coming years, based on the outlook for the sector and the group's own strategic plan.

6.1. Recent financial performance

The NATAC group's revenue has evolved very positively in recent years showing a CAGR of 37.3% in the 2016/2023 period supported by both an increase in product and service sales:

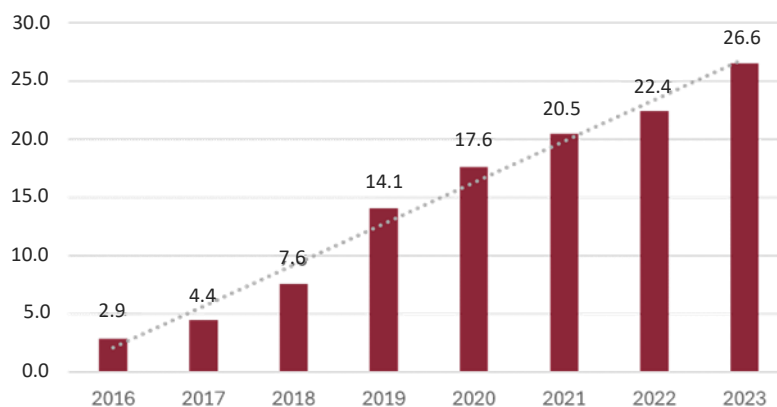
1. Product sales:

- a. Expansion into new sectors such as animal feed.
- b. Increase in sales to traditional customers.
- c. Entry into the Asian market with the opening of the sales office in Singapore.
- d. New larger customers with higher sales.
- e. Growth in sales of new products.
- f. Expansion in the pharmaceutical market.

2. Sales of services:

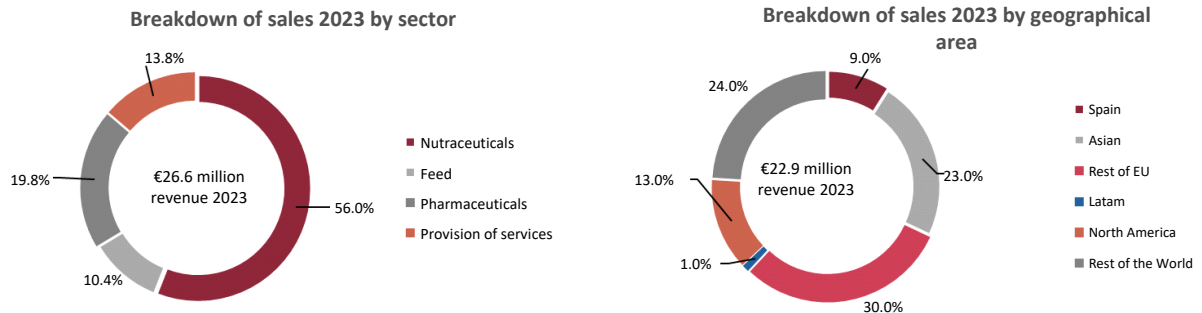
- a. Specialised services to customers.
- b. Re-invoicing of R&D expenses

Table 19. Natac's sales performance (€ million)



Source: Natac

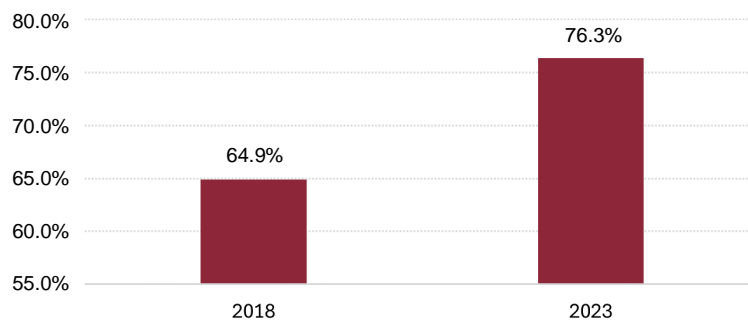
Table 20. Breakdown of sales 2023 by geographical area and sector



Source: Natac

On the other hand, **we highlight the improvement of the gross margin to 76.3% in 2023** from the 64.9% obtained in 2018 thanks to the increase in sales combined with an improvement in efficiency in the management of supplies thanks to the opening of the Hervás factory.

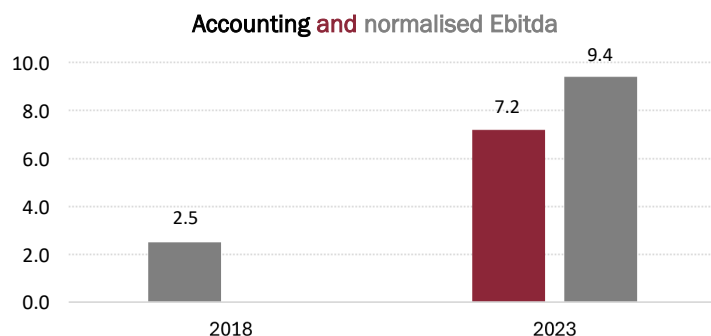
Table 21. Evolution of the gross margin



Source: Company

Similarly, there is a **clear improvement in both EBITDA and sales margin**, despite the sharp increase in the workforce to about 170 at the end of 2023 from 38 in 2018. On the other hand, it should be noted that in 2022 the operating expenses were strongly impacted by the increase in energy prices mainly in the Hervás plant (operational start-up in mid-2021) and other non-recurring expenses. That said, **normalised EBITDA grew at a CAGR of 30.3% in 2018/2023** to €9.4 million, improving the margin on sales by 1.8p.p. to 35.4%.

