

Update: Report Q2 2024

2024-08-22

Bioextrax: Entering promising partnerships

- Letter of intent with a leading chemical company
- License agreement with Chematur Engineering regarding PHBV
- 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): 3.90
Market cap (MSEK): 136.8
Enterprise Value (MSEK): 124.7
Total number of shares (M): 35.07
- of which free float (M): 20.14

VHCF fair value per share
DCF model SEK 7.60

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

Main owners (30 June 2024)

	Capital (%)
Nordnet Pensionsförsäkring	7.9
Avanza Pension	6.9
Rajni Hatti, Kaul	5.0
Mohammad Ibrahim	4.5
Henrik Nilsson	4.5

Share price history (SEK)



	-1m	-3m	-12m
Change (%)	15.4	50.3	28.5
52 w k range (Low /Hi) - SEK		1,75 / 4,28	

Source: Västra Hamnen Corporate Finance

In the Q2 report, **Bioextrax** updated about its project pipeline. In August, Bioextrax announced an agreement with a top chemical company regarding PHA within home and personal care products. Bioextrax will exclusively produce test volumes with the ambition to launch a product in 2026. Consequently, Bioextrax cancelled the agreement with the cosmetics company.

In June, Bioextrax and **Chematur Engineering AB** (CEAB) advanced the memorandum of understanding met in January to a commercial license agreement regarding PHBV. The partnership grants CEAB the exclusive global right to market the technology, design and set up production facilities. It is difficult to predict the timing, but the financial contribution from such deals could be substantial for Bioextrax.

Bioextrax will soon deliver the final test samples to **Konkan Speciality Polyproducts** (Konspec). The delivery will prompt the Indian company to decide within three months about the next phase in the agreement. Such an advancement would imply a monthly fee of USD 15,000 to Bioextrax.

Financially, Bioextrax reported net sales of TSEK 170 and an EBIT of MSEK -4.8. The company is funded for another six to seven months, as mentioned by CEO **Edvard Hall** during [the Q2 web conference](#). Hall also repeated that any of the prospective license deals would be sufficient to make the company cash flow positive.

Awaiting the outcome of the pilot projects, we keep our fair value of 7,60 SEK per share.

Table 1: Financial Overview

MSEK	2022	2023	2024e	2025e	2026e
Total revenues	2.2	3.0	1.7	8.1	24.0
Growth (%)	115.4%	34.9%	-43.2%	372.3%	196.6%
EBITDA	-18.3	-20.7	-17.9	-17.1	-9.5
EBITDA margin (%)	neg	neg	neg	neg	neg
EBT	-18.7	-21.5	-19.2	-18.3	-10.8
Cash holdings	27.5	13.4	3.9	18.2	3.5
Total assets	37.9	22.5	12.0	26.9	17.7
Total equity	31.8	20.5	10.3	24.5	13.7
Solidity (%)	83.8%	91.2%	85.6%	91.2%	77.7%
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	72.9	15.4	5.2

Source: Västra Hamnen Corporate Finance

Project updates

Below, we mention a few of the most significant updates regarding the project pipeline. For further information, we refer to Bioextrax Q2 report.

LOI with the chemical company

The company recently announced a letter of intent (LOI) with a leading chemical company. The agreement regards mcl-PHA within home and personal care products. This category includes cosmetics, sunscreen, hair care and cleaning products. The ambition is to launch products in 2026 based on Bioextrax PHA.

Bioextrax will start producing formulations and samples in 2024. We expect the first revenue from this collaboration in Q4 2024. A successful process will generate increasing revenue for every advancement.

Legislative changes boost Bioextrax

During the webcast, Hall reflected on the shift in regulation regarding non-degradable plastics. The EU is pushing for new legislation, and the issue is also on the agenda in the US. Hall emphasised that new rules influence people's behaviour and consumption patterns. This reflects a growing societal trend towards addressing and solving this issue. The legislative changes have worked in Bioextrax's favour according to the CEO and have contributed to securing the LOI with the chemical company.

Process with cosmetics company cancelled

Because of the exclusivity of the LOI with the chemicals company, Bioextrax decided to end the project with the cosmetics company.

Furthermore, the market consists of other leading companies with fully commercialised PHA production. However, Hall describes Bioextrax's process as advanced compared to competitors. According to Hall, the chemical company also considers Bioextrax technology to be more advanced than existing PHA methods.

