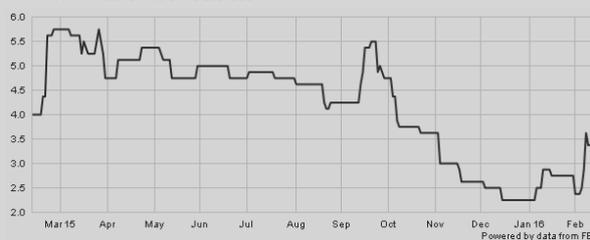


Key Statistics

Code	: TYR & TYRU
Listing	: AIM
Sector	: Chemicals
Market Cap	: £12.23m
Share in issue	: 219.68m
Current Price	: 3.30p
12 month High/Low:	: 6.00p/2.00p

Stock Performance



Financials

\$'m	2014	2013	2012	2011
Revenue	4.72	1.37	3.57	7.16
PBT	-5.09	-4.9	-2.94	-2.72
Profit	-5.09	-4.9	-2.94	-2.72

Source: TyraTech Inc. Final Results

Company description

TyraTech, Inc. is a life sciences company focusing on nature-derived insect and parasite control products. The Company is engaged in the development, manufacture, marketing and sale of insecticide and parasiticide products. It develops products with plant essential oils to be used in a range of pesticidal and parasitic applications. The Company's products include head lice control, personal insect repellents, animal (production animal) and equine fly spray. It offers head lice control products under the brand Vamousse®. The Company's personal insect repellents include DEET-Free mosquito and tick repellent, which are marketed under the Guardian® brands. Its animal (production animal) products, under the PurseScience™ brand, control insects in food animal production premises.

HYBRIDAN LLP

20 Ironmonger Lane, London, EC2V 8EP
Website: www.hybridan.com

William Lynne
Tel: 020 3764 2342
Email: william.lynne@hybridan.com

TyraTech Has Gone Commercial...

It's already happening. Instead of selling licences it is selling products. These products are launched and tier 1 customers have been stocking them and selling them from over 20,000 stores in the US and 7,000 in the UK. More importantly those customers are re-ordering them and sales are growing rapidly.

- **Commercial Focus**
- **Patented Technology**
- **Easily transferable to different geographies**
- **Cusp of profitability – high sales growth**
- **High barriers to entry**
- **Multiple tier 1 customers re-ordering**

The addressable market is vast and the products use leading edge technology protected by 28 patents and a great deal of 'know-how' in the way they are put together. After more than 10 years in the laboratory the Company is now growing extremely fast and is on the verge of profitability.

The TyraTech technology utilises 'dual-action' chemical and physical processes which significantly increase the efficacy of the products and mitigates against the build-up of resistance typically found where a regular pesticide is used. The Chemical compounds are derived from plants and are toxic to insects but not to mammals. Physically the armour of the insect is dissolved and this allows for better penetration of the active ingredients, or in some cases just kills the insect – or the eggs – outright. The efficacy of the process allows for less active ingredient to be used than in competing plant-based products, which is therefore cheaper to produce and allows for better cosmetics.

For disclosures, refer to the Disclosure Section

The Current TyraTech Products:

- Consumer Health:
 - ***Vamousse***, is the brand name for TyraTech's mousse, shampoo and powder products for the eradication and protection against lice and nits. These products are on the shelves of Walmart, Boots, CVS, Walgreens, Sainsbury's, Tesco and many others. (Est Market size USD700m)
 - ***Guardian***, is an insect repellent and is currently available in the US through Amazon. (Est market size USD800m)

- Animal Health:
 - ***Outsmart™*** a non-toxic fly repellent spray for horses. (Est market size USD100m)
 - ***PureScience***, which provides highly effective and safe insect control in livestock and production animal facilities. (Est market size USD800m)

The ingredients for these products are 'generally regarded as safe' GRAS by the FDA and exempt from federal registration by the United States Environmental Protection Agency (EPA). The active ingredients are more commonly found in flavourings and cosmetics and therefore easily sourced in the US, where they are put together in different steps to create a 'secret sauce' combination that none of the outsourced manufacturers have all the information to reproduce. This enables the Company to keep the know-how in house as well as to manage quality. The volumes required are small compared to the needs of the food and cosmetics industries, so sourcing ingredients is not an issue.