Table 22. EBITDA performance



Source: Company

Natac has a high level of working capital as a result of the strong increase in activity in recent years and the need to position itself adequately to face future growth. There are two factors that have an important influence: **1)** the purchase of raw materials that have to be bought based on crop expectations, **2)** exports are carried out by ship, which lengthens the inventory period up to around 18 months, **3)** increase in inventories to meet demand. This point is relevant as it allows for better planning resulting in better transport costs and better delivery times to the customer, and **4)** strong growth in recent years.

The company has **invested around €35 million in the 2019/2023 period**, mainly in the construction of the Hervás factory, acquisition of Inoreal, purchase of the new headquarters in Getafe, investment in the Omega-3 plant and the Muzinich transaction in 2021.

6.2. Financial outlook

For the purposes of the estimates, we have segmented the business into two main divisions: **Natural Extracts and Omega-3**. In our estimates we will provide details for the 2023/2027e and 2023/2033e periods to reflect the impact of the start-up of the expansion of the Hervás plant.

6.2.1. Natural Extract Estimates

The estimates for the Natural Extracts division are based on the following assumptions:

1. **Good time for the sector**, justified in the growth forecasts of the natural extracts market from USD 48,500 million in 2020 to USD 118,600 million in 2030, which means a CAGR of 9.3%. (see Market section).
2. **Idle capacity of the Hervás factory**: this plant is operating at 40% of its total capacity. It should be recalled that this factory has a revenue potential of €70 million at 100% of its capacity and that it will double its capacity once the Sustainext project is completed.
3. **Agreement with an American pharmaceutical company**: this company has received FDA approval for the marketing of a drug for the treatment of a rare neurodegenerative disease that requires a unique extract from olives produced by NATAC. Commercialisation of this drug began in September 2023.
4. **Sustainext project**: from 2028, the efficiency improvements derived from this project will be generated and will double the capacity of the Hervás plant.

5. **Entry into the pharmaceutical sector:** thanks to recently obtaining GMP certification for the manufacture of APIS (Active Pharmaceutical Ingredients). This certification applies to the food and pharmaceutical sectors and its preventive nature guarantees that the products are properly manufactured in compliance with food safety requirements, as well as commercial quality, obeying different criteria depending on their intended use and in accordance with the requirements for their commercialisation. This point is not foreseen in the short term.
6. **We do not include inorganic growth in our estimates.**

This scenario leads to the following conclusions:

1. **Sales:** we estimate **sales growth in the 2023/2027e period at a CAGR of +24.2% to €84.6 million**, reflecting the performance much higher than expected for the market (+9.3% CAGR in the period) justified both in the evolution of the company in recent years and in the potential derived from still being far from its maximum theoretical capacity of the Hervás plant, currently at 40%. **For the 2023/2033e period**, we expect this good performance of the sector to continue and to be boosted by the start-up of the expansion of the Hervás plant from 2028. That said, **we anticipate growth at a CAGR of +18.5% to reach €145.5 million**. This figure would be slightly above the maximum theoretical capacity of about €140 million. However, we do not consider them aggressive as we have to consider the potential for price improvement if only for inflation reasons.
2. **EBITDA:** we forecast an **increase in the 2023/2027e period of +28.0% to €31.7 million**, above the expected growth in terms of revenue. This circumstance is justified by the **expected margin improvement of 4.2 p.p. to 37.5% in 2027e**, derived from **higher operating leverage** (margins in line with the sector average of around 40%). It should be borne in mind that the Hervás plant is currently operating at 40% of its theoretical maximum capacity compared to the 90% we expect it to reach in 2027. For the 2023/2033e period, **we expect margins to remain at 37.5%**, which, together with the expected increase in revenue, will be reflected in a +20.0% CAGR to reach €54.6 million in 2033.

Table 23. Natural extract division estimates

Natural extracts	2022	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e
Sales	22.4	26.6	38.5	50.1	58.6	63.2	84.6	99.5	115.5	127.9	136.9	145.5
	0.0	18.5%	45.0%	30.0%	17.0%	8.0%	33.7%	17.7%	16.1%	10.7%	7.1%	6.3%
Current capacity	22.4	26.6	38.5	50.1	58.6	63.2	69.6	70.3	71.7	75.3	79.0	83.0
% Growth	0.0%	18.5%	45.0%	30.0%	17.0%	8.0%	10.0%	1.0%	2.0%	5.0%	5.0%	5.0%
Sustainext							15.0	29.3	43.9	52.7	57.9	62.5
% Growth							0.0%	95.0%	50.0%	20.0%	10.0%	8.0%
EBITDA	5.2	8.8	13.5	18.0	21.5	23.7	31.7	37.3	43.3	48.0	51.4	54.6
% Growth	0.0%	71.6%	52.4%	33.7%	19.4%	10.2%	33.7%	17.7%	16.1%	10.7%	7.1%	6.3%
Margin	23.0%	33.3%	35.0%	36.0%	36.8%	37.5%	37.5%	37.5%	37.5%	37.5%	37.5%	37.5%

Source: Natac and Renta 4 Banco estimates

6.2.2. Omega 3 estimates

The assumptions we take as a starting point:

1. **Good time for the sector:** the **Omega-3** market could grow from USD 2,700 million in 2020 to USD 4,500 million in 2030, a **CAGR of 7.8%** (see Market section).

