

Update: Q2 report 2024

2024-09-03

## Xintela: Activities below the surface

- An interim analysis is expected in Q1 2025 from the OA study
- Agreement with Region Östergötland regarding GMP production
- We keep our fair value of SEK 1.30 per share

Analysts	<b>Martin Dominique</b> 073-3607085 martin.dominique@vhcorp.se
	<b>Tobias Karlsson</b> 076-8337098 tobias.karlsson@vhcorp.se
Stock ticker:	XINT
Industry:	Biotech
Listed on:	Nasdaq First North
Latest share price (SEK):	0,58
Market cap (MSEK):	329,9
Enterprise Value (MSEK):	329,4
Total number of shares (M):	568,8
- of which free float (M):	200,3
<b>VHCF fair value per share</b>	
DCF model	SEK 1.30
<b>Xintela</b>	
Address:	Scheeletorget 1 223 81 Lund
Webpage:	xintela.com
CEO:	Evy Lundgren-Åkerlund
<b>Main owners (31 Mar 2024)</b>	<b>Capital (%)</b>
Flerie Invest AB	55,7
Avanza Pension	5,1
AB Svedala Finans	1,5
Per Åke Oldentoft	1,3
Evy Lundgren-Åkerlund	1,2
<b>Share price history (SEK)</b>	
0,70	
0,60	
0,50	
0,40	
0,30	
0,20	
0,10	
0,00	
Aug Oct Dec Feb Apr Jun	
-1m -3m -12m	
Xintela	OMXSPI
Change (%)	96,7 119,3 119,3
52 w k range (Low /Hi) - SEK	0.223 / 0.58
<i>Source: Västra Hamnen Corporate Finance</i>	

Recently, **Xintela** announced an extension of the knee osteoarthritis (OA) study in Australia by six months. To be more comparable to other clinical studies, patients on the highest dose level will now, in addition to the 18 months, also be followed up at 24 months.

The company expects an interim analysis of data up to 18-month to be released in Q1 2025. The interim analysis has been added in order not to delay the planned analysis of primary and secondary study endpoints.

Xintela is currently working with two Swedish clinics in the phase I/II study in difficult-to-heal venous leg ulcers (VLU) with *XSTEM*. Three patients have completed the study, none of the participants have shown any safety concerns. We previously expected the study to be completed in 2024, but we now push the completion forward by one quarter.

**Region Östergötland** has assigned Xintela to develop and set up a GMP process for autologous skin cells for burns. This will broaden the use of Xintela's GMP facility in Lund. The agreement is worth MSEK 3.6 and could potentially lead to further income in the future.

The non-binding term sheet with **EQGen Biomedical** regarding *EQSTEM* for horses has not yet materialised into a finalised license agreement. However, preparations are ongoing, as EQGen is securing financing and setting up a team for the development work.

Xintela's financial position is exposed as the cash holdings amounted to only TSEK 445 by the end of Q2. The agreement with Region Östergötland and the prospective license agreement with EQGen will be vital contributions for Xintela. The warrant TO3, with subscription starting in late November, could potentially also contribute with proceeds.

**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
<b>Sum</b>	<b>1.30</b>

*Source: Västra Hamnen Corporate Finance*

## OA study in Australia extended

### Extension of the highest dose level in the OA study

Xintela has extended its OA study in Australia by six months, now tracking patients on the highest dose level also for 24 months to better align with other clinical trials. The company expects to release interim results from the 18-month follow-up in Q1 2025.

The study evaluates three dose levels with XSTEM: the two lower doses will conclude after 18 months, while the highest dose will continue to follow patients for another 6 months to gather additional efficacy data.

All doses have demonstrated safety after 3 month and patients have reported reduced pain and improved joint function after 12 months.

Xintela is actively seeking partners to advance the project to the next phase.

## Awaiting EQGen Biomedical

### EQSTEM preparations are in progress

The non-binding term sheet with EQGen Biomedical is still to be materialised into an actual license agreement. The deal is conditional upon EQGen finding financing including upfront fees and development costs to Xintela. EQGen is in the process of setting up a team for the clinical development as it is pursuing activities to fund the deal.

