

Update: American start-up cancels agreement

2024-01-25

## Bioextrax: The American start-up cancels deal

- Limited effect on short-term earnings, higher perceived risk
- Bioextrax signs MoU with Chematur Engineering
- We have adjusted the fair value to SEK 7.60 (10.50) per share

Analysts													
<b>Tobias Karlsson</b>	076-8337098 tobias.karlsson@vhcorp.se												
<b>Martin Dominique</b>	073-3607085 martin.dominique@vhcorp.se												
<hr/>													
Stock ticker:	BIOEX												
Industry:	Biotech												
Listed on:	Nasdaq First North												
Latest share price (SEK):	1.94												
Market cap (MSEK):	49.4												
Enterprise Value (MSEK):	30.9												
Total number of shares (M):	25.46												
- of which free float (M):	14.64												
<hr/>													
<b>VHCF fair value per share</b>													
DCF model	SEK 7.60												
<hr/>													
<b>Bioextrax AB</b>													
Address:	Skiffervägen 76 224 78 Lund												
Webpage:	bioextrax.com												
CEO:	Edvard Hall												
<hr/>													
<b>Main owners (27 Dec 2023)</b>	<b>Capital (%)</b>												
Nordnet Pensionsförsäkring	8.4												
Avanza Pension	7.2												
Ibrahim, Mohammad	6.7												
Rajni Hatti Kaul	6.0												
Henrik Nilsson	3.8												
<hr/>													
<b>Share price history (SEK)</b>													
													
	<table border="1"> <thead> <tr> <th></th> <th>-1m</th> <th>-3m</th> <th>-12m</th> </tr> </thead> <tbody> <tr> <td>Change (%)</td> <td>-33.4</td> <td>-39.6</td> <td>-52.6</td> </tr> <tr> <td>52 w k range (Low /Hi) - SEK</td> <td colspan="3">1.94 / 8.95</td> </tr> </tbody> </table>		-1m	-3m	-12m	Change (%)	-33.4	-39.6	-52.6	52 w k range (Low /Hi) - SEK	1.94 / 8.95		
	-1m	-3m	-12m										
Change (%)	-33.4	-39.6	-52.6										
52 w k range (Low /Hi) - SEK	1.94 / 8.95												
Source: Västra Hamnen Coporate Finance													

In September 2023, an American start-up company extended the license agreement with Bioextrax regarding production of PHA. In January 2024, the American company had to terminate the contract due to financial issues.

The agreement stipulated monthly payments of USD 25,000 to Bioextrax to produce up to 1,000 tons yearly of PHA. The agreement was signed over ten months, and we have now removed this income from our financial forecast.

On the news, the Bioextrax share fell by 28 per cent. We interpret the reaction as the market is doubting the company's ability to convert test orders into long term license agreements. This is the second license agreement cancelled due to funding problems for the counterparty. While the termination of the contract is not substantially affecting our financial forecast, other factors do.

Bioextrax is currently engaged in several licensing discussions, processes that has proven to be lengthy. The delays and uncertainties of the agreements are affecting the general risk in our model and the long-term valuation of the company. The absence of recurring revenues also increases the funding risk in the company. These factors have prompted us to adjust the risk premium in the discount factor.

Hence, our model suggests a fair value of SEK 7.60 (10.50) per share.

Bioextrax also recently announced that the company entered a Memorandum of Understanding with Chematur Engineering. The agreement will allow Chematur to exclusively market and license Bioextrax technology to produce PHBV, a type of PHA suitable for packaging materials. We will follow the collaboration and quantify the potential when actual deals are announced.

Bioextrax will present its year-end report on February 16. We will then thoroughly review our assumptions in the model.