- 2. First relevant revenue in 2025e:** it should be noted that the Omega 3 plant is in the final stages of construction and is expected to start operations during 3Q/4Q24. That said, we do not expect relevant revenue until 2025. It should be recalled that this plant has a revenue potential at 100% capacity of €71 million.
- 3. Entry into the pharmaceutical sector:** (see previous section on estimates for natural extracts).
- 4. We do not include inorganic growth in our estimates.**

This scenario leads to the following conclusions:

- 1. Sales:** we must bear in mind that this division does not contribute revenue for the moment as it is in the final stages of construction. That said, we expect that with a maximum sales potential of €71 million, in 2027e we will be at €21.7 million, i.e. 31% of its theoretical maximum capacity. **For the 2033e period,** we expect this good performance of the sector to continue and be reflected in this division's revenue, reaching €62.6 million (88% of its maximum capacity).
- 2. EBITDA:** we forecast an EBITDA for 2027 of €4.3 million, representing 15.5% of the group's total, with a margin on sales of 20.0%, below the sector average of 25/30%. By 2027, we anticipate a progressive improvement in the margin to 24.6%, mainly due to higher operating leverage.

Table 24. Omega 3 estimates

Omega 3	2022	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e
Sales			1.8	8.8	14.0	21.7	32.6	37.4	43.0	49.5	56.9	62.6
% Growth				400.0%	60.0%	55.0%	50.0%	15.0%	15.0%	15.0%	15.0%	10.0%
EBITDA	0.0	0.0	-1.0	0.9	2.1	4.3	7.3	8.6	10.1	11.8	13.8	15.4
% Growth			-3649.6%	-187.5%	140.0%	106.7%	68.8%	17.6%	17.0%	17.0%	16.9%	11.8%
Margin			-100.0%	10.0%	15.0%	20.0%	22.5%	23.0%	23.4%	23.8%	24.2%	24.6%

Source: Natac and Renta 4 Banco estimates

6.3. Natac Natural Ingredients consolidated estimates

As a result of our divisional estimates, we estimate **strong revenue growth in the 2022/2027e period at a CAGR of +33.7% to €84.9 million** (+22.9% CAGR to €208.1 million in 2033e). The assumptions taken to justify our revenue estimates are:

- 1. Strong market growth.** In the case of **natural plant extracts**, the total market size is expected to grow from USD 48,500 million in **2020** to USD 118,600 million in **2030**, representing a CAGR of **9.3%**. In turn, the **Omega-3** market could grow from USD 2,700 million in 2020 to USD 4,500 million in 2030, a **CAGR of 7.8%**.
- 2. Idle capacity of the Hervás factory:** this plant is operating at 40% of its total capacity. It should be recalled that this factory has a revenue potential of €70 million at 100% of its capacity and that it will double its capacity once the Sustainext project is completed.
- 3. Omega 3 plant:** completion of the construction of the factory in As Somozas and start of the commercialisation of products in 3Q/4Q24. Moreover, the commercialisation of this product will allow the group to generate synergies in two ways: **a)** offering existing customers a new

product **and b)** new customers thanks to this new product that can be offered by the rest of the group's products.

4. **Agreement with an American pharmaceutical company:** this company has received FDA approval for the marketing of a drug for the treatment of a rare neurodegenerative disease that requires a unique extract from olives produced by NATAC. Commercialisation of this drug began in September 2023.
5. **Sustainext project:** from 2028, the efficiency improvements derived from this project will be generated and will double the capacity of the Hervás plant.
6. **Entry into the pharmaceutical sector: the NATAC Group has recently obtained Good Manufacturing Practices (GMP) certification from SGS,** this certification applies to the food and pharmaceutical sector. It consists of a series of actions that guarantee that the products are properly manufactured in compliance with the safety standards and requirements of the food industry, as well as commercial quality, obeying different criteria according to their intended use and in accordance with the requirements for their commercialisation. This certification is focused on quality. After obtaining this certification, the company is currently in the process of obtaining the necessary licences to market APIS (Active Pharmaceutical Ingredients) in Europe.
7. **New organic products:** which will expand the current order book and will benefit from increased demand in the food sector.
8. **Geographical expansion:** entry into new markets thanks to both new products and a strengthening of the sales team.

In terms of EBITDA , we expect growth in the 2023/2027e period at a CAGR of +38.4% to **€28.1 million**, higher than the increase in sales thanks to the operating leverage of both divisions (+24.8% CAGR to €70 million in 2033e). This will result in a 4.2 p.p. improvement in the sales margin to 33.0% in 2027e (33.6% in 2033e).

Table 25. Consolidated estimates (€ million)

