

Update: Report Q3 2024

2024-12-06

Bioextrax: High interest and steady progress

- High interest and progression of the projects
- The rights issue in Q4 added MSEK 14.1
- We keep our fair value of SEK 7.60 per share

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Stock ticker:	BIOEX
Industry:	Biotech
Listed on:	Nasdaq First North
Latest share price (SEK):	3,78
Market cap (MSEK):	132,6
Enterprise Value (MSEK):	120,4
Total number of shares (M):	35,07
- of which free float (M):	20,14

VHCF fair value per share

DCF model	SEK 7.60
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	Bioextrax AB
Address:	Skiffervägen 76 224 78 Lund
Webpage:	bioextrax.com
CEO:	Edvard Hall

Main owners (30 Sept 2024)	Capital (%)
Nordnet Pensionsförsäkring	8,7
Avanza Pension	7,1
Rajni Hatti, Kaul	5,0
Henrik Nilsson	4,5
Mohammad Ibrahim	3,7

Share price history (SEK)



	-1m	-3m	-12m
Change (%)	19,0	2,0	26,0
52 w k range (Low /Hi) - SEK	1,75	4,16	

Source: Västra Hamnen Corporate Finance

In November, Bioextrax raised MSEK 14.1 MSEK in a fully secured rights issue. The subscription price was SEK 3.30 per share. The proceeds will extend the financial runway until 2026 when the company expects to generate sufficient revenue to become cash flow neutral.

Since the summer, the company has received numerous inquiries from research institutes, and small and large-cap companies. In the recent webcast, CEO **Edvard Hall** provided updates on the progression of the projects.

The project with the top-tier chemicals company has started and is progressing as planned following the letter of intent signed in August.

The collaboration with **Chematur Engineering** regarding *PHBV* has moved from technology transfer to business development. The process has resulted in two concrete client offerings regarding preliminary tests of the technology.

Bioextrax will initiate commercial negotiations with the candy producer following the joint development agreement from earlier this year. Small-scale prototypes of chewing gum have been produced. Evaluation and regulatory work await in 2025.

In the agreement with **Konkan Specialty Polyproducts** (Konspec), Bioextrax awaits a decision from the Indian company to enter the next phase of the deal. This would mean that Konkan has the right to produce up to 100 tons per year.

Advancements in the projects imply higher revenues. Compared to 2024, we forecast sales to double in 2025 from low figures. At the same time, we expect the company will keep its costs under control. Our model suggests a fair value of 7,60 SEK per share given our financial forecast.

Table 1: Financial Overview

MSEK	2022	2023	2024e	2025e	2026e
Total revenues	2,2	3,0	1,0	4,4	10,9
Growth (%)	115,4%	34,9%	-66,3%	337,0%	146,4%
EBITDA	-18,3	-20,7	-16,2	-14,0	-12,6
EBITDA margin (%)	neg	neg	neg	neg	neg
EBT	-18,7	-21,5	-17,4	-15,2	-13,9
Cash holdings	27,5	13,4	17,5	3,9	13,1
Total assets	37,9	22,5	25,4	11,6	24,7
Total equity	31,8	20,5	24,7	9,4	18,5
Solidity (%)	83,8%	91,2%	97,1%	81,0%	75,1%
P/E	neg	neg	neg	neg	neg
ROE	neg	neg	neg	neg	neg
EV/EBIT (x)	neg	neg	neg	neg	neg
EV/Sales (x)	55,9	41,4	123,1	28,2	11,4

Source: Västra Hamnen Corporate Finance

Project updates

Interest is high in Bioextrax technology, as described in the Q3 report and the recent web conference. According to CEO Edvard Hall, numerous inquiries have resulted in several tests during the quarter. Research institutes, small companies, and large-cap companies have lined up to explore the technology. Time will tell which of the initial tests will be converted into actual projects.

As usual, Bioextrax has updated on the most significant events in the project pipeline. Below we mention a few, for further information, we refer to Bioextrax Q3 report.

The project with the chemicals company is underway

The project with the chemicals company has started

In August, Bioextrax entered a letter of intent with one of the world's three largest chemicals companies. The agreement regards the use of PHA within Home and Personal care. The chemicals company aims to launch products based on Bioextrax technology by 2026. The parties have initiated the collaboration, and it is progressing according to plan.

Prototypes from the candy producer

Chewing gum prototypes produced

On top of the list is the project with the candy producer. During the autumn, chewing gum prototypes have been produced with Bioextrax's mcl-PHA. The samples are being evaluated and the company expects the regulatory work will be finished by the first half of 2025. Bioextrax and the candy producer will start discussions on how to formally go forward from the joint development agreement from earlier this year.

