

Update: Q3 report 2024

2024-11-28

Xintela: Flerie provides short-term funding

- Flerie commits to exercise all its TO3 warrants
- Awaiting updates on the agreement with EQGen Biomedical
- We keep the fair value at SEK 1.30 per share

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Stock ticker:	XINT
Industry:	Biotech
Listed on:	Nasdaq First North
Latest share price (SEK):	0.31
Market cap (MSEK):	178.0
Enterprise Value (MSEK):	176.7
Total number of shares (M):	567.0
- of which free float (M):	198.7
VHCF fair value per share	
DCF model	SEK 1.30
Xintela	
Address:	Scheeleorget 1 223 81 Lund
Webpage:	xintela.com
CEO:	Evvy Lundgren-Åkerlund
Main owners (26 Sept 2023)	Capital (%)
Flerie Invest AB	55.5
Avanza Pension	5.4
AB Svedala Finans	1.5
Per Åke Oldentoft	1.3
Evvy Lundgren-Åkerlund	1.2
Share price history (SEK)	
	
	-1m -3m -12m
Change (%)	-29.0 -40.8 30.8
52 w k range (Low /Hi) - SEK	0.22 / 0.32
Source: Västra Hamnen Corporate Finance	

The financial situation for **Xintela** has been a concern. However, Xintela's main owner, **Flerie**, has recently committed to using all its TO3 warrants to subscribe for new shares in ongoing exercise period. This will add MSEK 28 to Xintela. Additionally, Flerie provided a bridge loan of MSEK 9 and pushed the repayment of the remaining loans of MSEK 20.5 to March 2025.

With the short-term funding secured, Xintela can focus on progressing its projects. The company continues recruiting patients for the clinical study of difficult-to-heal venous leg ulcers (VLU). During Q3 a fourth patient was included. The company is also awaiting data from the 18-month follow-up in the osteoarthritis study. An interim analysis is expected by the end of Q1 2025.

In parallel, the company is setting up the GMP process with **Region Östergötland** treating burns. The ambition for the **Burn Centre** at the **University Hospital of Linköping** is to initiate a clinical study using skin cell preparations from burn patients that are prepared and quality assured by Xintela. This is the first commercial deal for the company as a provider of advanced therapy medical products (ATMPs).

The market is curious about the process with **EQGen Biomedical** and the prospective license deal regarding **EQSTEM**. The timing is unclear, neither company has yet made any further announcements.

In **Targinta**, the development has been constrained by the financial situation. The company has added two antibody-based product patents to the patent portfolio, strengthening the protection around its first-in-class drug candidates **TARG9** and **TARG10**. Targinta continues to explore funding and partnering opportunities for its assets.

Financially, Xintela reported revenues of MSEK 2.8 from the Region Östergötland agreement and an operating loss of MSEK 7.4. The company ended the quarter with a cash balance of MSEK 1.3.

In our model, we have pushed several development activities forward. We expect the VLU phase I/IIa study to continue in 2025 and that Targinta will initiate its phase 0 studies in H2 2025. Our new assumptions do not substantially change the valuation; hence, we keep the fair value at SEK 1.30 per share.