Natac Natural Ingredients	2022	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e
Sales	22.4	26.6	40.3	58.8	72.6	84.9	117.1	137.0	158.6	177.4	193.9	208.1
% Growth		18.5%	51.6%	46.1%	23.4%	17.1%	37.9%	16.9%	15.8%	11.9%	9.3%	7.4%
Natural extracts	22.4	26.6	38.5	50.1	58.6	63.2	84.6	99.5	115.5	127.9	136.9	145.5
% Growth		18.5%	45.0%	30.0%	17.0%	8.0%	33.7%	17.7%	16.1%	10.7%	7.1%	6.3%
Omega 3	0.0	0.0	1.8	8.8	14.0	21.7	32.6	37.4	43.0	49.5	56.9	62.6
% Growth				400.0%	60.0%	55.0%	50.0%	15.0%	15.0%	15.0%	15.0%	10.0%
EBITDA	5.0	7.7	12.5	18.9	23.6	28.1	39.0	45.9	53.4	59.7	65.1	70.0
% Growth		54.5%	63.1%	51.4%	25.0%	18.8%	39.1%	17.7%	16.3%	11.9%	9.0%	7.4%
% Margin	22.1%	28.8%	31.0%	32.1%	32.6%	33.0%	33.3%	33.5%	33.7%	33.7%	33.6%	33.6%
Natural extracts	5.2	8.8	13.5	18.0	21.5	23.7	31.7	37.3	43.3	48.0	51.4	54.6
% Growth		71.6%	52.4%	33.7%	19.4%	10.2%	33.7%	17.7%	16.1%	10.7%	7.1%	6.3%
% Margin	23.0%	33.3%	35.0%	36.0%	36.8%	37.5%	37.5%	37.5%	37.5%	37.5%	37.5%	37.5%
Omega 3	0.0	0.0	-1.0	0.9	2.1	4.3	7.3	8.6	10.1	11.8	13.8	15.4
% Growth			n.r.	n.r.	140.0%	106.7%	68.8%	17.6%	17.0%	17.0%	16.9%	11.8%
% Margin			-57.1%	10.0%	15.0%	20.0%	22.5%	23.0%	23.4%	23.8%	24.2%	24.6%
Others	-0.2	-1.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Normalised EBITDA	8.0	9.4	13.5	18.9	23.6	28.1	39.0	45.9	53.4	59.7	65.1	70.0
% Growth		18.3%	43.2%	40.2%	25.0%	18.8%	39.1%	17.7%	16.3%	11.9%	9.0%	7.4%
% Margin	35.5%	35.4%	33.5%	32.1%	32.6%	33.0%	33.3%	33.5%	33.7%	33.7%	33.6%	33.6%

Source: Natac and Renta 4 Banco estimates

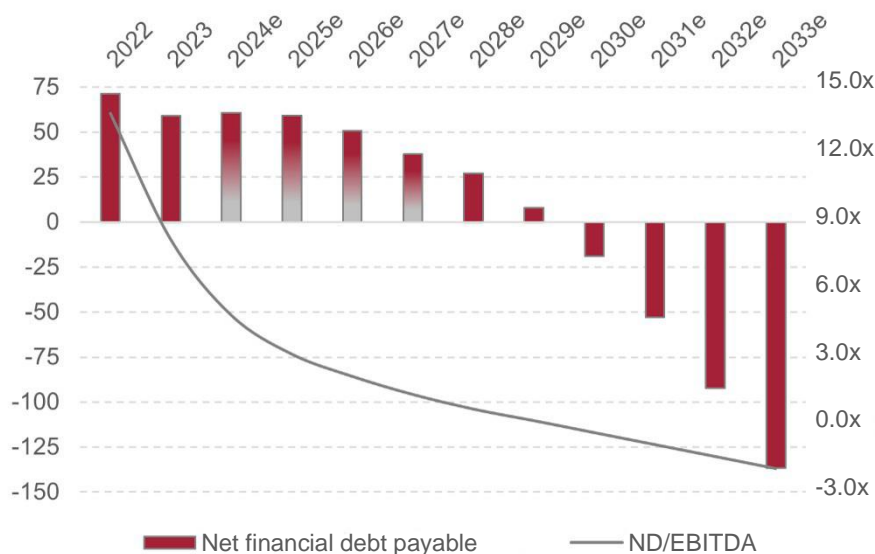
Net debt: one of Natac's weak points is the high level of debt it currently has, as a result of the heavy investments made in recent years for the construction of the Hervás factory, the purchase

of Inoreal and the construction of As Somozas. **At the end of 2023, the group's net debt** stood at €73.1 million, of which €13.8 million corresponds to non-repayable subsidies, so that net debt with consideration actually **stood at €59.3 million** (net debt/EBITDA ratio of 8.2x). This multiple is reduced to 6.3x adjusted EBITDA (excluding non-recurring costs). On the other hand, we should take into account that **€9.9 million of this debt are convertible bonds with one of the main shareholders (Inveready)** that will be converted between **2026 and 2027 at a price of €0.33/share**. In short, **the net financial debt payable is reduced to €49.4 million** (6.9x EBITDA and 5.2x adjusted EBITDA in 2023). **In any case, in our estimates we will take into account as net financial debt, the total liabilities due except for subsidies, i.e. €59.3 million in 2023.**

For 2024 and 2025e, we expect total net debt levels to remain unchanged, but thanks to EBITDA growth, this will reduce the multiple to 3.1x in 2026e, which we consider reasonable. **From 2026e onwards, with the improvement in the utilisation rate of the Hervás and As Somozas plants, we estimate an increasing EBITDA/cash conversion to levels in the range of 40% and even above 50% from 2030 onwards.** Under these assumptions, **we estimate that the company will be in a net cash position as of 2029e** (we do not include potential inorganic growth or relevant capex expansion).

In short, we do not see the company's financial situation as one of the company's concerns for the coming years.

Table 26. Expected evolution of net debt (€ million)



Source: Natac and Renta 4 Banco estimates

7. Valuation

When valuing Natac Natural Ingredients, we have opted for **the discounted cash flow method, dismissing both the valuation by market multiples and the valuation by multiples of corporate transactions in the sector**. The reason lies in the fact that Natac presents high growth prospects justified by facts that are not yet reflected in the figures for 2023 and 2024, and only will be reflected in a small part in 2025. These facts are: start-up of the Omega 3 plant, capacity expansion in Hervás due to the Sustainext project and the agreement with the American pharmaceutical company.

