

Update: Report Q1 2024

2024-05-21

Bioextrax: Going from research to development

- Increased focus on business development
- An oversubscribed rights issue added MSEK 9
- Our model implies a fair valuation of SEK 7.60 per share

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Stock ticker:	BIOEX		
Industry:	Biotech		
Listed on:	Nasdaq First North		
Latest share price (SEK):	2,58		
Market cap (MSEK):	75,3		
Enterprise Value (MSEK):	67,6		
Total number of shares (M):	29,23		
- of which free float (M):	17,13		
VHCF fair value per share			
DCF model	SEK 7.60		
Main owners (16 Feb 2024)	Capital (%)		
Nordnet Pensionsförsäkring	7,7		
Avanza Pension	6,7		
Ibrahim, Mohammad	6,7		
Rajni Hatti Kaul	6,0		
Henrik Nilsson	3,0		
Share price history (SEK)			
9,00			
8,00			
7,00			
6,00			
5,00			
4,00			
3,00			
2,00			
1,00			
0,00			
maj jul sep nov jan mar			
— Bioextrax	— OMXSPI		
-1m	-3m	-12m	
Change (%)	15,0	-2,3	-64,5
52 wk range (Low/Hi) - SEK	1,75 / 7,40		
Source: Västra Hamnen Corporate Finance			

In 2024, **Bioextrax** will show its ability to convert promising projects into commercial deals. In the [webcast](#) in connection with the Q1 report, CEO **Edvard Hall** updated about the main projects, including the candy producer, the cosmetics company, and the waste management company. If all tests progress as planned, these deals could potentially make the company cash flow positive instantly.

Predicting timelines remains a challenge. With the scale-up facility installed, we expect the company to deliver samples and run pilot projects more extensively and promptly than before.

In April, Bioextrax completed a rights issue, raising MSEK 9. According to the CEO, the proceeds from the [rights issue](#), existing cash reserves, and lower costs in 2024 will provide the company with a financial runway for at least 12 months.

The long-term outlook in our model remains intact, we make only slight adjustments to our short-term revenue expectations. We estimate the company will generate 2.5 MSEK in revenue during 2024.

Bioextrax will also reduce its general cost base, including improvements in other external costs and operating expenses.

These near-term changes are crucial for the company's ability to secure its funding but have less impact on our valuation, since most of the revenue and profit are projected further ahead. Consequently, our model still suggests a fair value of SEK 7.60 per share.

Table 1: Financial Overview

MSEK	2022	2023	2024e	2025e	2026e
Total revenues	2,2	3,0	2,5	8,1	24,1
Growth (%)	115,4%	34,9%	-17,8%	228,7%	196,1%
EBITDA	-18,3	-20,7	-18,3	-17,9	-10,6
EBITDA margin (%)	neg	neg	neg	neg	neg
EBT	-18,7	-21,5	-19,6	-19,1	-11,9
Cash holdings	27,5	13,4	4,0	17,3	1,5
Total assets	37,9	22,5	12,1	25,7	15,4
Total equity	31,8	20,5	9,9	23,3	11,4
Solidity (%)	83,8%	91,2%	82,2%	90,7%	74,2%
P/E	neg	neg	neg	neg	neg
ROE	neg	neg	neg	neg	neg
EV/EBIT (x)	neg	neg	neg	neg	neg
EV/Sales (x)	35,7	26,4	32,2	9,8	3,3

Source: Västra Hamnen Corporate Finance

Bioextrax has started the transition from being an organisation based on research and development to a company focusing on business development. Now, the primary goal is to realise the commercial potential of its technology. During the webcast in connection with the report, CEO Edvard Hall expressed confidence in the company's technical capabilities. He reaffirmed that Bioextrax has fully developed, well-functioning processes across all business areas.

The company can now operate with a lower cost base, less dependent on external expertise. Bioextrax will concentrate on delivering materials and conducting demonstrations.