### Income Statement - Annual Data

kSEK	2021	2022	2023e	2024e	2025e	2026e	2027e	2028e
Net revenues	276	394	2 217	1 760	9 861	27 162	66 905	144 923
Other revenues	760	1 837	904	0	0	0	0	0
<b>Total revenues</b>	<b>1 036</b>	<b>2 232</b>	<b>3 121</b>	<b>1 760</b>	<b>9 861</b>	<b>27 162</b>	<b>66 905</b>	<b>144 923</b>
Cost of goods sold	-1 033	-1 344	-1 400	-880	-3 522	-4 675	-5 324	-7 569
Personnel costs	-6 792	-10 028	-11 664	-12 897	-14 486	-17 017	-21 981	-27 948
Other external costs	-3 395	-9 230	-9 848	-9 905	-11 688	-13 971	-18 354	-23 727
Other operating expenses	-3	115	6	-456	-785	-1 240	-1 613	-2 584
<b>EBITDA</b>	<b>-10 188</b>	<b>-18 255</b>	<b>-19 785</b>	<b>-22 379</b>	<b>-20 620</b>	<b>-9 740</b>	<b>19 633</b>	<b>83 095</b>
Amortisation & depreciation	-350	-476	-754	-806	-850	-1 035	-1 468	-2 171
<b>EBIT</b>	<b>-10 537</b>	<b>-18 732</b>	<b>-20 539</b>	<b>-23 185</b>	<b>-21 470</b>	<b>-10 775</b>	<b>18 165</b>	<b>80 925</b>
Financials, net	-3	-1	12	0	0	0	0	0
<b>EBT</b>	<b>-10 541</b>	<b>-18 732</b>	<b>-20 527</b>	<b>-23 185</b>	<b>-21 470</b>	<b>-10 775</b>	<b>18 165</b>	<b>80 925</b>
Taxes	0	0	0	0	0	0	0	0
<b>Net profit</b>	<b>-10 541</b>	<b>-18 732</b>	<b>-20 527</b>	<b>-23 185</b>	<b>-21 470</b>	<b>-10 775</b>	<b>18 165</b>	<b>80 925</b>
<b>Earnings per share (SEK)</b>	<b>-1.78</b>	<b>-1.07</b>	<b>-0.76</b>	<b>-0.65</b>	<b>-0.50</b>	<b>-0.22</b>	<b>0.37</b>	<b>1.64</b>
<b>Growth (%)</b>								
Net revenues	351.3%	115.4%	39.8%	-43.6%	460.3%	175.5%	146.3%	116.6%
EBITDA	na	na	na	na	na	na	na	323.2%
EBIT	na	na	na	na	na	na	na	345.5%
Net profit	na	na	na	na	na	na	na	345.5%
<b>% of revenues (%)</b>								
EBITDA margin	neg	neg	neg	neg	neg	neg	29.3%	57.3%
EBIT margin	neg	neg	neg	neg	neg	neg	27.2%	55.8%
EBT margin	neg	neg	neg	neg	neg	neg	27.2%	55.8%
Profit margin	neg	neg	neg	neg	neg	neg	27.2%	55.8%
Personnel costs	2463.0%	2542.1%	526.2%	732.8%	146.9%	62.6%	32.9%	19.3%
Total OPEX	3695.5%	4852.7%	970.3%	1321.5%	273.4%	118.6%	62.7%	37.4%
<b>Profitability (%)</b>								
ROE	neg	neg	neg	neg	neg	neg	36.9%	62.2%
ROIC	neg	neg	neg	neg	neg	neg	0.0%	0.0%