The Company has entered into a joint venture with regards to the agricultural potential for its product. TyraTech formed Envance Technologies, LLC, a business enterprise with AMVAC Chemical Corporation (Subsidiary of ***American Vanguard Corporation (NYSE:AVD US\$12.15/ US\$344M)***) in 2012, to develop and market insect control solutions with TyraTech's Nature's Technology® for consumer, commercial and agricultural use. TyraTech owns a little more than 13% of the JV Envance and does not consolidate the sales of the JV.

The Strategy

The commercial success of **Vamousse** has unlocked the value of TyraTech's technology, and the Company is now looking to extend that technology into other markets. The next target is Animal Health, both production animals and companion animals; where the market sizes are significant and growth potential sizable. The current PureScience product range is for the control of infestation amongst chickens. Future markets such as the livestock de-wormer market is estimated by the Company at around \$4.5bn and the domestic pets' Fleas & Ticks market to be worth around \$6bn, so significantly bigger than the current markets that are being addressed.

In the US alone there is obviously plenty to go for, but it is estimated that 80% of chickens and 70% of head lice live somewhere other than the US.

The Company has around ten additional products in the pipeline and a patented discovery platform from which further products can be created.

The Business

Gross margins are around 70% on the **Vamousse** products and will be lower on the agricultural ones, which will be compensated by lower marketing expenses.

TyraTech partners its commercial effort with a well-renowned sales company in the US as well as in the UK. In animal health, TyraTech has an agreement with **MWI Animal Health** (MWI) for the distribution of **PureScience**. MWI is a subsidiary of **AmerisourceBergen Corp (NYSE:ABC USD85.6 / USD 17.8bn)** and is the US's number one distributor in this field.

The R&D and the IP is all held within TyraTech. The broker consensus numbers show enhanced operational expense in both marketing and R&D for FY2016. It is fair to say TyraTech is balancing the focus on short term (commercialisation) without sacrificing its long term (pipeline) growth. It is still an innovation company dedicated to bringing new products to market, therefore its R&D effort is critical to building a healthy pipeline.

Sales are predominantly in USD but then so are the costs. There is no currency hedging policy currently in place, however the management will keep it under review for future application.

The Company raised around £3m in November 2015 which with the existing cash and the growing revenues should comfortably be enough to see it to profitability.

The Management

The management team, led by Bruno Jactel (CEO), has been instrumental in driving the change at TyraTech and their work over the last three years, is definitely showing positive results. The Company has recently (Jan 2016) appointed a new CFO, Erica Boisvert presumably reflecting the fact that it is now a commercial company with significant and growing revenues being generated across different products and geographies.

The Valuation

For the current year (FY 12/2016) the consensus estimate is around US\$12.1m product revenue and around US\$900k loss, implying the shares are trading on a forward basis at around 0.7x sales. This is an attractive valuation for a company that has very strong customer support, is growing fast and has high gross margins (~65/70%). The overall trajectory of sales growth, even allowing for some growth in R&D and marketing costs, would suggest that the Company could make a small profit next year (FY 12/2017) though there is probably an argument to suggest it pushes on as hard as possible with the sales drive and development and roll-out of the 'near to market' products in their pipeline.

Conclusion

Of course the rapid pace of sales growth reflects the low base starting point, and is inevitably unsustainable over the long term, however it is indicative of the very positive momentum that is now driving TyraTech forward. This momentum and the newer product lines and additional geographies potentially contributing further sales makes it seem likely that the Company will move into profitability in 2017 and beyond. Combined with the high operational gearing, and a potential market rating re-rating that will likely

accompany this, there could be a meaningful return on the current share price over the next several years.