The rights issue added MSEK 9

12-month financial runway

In April, Bioextrax carried out an oversubscribed rights issue which added MSEK 9 to the company. According to the CEO, the funding will provide a financial runway for about a year until the numerous projects will contribute to the company's cash flow.

To reach its goal, Edvard Hall emphasised the importance of maintaining numerous parallel processes, given the protracted nature of many negotiations.

One of these initiatives was the participation in a convention for cosmetic ingredients in Paris. Bioextrax attracted a lot of interest, reflecting the high demand for biodegradable applications in cosmetics.

Project updates

Outlining the differences in the two types of PHA

During the webcast, Hall discussed the difference between Bioextrax market segments. For PHBV, the market already includes well-established large-scale producers and defined application areas for durable, hard plastic-like materials. In contrast, the market for PHO lacks an established market and is not available at a large commercial scale. PHO is the type involved in the candy producer and cosmetic firm deal, to name a few.

Within PHBV, the partnership with **Chematur Engineering** will play an important part. Bioextrax is negotiating a full licensing deal with the Karlskoga-based company, building on the memorandum of understanding the parties signed earlier this year.

For PHO, Bioextrax aims to create a new market rather than compete in an existing one. This approach presents significant potential but also comes with inherent risks. Bioextrax has formed partnerships with contract manufacturers that have successfully achieved the required purification levels. The "polished PHO", compared to the cruder version, is involved in the projects with the candy producer and the cosmetics company. It is a high-cost material, enabling a market with a high price point. These activities provide Bioextrax with a first-mover advantage, potentially allowing for deals that could instantly make the company cash flow positive.

Phase 3 still on-going with the cosmetics firm

The project with the cosmetics company is currently in phase 3, yet to decide the method to be implemented. This process is lengthy, and no specific timeline has been given.

Customer has started testing on a larger scale

Regarding the project with protein hydrolysate from feathers, the waste management company reported that their customer has commenced larger-scale testing of the material. The materials produced in Bioextrax facilities, in collaboration with the waste management company, had successful testing on the dried products, but additional

materials were needed for customer delivery. Bioextrax is now looking forward to receiving feedback from this.

Positive results in “polished” PHO biodegradability.

Bioextrax is currently negotiating a deal with the chemicals producer and is hoping to secure a long-term agreement. Edvard Hall reported many positive technical advancements over the past five months, primarily in analysing the material's biodegradability. Achieving a specific level of biodegradability is crucial for this project which has now been confirmed from recent testing.

Materials successfully delivered for phase 1

Recently the candy producer took delivery of materials for phase 1. During webcast, Hall was asked what could be done on their part to expedite securing a fully formed commercial deal. He responded that they can only ensure the prompt delivery of materials. Currently, the material is with the candy producer, who is conducting analyses. If the results are positive, Bioextrax and its contract manufacturer can easily supply additional materials to the customer. The advantage of this project is that Bioextrax is already being paid to produce the materials, and the candy producer is a buyer of PHO, not a licensee. Thus, there is already a semi-commercial deal in place.

Regarding the collaboration with **Konkan Specialty Polypproducts**, there were no updates neither in the report, nor the webcast. The agreement enables Konkan to produce up to 100 tons of PHA and pay Bioextrax a monthly licensing fee of 15,000 USD.

Finally, it was also noted that about half of Bioextrax's active projects are not shown in the project table, as they are in too early a phase to conclude any specifics.

A project that was removed from the list was the project with the technology company. The reason was the long-term nature of the agreement and the lack of expected near-term revenue. Bioextrax has been successful in the extraction from the technology company's material and an upscale has been made together with the company.

Another project discussed was the microfiber project, with tests currently being conducted on several applications. Tests are underway on a foam application for vertical farming, where the foam can be used as an alternative to soil for growing. Results from this application are expected soon, and if successful, further orders could follow.