Source: Västra Hamnen Corporate Finance

**Balance Sheet - Annual Data**

kSEK	2021	2022	2023e	2024e	2025e	2026e	2027e	2028e
Inventories	0	0	0	0	0	0	0	0
Receivables	119	33	531	572	1 274	2 672	7 425	13 610
Other short-term receivables	578	1 176	970	580	1 550	2 032	2 287	2 574
Prepaid costs & accrued incc	1 744	1 656	1 484	1 465	1 512	1 581	1 657	1 737
Cash and cash equivalents	8 977	27 532	12 483	21 441	31 945	16 433	24 112	92 181
<b>Total current assets</b>	<b>11 418</b>	<b>30 397</b>	<b>15 468</b>	<b>24 057</b>	<b>36 282</b>	<b>22 717</b>	<b>35 481</b>	<b>110 103</b>
Tangible assets	1 223	7 487	8 066	8 060	9 210	12 175	18 708	26 537
Intangible assets	0	0	0	0	0	0	0	0
Financial assets	0	33	0	0	0	0	0	0
<b>Total fixed assets</b>	<b>1 223</b>	<b>7 520</b>	<b>8 066</b>	<b>8 060</b>	<b>9 210</b>	<b>12 175</b>	<b>18 708</b>	<b>26 537</b>
<b>Total assets</b>	<b>12 641</b>	<b>37 917</b>	<b>23 534</b>	<b>32 117</b>	<b>45 492</b>	<b>34 893</b>	<b>54 188</b>	<b>136 640</b>
Accounts payable	2 222	3 558	1 062	763	1 911	2 004	2 599	3 403
Accrued cost & prepaid incor	2 606	1 986	212	127	510	534	693	907
Other short term liabilities	251	477	691	365	1 147	1 202	1 559	2 042
Short term tax liabilities	63	129	53	32	64	67	87	113
<b>Total current liabilities</b>	<b>5 142</b>	<b>6 150</b>	<b>2 019</b>	<b>1 287</b>	<b>3 632</b>	<b>3 807</b>	<b>4 938</b>	<b>6 465</b>
<b>Long term liabilities</b>	<b>0</b>							
<b>Total equity</b>	<b>7 499</b>	<b>31 767</b>	<b>21 515</b>	<b>30 830</b>	<b>41 860</b>	<b>31 085</b>	<b>49 250</b>	<b>130 175</b>
<b>Total equity and liabilities</b>	<b>12 641</b>	<b>37 917</b>	<b>23 534</b>	<b>32 117</b>	<b>45 492</b>	<b>34 893</b>	<b>54 188</b>	<b>136 640</b>

Source: Västra Hamnen Corporate Finance

**Cash flow statement**

kSEK	2021	2022	2023e	2024e	2025e	2026e	2027e	2028e
Operating activities	-10 182	-18 191	-19 773	-22 379	-20 620	-9 740	19 633	83 095
Changes in working capital	1 706	584	-4 254	-363	624	-1 772	-3 954	-5 025
Investing activities	-975	-6 774	-1 300	-800	-2 000	-4 000	-8 000	-10 000
Financing activities	16 377	42 935	10 277	32 500	32 500	0	0	0
<b>Cash flow for the period</b>	<b>6 926</b>	<b>18 555</b>	<b>-15 049</b>	<b>8 958</b>	<b>10 504</b>	<b>-15 512</b>	<b>7 679</b>	<b>68 070</b>
Beginning cash balance	2 052	8 978	27 532	12 483	21 441	31 945	16 433	24 112
<b>Ending cash balance</b>	<b>8 978</b>	<b>27 532</b>	<b>12 483</b>	<b>21 441</b>	<b>31 945</b>	<b>16 433</b>	<b>24 112</b>	<b>92 182</b>