From this starting point, we value Natac Natural Ingredients using **the discounted cash flow method, obtaining an equity value of €363.0 million, equivalent to €0.84/share**. Our target price offers a potential upside potential of more than 30%, so we **initiate coverage on Natac with an Overweight recommendation**.

Conclusion: Natac Natural Ingredients offers a history of growth based on an excellent time in the sector and supported by a strategic plan with financial targets that we consider realistic. In short, Natac is an opportunity to invest in a sector with high growth prospects for the coming years without the need for significant additional investments. **We initiate coverage with an OVERWEIGHT recommendation and a target price of €0.84/share.**

Main valuation assumptions:

1. Cost of own resources: 11.8%.
2. Weighted average cost of capital: 9.7%.
3. Perpetual growth rate: 2.0%.

Table 27. DCF – Natac

	2025	2026	2027	2028	2029	2030	2031	2032	2033	VR
EBIT	12.1	16.8	21.2	32.1	39.0	46.4	52.7	58.0	62.8	64.1
Taxes (EBIT x t)	-25%	-25%	-25%	-25%	-25%	-25%	-25%	-25%	-25%	-25%
NOPAT	9.1	12.6	15.9	24.1	29.2	34.8	39.5	43.5	47.1	48.1
Depreciation	6.8	6.8	6.9	6.9	7.0	7.0	7.1	7.1	7.2	2.5
Net investments	-4.2	-2.3	-2.5	-2.5	-5.0	-2.5	-2.5	-2.5	-2.5	-2.5
Investment in working capital	-7.2	-5.7	-4.8	-15.9	-11.1	-11.9	-10.2	-8.9	-7.5	-1.0
Free Cash Flow	4.5	11.5	15.5	12.6	20.1	27.4	33.9	39.2	44.3	47.1
days to flow	0.0	365.0	730.0	1,096.0	1,461.0	1,826.0	2,191.0	2,557.0	2,922.0	
Adjustment to factors	1.00	0.91	0.83	0.76	0.69	0.63	0.58	0.52	0.48	
Discounted Cash Flow	4.5	10.4	12.9	9.5	13.9	17.3	19.5	20.6	21.2	293.9

Valuation of own funds	(€ million)
Current value of explicit flows	129.7
Current residual value	293.9
ENTERPRISE VALUE	423.7
(-) Net financial debt Dec-24	-74.5
(+) Subsidies	13.8
Theoretical value of own resources	363.0
Treasury stock	0.12%
No. of shares without treasury stock	434.8
Theoretical target value (€/share)	0.84
Share price	0.62
Potential at target price	35.9%

Source: Renta 4 Banco

Table 28. Implied valuation multiples

EV/EBITDA	EV/EBITDA	EV/EBITDA	EV/EBITDA	EV/EBITDA	EV/EBITDA	EV/EBITDA	EV/EBITDA	EV/EBITDA	EV/EBITDA
24e	25e	26e	27e	28e	29e	30e	31e	32e	33e
31.4	22.4	17.9	15.1	10.9	9.2	7.9	7.1	6.5	6.1

Source: Company and Renta 4 Banco

As we can see in tables 29 and 30, **Natac's comparables are trading at much lower multiples than the company's current multiples and, evidently, than the implicit multiples in our valuation.** However, **we see that this is fully justified by the fact that Natac's current multiples do not include the positive impact of the Omega 3 plant (under construction), the expansion of Hervás due to the Sustainext project (first revenue 2028e) and the agreement with the American pharmaceutical company.** Additionally, as we can see below, **in recent years Natac has recorded growth rates both in sales (+37.3% CAGR 2016/2023 compared to +5.8% competitors average) and EBITDA (+30.3% CAGR 2018/2023 compared to +7.5% competitors average) much higher than those of its main competitors, as well as in terms of margins (EBITDA margin 2023 of 35.4% compared to 17.6% competitors average).**

Table 29. Market comparables (multiples)

Sector	Company	2024			2025		
		EV/Sales	EV/EBITDA	EV/EBIT	EV/Sales	EV/EBITDA	EV/EBIT
F&F Ingredients	Givaudan	6.2	26.1	32.7	5.8	24.5	30.1
	Symrise	3.7	18.2	25.9	3.5	16.5	22.7
	IFF	3.1	16.2	33.2	2.9	14.5	27.7
	Treant	1.9	10.9	14.5	1.7	9.8	12.9
	Robertet	2.6	13.8	16.4	2.4	12.6	14.9
	Sensient	2.5	14.6	19.0	2.3	13.1	16.9
Bioscientific Ingredients	BioGaia	6.9	20.5	21.7	6.2	17.7	18.7
	Probi	4.0	22.5	196.0	3.7	18.5	69.6
Bulk Ingredients	AAK	1.9	14.8	17.6	1.7	13.8	16.4
	Ingredion	1.3	8.4	10.3	1.3	7.9	9.5
	ADM	0.4	8.0	14.5	0.4	8.0	12.2
Other ingredients	Bunge	0.3	6.9	8.5	0.3	7.2	9.0
	Kerry	2.2	13.9	18.3	2.1	12.5	16.1
	Tate & lyle	1.7	8.2	10.6	1.6	7.2	9.4
Total Average		2.3	14.3	17.9	2.2	12.8	16.3
F&F Ingredients average		2.9	15.4	22.4	2.7	13.8	19.8
Bioscientific Ingredients average		5.5	21.5	108.8	5.0	18.1	44.1
Bulk average		1.3	8.4	14.5	1.3	8.0	12.2
Other ingredients average		1.7	8.2	10.6	1.6	7.2	9.4
NATAC Natural Ingredients		8.5	27.4	44.1	5.8	18.0	28.1