Table 1: Sum of the parts valuation, SEK per share

OA	0.66
VLU	0.25
EQSTEM	0.15
TNBC	0.12
GBM	0.12
Sum	1.30

Source: Västra Hamnen Corporate Finance

TO3 subscription will add at least MSEK 28	<p>Flerie will exercise its TO 3 warrants</p> <p>In November, the largest shareholder Flerie announced that the company will use all its 93.6 million TO3 warrants to subscribe for new shares in the upcoming exercise period. Thus, the exercise will at least add a gross amount of MSEK 28 to Xintela. The subscription period starts on November 25 and ends on December 5.</p>
Short-term loan of MSEK 9	<p>Flerie also provided a short-term bridge loan of MSEK 9, due to be repaid on December 16, 2024. The maturity for Xintela's outstanding loans to Flerie of MSEK 20.5 has been moved to March 4, 2025. The repayment date can be pushed to April 30, 2025, at Xintela's request. Further, Flerie will be able to offset the loans for new shares if Xintela would conduct a rights issue during the term.</p> <p>The bridge loan and the warrant exercise give Xintela necessary capital to fund its operations through Q1 and further. Additional financing is expected to be provided by licensing deals with EQSTEM and XSTEM.</p>
Pending updates on the EQSTEM agreement	<p>No news from EQGen Biomedical</p> <p>Investors await news on Xintela's non-binding term sheet with EQGen Biomedical regarding EQSTEM. Conversion into an actual licensing deal is conditional upon EQGen Biomedical securing financing for the agreement. The timing is unclear, as we still recognise a challenging business climate for life science investments, also in the US.</p> <p>As described in our previous update, we value EQSTEM to SEK 0.15 per share. For now, we have no reason to review our assumptions.</p>
Regenerative properties supported by preclinical data	<p>New preclinical data for XSTEM in wound healing</p> <p>In the meantime, Xintela's CSO Lucienne Vonk presented new preclinical data with XSTEM during the International Society for Cell & Gene Therapy conference in Gothenburg.</p> <p>The data demonstrated that XSTEM significantly improved wound healing in pigs and the formation of high-quality new skin. Additionally, the results showed that XSTEM was detectable in the newly formed skin tissue after two weeks and that XSTEM is able to develop into skin cells (keratinocytes) in cell cultures, further supporting its effectiveness in wound healing.</p> <p>Collaboration with Region Östergötland is underway</p> <p>Xintela's expertise in cell therapy development and in GMP manufacturing is vital for the agreement with Region Östergötland. Xintela is assigned to develop and set up a GMP process for isolating and quality-assuring autologous (patient's-own) keratinocytes for the treatment of burns.</p> <p>The process is important to achieve regulatory approval for The Burn Centre at the University Hospital of Linköping to conduct a clinical study on burns. Once the study is initiated, Xintela will produce skin cell preparations from biopsies from burn patients.</p> <p>This is Xintela's first commercial deal as a provider of ATMPs. In Q3, the company received MSEK 2.8 of the total upfront payment of MSEK 3.6 from the agreement. In the next step, the plan is that Xintela, under a new agreement, will manufacture the keratinocytes for clinical studies on burn patients. Potentially, the collaboration could lead to opportunities with other hospitals and burn centres.</p> <p>The fourth patient included in the VLU study</p> <p>The difficulties in recruiting patients to the VLU study are well-known. During Q3, the fourth patient was included - eight patients remain.</p> <p>In our model, we originally anticipated the study to be completed in 2024. We have now adjusted our timeline to the end of H1 2025. Hence, the project will be delayed, and development costs will not materialise as we had expected. The total value of the project is not affected.</p>

Interim OA data in Q1 2025	<p>Awaiting interim data in the OA study</p> <p>In the OA study, Xintela expects data from the 18-month follow-up from all three dose levels soon. The company will analyse the data and a report is expected by the end of Q1. As previously communicated, discussions with potential partners are expected to intensify during 2025, as the study is approaching its conclusion.</p>
Two patents added	<p>The financial situation has limited Targinta</p> <p>Xintela's financial situation has limited the development in Targinta. However, the company has added two new antibody-based product patents, strengthening the patent portfolio for its drug candidates. Interest in ADC assets is strong in the industry, proven by several major deals in recent years.¹ However, Targinta needs to invest in the projects to keep them updated.</p>
We push development activities	<p>As most of Xintela's resources are allocated to XSTEM, we assume that Targinta's development plans are on hold. Therefore, we push the phase 0 studies forward, forecasting that they will be initiated by H2 2025. The delay has no substantial impact on the value as the prospective revenues are expected several years from now. The projected cash flow will be affected, as the development costs will be pushed forward.</p> <p>In summary, we still argue for a substantial potential in Xintela's projects. A major concern has been the financial situation. Even if the agreement with Region Östergötland is a commercial milestone, the deal alone cannot carry the development cost for the other projects. Securing short-term funding from Flerie was vital for the company to progress its clinical studies with XSTEM and continue to explore the possibilities with EQSTEM and other opportunities.</p>
We keep our fair value of SEK 1.30 per share	<p>The share price movement in late summer proved there is high interest for Xintela in the market. Since August, the share price has dropped from SEK 0.58 to around SEK 0.31. If Xintela would realise its license agreement with EQGen, we would expect a positive share price reaction from the current levels.</p> <p>We keep our fair value at SEK 1.30 per share.</p>
	<p>Upcoming triggers</p> <ul style="list-style-type: none">• Subscription of the TO3 warrant exercise• News on the EQGen Biomedical agreement• Updates on the agreement with Region Östergötland• Interim analysis results from the OA Study by the end of Q1 2025