Source: Västra Hamnen Corporate Finance

## Income Statement - Quarterly Data

kSEK	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023e	Q1 2024e	Q2 2024e
Net revenues	120	32	429	543	275	970	365	435
Other revenues	368	795	628	276	0	0	0	0
<b>Total revenues</b>	<b>488</b>	<b>827</b>	<b>1 057</b>	<b>819</b>	<b>275</b>	<b>970</b>	<b>365</b>	<b>435</b>
Cost of goods sold	-344	-558	-146	-422	-347	-485	-183	-218
Personnel costs	-2 199	-2 833	-2 618	-2 964	-2 976	-3 106	-3 152	-3 200
Other external costs	-2 410	-3 229	-2 439	-2 938	-2 142	-2 329	-2 375	-2 422
Other operating expenses	-6	131	59	147	-91	-109	-111	-112
<b>EBITDA</b>	<b>-4 472</b>	<b>-5 662</b>	<b>-4 087</b>	<b>-5 358</b>	<b>-5 281</b>	<b>-5 059</b>	<b>-5 456</b>	<b>-5 517</b>
Amortisation & depreciation	-128	-131	-135	-185	-232	-202	-202	-202
<b>EBIT</b>	<b>-4 599</b>	<b>-5 793</b>	<b>-4 222</b>	<b>-5 543</b>	<b>-5 513</b>	<b>-5 261</b>	<b>-5 658</b>	<b>-5 719</b>
Financials, net	0	0	0	2	10	0	0	0
<b>EBT</b>	<b>-4 599</b>	<b>-5 793</b>	<b>-4 222</b>	<b>-5 541</b>	<b>-5 503</b>	<b>-5 261</b>	<b>-5 658</b>	<b>-5 719</b>
Taxes	0	0	0	0	0	0	0	0
<b>Net profit</b>	<b>-4 599</b>	<b>-5 793</b>	<b>-4 222</b>	<b>-5 541</b>	<b>-5 503</b>	<b>-5 261</b>	<b>-5 658</b>	<b>-5 719</b>
<b>Earnings per share (SEK)</b>	<b>-0.29</b>	<b>-0.23</b>	<b>-0.17</b>	<b>-0.22</b>	<b>-0.19</b>	<b>-0.18</b>	<b>-0.20</b>	<b>-0.15</b>
<b>Y-o-Y Growth (%)</b>								
Net revenues	129.3%	-82.6%	250.3%	352.5%	129.2%	2929.7%	-14.9%	-19.9%
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	451.1%	342.6%	247.7%	361.9%	1082.2%	320.3%	863.7%	735.6%
Total OPEX	946.7%	717.2%	472.8%	702.7%	1894.2%	571.8%	1544.8%	1318.3%
<b>Profitability (%)</b>								
ROE	neg							
ROIC	neg							

Source: Västra Hamnen Corporate Finance

**Balance Sheet - Quarterly Data**

kSEK	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023e	Q1 2024e	Q2 2024e
Inventories	0	0	0	0	0	0	0	0
Receivables	285	33	656	107	173	531	240	334
Other short-term receivables	3 539	1 176	739	808	506	970	402	435
Accrued cost & prepaid incor	1 918	1 656	1 652	1 419	1 038	1 484	1 440	1 386
Cash and cash equivalents	11 582	27 532	20 147	14 546	18 525	12 483	6 431	33 232
<b>Total current assets</b>	<b>17 325</b>	<b>30 397</b>	<b>23 194</b>	<b>16 880</b>	<b>20 242</b>	<b>15 468</b>	<b>8 513</b>	<b>35 386</b>
Tangible assets	1 621	7 487	7 968	8 221	8 068	8 066	8 065	8 063
Financial assets	33	33	33	33	0	0	0	0
Intangible assets	0	0	0	0	0	0	0	0
<b>Total fixed assets</b>	<b>1 654</b>	<b>7 520</b>	<b>8 001</b>	<b>8 254</b>	<b>8 068</b>	<b>8 066</b>	<b>8 065</b>	<b>8 063</b>
<b>Total assets</b>	<b>18 979</b>	<b>37 917</b>	<b>31 195</b>	<b>25 134</b>	<b>28 310</b>	<b>23 534</b>	<b>16 578</b>	<b>43 449</b>
Accounts payable	573	3 558	1 291	1 227	958	1 062	420	477
Other short term liabilities	338	477	304	427	462	691	200	215
Short term tax liabilities	22	129	72	55	77	53	20	24
Accrued cost & prepaid incor	2 800	1 986	1 756	1 193	37	212	80	95
<b>Total current liabilities</b>	<b>3 733</b>	<b>6 150</b>	<b>3 423</b>	<b>2 902</b>	<b>1 534</b>	<b>2 019</b>	<b>720</b>	<b>810</b>
<b>Long term liabilities</b>	<b>0</b>							
<b>Total equity</b>	<b>15 246</b>	<b>31 767</b>	<b>27 772</b>	<b>22 232</b>	<b>26 776</b>	<b>21 515</b>	<b>15 858</b>	<b>42 639</b>
<b>Total equity and liabilities</b>	<b>18 979</b>	<b>37 917</b>	<b>31 195</b>	<b>25 134</b>	<b>28 310</b>	<b>23 534</b>	<b>16 578</b>	<b>43 449</b>