Source: Factset and Renta 4 Banco

Table 30. Market comparables (growth and margins)

Sector	Company	CAGR sales (2016/2023)	CAGR EBITDA (2018/2023)	EBITDA margin 2023
F&F Ingredients	Givaudan	5.8%	5.2%	20.8%
	Symrise	7.2%	7.5%	20.0%
	IFF	20.5%	18.6%	19.7%
	Treatt	7.6%	7.8%	13.4%
	Robertet			18.1%
	Sensient	0.7%	-1.3%	17.2%
Bioscientific Ingredients	BioGaia	13.5%	10.5%	35.1%
	Probi	5.1%	-7.0%	22.0%
Bulk Ingredients	AAK	11.1%	14.8%	7.3%
	Ingredion	5.2%	3.2%	12.6%
	ADM	6.0%	12.3%	6.7%
Other ingredients	Bunge	4.8%	18.1%	4.9%
	Kerry	3.9%	4.4%	13.9%
	Tate & lyle	-7.1%	-6.0%	18.3%
Total Average		5.8%	7.5%	17.6%
F&F Ingredients average		7.2%	7.5%	18.9%
Bioscientific Ingredients average		9.3%	1.7%	28.6%
Bulk average		6.0%	12.3%	7.3%
Other ingredients average		3.9%	4.4%	13.9%
NATAC Natural Ingredients		37.3%	30.3%	35.4%

Source: Factset and Renta 4 Banco

Annex I. Risks

- **Risk of lack of commercial synergies:** NATAC Spain's customers may not increase their purchase of Omega 3 products and commercial synergies may not be relevant
- **Geopolitical risk:** The war between Ukraine and Russia, as well as the conflict between Israel and Hamas, and existing or emerging geopolitical tensions may be negative for global markets.
- **Regulatory risk:** Changes or increases in regulations could be detrimental to the group's business, both in the established divisions and in the new businesses resulting from the merger with IFFE-Futura such as Omega-3
- **Risk due to the influence of majority shareholders:** The three main shareholders control more than 50% of the group's capital.
- **Business model risks:** NATAC's business model is based on forecasts for the start-up of divisions that are not yet operational, and very significant increases in sales. If these do not materialise, the value of the company could be affected. With the Hervás factory still far from its estimated maximum capacity, and the As Somozas factory in the process of coming on stream, potential delays could make it difficult for the company to meet its targets or contractual commitments.
- **Risk related to the Sustainext project:** one of NATAC's main projects is the transformation of its factory in Extremadura, for which it has received public subsidies. This project, known as Sustainext, has a time horizon of 2027, and in the event of not obtaining the desired results, this could compromise the company's profits.
- **Risk derived from the existence of covenants in Inveready's financing:** The financing obtained by IFFE Futura in 2022 includes limitations for potential purchase operations of companies that increase the level of indebtedness, or that have negative EBITDA.
- **Raw material supply risk:** The availability of raw materials in terms of quantity and quality may affect the Group's compliance with the commitments established with customers. A supply plan is drawn up annually for this, which is reviewed monthly depending on variations in customer demand.
- **Supply risks:** For the Omega 3 factory, the main input is human-grade fish oil, the availability of which is variable and subject to the behaviour of coastal fishing seasons, highly dependent on variable and often difficult to predict weather phenomena.
- **Risk of supplier concentration:** in 2022, 10 suppliers will account for more than 80% of purchases.
- **Quality risk of the final product:** In the Omega 3 factory, the product must have a very high level of organoleptic and oxidative stability in order to be able to differentiate itself in terms of quality. In the event that this quality differential does not materialise, the expectations of growth and increased margins on which the company bases its future could be called into question.
- **Risks related to financing:** The development and start-up of the Omega-3 plant, as well as the Sustainext project at the Extremadura plant, and the periodic maintenance of all the group's

plants in general, require financing, which if made more difficult or expensive could hinder operations

- **Share price risk.** The price of the Company's shares, traded on BME Growth, may be susceptible to high price volatility, both as a result of fluctuations in the economic environment and due to the lower liquidity of these shares compared to larger companies and/or with a higher percentage of free float.
- **Dilution risk:** If the Company were to increase capital in the future, e.g. to meet commitments, this would result in a dilution of the ownership percentage of existing shareholders
- **Foreign exchange risk:** The majority of the Group's operations are conducted in Euro. Exposure to currency exchange rates arises from the Group's foreign purchases and sales, which are primarily denominated in US Dollars, Mexican Pesos and Singapore Dollars.

Annex II. ESG

Business model based on the circular economy: The business model, consisting of recycling and upcycling agri-food biomass, such as leaves or parts of plants that cannot be used for other purposes, implies a greater use of what would be waste if it were not used to produce natural extracts.

Ethical and socially responsible management: Natac is committed to publish its Sustainability Report annually, showing the progress on ESG criteria. It has also disseminated its ethical targets on its website and with its suppliers.

Strategic alliances: Natac has established strategic alliances with groups such as the *American Botanical Council*, the *Spanish Society of Phytotherapy*, *Acuiplus Cluster*, the *Spanish Association of Biocompanies*, *Bio-based Industries Consortium*, or *Circular Bio-based Europe*, organisations that place sustainability as a basis for the development of the natural extracts industry.

