

## Business description

IFFE Futura (IFF) is building a large plant for the production of Omega-3. Once on stream, the plant will be able to produce 10,000 Tn of Omega-3, that, once on stream, will represent a large step-up in size for the company. The production of Omega-3 will become, de facto, IFF's core business. The company also has a business school and consultancy business (2021 revenue: EUR 1Mn).

## Market Data

|                                    |                    |      |
|------------------------------------|--------------------|------|
| Market Cap (Mn EUR and USD)        | 21.9               | 21.8 |
| EV (Mn EUR and USD) <sup>(2)</sup> | 21.8               | 21.7 |
| Shares Outstanding (Mn)            | 37.8               |      |
| -12m (Max/Med/Min EUR)             | 0.67 / 0.55 / 0.45 |      |
| Daily Avg volume (-12m Mn EUR)     | 0.02               |      |
| Rotation <sup>(3)</sup>            | 19.7               |      |
| Factset / Bloomberg                | IFF-ES / IFF SM    |      |
| Close fiscal year                  | 31-Dec             |      |

## Shareholders Structure (%)

|             |      |
|-------------|------|
| David Carro | 16.7 |
| Inveready   | 7.4  |
| José Poza   | 5.0  |
| Free Float  | 70.8 |

## Relative performance (Base 100)



## Stock performance (%)

|                                    | -1m  | -3m  | -12m  | -5Y  |
|------------------------------------|------|------|-------|------|
| Absolute                           | 0.9  | 4.5  | -12.8 | n.a. |
| vs Ibex 35                         | -1.9 | 8.4  | -0.2  | n.a. |
| vs Ibex Small Cap Index            | 3.4  | 23.1 | 7.1   | n.a. |
| vs Eurostoxx 50                    | -5.8 | 5.0  | 1.9   | n.a. |
| vs Sector benchmark <sup>(4)</sup> | 2.9  | 15.4 | -4.0  | n.a. |

(1) The opinion regarding the results is on reported EBITDA with respect to our estimate for the year (12m). The impact reflects whether, due to the results, we envisage a significant revision (>5% - 10%, depending on the sector) of our EBITDA estimate (for any of the estimated years).

(2) Please refer to Appendix 2.

(3) Rotation is the % of the capitalisation traded - 12m.

(4) vs Stoxx Europe 600 Food & Beverage.

(\*) Unless otherwise indicated, all the information contained in this report is based on: The Company, Factset and Lighthouse.

## A new company: in 1H22 IFFE moved forward with its Omega-3 plant

**NO SURPRISES IN THE TRADITIONAL BUSINESS.** The traditional business does not provide critical mass so its results are not discounted in the share price. The main figures for 1H22 are: Revenues of EUR 0.5Mn (in line with 1H21), Rec. EBITDA of EUR -0.3Mn (due to the increase in other operating expenses, including those associated with the development of the Omega-3 plant), and a net loss of EUR 3.5Mn (a result of the EUR 3.2Mn accounting and extraordinary impact from the sale of the property business).

**THE KEY LIES IN THE FINANCING AGREEMENTS ANNOUNCED THAT WILL BRING IN EUR 18MN...** In 1H22 IFFE secured the funding for its Omega-3 plant. The funding obtained amounts to EUR 18Mn from:

- Inveready, that provides a total of EUR 9.1Mn in the shape of: (i) EUR 7.1Mn of convertible bonds maturing 57-60 months from subscription and (ii) a EUR 2Mn convertible loan (with a 3-year grace period + 1-year repayment period). For both instruments the conversion price will be 0.33 euros per share. The theoretical conversion of 100% of the convertible financing would make Inveready IFFE's main shareholder with a c. 45% stake.
- Other investors, via the EUR 4.1Mn cash capital increase formalised in July 2022 (with the exclusion of preferential subscription rights) at a price of €0.354.
- Banco Sabadell, with a EUR 4Mn loan in two tranches: (i) EUR 2.5Mn on the mechanical completion of the plant and (ii) EUR 1.5Mn by virtue of certain milestones (that will finance the plant's working capital once this is on stream).
- XesGalicia, the Xunta de Galicia's venture capital company, that will invest up to EUR 1.2Mn, that, in addition, implies institutional support for IFFE's Omega-3 plant.