Source: Västra Hamnen Corporate Finance

**Cash flow statement**

kSEK	Q3 2022	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023e	Q1 2024e	Q2 2024e
Operating activities	-4 472	-5 662	-4 087	-5 356	-5 271	-5 059	-5 456	-5 517
Changes in working capital	3 336	5 295	-2 909	192	-753	-784	-395	18
Investing activities	-42	-5 997	-616	-437	-47	-200	-200	-200
Financing activities	0	22 313	227	0	10 050	0	0	32 500
<b>Cash flow for the period</b>	<b>-1 177</b>	<b>15 949</b>	<b>-7 385</b>	<b>-5 601</b>	<b>3 979</b>	<b>-6 042</b>	<b>-6 051</b>	<b>26 801</b>
Beginning cash balance	12 760	11 582	27 532	20 147	14 546	18 525	12 483	6 431
<b>Ending cash balance</b>	<b>11 582</b>	<b>27 532</b>	<b>20 147</b>	<b>14 546</b>	<b>18 525</b>	<b>12 483</b>	<b>6 431</b>	<b>33 232</b>

Source: Västra Hamnen Corporate Finance

**Disclaimer**

This marketing material has been prepared by Västra Hamnen Corporate Finance AB ("Västra Hamnen").

The material has not been prepared in accordance with the regulations designed to promote the independence of investment research and it is not subject to any legal prohibition on dealing ahead of the dissemination of the report.

The material has been prepared on the basis of publicly available information that Västra Hamnen has deemed to be reliable. However, it cannot be guaranteed that the information is correct. The material is published for marketing purposes and does not purport to constitute a basis for any investment decision. The information provided herein does not constitute investment advice and neither does the information take into consideration the individual needs, goals and circumstances of any particular recipient of this material. The reader is recommended to seek supplementary information elsewhere and to obtain relevant and specific professional advice before making any investment decision.

All views, opinions and conclusions communicated through this material shall be seen as valid on the publication date of this report only and are subject to change without notice. None of the information herein shall be construed as a recommendation or solicitation for the purchase or sale of any financial instrument.

In no event will Västra Hamnen be liable for direct, indirect or incidental damages resulting from the information in this report. Financial instruments can decrease as well as increase in value. Past performance is not indicative of future results.

The material is not directed at any such person, physical or legal, to whom the distribution of such material would imply a risk of violation of any laws or regulations applicable in Sweden or any other jurisdiction.

Contents of this report shall not be copied, reproduced or distributed to any third party without prior written permission from Västra Hamnen.

**Conflicts of interest**

Recipients should note that this material has been commissioned by the company mentioned in this report and that Västra Hamnen has received remuneration from the company for the production of the report. The remuneration is fixed and predetermined and in no way dependent on the content of the report or the views expressed herein.

The company mentioned in the report has reviewed the material prior to publication. The recipient may assume that this review has led to changes in the factual information presented in the report. Any assumptions, conclusions and scenarios are however the result of Västra Hamnen's own analysis of available information.

Västra Hamnen has internal rules prohibiting all of its employees from buying or selling shares issued by companies with which Västra Hamnen has ongoing agreements to produce marketing material like the present.

Västra Hamnen has a separate agreement with Bioextrax to act as its Certified Adviser on Nasdaq First North Growth Market Stockholm.

**Västra Hamnen Corporate Finance AB**

Stortorget 13 A

211 22 Malmö

Telefon: +46 40 200 250

E-post: info@vhcorp.se