From tech transfer to client offerings

Focus on business development with Chematur

In the collaboration with Chematur Engineering, the companies are now focused on addressing prospective customers. The efforts have resulted in two concrete client offers for preliminary tests. The timing of these processes is difficult to predict.

Awaiting the Konspec decision

Awaiting decision from Konspec

As accounted for in our previous comment, Konspec visited Bioextrax facility in August. Should the Indian company decide to advance to the next phase in the agreement, Konspec has the right to produce up to 100 tons of PHA yearly against a monthly fee of USD 15,000. In September, the final samples were delivered to Konspec, giving the Indian company three months to respond whether to advance or not.

Financial update after Q3

In Q3, Bioextrax reported net sales of MSEK 0.22, slightly lower than our forecast of MSEK 0.30. Personnel costs and other external costs came in below our estimates for the quarter. Consequently, the actual Q3 earnings were significantly above our forecast. Table 2 illustrates the actual outcome versus our estimates for the quarter.

Table 2: Estimates vs actual, Q2 2024

kSEK	Q2 '23	Q3 '24e	Q3'24 act	Diff
Net Revenues	543	300	223	-77
Other Revenues	276	0	66	66
Total Revenues	819	300	289	-11
Cost of Goods Sold	-422	-150	-446	-296
Gross Profit	397	150	-157	-307
Personnel Expenses	-2 964	-2 971	-2 001	970
Other Operating Expenses	-2 791	-1 726	-1 307	419
Total OPEX	-5 755	-4 697	-3 308	1 389
EBITDA	-5 358	-4 547	-3 465	1 082
Amortisation and Depreciation	-185	-358	-282	76
EBIT	-5 543	-4 905	-3 747	1 158
Net Financial Items	2	0	15	15
EBT	-5 541	-4 905	-3 732	1 173
Net Profit	-5 541	-4 905	-3 732	1 173
Cash and Equivalents	14 546	7 679	9 026	1 347
Total Equity	22 232	14 883	16 056	1 173

Source: Västra Hamnen Corporate Finance

Stable costs during 2025

Cost restructuring and optimisation efforts

During the webcast, Hall stated that the company manages its costs to achieve a more sustainable level in the coming quarters. Following the statement, we model for a stable cost level during 2025 and into 2026. Operating costs will start rising by the second half of 2026 when the volumes are expected to increase.

Rights issue extends the financial runway

The exclusivity conditions in the agreement with the chemicals company implied the termination of the project with the cosmetics company. To cover the loss of revenues from the discontinued agreement, Bioextrax decided on a rights issue.

Financial runway until 2026

The company raised a net amount of MSEK 14.1 extending its financial runway to 2026. By then, the chemicals company is expected to have products on the market generating revenue for Bioextrax.

The Q3 figures prompted only minor adjustments in our projections. The dilution effect from the rights issue amounted to 11.1 per cent. In summary, we keep the fair value at SEK 7.60 per share.

Upcoming triggers

- Konspec's decision to advance
- Evaluation of the chewing gum prototypes
- Progression with the chemicals company
- Response from the Chematur offerings
- Advancements from initial tests to pilot projects