Consolidated Statements of Operations for the six months ended 30 June 2015

	(Unaudited) six months ended 30-Jun-15	(Unaudited) six months ended 30-Jun-14	Year ended 31-Dec-14
Gross revenue:	\$	\$	\$
Product	3,283	887	2,836
Collaborative	167	393	2,097
Total gross revenue	3,450	1,280	4,933
Less: sales, discounts, returns, and allowances	394	-	215
Total net revenue	3,056	1,280	4,718
Cost of revenue:			
Product	912	301	940
Collaborative	115	42	242
Total cost of revenue	1,027	443	1,182
Gross profit	2,029	837	3,536
Costs and expenses:			
General and administrative	1,823	1,591	3,558
Business development	1,367	1,073	3,357
Research and development	534	804	1,603
Total costs and expenses	3,724	3,468	8,518
Loss from operations	(1,695)	(2,631)	(4,982)
Other income (expense):			
Other income (expense)	9	(25)	1
Gain on partial sale of Envance ownership	125		
Net loss (from unconsolidated subsidiary)	-	-	(300)
Change in fair value of warrant liabilities	23	(450)	187
Total other income (expense)	157	(475)	(112)
Loss before income taxes	(1,538)	(3,106)	(5,094)
Net loss	-1,538	-3,106	-5,094
Net loss per common share	\$	\$	\$
Basic and diluted	-0.01	-0.02	-0.03
Weighted average number of common shares (000's)			
Basic and diluted	261,239	194,341	207,232

Source: TyraTech Inc. Half Yearly Reports

Consolidated Balance Sheet as at 30 June 2015

	(Unaudited) six months ended 30-Jun-15 \$	(Unaudited) six months ended 30-Jun-14 \$	year ended 31-Dec-14 \$
ASSETS			
Current assets			
Cash and cash equivalents	1,331	576	2,212
Accounts receivable	781	621	909
Inventory	810	267	925
Prepaid expenses	211	123	191
Total current assets	3,133	1,587	4,237
Property and equipment, net of accumulated depreciation	23	126	84
Long term deposits	69	66	69
Total assets	3,225	1,779	4,390
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)			
Current liabilities			
Accounts payable	1,106	436	971
Accrued liabilities	889	563	664
Liability for warrants	-	660	23
Deferred revenue	70	501	72
Total current liabilities	2,065	2,160	1,730
Deferred revenue and other long-term liabilities	55	1,130	89
Total liabilities	2,120	3,290	1,819
Shareholders' equity (deficit)			
Common stock, at \$0.001 par authorized 380 million; 262.3 million shares issued, 261.2 million shares outstanding (30 June 2014: 195.4 million shares issued, 194.3 million shares outstanding)	261	205	261
Additional paid in capital	87,413	81,329	87,341
Accumulated deficit	(86,458)	(82,932)	(84,920)
Accumulated other comprehensive income	2	-	2
Treasury stock of 1.1 million shares (2014: 1.1 million shares)	(108)	(108)	(108)
Total shareholders' equity (deficit)	1,110	(1,506)	2,576
Non-controlling interest	(5)	(5)	(5)
Total shareholders' equity (deficit)	1,105	(1,511)	2,571
Total liabilities & shareholders' equity	3,225	1,779	4,390

Source: TyraTech Inc. Half Yearly Reports

Consolidated Cash Flow Statement for the six months ended 30 June 2015

	(Unaudited) six months ended 30-Jun-15	(Unaudited) six months ended 30-Jun-14	year ended 31-Dec-14
Cash flows from operating activities:			
Net loss	(1,538)	(3,106)	(5,094)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation	47	49	96
Amortisation of stock awards	72	71	152
Change in fair value of warrant liability	(23)	450	(187)
Loss on sale of fixed assets	16	-	-
Net loss from unconsolidated subsidiary	-	-	300
Changes in operating assets and liabilities:			
Accounts receivable	128	(536)	(824)
Inventory	115	(204)	(862)
Prepaid expenses and long-term deposits	(20)	27	(45)
Accounts payable and accrued liabilities	360	337	973
Deferred revenue and other long-term liabilities	(36)	(251)	(1,721)
Net cash used in operating activities	(879)	(3,163)	(7,212)
Cash flows from investing activities:			
Purchase of property and equipment	(2)	(8)	(12)
Investment in unconsolidated subsidiary	-	-	(300)
Net cash used in investing activities	(2)	(8)	(312)
Cash flows from financing activities:			
Net proceeds from sale of common stock	-	2,874	8,150
Equity warrants issued	-	-	210
Exercise of SARS	-	-	1
Exercise of warrants	-	-	500
Net cash provided by financing activities	-	2,874	8,861
Net increase (decrease) in cash	(881)	(297)	1,337
Cash and cash equivalents, beginning of the period	2,212	873	873
Accumulated other comprehensive income	-	-	2
Cash and cash equivalents, end of the period	1,331	576	2,212

Source: TyraTech Inc. Half Yearly Reports

Disclaimer

This document, which does not constitute research, has been issued by Hybridan LLP for information purposes only and should not be construed in any circumstances as an offer to sell or solicitation of any offer to buy any security or other financial instrument, nor shall it, or the fact of its distribution, form the basis of, or be relied upon in connection with, any contract relating to such action. This document has no regard for the specific investment objectives, financial situation or needs of any specific entity and is not a personal recommendation to anyone. Recipients should make their own investment decisions based upon their own financial objectives and financial resources and, if any doubt, should seek advice from an investment advisor.