¹ IQVIA, [Surge in ADC Deals Drives Oncology Dealmaking](#), 2024

Income Statement - Annual Data

kSEK	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Net revenues	0	0	0	78	3 125	0	0	0
Other revenues	14 947	0	0	0	0	0	0	0
Total revenues	14 947	0	0	78	3 125	0	0	0
Cost of goods sold	0	0	0	0	0	0	0	0
Research and development cost	-38 170	-44 120	-55 792	-46 239	-31 739	-236 050	-289 850	-342 100
Sales expenses	-3 757	-4 095	-5 384	-4 871	-3 397	-3 480	-3 480	-3 480
Personnel expenses	-6 917	-6 774	-11 261	-7 919	-7 130	-7 076	-7 076	-7 076
Other operating income	0	11 433	3 375	1 729	0	0	0	0
Other operating expenses	0	0	0	-15	0	0	0	0
EBITDA	-33 897	-43 556	-69 062	-57 237	-39 141	-246 606	-300 406	-352 656
Amortisation & depreciation	0	0	0	0	-46	-164	-133	-109
EBIT	-33 897	-43 556	-69 062	-57 237	-39 187	-246 770	-300 539	-352 765
Financials, net	-2 667	-538	-4 103	-1 123	-1 255	0	0	0
EBT	-36 564	-44 094	-73 165	-58 360	-40 442	-246 770	-300 539	-352 765
Taxes	0	1 054	6 948	4 284	1 037	0	0	0
Net profit	-36 564	-43 040	-66 217	-54 076	-39 405	-246 770	-300 539	-352 765
Earnings per share (SEK)	-0.89	-0.67	-0.46	-0.15	-0.07	-0.37	-0.45	-0.53
Growth (%)								
Net revenues	na	na	na	na	na	na	na	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	neg	neg	neg	neg	neg	neg	neg	neg
Total OPEX	neg	neg	neg	neg	neg	neg	neg	neg
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 - Annual Data

kSEK	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Receivables in subsidiaries	3 476	3 081	0	0	0	0	0	0
Prepaid costs & accrued income	598	950	1 138	1 126	2 576	2 788	3 018	3 266
Inventories	0	706	319	398	611	661	716	775
Tax claims	0	0	0	4 347	3 707	0	0	0
Other short-term receivables	0	1 449	9 502	3 066	371	402	435	471
Accounts receivables	0	0	0	97	907	0	0	0
Cash and cash equivalents	33 601	9 941	8 343	7 809	7 565	57 878	157 652	305 176
Total current assets	37 675	16 127	19 302	16 843	15 736	61 729	161 820	309 688
Shares in subsidiaries	839	839	0	0	0	0	0	0
Tangible assets	8 877	7 012	4 576	1 358	883	719	586	477
Intangible assets	1 050	746	640	194	0	0	0	0
Financial assets	71	18	0	0	0	0	0	0
Total fixed assets	10 837	8 615	5 216	1 552	883	719	586	477
Total assets	48 514	24 742	24 518	18 395	16 620	62 449	162 407	310 166
Accounts payable	2 712	3 899	8 846	7 483	5 424	5 872	6 356	6 879
Short term tax liabilities	233	135	399	84	0	0	0	0
Short term debt	10 900	0	0	0	0	0	0	0
Other short term liabilities	2 746	13 019	4 332	4 214	16 055	8 055	8 055	8 055
Accrued cost & prepaid income	4 316	3 742	5 163	2 234	3 344	3 495	3 509	3 508
Total current liabilities	20 907	20 795	18 740	14 015	24 823	17 422	17 919	18 442
Long term liabilities	0	0	0	0	0	0	0	0
Total equity	27 607	3 947	5 777	4 380	-8 203	45 027	144 488	291 723
Total equity and liabilities	48 514	24 742	24 518	18 395	16 620	62 449	162 407	310 166

Source: Västra Hamnen Corporate Finance

Cash flow statement

kSEK	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Operating activities	-32 995	-40 669	-67 877	-47 653	-35 627	-246 606	-300 406	-352 656
Changes in working capital	11 666	-2 223	-5 229	-5 464	7 538	-3 080	180	180
Investing activities	-329	-1 202	224	-104	0	0	0	0
Financing activities	54 848	20 434	70 359	51 790	28 591	300 000	400 000	500 000
Cash flow for the period	33 188	-23 660	-2 524	-1 430	503	50 314	99 774	147 524
Beginning cash balance	412	33 601	11 138	8 343	7 809	8 312	58 625	158 399
Ending cash balance	33 601	11 138	8 343	7 809	8 312	58 625	158 399	305 923