## VLU recruitment has resumed after summer

### Recruitment efforts continues in the VLU study

In the VLU study Xintela currently collaborates with clinics in Gothenburg and Stockholm to recruit the remaining patients. Three patients have completed the study, none of them showed any safety issues. After summer break, the recruitment has resumed but remains challenging due to a difficult-to-recruit patient population. In total, twelve patients will be included in the study. We expected the company to complete the study in 2024. Now, we push the timeline by three months. This does not affect the valuation of the project.

Xintela has been approached to conduct an investigator-initiated study with XSTEM for a wider patient group within wound care. The company is evaluating the opportunity, according to CEO **Evy Lundgren-Åkerlund** in the report.

## ATMP assignment for the GMP facility

### Agreement with Region Östergötland

Xintela has been assigned by Region Östergötland to develop and establish a GMP<sup>1</sup> process for isolating autologous skin cells for burn treatment. **The Burn centre at Linköping University Hospital** aims to initiate a clinical study on burn patients using skin cell preparations from patient biopsies, prepared in Xintela's GMP facility. Region Östergötland is Xintela's first major customer, broadening the use for its GMP facility and competence of manufacturing advanced therapy medicinal products (ATMPs). The contract is worth MSEK 3.6.

## Low activity in Targinta, high potential

### Expanding and strengthening Targinta's patent portfolio

The company continues to seek funding and partnerships for its subsidiary, Targinta and its development of its drug candidates *TARG 9*, an antibody-drug conjugate (ADC) and *TARG 10*, a function-blocking antibody. The drug candidates are targeted towards aggressive cancer forms such as triple negative breast cancer (TNBC) and glioblastoma (GBM). Learn more in our [initiation report](#) of Xintela. During the quarter, the company has enhanced its patent protection in key markets.

The financial situation has limited the pace in development in Targinta. We have pushed the start of the phase 0 study by six months. The delay does not prompt us to re-evaluate the potential of the projects. The drug candidates are to be approved by Q2 2031 according to our model.

The interest for first-in-class cancer treatments is still high within the industry, particularly for ADC assets. During the first half of 2024, several deals and alliances were announced in the field, many in early development phases.<sup>2</sup> It is Targinta's ambition to find a partner for the next step.

<sup>1</sup> GMP – good manufacturing practice – a quality standard for the production of medicinal products

<sup>2</sup> BioSpace – "5 major ADC deals..." <https://www.biospace.com/deals/5-major-adc-deals-this-year-highlight-investment-uptick>

### Xintela secures MSEK 3.6 contract amid cash shortage

Xintela is in a challenging financial position, with cash holdings of just TSEK 445 by the end of the quarter. The company's ambition is to finance its development through partnerships and licensing.

Discussions with potential partners are ongoing regarding both XSTEM and the Targinta projects. Before reaching agreements and relevant development milestones, the company is dependent on share issues, loans, and grants for its funding.

Crucial for its near-term situation are the agreements with Region Östergötland and the prospective licensing deal with EQGen.

### Xintela's share price has caught interest during August

Lately, the Xintela's share has caught interest on the stock market. The share price has doubled during August, pushing the warrant TO3 in the money. From November 25 to December 5, holders of TO3 will be able to subscribe for new shares at SEK 0.30 per share. There are a little over 136 million of TO3 outstanding, which potentially could add substantial resources to Xintela's reserves. Whether Xintela's share will trade above the strike price in November remains to be seen.

In summary, we find Xintela's financial position exposed as we are awaiting details around the agreement with Region Östergötland and the license deal with EQGen. We have pushed some development activities forward in the leading projects. However, the adjustments have not affected the risk-adjusted net present value of the projects.

### We keep our fair value of SEK 1.30 per share

Therefore, we keep the fair value at SEK 1.30 per share.