The information contained in this document is based on materials and sources that are believed to be reliable; however, they have not been independently verified and are not guaranteed as being accurate. This document is not intended to be a complete statement or summary of any securities, markets, reports or developments referred to herein. No representation or warranty, either express or implied, is made or accepted by Hybridan LLP, its members, directors, officers, employees, agents or associated undertakings in relation to the accuracy, completeness or reliability of the information in this document nor should it be relied upon as such.

Any and all opinions expressed are current opinions as of the date appearing on this document only. Any and all opinions expressed are subject to change without notice and Hybridan LLP is under no obligation to update the information contained herein. To the fullest extent permitted by law, none of Hybridan LLP, its members, directors, officers, employees, agents or associated undertakings shall have any liability whatsoever for any direct or indirect or consequential loss or damage (including lost profits) arising in any way from use of all or any part of the information in this document.

This document should not be relied upon as being an independent or impartial view of the subject matter and, for the avoidance of doubt, does not constitute "independent investment research" for the purposes of the Financial Conduct Authority rules. The individuals who prepared this document may be involved in providing other financial services to the company or companies referenced in this document or to other companies who might be said to be competitors of the company or companies referenced in this document. As a result both Hybridan LLP and the individual members, directors, officers and/or employees who prepared this document may have responsibilities that conflict with the interests of the persons who receive this document. Hybridan LLP and/or connected persons may, from time to time, have positions in, make a market in and/or effect transactions in any investment or related investment mentioned herein and may provide financial services to the issuers of such investments.

In the UK, this document is directed at and is for distribution only to persons who (i) fall within Article 19(5) (persons who have professional experience in matters relating to investments) or Article 49(2) (a) to (d) (high net worth companies, unincorporated associations, etc) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) or (ii) are Professional Clients or Eligible Counterparties (as those terms are defined in the rules of the Financial Conduct Authority) of Hybridan LLP (all such persons referred to in (i) and (ii) together being referred to as "relevant persons"). This document must not be acted on or relied upon by persons who are not relevant persons. For the purposes of clarity, this document is not intended for and should not be relied upon by persons who would be classified as Retail Clients (as defined by the rules of the Financial Conduct Authority).

Neither this document nor any copy of part thereof may be distributed in any other jurisdictions where its distribution may be restricted by law and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. Distribution of this report in any such other jurisdictions may constitute a violation of UK or US securities law, or the law of any such other jurisdictions.

Where possible this document is made available to all relevant recipients at the same time and it is not intended for Retail Clients as defined in the FCA Rules. Dissemination of research is monitored to ensure that it is only provided to Professional Clients.

Hybridan LLP and/or its associated undertakings may from time-to-time provide investment advice or other services to, or solicit such business from, any of the companies referred to in this document. Accordingly, information may be available to Hybridan LLP that is not reflected in this material and Hybridan LLP may have acted upon or used the information prior to or immediately following its publication. In addition, Hybridan LLP, the members, directors, officers and/or employees thereof and/or any connected persons may have an interest in the securities, warrants, futures, options, derivatives or other financial instrument of any of the companies referred to in this document and may from time-to-time add or dispose of such interests.

Neither the whole nor any part of this document may be duplicated in any form or by any means. Neither should this document, or any part thereof, be redistributed or disclosed to anyone without the prior consent of Hybridan LLP.

Hybridan LLP is a limited liability partnership registered in England and Wales, registered number OC325178, and is authorised and regulated by the Financial Conduct Authority and is a member of the London Stock Exchange. Any reference to a partner in relation to Hybridan LLP is to a member of Hybridan LLP or an employee with equivalent standing and qualifications. A list of the members of Hybridan LLP is available for inspection at the registered office, 2 Jardine House, The Harrovia Business Village, Bessborough Road, Harrow, Middlesex HA1 3EX.