Income Statement - Annual Data

kSEK	2021	2022	2023	2024e	2025e	2026e	2027e	2028e
Net revenues	276	394	2 057	693	4 427	10 908	24 715	48 549
Other revenues	760	1 837	953	320	0	0	0	0
Total revenues	1 036	2 232	3 010	1 013	4 427	10 908	24 715	48 549
Cost of goods sold	-1 033	-1 344	-1 338	-1 212	-2 554	-5 918	-1 961	-2 538
Personnel costs	-6 792	-10 028	-11 514	-10 213	-9 674	-9 919	-10 795	-11 920
Other external costs	-3 395	-9 230	-10 854	-5 828	-6 058	-7 517	-8 888	-9 981
Other operating expenses	-3	115	-43	48	-157	-174	-787	-1 095
EBITDA	-10 188	-18 255	-20 739	-16 191	-14 016	-12 621	2 284	23 014
Amortisation & depreciation	-350	-476	-861	-1 221	-1 213	-1 278	-1 070	-1 811
EBIT	-10 537	-18 732	-21 600	-17 412	-15 229	-13 898	1 214	21 203
Financials, net	-3	-1	93	46	0	0	0	0
EBT	-10 541	-18 732	-21 507	-17 366	-15 229	-13 898	1 214	21 203
Taxes	0	0	0	0	0	0	0	0
Net profit	-10 541	-18 732	-21 507	-17 366	-15 229	-13 898	1 214	21 203
Earnings per share (SEK)	-1.78	-1.07	-0.79	-0.51	-0.37	-0.27	0.02	0.39
Growth (%)								
Net revenues	351.3%	115.4%	34.9%	-66.3%	337.0%	146.4%	126.6%	96.4%
EBITDA	na	na	na	na	na	na	na	907.6%
EBIT	na	na	na	na	na	na	na	1646.5%
Net profit	na	na	na	na	na	na	na	1646.5%
% of revenues (%)								
EBITDA margin	neg	neg	neg	neg	neg	neg	9.2%	47.4%
EBIT margin	neg	neg	neg	neg	neg	neg	4.9%	43.7%
EBT margin	neg	neg	neg	neg	neg	neg	4.9%	43.7%
Profit margin	neg	neg	neg	neg	neg	neg	4.9%	43.7%
Personnel costs	2463.0%	2542.1%	559.7%	1473.7%	218.5%	90.9%	43.7%	24.6%
Total OPEX	3695.5%	4852.7%	1089.5%	2307.7%	358.9%	161.4%	82.8%	47.4%
Profitability (%)								
ROE	neg	neg	neg	neg	neg	neg	6.1%	51.8%
ROIC	neg	neg	neg	neg	neg	neg	0.0%	0.0%

Source: Västra Hamnen Corporate Finance

Balance Sheet - Annual Data

kSEK	2021	2022	2023	2024e	2025e	2026e	2027e	2028e
Inventories	0	0	0	0	0	0	0	0
Receivables	119	33	0	99	498	1 214	2 838	4 433
Other short-term receivables	578	1 176	539	120	606	923	1 039	1 170
Prepaid costs & accrued incc	1 744	1 656	818	1 152	1 317	1 406	1 479	1 551
Cash and cash equivalents	8 977	27 532	13 399	17 479	3 894	13 069	1 298	12 733
Total current assets	11 418	30 397	14 756	18 850	6 314	16 612	6 654	19 887
Tangible assets	1 223	7 487	7 759	6 538	5 325	8 047	14 977	23 166
Intangible assets	0	0	0	0	0	0	0	0
Financial assets	0	33	0	0	0	0	0	0
Total fixed assets	1 223	7 520	7 759	6 538	5 325	8 047	14 977	23 166
Total assets	12 641	37 917	22 515	25 387	11 639	24 659	21 631	43 053
Accounts payable	2 222	3 558	1 333	473	941	3 226	993	1 108
Accrued cost & prepaid incor	2 606	1 986	-22	79	376	860	265	296
Other short term liabilities	251	477	533	158	847	1 936	596	665
Short term tax liabilities	63	129	135	20	47	108	33	37
Total current liabilities	5 142	6 150	1 979	730	2 211	6 129	1 887	2 106
Long term liabilities	0	0	0	0	0	0	0	0
Total equity	7 499	31 767	20 536	24 658	9 429	18 530	19 744	40 947
Total equity and liabilities	12 641	37 917	22 515	25 387	11 639	24 659	21 631	43 053

Source: Västra Hamnen Corporate Finance

Cash flow statement

kSEK	2021	2022	2023	2024e	2025e	2026e	2027e	2028e
Operating activities	-10 182	-18 191	-20 646	-16 145	-14 016	-12 621	2 284	23 014
Changes in working capital	1 706	584	-2 664	-1 262	431	2 795	-6 054	-1 580
Investing activities	-975	-6 774	-1 100	0	0	-4 000	-8 000	-10 000
Financing activities	16 377	42 935	10 277	21 488	0	23 000	0	0
Cash flow for the period	6 926	18 555	-14 133	4 080	-13 586	9 175	-11 770	11 435
Beginning cash balance	2 052	8 978	27 532	13 399	17 480	3 894	13 069	1 299
Ending cash balance	8 978	27 532	13 399	17 480	3 894	13 069	1 299	12 733