### Upcoming triggers

- Finalising the license agreement with EQGen Biomedical
- Progress on the agreement with Region Östergötland
- Interim analysis of the knee osteoarthritis study
- Completion of the VLU study
- News on partnering discussions

Income Statement - Annual Data								
kSEK	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Net revenues	0	0	0	78	303	0	0	0
Other revenues	14 947	0	0	0	0	0	0	0
<b>Total revenues</b>	<b>14 947</b>	<b>0</b>	<b>0</b>	<b>78</b>	<b>303</b>	<b>0</b>	<b>0</b>	<b>0</b>
Cost of goods sold	0	0	0	0	0	0	0	0
Research and development cost	-38 170	-44 120	-55 792	-46 239	-32 367	-246 050	-225 500	-327 450
Sales expenses	-3 757	-4 095	-5 384	-4 871	-3 318	-3 474	-3 742	-4 131
Personnel expenses	-6 917	-6 774	-11 261	-7 919	-7 027	-7 132	-7 496	-7 878
Other operating income	0	11 433	3 375	1 729	0	0	0	0
Other operating expenses	0	0	0	-15	-8	0	0	0
<b>EBITDA</b>	<b>-33 897</b>	<b>-43 556</b>	<b>-69 062</b>	<b>-57 237</b>	<b>-42 417</b>	<b>-256 656</b>	<b>-236 738</b>	<b>-339 458</b>
Amortisation & depreciation	0	0	0	0	-106	-182	-149	-121
<b>EBIT</b>	<b>-33 897</b>	<b>-43 556</b>	<b>-69 062</b>	<b>-57 237</b>	<b>-42 523</b>	<b>-256 838</b>	<b>-236 887</b>	<b>-339 580</b>
Financials, net	-2 667	-538	-4 103	-1 123	-577	0	0	0
<b>EBT</b>	<b>-36 564</b>	<b>-44 094</b>	<b>-73 165</b>	<b>-58 360</b>	<b>-43 100</b>	<b>-256 838</b>	<b>-236 887</b>	<b>-339 580</b>
Taxes	0	1 054	6 948	4 284	784	0	0	0
<b>Net profit</b>	<b>-36 564</b>	<b>-43 040</b>	<b>-66 217</b>	<b>-54 076</b>	<b>-42 316</b>	<b>-256 838</b>	<b>-236 887</b>	<b>-339 580</b>
<b>Earnings per share (SEK)</b>	<b>-0,89</b>	<b>-0,67</b>	<b>-0,46</b>	<b>-0,15</b>	<b>-0,08</b>	<b>-0,47</b>	<b>-0,43</b>	<b>-0,62</b>
<b>Growth (%)</b>								
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
<b>% of revenues (%)</b>								
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
<b>Profitability (%)</b>								
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	2 748	2 974	3 219	3 485
Inventories	0	706	319	398	575	623	674	730
Tax claims	0	0	0	4 347	0	0	0	0
Other short-term receivables	0	1 449	9 502	3 163	1 809	1 958	2 120	2 295
Cash and cash equivalents	33 601	9 941	8 343	7 809	166 259	209 725	472 984	133 513
<b>Total current assets</b>	<b>37 675</b>	<b>16 127</b>	<b>19 302</b>	<b>16 843</b>	<b>171 391</b>	<b>215 280</b>	<b>478 997</b>	<b>140 022</b>
Shares in subsidiaries	839	839	0	0	0	0	0	0
Tangible assets	8 877	7 012	4 576	1 358	967	788	642	523
Intangible assets	1 050	746	640	194	55	52	49	47
Financial assets	71	18	0	0	0	0	0	0
<b>Total fixed assets</b>	<b>10 837</b>	<b>8 615</b>	<b>5 216</b>	<b>1 552</b>	<b>1 022</b>	<b>840</b>	<b>691</b>	<b>570</b>
<b>Total assets</b>	<b>48 514</b>	<b>24 742</b>	<b>24 518</b>	<b>18 395</b>	<b>172 413</b>	<b>216 120</b>	<b>479 688</b>	<b>140 592</b>
Accounts payable	2 712	3 899	8 846	7 483	5 023	5 437	5 885	6 370
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	3 552	3 552	3 552	3 552
Accrued cost & prepaid income	4 316	3 742	5 163	2 234	3 296	3 426	3 433	3 431
<b>Total current liabilities</b>	<b>20 907</b>	<b>20 795</b>	<b>18 740</b>	<b>14 015</b>	<b>11 871</b>	<b>12 415</b>	<b>12 871</b>	<b>13 354</b>
Long term liabilities	0	0	0	0	0	0	0	0
<b>Total equity</b>	<b>27 607</b>	<b>3 947</b>	<b>5 777</b>	<b>4 380</b>	<b>160 543</b>	<b>203 705</b>	<b>466 818</b>	<b>127 238</b>
<b>Total equity and liabilities</b>	<b>48 514</b>	<b>24 742</b>	<b>24 517</b>	<b>18 395</b>	<b>172 413</b>	<b>216 120</b>	<b>479 688</b>	<b>140 592</b>