Konspec will soon make final decision

The project with Konspec is progressing. Bioextrax will shortly deliver the final samples. This will give Konspec three months to evaluate and decide whether to advance the collaboration. The contract would allow Konspec to produce up to 100 tons of PHA and pay Bioextrax a monthly license fee of USD 15,000.

Still waiting for phase 2

In the joint development agreement (JDA) with the candy producer, all materials for phase 1 have been delivered. The candy producer is evaluating the material, and the regulatory work is progressing. Phase 2 has not yet been initiated.

Agreement with CEAB still in the early stages

The agreement with CEAB is still in the early stages. As CEAB is learning the production process, the parties have started addressing potential customers jointly. As of now, we have not included any cash flow from this operation in our model. We expect long lead times but recognise that a deal could imply substantial cash flow for Bioextrax.

Progression in the feather project

The feather project has further progressed. This process involves converting feathers into protein hydrolysate for feed applications. Bioextrax conducted a joint test with a leading waste management company in November 2023. The results are currently being analysed; a report is expected in Q3 2024. We anticipate the financial contribution of this agreement to start next year. We estimate revenues of KSEK 170 in Q1 2025 with a market growth of 1 per cent.

Financial update after Q2

Slight decrease in this year's revenues

There have been some slight changes in the financials. Table 2 shows the actual reported numbers against our estimates. Net revenues for Q2 were below our

estimates due to lower test volumes. The ending of the agreement with the cosmetics company will lead to smaller deliveries of PHA short term. Therefore, we decrease our expected the net revenues for Q3 and Q4 2024.

Potential to reach cash flow neutral

Volumes could increase as soon as the newly announced projects are commenced. As stated by Edvard Hall, Bioextrax could become cash flow neutral if any of the projects with the chemical company or the candy producer advances, or if CEAB wins a deal for a PHBV facility.

Focus on revenue generation not cost cutting

Bioextrax has been focusing on achieving a balanced cost base. Throughout 2023 the upscaling and other investments generated costs. These costs have now been stabilised. The company will focus on revenue generation rather than cost cutting in the coming quarters.

Table 2: Estimates vs actual, Q2 2024

kSEK	Q2 '23	Q2 '24e	Q2'24 act	Diff
Net Revenues	543	569	170	-399
Other Revenues	276	0	51	51
Total Revenues	819	569	221	-348
Cost of Goods Sold	-422	-284	-209	75
Gross Profit	397	284	12	-272
Personnel Expenses	-2 964	-3 046	-2 827	219
Other Operating Expenses	-2 791	-1 925	-1 709	216
Total OPEX	-5 755	-4 970	-4 536	434
EBITDA	-5 358	-4 686	-4 524	162
Amortisation and Depreciation	-185	-373	-288	85
EBIT	-5 543	-5 059	-4 812	247
Net Financial Items	2	0	13	13
EBT	-5 541	-5 059	-4 799	260
Net Profit	-5 541	-5 059	-4 799	260
Cash and Equivalents	14 546	12 223	12 107	-116
Total Equity	22 232	19 605	19 788	183

Source: Västra Hamnen Corporate Finance

Financial risk still high

In conclusion, we still consider the financial risk to be high in the company. The plan to achieve positive cash flow relies on advancing the leading projects into higher-volume production. We expect the projects to further progress, we forecast a net revenue of MSEK 8.08 for 2025.

Fair value estimation remains intact

The Q2 figures only caused us to do minor adjustments in our projections. Hence, we keep the fair value at SEK 7.60 per share.

Upcoming triggers

- Advancement in the agreement with the chemical company
- Decision by Konspec to start production
- PHBV deals generated from the CEAB collaboration
- Positive read-outs from the other projects
- New projects added to the pipeline