Ambitious goals: Its goals include achieving carbon neutrality and contributing to the local development of local communities, and is committed to joining the United Nations Global Compact.

Commitment to the fulfilment of the United Nations Sustainable Development Goals. Natac works towards the fulfilment of the SDGs in the following ways:

- **SDG 3 Health and wellness:** its products are healthy ingredients, which serve different industries (nutraceutical, pharmaceutical and food) and can contribute to improving the health of the population.
- **SDG 8 Decent work and economic growth:** Growing year after year, to generate new decent jobs, for all men and women, including young people and people with disabilities, and with a differentiated impact on rural areas.
- **SDG 9 Industry, innovation and infrastructures:** Its commitment to innovation is reflected in the Hervás factory, which works using the circular bioeconomy.
- **SDG 12 Responsible production and consumption:** Its business model based on the upcycling of raw materials has a positive environmental impact, and it has the organic product seal.
- **SDG 13 Climate action:** Installation of photovoltaic panels (in 2022 the solar photovoltaic installation at its Hervás plant has enabled it to reduce the consumption of electricity from non-renewable sources) and measures to reduce water consumption to help reduce its carbon footprint.
- **SDG 17 Partnerships To achieve the goals:** They are part of an ecosystem of partnerships with more than 100 entities.

Materiality analysis: The materiality analysis aims to identify the economic, environmental and social impacts of the company, maintaining a close dialogue with its main stakeholders, and integrating in its analysis references such as those of the UN Global Compact Principles, or the

requirements of Law 11/2018 on non-financial information. As a result of this materiality analysis, the following issues have been identified as key to its sustainability strategy: 1) Commitment to sustainable innovation; 2) Climate action and the fight against climate change; 3) Social commitment and strategic alliances with the local community; 4) Responsible production and consumption of resources; 5) Generation of decent, stable, quality employment, accessible to all under equal conditions.

Employment and equal opportunities: Natac has increased its workforce year after year, thanks to its strong growth, and it does so with quality employment (e.g. the average salary of Natac's employees is three times higher than the minimum wage in Spain and 45% higher than the average salary in Spain), long-term (100% of permanent employment created in 2022), and with a strong presence in rural areas (58% of total employment in rural areas in 2022). Furthermore, excluding the highly male-dominated industrial sector, 55% of the rest of the company's departments are made up of women, with 60% of women on the Management Committee.

Traceability and sustainability in the supply chain: Natac has developed a control system called HABOID (Hazard Analysis Botanical Identity) to be able to see where it comes from and how each raw material has been extracted.

Carbon neutrality, water neutrality and zero waste goals: Natac is actively working to reduce its environmental impact in terms of carbon, water and waste (mainly the processed plant), with a long-term emissions neutrality target.

Sustainext project: The Sustainext project aims to transform the plant extracts factory located in Hervás into the most modern, sustainable and digital factory in the world, pursuing the goal of zero net carbon emissions. Of the €22 million budget, €14 million is a non-repayable subsidy funded by the European Union, with the aim of positioning Europe as a leader in the circular economy, which positions Natac as an example in sustainability.

Oleaf4value project: The Oleaf4value project consists of the use of olive leaf, biomass that would otherwise be discarded, by means of a cascade biorefinery technique. There seem to be health benefits from olive leaf extracts, obtained thanks to this novel technique.

Certifications; The Natac group has different certifications (see page 11).