Source: Västra Hamnen Corporate Finance

Income Statement - Quarterly Data

kSEK	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024e	Q3 2024e	Q4 2024e	Q1 2025e
Net revenues	543	275	810	0	170	223	300	607
Other revenues	276	0	49	203	51	66	0	0
Total revenues	819	275	859	203	221	289	300	607
Cost of goods sold	-422	-347	-423	-377	-209	-446	-180	-359
Personnel costs	-2 964	-2 976	-2 956	-2 996	-2 827	-2 001	-2 389	-2 401
Other external costs	-2 938	-2 142	-3 335	-1 572	-1 660	-1 282	-1 314	-1 329
Other operating expenses	147	-91	-158	159	-49	-25	-37	-37
EBITDA	-5 358	-5 281	-6 013	-4 583	-4 524	-3 465	-3 619	-3 519
Amortisation & depreciation	-185	-232	-309	-307	-288	-282	-344	-327
EBIT	-5 543	-5 513	-6 322	-4 890	-4 812	-3 747	-3 963	-3 846
Financials, net	2	10	81	18	13	15	0	0
EBT	-5 541	-5 503	-6 241	-4 872	-4 799	-3 732	-3 963	-3 846
Taxes	0	0	0	0	0	0	0	0
Net profit	-5 541	-5 503	-6 241	-4 872	-4 799	-3 732	-3 963	-3 846
Earnings per share (SEK)	-0.22	-0.19	-0.22	-0.17	-0.14	-0.11	-0.10	-0.10
Y-o-Y Growth (%)								
Net revenues	352.5%	129.2%	2431.3%	-100.0%	-68.7%	-18.9%	-63.0%	na
EBITDA	na	na	na	na	na	na	na	na
EBIT	na	na	na	na	na	na	na	na
Net profit	na	na	na	na	na	na	na	na
% of revenues (%)								
EBITDA margin	neg	neg	neg	neg	neg	neg	neg	neg
EBIT margin	neg	neg	neg	neg	neg	neg	neg	neg
EBT margin	neg	neg	neg	neg	neg	neg	neg	neg
Profit margin	neg	neg	neg	neg	neg	neg	neg	neg
Personnel costs	361.9%	1082.2%	344.1%	1475.9%	1279.2%	692.4%	796.2%	395.5%
Total OPEX	702.7%	1894.2%	750.8%	2171.9%	2052.5%	1144.6%	1246.4%	620.5%
Profitability (%)								
ROE	neg	neg	neg	neg	neg	neg	neg	neg
ROIC	neg	neg	neg	neg	neg	neg	neg	neg

Source: Västra Hamnen Corporate Finance

Balance Sheet - Quarterly Data

kSEK	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024e	Q3 2024e	Q4 2024e	Q1 2025e
Inventories	0	0	0	0	0	0	0	0
Receivables	107	173	0	0	116	196	99	200
Other short-term receivables	808	506	539	531	470	685	120	243
Accrued cost & prepaid incor	1 419	1 038	818	649	1 591	1 414	1 152	1 237
Cash and cash equivalents	14 546	18 525	13 399	7 672	12 107	9 026	17 479	13 827
Total current assets	16 880	20 242	14 756	8 852	14 284	11 321	18 850	15 507
Tangible assets	8 221	8 068	7 759	7 452	7 164	6 882	6 538	6 211
Finacial assets	33	0	0	0	0	0	0	0
Intangible assets	0	0	0	0	0	0	0	0
Total fixed assets	8 254	8 068	7 759	7 452	7 164	6 882	6 538	6 211
Total assets	25 134	28 310	22 515	16 304	21 448	18 203	25 387	21 718
Accounts payable	1 227	958	1 333	225	528	1 091	473	394
Other short term liabilities	427	462	533	396	487	401	158	315
Short term tax liabilities	55	77	135	24	0	0	20	39
Accrued cost & prepaid incor	1 193	37	-22	-5	645	655	79	158
Total current liabilities	2 902	1 534	1 979	640	1 660	2 147	730	906
Long term liabilities	0	0	0	0	0	0	0	0
Total equity	22 232	26 776	20 536	15 664	19 788	16 056	24 658	20 812
Total equity and liabilities	25 134	28 310	22 515	16 304	21 448	18 203	25 387	21 718

Source: Västra Hamnen Corporate Finance

Cash flow statement

kSEK	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024e	Q3 2024e	Q4 2024e	Q1 2025e
Operating activities	-5 356	-5 271	-5 932	-4 565	-4 511	-3 450	-3 619	-3 519
Changes in working capital	192	-753	806	-1 162	23	369	-492	-134
Investing activities	-437	-47	0	0	0	0	0	0
Financing activities	0	10 050	0	0	8 923	0	12 565	0
Cash flow for the period	-5 601	3 979	-5 126	-5 727	4 435	-3 081	8 453	-3 653
Beginning cash balance	20 147	14 546	18 525	13 399	7 672	12 107	9 026	17 479
Ending cash balance	14 546	18 525	13 399	7 672	12 107	9 026	17 479	13 827

Source: Västra Hamnen Corporate Finance

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