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	-42 569	-256 656	-236 738	-339 458
Changes in working capital	11 666	-2 223	-5 229	-5 464	1 253	122	-3	-12
Investing activities	-329	-1 202	224	-104	0	0	0	0
Financing activities	54 848	20 434	70 359	51 790	200 502	300 000	500 000	0
<b>Cash flow for the period</b>	<b>33 188</b>	<b>-23 660</b>	<b>-2 524</b>	<b>-1 430</b>	<b>159 186</b>	<b>43 466</b>	<b>263 259</b>	<b>-339 471</b>
Beginning cash balance	412	33 601	11 138	8 343	7 809	166 995	210 461	473 720
<b>Ending cash balance</b>	<b>33 601</b>	<b>11 138</b>	<b>8 343</b>	<b>7 809</b>	<b>166 995</b>	<b>210 461</b>	<b>473 720</b>	<b>134 249</b>

Source: Västra Hamnen Corporate Finance

Income Statement - Quarterly Data								
kSEK	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024e	Q4 2024e	Q1 2025e
Net revenues	0	0	78	299	4	0	0	0
Other revenues	0	0	0	0	0	0	0	0
<b>Total revenues</b>	<b>0</b>	<b>0</b>	<b>78</b>	<b>299</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>
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	-8 121	-8 006	-70 050
Sales expenses	-1 275	-1 333	-1 200	-845	-812	-824	-837	-849
Personnel expenses	-2 469	-1 671	-1 633	-1 906	-1 686	-1 707	-1 728	-1 750
Other operating income	268	367	705	11	-11	0	0	0
Other operating expenses	0	-24	8	-12	4	0	0	0
<b>EBITDA</b>	<b>-17 550</b>	<b>-12 302</b>	<b>-12 179</b>	<b>-10 803</b>	<b>-10 392</b>	<b>-10 652</b>	<b>-10 571</b>	<b>-72 649</b>
Amortisation & depreciation	0	0	0	0	0	-54	-52	-49
<b>EBIT</b>	<b>-17 550</b>	<b>-12 302</b>	<b>-12 179</b>	<b>-10 803</b>	<b>-10 392</b>	<b>-10 706</b>	<b>-10 622</b>	<b>-72 698</b>
Financials, net	-851	349	4	-570	-7	0	0	0
<b>EBT</b>	<b>-18 401</b>	<b>-11 953</b>	<b>-12 175</b>	<b>-11 373</b>	<b>-10 399</b>	<b>-10 706</b>	<b>-10 622</b>	<b>-72 698</b>
Taxes	0	3 811	473	375	409	0	0	0
<b>Net profit</b>	<b>-18 401</b>	<b>-8 142</b>	<b>-11 702</b>	<b>-10 998</b>	<b>-9 990</b>	<b>-10 706</b>	<b>-10 622</b>	<b>-72 698</b>
<b>Earnings per share (SEK)</b>	<b>-0,06</b>	<b>-0,01</b>	<b>-0,02</b>	<b>-0,02</b>	<b>-0,02</b>	<b>-0,02</b>	<b>-0,02</b>	<b>-0,13</b>
<b>Y-o-Y Growth (%)</b>								
Net revenues	na	na	na	na	na	na	-100,0%	-100,0%
EBITDA	na							
EBIT	na							
Net profit	na							
<b>% of revenues (%)</b>								
EBITDA margin	neg							
EBIT margin	neg							
EBT margin	neg							
Profit margin	neg							
Personnel costs	neg							
Total OPEX	neg							
<b>Profitability (%)</b>								
ROE	neg							
ROIC	47,5%	296,2%	282,0%	47,4%	44,4%	38,9%	0,0%	0,0%