Key Figures

P&L (€ million)	2022	2023	2024e	2025e	2026e	2027e	CAGR 23/27
Sales	22.4	26.6	40.3	58.8	72.6	84.9	33.7%
Cost of sales	-5.9	-6.3	-10.4	-18.5	-24.5	-31.2	49.2%
Gross Margin	16.5	20.3	29.9	40.3	48.0	53.8	27.6%
Operating costs	-11.4	-13.1	-17.4	-21.4	-24.4	-25.7	18.5%
EBITDA	5.2	7.2	12.5	18.9	23.6	28.1	40.5%
Adjusted EBITDA	8.0	9.4	13.5	18.9	23.6	28.1	31.4%
Amortisations	-3.3	-4.2	-5.7	-6.8	-6.8	-6.9	12.9%
EBIT	4.7	5.2	7.8	12.1	16.8	21.2	42.2%
Financial profit/(loss)	0.4	-4.1	-4.1	-4.1	-3.8	-3.2	-5.7%
Equity method	0.0	9.6	0.0	0.0	0.0	0.0	n.a.
Other and extraordinary	0.0	0.0	0.0	0.0	0.0	0.0	n.a.
BAI	5.0	10.7	3.6	8.0	13.0	18.0	14.0%
Tax on profits	-1.2	-2.2	-0.7	-2.0	-3.2	-4.5	19.7%
Minority	0.1	0.2	0.0	0.0	0.0	0.0	n.a.
Others	0.0	0.0	0.0	0.0	0.0	0.0	n.a.
Net profit	3.9	8.6	3.0	6.0	9.7	13.5	11.8%
Margins and growth (%)	2022	2023	2024e	2025e	2026e	2027e	
Growth Sales	n.d.	18.5%	51.6%	46.1%	23.4%	17.1%	
Gross Margin	73.7%	76.3%	74.2%	68.5%	66.2%	63.3%	
Growth EBITDA	n.d.	39.5%	73.2%	51.4%	25.0%	18.8%	
EBITDA Margin	23.1%	27.1%	31.0%	32.1%	32.6%	33.0%	
Growth Adjusted EBITDA	n.d.	18.3%	43.2%	40.2%	25.0%	18.8%	
Adjusted EBITDA margin	35.5%	35.4%	33.5%	32.1%	32.6%	33.0%	
Growth EBIT	n.d.	10.6%	49.6%	56.3%	38.6%	26.1%	
EBIT Margin	20.9%	19.5%	19.3%	20.6%	23.2%	25.0%	
EPS growth	n.d.	119.0%	-65.5%	101.8%	62.0%	38.6%	
Balance (€ million)	2022	2023	2024e	2025e	2026e	2027e	
Property, plant and equipment	15.8	26.0	24.9	22.4	17.9	13.5	
Property, plant and equipment	13.9	58.6	58.6	58.6	58.6	58.6	
Financial fixed assets	8.0	13.0	13.0	13.0	13.0	13.0	
Other fixed assets	0.0	0.0	0.0	0.0	0.0	0.0	
Customers	12.8	10.2	9.9	12.9	13.9	15.1	
Other working capital	19.7	18.7	24.6	31.5	38.3	44.4	
Cash and cash equivalents	0.3	1.7	1.7	1.7	1.7	1.7	
Total assets	70.5	128.1	132.7	140.1	143.4	146.3	
Own resources	-16.9	41.4	43.4	49.4	59.1	72.6	
Minority	0.7	2.5	2.5	2.5	2.5	2.5	
Long-term financial debt	48.5	49.3	50.7	49.3	40.7	27.7	
Other long-term liabilities	2.2	2.7	2.7	2.7	2.7	2.7	
Short-term financial debt	27.9	25.5	25.5	25.5	25.5	25.5	
Suppliers	3.4	1.6	2.8	5.6	7.7	10.2	
Other short-term liabilities	4.6	5.1	5.1	5.1	5.1	5.1	
Total liabilities	70.5	128.1	132.7	140.1	143.4	146.3	
Main ratios	2022	2023	2024e	2025e	2026e	2027e	
No. of shares (million)	434.8	434.8	434.8	434.8	434.8	434.8	
Price (€)	0.62	0.73	0.62	0.62	0.62	0.62	
EPS (€/share)	0.01	0.02	0.01	0.01	0.02	0.03	
DPS (€/share)	0.00	0.00	0.00	0.00	0.00	0.00	
Payout (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Dividend yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
EV/ Sales (x)	15.4	14.7	8.5	5.8	4.6	3.8	
EV/ EBITDA (x)	66.9	54.2	27.4	18.0	14.1	11.4	
EV/ EBIT (x)	73.7	75.3	44.1	28.1	19.7	15.0	
PER (x)	68.5	36.8	89.9	44.5	27.5	19.8	
ROCE (%)	7.9%	4.5%	6.6%	9.9%	13.6%	17.1%	
ROE (%)	-23.3%	20.8%	6.9%	12.1%	16.4%	18.6%	
Net debt (+) / net cash (-) (€ million)	76.1	73.1	74.5	73.1	64.5	51.5	
Net debt / EBITDA (x)	14.7	10.1	6.0	3.9	2.7	1.8	
Interest hedging (x)	-13.2	1.3	1.9	2.9	4.4	6.6	
Capex / sales (%)	147.4%	222.1%	11.7%	7.1%	3.2%	2.9%	

Source: Company and Renta 4 Banco estimates.

Key Figures

EOAF (€ million)	2022	2023	2024e	2025e	2026e	2027e
EBIT	4.7	5.2	7.8	12.1	16.8	21.2
Depreciation of fixed assets	3.3	4.2	5.7	6.8	6.8	6.9
Change in working capital	-24.4	2.2	-4.4	-7.2	-5.7	-4.8
Financial profit/(loss)	0.4	5.5	-4.1	-4.1	-3.8	-3.2
Taxes	-1.2	-2.2	-0.7	-2.0	-3.2	-4.5
Operating cash flow	-17.3	14.9	4.3	5.6	10.9	15.5
Investments in tangible and intangible assets.	-33.0	-59.0	-4.7	-4.2	-2.3	-2.5
Other investments	-8.0	-5.0	0.0	0.0	0.0	0.0
Free cash flow	-58.3	-49.1	-0.4	1.4	8.6	13.0
Dividends (parent company)	0.0	0.0	0.0	0.0	0.0	0.0
Other own fund movements	-20.0	51.7	-1.0	0.0	0.0	0.0
Others	2.2	0.4	0.0	0.0	0.0	0.0
Change in net debt	-76.1	3.0	-1.4	1.4	8.6	13.0
Net debt (+) / net cash (-)	76.1	73.1	74.5	73.1	64.5	51.5
Net debt (+) / net cash (-) ex - subsidies	71.5	59.3	60.7	59.3	50.7	37.6
Net debt (+) / net cash (-) ex - subsidies and bonds	71.5	49.4	50.8	49.4	40.8	27.8

Source: Company and Renta 4 Banco estimates.

Evolution of share price over the last 12 months



GLOSSARY

EBITDA: Earnings before interest, taxes and depreciation and amortisation

EBIT: Earnings before interest and taxes

ND/EBITDA: Net Debt over EBITDA

ROE: Return on Equity

ROCE: Return on Capital Employed

EPS: Earnings per share

Pay-Out: % of profits going to dividends

DPS: Dividends per share

Market Cap: Market Capitalisation

Company Value: Net Debt plus Market Capitalisation

PER: price-to-earnings ratio

P/CF: Market capitalisation between Cash Flows

P/BV: Price between Book value per share

RPD: Dividend yield (DPS/Price)

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