Source: Västra Hamnen Corporate Finance

Income Statement - Quarterly Data

kSEK	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024e	Q1 2025e
Net revenues	0	0	78	299	4	2 822	0	0
Other revenues	0	0	0	0	0	0	0	0
Total revenues	0	0	78	299	4	2 822	0	0
Cost of goods sold	0	0	0	0	0	0	0	0
Research and development cost	-14 074	-9 641	-10 137	-8 350	-7 891	-7 563	-7 935	-28 375
Sales expenses	-1 275	-1 333	-1 200	-845	-812	-870	-870	-870
Personnel expenses	-2 469	-1 671	-1 633	-1 906	-1 686	-1 769	-1 769	-1 769
Other operating income	268	367	705	11	-11	0	0	0
Other operating expenses	0	-24	8	-12	4	8	0	0
EBITDA	-17 550	-12 302	-12 179	-10 803	-10 392	-7 372	-10 574	-31 014
Amortisation & depreciation	0	0	0	0	0	0	-46	-44
EBIT	-17 550	-12 302	-12 179	-10 803	-10 392	-7 372	-10 620	-31 058
Financials, net	-851	349	4	-570	-7	-678	0	0
EBT	-18 401	-11 953	-12 175	-11 373	-10 399	-8 050	-10 620	-31 058
Taxes	0	3 811	473	375	409	253	0	0
Net profit	-18 401	-8 142	-11 702	-10 998	-9 990	-7 797	-10 620	-31 058
Earnings per share (SEK)	-0.06	-0.01	-0.02	-0.02	-0.02	-0.01	-0.02	-0.05
Y-o-Y Growth (%)								
Net revenues	na	na	na	na	na	na	-100.0%	-100.0%
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	neg	neg	neg	neg	neg	neg	neg	neg
Total OPEX	neg	neg	neg	neg	neg	neg	neg	neg
Profitability (%)								
ROE	neg	neg	neg	neg	neg	neg	neg	neg
ROIC	47.5%	296.2%	282.0%	47.4%	44.4%	21.7%	53.5%	118.9%

Source: Västra Hamnen Corporate Finance

Balance Sheet - Quarterly Data

kSEK	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024e	Q1 2025e
Receivables in subsidiaries	0	0	0	0	0	0	0	0
Prepaid costs & accrued income	1 198	865	1 126	2 844	2 641	2 525	2 576	2 627
Inventories	301	419	398	553	553	599	611	623
Tax claims	0	3 625	4 347	5 468	4 427	1 226	3 707	0
Other short-term receivables	8 448	1 612	3 066	1 469	1 739	364	371	379
Accounts receivables	0	0	97	0	0	907	907	0
Cash and cash equivalents	697	11 703	7 809	10 409	445	1 338	7 565	281 479
Total current assets	10 644	18 224	16 843	20 743	9 805	6 959	15 736	285 108
Shares in subsidiaries	0	0	0	0	0	0	0	0
Tangible assets	2 929	2 192	1 358	1 215	1 072	929	883	838
Financial assets	0	0	0	0	0	0	0	0
Intangible assets	417	306	194	125	56	0	0	0
Total fixed assets	3 346	2 498	1 552	1 340	1 128	929	883	838
Total assets	13 990	20 722	18 395	22 084	10 933	7 889	16 620	285 948
Accounts payable	8 400	4 988	7 483	5 271	4 828	5 318	5 424	5 533
Short term tax liabilities	212	0	84	0	0	0	0	0
Short term debt	0	0	0	0	0	0	0	0
Other short term liabilities	31 967	5 531	4 214	20 745	20 052	25 055	16 055	16 055
Accrued cost & prepaid income	2 028	1 798	2 234	3 770	4 182	3 188	3 344	3 621
Total current liabilities	42 607	12 317	14 015	29 786	29 062	33 561	24 823	25 209
Long term liabilities	0	0	0	0	0	0	0	0
Total equity	-28 617	8 405	4 380	-7 702	-18 129	-25 672	-8 203	260 739
Total equity and liabilities	13 990	20 722	18 395	22 084	10 933	7 889	16 620	285 948

Source: Västra Hamnen Corporate Finance

Cash flow statement

kSEK	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024e	Q1 2025e
Operating activities	-17 468	-4 397	-11 460	-11 161	-10 186	-3 706	-10 574	-31 014
Changes in working capital	15 411	-29 650	-112	14 471	-254	4 610	-11 289	4 929
Investing activities	0	-104	0	0	0	0	0	0
Financing activities	0	45 216	6 574	0	502	0	28 089	300 000
Cash flow for the period	-2 057	11 065	-4 998	3 310	-9 938	904	6 227	273 915
Beginning cash balance	2 415	697	11 703	7 809	10 409	445	1 338	7 565
Ending cash balance	697	11 703	7 809	10 409	445	1 338	7 565	281 479

Source: Västra Hamnen Corporate Finance

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