Lower sales, lower costs

Financial update after Q1

Turning to the financials, table 2 highlights the differences between the actual reported numbers and our estimates. Most of the reported figures aligned closely with our expectations. Bioextrax has successfully secured the funds needed to achieve positive

cash flow by next year, making it imperative to secure a full out-licensing deal before this time next year.

We note that other operating expenses are significantly lower than our expectation. Bioextrax has started to focus on commercialisation, substantially reducing consultant costs by eliminating external expertise.

Net revenues for the first quarter came in below our estimate. The deviation is explained by a delay compared to our estimates in delivering evaluation samples. Instead, we expect these revenues to come in during the remainder of 2024.

As mentioned above, costs came in below our estimates, with other operating expenses significantly lower than our forecast. The lower costs in part explain why the bottom line was above our expectation despite the lack of net revenues.

Table 2: Estimates vs actual, Q1 2024

kSEK	Q1 '23	Q1 '24e	Q1'24 act	Diff
Net Revenues	429	365	0	-365
Other Revenues	628	0	203	203
Total Revenues	1 057	365	203	-162
Cost of Goods Sold	-146	-183	-377	-195
Gross Profit	911	183	-174	-357
Personnel Expenses	-2 618	-3 000	-2 996	4
Other Operating Expenses	-2 380	-2 368	-1 413	955
Total OPEX	-4 998	-5 368	-4 409	959
EBITDA	-4 087	-5 186	-4 583	603
Amortisation and Depreciation	-135	-194	-307	-113
EBIT	-4 222	-5 380	-4 890	490
Net Financial Items	0	0	18	18
EBT	-4 222	-5 380	-4 872	508
Net Profit	-4 222	-5 380	-4 872	508
Cash and Equivalents	20 147	6 401	7 672	1 271
Total Equity	27 772	15 156	15 664	508

Source: Västra Hamnen Corporate Finance

We maintain our fair value of SEK 7.60 per share

In summary, the Q1 figures and reporting of led to minor model adjustments, and we maintain our fair value of SEK 7.60 per share.

Looking ahead, we forecast sales related to Konkan in Q2 tied to the recent announcement. In addition to Konkan, we think that the deal with the candy producer to be the most likely closest to achieving breakthrough based on current information.

Financial risk remains

The financial risk remains high, as Bioextrax's plan to reach a positive cash flow is contingent on securing commercial deals. Such agreements could render our modelled funding in 2025 unnecessary.

Further progress in any projects nearing breakthroughs would prompt us to adjust our assumptions. Most of Bioextrax's other projects are lengthy, and advancements in any of them would add substantial value and potentially make the company independent of external financing.

