

Carbiotix CEO reflects on 2024 and provides key milestones for 2025

Carbiotix AB (publ) ("Carbiotix" or "the Company") CEO Erik Deaner reflects on 2024 with regards to the strategic focus, sales & marketing, organization, and financials, and provides key milestones for 2025.

Reflection of 2024

"Now that 2024 has passed, I find it appropriate to reflect on the activities of this past year. 2024 was undoubtedly a transformative year for Carbiotix with the strategic decision to focus solely on the NutraCycle upcycling service. This decision was not only based on a thorough assessment of the Company's strategic position in the marketplace, competitive advantages, available resources, and potential to generate long-term value for shareholders, but more importantly, it was based on customer feedback about what they wanted from Carbiotix. The NutraCycle service, of course, builds on Carbiotix's key learnings from bringing new complex prebiotic soluble fiber ingredients such as Carbersol to market, as well as offering the LinkGut molecular diagnostic service, and thus leverages the over ten years of experience the Company has in the hydrolysis of plant-based side-streams. Today with NutraCycle, we are helping smaller companies and the largest food and beverage, ingredient and feed companies worldwide to eventually produce their own prebiotics and other extracts onsite, validate their efficacy, and fortify new and existing products. NutraCycle, at its core, allows companies to capture as much value as possible from plant-based side-streams while making products healthier and more sustainable. This makes good business sense during booming economic times and times of austerity. Carbiotix is extremely well positioned to become a market leader as the to-go-to partner for onsite upcycling across several multi-billion dollar markets processing plant-based materials.

This decision to focus on NutraCycle impacted Carbiotix in many ways. Regarding sales and marketing activities, the successful launch of the NutraCycle service entailed a physical presence through exhibiting at leading tradeshow in Europe and the US and comprehensive digital marketing campaigns. This strategy was proven correct, and I am happy to say it resulted in an impressive 32 customer projects during the second half of 2024, over 100 qualified leads, and over 6,000 prospects globally. Included among customer projects are 4 companies with a turnover of over 10 billion USD per year, representing the largest food & beverage, ingredient, and feed companies in the world. This progress not only demonstrates the level of interest in Carbiotix's value proposition but also provides confidence to further accelerate sales and marketing activities.

From an organizational perspective, discontinuing the LinkGut service meant that Carbiotix had to unfortunately say goodbye to nearly half of its employees supporting the service, while adding three new employees to support NutraCycle expansion, including our new Chief Production Officer Calle Sjöström. This reorganization is now complete, and the Company is very well-positioned to service current NutraCycle customers going forward.

Regarding financials, Carbiotix completed a public rights issue, TO3 warrant program, and direct rights issue during 2024. This provided the Company with net proceeds of roughly 17 MSEK to support operational activities and the transition to the NutraCycle service. This transition of course had a direct impact on the Company revenues with the discontinuation of the LinkGut service, but it also allowed the Company to reduce personnel costs resulting from the reorganization."

Milestones for 2025

“Looking forward and into 2025, I am more excited now than ever before for Carbiotix’s prospects and what we are capable of achieving. Say this, the number one priority of Carbiotix during 2025 is to sign its first license agreement, and the Company has made very good progress to reach this goal. This will allow the Company to not only fully validate its business model but also demonstrate the revenue generating potential of the business model over time, as noted in a recent analysis report provided by Impala Nordic.⁽¹⁾

Carbiotix aims to reach sustained positive cash flows as soon as possible without compromising the ability of the Company to grow cash flows over time and maximize shareholder value. Carbiotix is thus prioritizing customer projects that can yield both immediate proceeds as well as long-term revenue growth. With regards to financing, given the rate of progress relating to new customer projects and the potential to elevate customers to paid services, the Company is committed to undertaking a financing strategy that balances short-term liquidity needs while at the same time protecting shareholder value.

Regarding Carbiotix’s strategy and decision to focus on NutraCycle, the Company will continue to strengthen its competitive position in the marketplace by focusing on three areas. Firstly, the Company will continue to deepen its process knowledge by further developing its own technology portfolio while continuing to evaluate the potential of third-party technology solutions to generate complementary value. Secondly, the Company will further ramp up cost-effective marketing and sales activities to quickly build out a global customer base to capitalize on a first-mover advantage and the value that can be generated from leveraging the collective knowledge of customers and partners with regards to process optimization and product development activities. Lastly, the Company will continue to strive towards offering the most attractive value proposition in the marketplace that is 100% aligned with the long-term business interests of customers to offer healthier, more profitable, and sustainable products.

We will continue with our current run-rate ambition of adding at least 4 new customer projects every month or close to 50 projects per year. With this stability in the growth of new laboratory pre-study projects, qualified leads, and prospects through even more cost-effective customer acquisition strategies, the Company will focus more efforts as noted on elevating customers to paid services such as pilot pre-studies, joint development, and license agreements. In terms of personnel, we intend to keep our current organization to service new customer projects. The Company will only add personnel if it is motivated by customer project expansion beyond the capabilities of the current organization and the addition of paid services projects that can accelerate the time to license agreements.

I look forward to continuing with our quarterly reporting of NutraCycle projects and separate reporting of new joint development and license agreements. Moreover, I am committed to continually improving how we communicate our progress to shareholders and other stakeholders over time. I truly believe that assisting, among others, the largest food & beverage companies in the world to make healthier and more sustainable products that are accessible to the masses is not only a noble mission but one that is also potentially very profitable for Carbiotix and its customers and partners. This is a message that I want all shareholders and stakeholders to fully understand and get excited about.”

Forward-looking statements

This communication contains forward-looking statements, consisting of subjective assumptions and forecasts for future scenarios. Predictions for the future only apply as of the date they are made and



Press Release
07 January 2025

are, by their nature, as is research and development work in the biotechnology segment, associated with risk and uncertainty. With this in mind, the actual outcome may deviate significantly from the scenarios as described in this press release.

For further information:

Carbiotix AB
Erik Deaner, CEO
Tel: +46 (0)738 67 30 85
E-mail: erik.deaner@carbiotix.com

Carbiotix AB (CRBX) (www.carbiotix.com) is an award-winning biotechnology company pioneering the onsite upcycling of plant-based side-streams. Carbiotix mission is to improve the health of people by increasing the consumption of prebiotics and other active ingredients from upcycled side-streams. Carbiotix offers one core service today called NutraCycle, an on-site upcycling and fortification service allowing food & beverage, ingredient, and feed producers to turn plant-based products into healthier, more profitable, and sustainable products.