**... AND RESOLVE THE BIG QUESTION MARK THAT HAD HUNG OVER THE FINANCING OF THE OMEGA-3 PLANT.** The sale of the property business reduced net debt to EUR 2.6Mn at the 1H22 close. So, with the capital obtained, IFFE is in an excellent financial position from which to comfortably execute the end of the construction work and start-up of its plant that, once up and running, aspires to annual production of 10,000Tn of Omega-3 in triglyceride format: the one that is most used to satisfy demand for human consumption. It is slated to come on stream in the second half of 2023.

**IN CONCLUSION, THE START OF A NEW STAGE THAT WILL RADICALLY CHANGE THE COMPANY FOR THE BETTER.** The success of the financing obtained goes beyond the mere capture of funds. In our view, the company changes radically and for the better. For two reasons: i) size (reaching revenue levels of c. EUR 40Mn in a period of 4 years?) and ii) business, by entering a subsector (functional ingredients, healthy food) that at the outset looks very attractive (favourable macro-trends and regulatory context) and that has no correlation with the macro and the market.

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## IFFE Futura (IFFE) is a BME Growth company

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## Appendix 1. Results table

| EUR Mn                         | 6m22        |             | 6m22 Real   |
|--------------------------------|-------------|-------------|-------------|
|                                | Real        | 6m21        | vs 6m21     |
| <b>Total Revenues</b>          | <b>0.5</b>  | <b>0.5</b>  | <b>1.2%</b> |
| <b>Recurrent EBITDA</b>        | <b>-0.3</b> | <b>0.0</b>  | <b>n.a.</b> |
| <i>Rec. EBITDA/Revenues</i>    | <i>n.a.</i> | <i>n.a.</i> | <i>n.a.</i> |
| <b>EBITDA</b>                  | <b>-0.3</b> | <b>0.0</b>  | <b>n.a.</b> |
| <i>EBITDA/Revenues</i>         | <i>n.a.</i> | <i>n.a.</i> | <i>n.a.</i> |
| <b>EBIT</b>                    | <b>-0.3</b> | <b>0.0</b>  | <b>n.a.</b> |
| <b>NP</b>                      | <b>-3.5</b> | <b>0.3</b>  | <b>n.a.</b> |
| <b>Ordinary NP<sup>1</sup></b> | <b>-0.3</b> | <b>0.0</b>  | <b>n.a.</b> |
| <br>                           |             |             |             |
| Net Debt                       | 2.6         | 3.3         | -19.7%      |

(1) Ordinary NP adjusted to strip out the extraordinary impact of the sale of the property business (impact of c. EUR 3.2Mn).

## Appendix 2. EV breakdown at the date of this report

|                                      | EUR Mn      | Source          |
|--------------------------------------|-------------|-----------------|
| Market Cap                           | 21.9        |                 |
| + Minority Interests                 | 0.0         | 6m Results 2022 |
| + Provisions & Other L/T Liabilities | 0.0         | 6m Results 2022 |
| + Net financial debt                 | 2.6         | 6m Results 2022 |
| - Financial Investments              | 2.8         | 6m Results 2022 |
| +/- Others                           |             |                 |
| <b>Enterprise Value (EV)</b>         | <b>21.8</b> |                 |

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|----------------|----------------|-------------|--------------------|--------------------|------------------------|---------------------|
| 26-Oct-2022    | n.a.           | 0.58        | n.a.               | n.a.               | 6m Results 2022        | David López Sánchez |
| 20-Jun-2022    | n.a.           | 0.57        | n.a.               | n.a.               | Important news         | David López Sánchez |
| 25-Oct-2021    | n.a.           | 0.68        | n.a.               | n.a.               | 6m Results 2021        | David López Sánchez |
| 18-May-2021    | n.a.           | 1.00        | n.a.               | n.a.               | Important news         | David López Sánchez |
| 23-Feb-2021    | n.a.           | 1.23        | n.a.               | n.a.               | Important news         | David López Sánchez |
| 28-Oct-2020    | n.a.           | 1.85        | n.a.               | n.a.               | 6m Results 2020        | David López Sánchez |
| 09-Jul-2020    | n.a.           | 1.85        | n.a.               | n.a.               | Initiation of Coverage | David López Sánchez |