Income Statement - Annual Data

kSEK	2021	2022	2023	2024e	2025e	2026e	2027e	2028e
Net revenues	276	394	2 057	1 457	8 080	23 965	66 749	144 724
Other revenues	760	1 837	953	254	0	0	0	0
Total revenues	1 036	2 232	3 010	1 711	8 080	23 965	66 749	144 724
Cost of goods sold	-1 033	-1 344	-1 338	-1 229	-2 931	-4 044	-5 311	-7 559
Personnel costs	-6 792	-10 028	-11 514	-11 809	-13 250	-15 565	-20 105	-25 563
Other external costs	-3 395	-9 230	-10 854	-6 525	-8 315	-12 755	-16 758	-21 664
Other operating expenses	-3	115	-43	-76	-647	-1 133	-1 475	-2 361
EBITDA	-10 188	-18 255	-20 739	-17 928	-17 062	-9 531	23 101	87 577
Amortisation & depreciation	-350	-476	-861	-1 293	-1 199	-1 267	-1 065	-1 807
EBIT	-10 537	-18 732	-21 600	-19 222	-18 261	-10 798	22 035	85 770
Financials, net	-3	-1	93	31	0	0	0	0
EBT	-10 541	-18 732	-21 507	-19 191	-18 261	-10 798	22 035	85 770
Taxes	0	0	0	0	0	0	0	0
Net profit	-10 541	-18 732	-21 507	-19 191	-18 261	-10 798	22 035	85 770
Earnings per share (SEK)	-1.78	-1.07	-0.79	-0.58	-0.37	-0.19	0.40	1.54
Growth (%)								
Net revenues	351.3%	115.4%	34.9%	-43.2%	372.3%	196.6%	178.5%	116.8%
EBITDA	na	na	na	na	na	na	na	279.1%
EBIT	na	na	na	na	na	na	na	289.2%
Net profit	na	na	na	na	na	na	na	289.2%
% of revenues (%)								
EBITDA margin	neg	neg	neg	neg	neg	neg	34.6%	60.5%
EBIT margin	neg	neg	neg	neg	neg	neg	33.0%	59.3%
EBT margin	neg	neg	neg	neg	neg	neg	33.0%	59.3%
Profit margin	neg	neg	neg	neg	neg	neg	33.0%	59.3%
Personnel costs	2463.0%	2542.1%	559.7%	810.7%	164.0%	64.9%	30.1%	17.7%
Total OPEX	3695.5%	4852.7%	1089.5%	1263.7%	274.9%	122.9%	57.4%	34.3%
Profitability (%)								
ROE	neg	neg	neg	neg	neg	neg	61.6%	70.6%
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	280	1 011	2 766	7 412	13 586
Other short-term receivables	578	1 176	539	341	1 230	2 104	2 368	2 665
Prepaid costs & accrued incc	1 744	1 656	818	1 059	1 178	1 248	1 310	1 374
Cash and cash equivalents	8 977	27 532	13 399	3 852	18 197	3 534	14 649	87 215
Total current assets	11 418	30 397	14 756	5 533	21 616	9 652	25 740	104 841
Tangible assets	1 223	7 487	7 759	6 466	5 266	7 999	14 934	23 127
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	6 466	5 266	7 999	14 934	23 127
Total assets	12 641	37 917	22 515	11 998	26 882	17 651	40 674	127 968
Accounts payable	2 222	3 558	1 333	1 122	1 011	2 075	2 594	3 397
Accrued cost & prepaid incor	2 606	1 986	-22	187	404	553	692	906
Other short term liabilities	251	477	533	374	910	1 245	1 557	2 038
Short term tax liabilities	63	129	135	47	51	69	86	113
Total current liabilities	5 142	6 150	1 979	1 730	2 376	3 942	4 929	6 454
Long term liabilities	0	0	0	0	0	0	0	0
Total equity	7 499	31 767	20 536	10 268	24 507	13 709	35 744	121 514
Total equity and liabilities	12 641	37 917	22 515	11 998	26 882	17 651	40 674	127 968

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	-17 897	-17 062	-9 531	23 101	87 577
Changes in working capital	1 706	584	-2 664	-573	-1 092	-1 133	-3 985	-5 011
Investing activities	-975	-6 774	-1 100	0	0	-4 000	-8 000	-10 000
Financing activities	16 377	42 935	10 277	8 923	32 500	0	0	0
Cash flow for the period	6 926	18 555	-14 133	-9 547	14 346	-14 664	11 116	72 566
Beginning cash balance	2 052	8 978	27 532	13 399	3 852	18 198	3 534	14 650
Ending cash balance	8 978	27 532	13 399	3 852	18 198	3 534	14 650	87 216