Income Statement - Annual Data								
kSEK	2021	2022	2023	2024e	2025e	2026e	2027e	2028e
Net revenues	276	394	2 057	2 270	8 129	24 072	66 905	144 894
Other revenues	760	1 837	953	203	0	0	0	0
Total revenues	1 036	2 232	3 010	2 473	8 129	24 072	66 905	144 894
Cost of goods sold	-1 033	-1 344	-1 338	-1 512	-2 949	-4 062	-5 324	-7 568
Personnel costs	-6 792	-10 028	-11 514	-12 271	-13 788	-16 197	-20 921	-26 601
Other external costs	-3 395	-9 230	-10 854	-6 826	-8 653	-13 273	-17 438	-22 544
Other operating expenses	-3	115	-43	-132	-673	-1 179	-1 534	-2 457
EBITDA	-10 188	-18 255	-20 739	-18 267	-17 933	-10 638	21 688	85 725
Amortisation & depreciation	-350	-476	-861	-1 370	-1 185	-1 255	-1 061	-1 803
EBIT	-10 537	-18 732	-21 600	-19 637	-19 119	-11 893	20 627	83 922
Financials, net	-3	-1	93	18	0	0	0	0
EBT	-10 541	-18 732	-21 507	-19 619	-19 119	-11 893	20 627	83 922
Taxes	0	0	0	0	0	0	0	0
Net profit	-10 541	-18 732	-21 507	-19 619	-19 119	-11 893	20 627	83 922
Earnings per share (SEK)	-1,78	-1,07	-0,79	-0,64	-0,41	-0,23	0,40	1,61
Growth (%)								
Net revenues	351,3%	115,4%	34,9%	-17,8%	228,7%	196,1%	177,9%	116,6%
EBITDA	na	na	na	na	na	na	na	295,3%
EBIT	na	na	na	na	na	na	na	306,9%
Net profit	na	na	na	na	na	na	na	306,9%
% of revenues (%)								
EBITDA margin	neg	neg	neg	neg	neg	neg	32,4%	59,2%
EBIT margin	neg	neg	neg	neg	neg	neg	30,8%	57,9%
EBT margin	neg	neg	neg	neg	neg	neg	30,8%	57,9%
Profit margin	neg	neg	neg	neg	neg	neg	30,8%	57,9%
Personnel costs	2463,0%	2542,1%	559,7%	540,6%	169,6%	67,3%	31,3%	18,4%
Total OPEX	3695,5%	4852,7%	1089,5%	847,1%	284,3%	127,3%	59,6%	35,6%
Profitability (%)								
ROE	neg	neg	neg	neg	neg	neg	64,4%	72,4%
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	348	1 016	2 778	7 425	13 601
Other short-term receivables	578	1 176	539	423	1 236	2 112	2 377	2 676
Prepaid costs & accrued income	1 744	1 656	818	871	935	986	1 035	1 085
Cash and cash equivalents	8 977	27 532	13 399	4 031	17 295	1 539	11 245	81 968
Total current assets	11 418	30 397	14 756	5 673	20 481	7 415	22 082	99 329
Tangible assets	1 223	7 487	7 759	6 389	5 204	7 949	14 888	23 085
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	6 389	5 204	7 949	14 888	23 085
Total assets	12 641	37 917	22 515	12 062	25 685	15 363	36 970	122 415
Accounts payable	2 222	3 558	1 333	1 391	1 016	2 083	2 599	3 400
Accrued cost & prepaid income	2 606	1 986	-22	232	406	556	693	907
Other short term liabilities	251	477	533	464	914	1 250	1 559	2 040
Short term tax liabilities	63	129	135	58	51	69	87	113
Total current liabilities	5 142	6 150	1 979	2 145	2 387	3 958	4 938	6 460
Long term liabilities	0							
Total equity	7 499	31 767	20 536	9 917	23 298	11 405	32 032	115 954
Total equity and liabilities	12 641	37 917	22 515	12 062	25 685	15 363	36 970	122 415

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	-18 249	-17 933	-10 638	21 688	85 725
Changes in working capital	1 706	584	-2 664	-119	-1 302	-1 118	-3 982	-5 002
Investing activities	-975	-6 774	-1 100	0	0	-4 000	-8 000	-10 000
Financing activities	16 377	42 935	10 277	9 000	32 500	0	0	0
Cash flow for the period	6 926	18 555	-14 133	-9 368	13 264	-15 756	9 706	70 723
Beginning cash balance	2 052	8 978	27 532	13 399	4 031	17 295	1 539	11 245
Ending cash balance	8 978	27 532	13 399	4 031	17 295	1 539	11 245	81 968