Source: Västra Hamnen Corporate Finance

## Balance Sheet - Quarterly Data

kSEK	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024e	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	2 694	2 748	2 803
Inventories	301	419	398	553	553	564	575	587
Tax claims	0	3 625	4 347	5 468	4 427	0	0	0
Other short-term receivables	8 448	1 612	3 163	1 469	1 739	1 774	1 809	1 845
Cash and cash equivalents	697	11 703	7 809	10 409	445	193 032	166 259	93 873
<b>Total current assets</b>	<b>10 644</b>	<b>18 224</b>	<b>16 843</b>	<b>20 743</b>	<b>9 805</b>	<b>198 064</b>	<b>171 391</b>	<b>99 108</b>
Shares in subsidiaries	0	0	0	0	0	0	0	0
Tangible assets	2 929	2 192	1 358	1 215	1 072	1 018	967	919
Financial assets	0	0	0	0	0	0	0	0
Intangible assets	417	306	194	125	56	55	55	54
<b>Total fixed assets</b>	<b>3 346</b>	<b>2 498</b>	<b>1 552</b>	<b>1 340</b>	<b>1 128</b>	<b>1 074</b>	<b>1 022</b>	<b>973</b>
<b>Total assets</b>	<b>13 990</b>	<b>20 722</b>	<b>18 395</b>	<b>22 083</b>	<b>10 933</b>	<b>199 138</b>	<b>172 413</b>	<b>100 081</b>
Accounts payable	8 400	4 988	7 483	5 271	4 828	4 925	5 023	5 124
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	20 052	3 552	3 552
Accrued cost & prepaid income	2 028	1 798	2 234	3 770	4 182	2 996	3 296	3 561
<b>Total current liabilities</b>	<b>42 607</b>	<b>12 317</b>	<b>14 015</b>	<b>29 786</b>	<b>29 062</b>	<b>27 973</b>	<b>11 871</b>	<b>12 236</b>
Long term liabilities	0	0	0	0	0	0	0	0
<b>Total equity</b>	<b>-28 617</b>	<b>8 405</b>	<b>4 380</b>	<b>-7 702</b>	<b>-18 129</b>	<b>171 165</b>	<b>160 543</b>	<b>87 844</b>
<b>Total equity and liabilities</b>	<b>13 990</b>	<b>20 722</b>	<b>18 395</b>	<b>22 084</b>	<b>10 933</b>	<b>199 138</b>	<b>172 413</b>	<b>100 081</b>

Source: Västra Hamnen Corporate Finance

## Cash flow statement

kSEK	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024e	Q4 2024e	Q1 2025e
Operating activities	-17 468	-4 397	-11 460	-11 161	-10 186	-10 652	-10 571	-72 649
Changes in working capital	15 411	-29 650	-112	14 471	-254	3 239	-16 203	263
Investing activities	0	-104	0	0	0	0	0	0
Financing activities	0	45 216	6 574	0	502	200 000	0	0
<b>Cash flow for the period</b>	<b>-2 057</b>	<b>11 065</b>	<b>-4 998</b>	<b>3 310</b>	<b>-9 938</b>	<b>192 587</b>	<b>-26 773</b>	<b>-72 386</b>
Beginning cash balance	2 415	697	11 703	7 809	10 409	445	193 032	166 259
<b>Ending cash balance</b>	<b>697</b>	<b>11 703</b>	<b>7 809</b>	<b>10 409</b>	<b>445</b>	<b>193 032</b>	<b>166 259</b>	<b>93 873</b>

Source: Västra Hamnen Corporate Finance

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**Västra Hamnen Corporate Finance AB**

Jungmansgatan 12

211 11 Malmö

Telefon: +46 40 200 250

E-post: [info@vhcorp.se](mailto:info@vhcorp.se)

[www.vhcorp.se](http://www.vhcorp.se)



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