Source: Västra Hamnen Corporate Finance

Income Statement - Quarterly Data

kSEK	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024e	Q3 2024e	Q4 2024e
Net revenues	429	543	275	810	0	170	434	853
Other revenues	628	276	0	49	203	51	0	0
Total revenues	1 057	819	275	859	203	221	434	853
Cost of goods sold	-146	-422	-347	-423	-377	-209	-217	-427
Personnel costs	-2 618	-2 964	-2 976	-2 956	-2 996	-2 827	-2 971	-3 016
Other external costs	-2 439	-2 938	-2 142	-3 335	-1 572	-1 660	-1 634	-1 659
Other operating expenses	59	147	-91	-158	159	-49	-92	-93
EBITDA	-4 087	-5 358	-5 281	-6 013	-4 583	-4 524	-4 480	-4 341
Amortisation & depreciation	-135	-185	-232	-309	-307	-288	-358	-340
EBIT	-4 222	-5 543	-5 513	-6 322	-4 890	-4 812	-4 838	-4 681
Financials, net	0	2	10	81	18	13	0	0
EBT	-4 222	-5 541	-5 503	-6 241	-4 872	-4 799	-4 838	-4 681
Taxes	0	0	0	0	0	0	0	0
Net profit	-4 222	-5 541	-5 503	-6 241	-4 872	-4 799	-4 838	-4 681
Earnings per share (SEK)	-0.17	-0.22	-0.19	-0.22	-0.17	-0.14	-0.14	-0.13
Y-o-Y Growth (%)								
Net revenues	250.3%	352.5%	129.2%	2431.3%	-100.0%	-68.7%	57.7%	5.3%
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	247.7%	361.9%	1082.2%	344.1%	1475.9%	1279.2%	685.1%	353.5%
Total OPEX	472.8%	702.7%	1894.2%	750.8%	2171.9%	2052.5%	1083.2%	558.8%
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	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024e	Q3 2024e	Q4 2024e
Inventories	0	0	0	0	0	0	0	0
Receivables	656	107	173	0	0	116	95	280
Other short-term receivables	739	808	506	539	531	470	173	341
Accrued cost & prepaid incor	1 652	1 419	1 038	818	649	1 591	1 055	1 059
Cash and cash equivalents	20 147	14 546	18 525	13 399	7 672	12 107	8 039	3 852
Total current assets	23 194	16 880	20 242	14 756	8 852	14 284	9 362	5 533
Tangible assets	7 968	8 221	8 068	7 759	7 452	7 164	6 806	6 466
Finacial assets	33	33	0	0	0	0	0	0
Intangible assets	0	0	0	0	0	0	0	0
Total fixed assets	8 001	8 254	8 068	7 759	7 452	7 164	6 806	6 466
Total assets	31 195	25 134	28 310	22 515	16 304	21 448	16 168	11 998
Accounts payable	1 291	1 227	958	1 333	225	528	594	1 122
Other short term liabilities	304	427	462	533	396	487	505	374
Short term tax liabilities	72	55	77	135	24	0	24	47
Accrued cost & prepaid incor	1 756	1 193	37	-22	-5	645	95	187
Total current liabilities	3 423	2 902	1 534	1 979	640	1 660	1 218	1 730
Long term liabilities	0	0	0	0	0	0	0	0
Total equity	27 772	22 232	26 776	20 536	15 664	19 788	14 950	10 268
Total equity and liabilities	31 195	25 134	28 310	22 515	16 304	21 448	16 168	11 998

Source: Västra Hamnen Corporate Finance

Cash flow statement

kSEK	Q1 2023	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024e	Q3 2024e	Q4 2024e
Operating activities	-4 087	-5 356	-5 271	-5 932	-4 565	-4 511	-4 480	-4 341
Changes in working capital	-2 909	192	-753	806	-1 162	23	412	154
Investing activities	-616	-437	-47	0	0	0	0	0
Financing activities	227	0	10 050	0	0	8 923	0	0
Cash flow for the period	-7 385	-5 601	3 979	-5 126	-5 727	4 435	-4 068	-4 187
Beginning cash balance	27 532	20 147	14 546	18 525	13 399	7 672	12 107	8 039
Ending cash balance	20 147	14 546	18 525	13 399	7 672	12 107	8 039	3 852

Source: Västra Hamnen Corporate Finance

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