Source: Västra Hamnen Corporate Finance

Income Statement - Quarterly Data								
kSEK	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024e	Q3 2024e
Net revenues	32	429	543	275	810	0	574	639
Other revenues	795	628	276	0	49	203	0	0
Total revenues	827	1 057	819	275	859	203	574	639
Cost of goods sold	-558	-146	-422	-347	-423	-377	-287	-319
Personnel costs	-2 833	-2 618	-2 964	-2 976	-2 956	-2 996	-3 046	-3 091
Other external costs	-3 229	-2 439	-2 938	-2 142	-3 335	-1 572	-1 827	-1 700
Other operating expenses	131	59	147	-91	-158	159	-97	-96
EBITDA	-5 662	-4 087	-5 358	-5 281	-6 013	-4 583	-4 684	-4 568
Amortisation & depreciation	-131	-135	-185	-232	-309	-307	-373	-354
EBIT	-5 793	-4 222	-5 543	-5 503	-6 241	-4 872	-5 056	-4 922
Financials, net	0	0	2	10	81	18	0	0
EBT	-5 793	-4 222	-5 541	-5 503	-6 241	-4 872	-5 056	-4 922
Taxes	0	0	0	0	0	0	0	0
Net profit	-5 793	-4 222	-5 541	-5 503	-6 241	-4 872	-5 056	-4 922
Earnings per share (SEK)	-0,23	-0,17	-0,22	-0,19	-0,22	-0,17	-0,16	-0,16
Y-o-Y Growth (%)								
Net revenues	-82,6%	250,3%	352,5%	129,2%	2431,3%	-100,0%	5,6%	132,2%
EBITDA	na							
EBIT	na							
Net profit	na							
% of revenues (%)								
EBITDA margin	neg							
EBIT margin	neg							
EBT margin	neg							
Profit margin	neg							
Personnel costs	342,6%	247,7%	361,9%	1082,2%	344,1%	1475,9%	531,1%	484,2%
Total OPEX	717,2%	472,8%	702,7%	1894,2%	750,8%	2171,9%	866,7%	765,5%
Profitability (%)								
ROE	neg							
ROIC	neg							

Source: Västra Hamnen Corporate Finance

Balance Sheet - Quarterly Data								
kSEK	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024e	Q3 2024e
Inventories	0	0	0	0	0	0	0	0
Receivables	33	656	107	173	0	0	126	140
Other short-term receivables	1 176	739	808	506	539	531	229	255
Accrued cost & prepaid income	1 656	1 652	1 419	1 038	818	649	1 010	905
Cash and cash equivalents	27 532	20 147	14 546	18 525	13 399	7 672	12 231	8 024
Total current assets	30 397	23 194	16 880	20 242	14 756	8 852	13 597	9 324
Tangible assets	7 487	7 968	8 221	8 068	7 759	7 452	7 079	6 725
Financial assets	33	33	33	0	0	0	0	0
Intangible assets	0	0	0	0	0	0	0	0
Total fixed assets	7 520	8 001	8 254	8 068	7 759	7 452	7 079	6 725
Total assets	37 917	31 195	25 134	28 310	22 515	16 304	20 676	16 050
Accounts payable	3 558	1 291	1 227	958	1 333	225	628	875
Other short term liabilities	477	304	427	462	533	396	283	315
Short term tax liabilities	129	72	55	77	135	24	31	35
Accrued cost & prepaid income	1 986	1 756	1 193	37	-22	-5	126	140
Total current liabilities	6 150	3 423	2 902	1 534	1 979	640	1 068	1 364
Long term liabilities	0							
Total equity	31 767	27 772	22 232	26 776	20 536	15 664	19 608	14 685
Total equity and liabilities	37 917	31 195	25 134	28 310	22 515	16 304	20 676	16 050

Source: Västra Hamnen Corporate Finance

Cash flow statement								
kSEK	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024e	Q3 2024e
Operating activities	-5 662	-4 087	-5 356	-5 271	-5 932	-4 565	-4 684	-4 568
Changes in working capital	5 295	-2 909	192	-753	806	-1 162	243	361
Investing activities	-5 997	-616	-437	-47	0	0	0	0
Financing activities	22 313	227	0	10 050	0	0	9 000	0
Cash flow for the period	15 949	-7 385	-5 601	3 979	-5 126	-5 727	4 559	-4 207
Beginning cash balance	11 582	27 532	20 147	14 546	18 525	13 399	7 672	12 231
Ending cash balance	27 532	20 147	14 546	18 525	13 399	7 672	12 231	8 024

Source: Västra Hamnen Corporate Finance

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