

Please note that Arctic Securities AS acted as manager in the recent fully underwritten private placement in Agilyx ASA

# Cyclyx gaining momentum

## Agilyx - Equity Update

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Cyclyx gaining momentum

Having reached FID for the second CCC in November, Agilyx continues to see accelerating demand for Cyclyx’s waste-to-feedstock offering, supported by a steady expansion of the Cyclyx Consortium and positive signals from Exxon. With CCC1 expected to come online in H2 2025, the focus over the coming year will be on project execution and ramp-up, which should help derisk future plants. We continue to see upside to the current share price and reiterate our Buy recommendation and NOK 40 TP.

H2 2024 marked by progress towards second CCC

After raising USD 40m in a private placement in August and approx. USD 50m through a secured bond issue in November, Agilyx – together with its partners ExxonMobil and LyondellBasell – recently reached FID for a second Cyclyx Circularity Center (CCC). While the first CCC, which is currently under construction, is fully funded by Exxon and LYB, Agilyx will fund its pro-rata share (50%) of CCC2’s capex. Once operational in the second half of 2026, the plant is expected to generate USD 15.5m in yearly profits for Agilyx through secured offtake agreements with Exxon and LYB, corresponding to a lifecycle IRR of ~15%. The current cost estimate of USD 134m is somewhat reduced compared to earlier estimates, which we find encouraging.

Strong momentum behind further Cyclyx expansion

On the H1 business update call, mgmt. stated that they’re seeing a “tremendous increase in interest” for the sourcing of feedstock for chemical recycling, and have thus pivoted Agilyx’s resources to focus on growing Cyclyx. The Cyclyx Consortium keeps growing, and now counts 44 members. Its main Cyclyx partner Exxon recently announced plans to more than triple its chemical recycling capacity in Texas with a planned 175k tonnes-per-year expansion, paving the way for more feedstock demand from partners. We believe there is strong underlying demand

Financials and estimates changes

Key Figures (USDm)	Dec-23	Dec-24e	Dec-25e	Dec-26e	Dec-27e
Revenue	5.9	0.8	2.9	11.7	25.5
EBITDA	(16.6)	(11.9)	(9.5)	(2.2)	12.5
EBIT	(19.6)	(12.8)	(10.3)	(3.0)	11.7
EPS	(0.20)	(0.20)	(0.22)	(0.18)	(0.08)
Adj. EBITDA	(15.2)	(11.1)	(8.7)	(0.6)	12.5
Adj. EBITDA margin (%)	(258.2)	(1,313.7)	(304.6)	(5.2)	49.0
Revenue growth (%)	(64.2)	(85.6)	236.1	309.1	119.0
EPS growth (%)	(32.7)	0.7	9.6	(16.6)	(57.9)
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0
Net interest bearing debt	(8.2)	(31.9)	29.0	76.0	93.7
EV / Sales (x)	55.5	358.1	127.9	35.3	16.8
EV / EBIT (x)	(16.7)	(23.7)	(35.4)	(135.2)	36.8
P/E (x)	(16.8)	(16.7)	(15.2)	(18.3)	(43.4)
EV	327.4	303.6	364.5	411.6	429.2

Target NOK 40.00

Highlights	
Recommendation	Buy
Target Price	NOK 40.00
Share Price	NOK 34.95
Upside (%)	14.4
Market cap (NOKm)	3,834
Enterprise Value (USDm)	298
Number of shares (m)	110

12 months share price performance:



for Cyclyx's waste-to-feedstock offering and more CCCs over the coming years, despite the challenges experienced by the industry as a whole over the past few years.

### **Modest contribution from the conversion business**

We have decreased our estimates for Agilyx's conversion business since our last update, where we do not expect any larger near-term contracts following the strategy pivot. Moving forward, we understand the company will try to find a partner with financial resources to handle larger polystyrene projects, and from there bring Agilyx's depolymerisation technology to the market. Through such a partnership Agilyx can earn fees from licensing its technology, but we do not expect meaningful licensing revenues in the near future.

### **TP of NOK 40 reiterated**

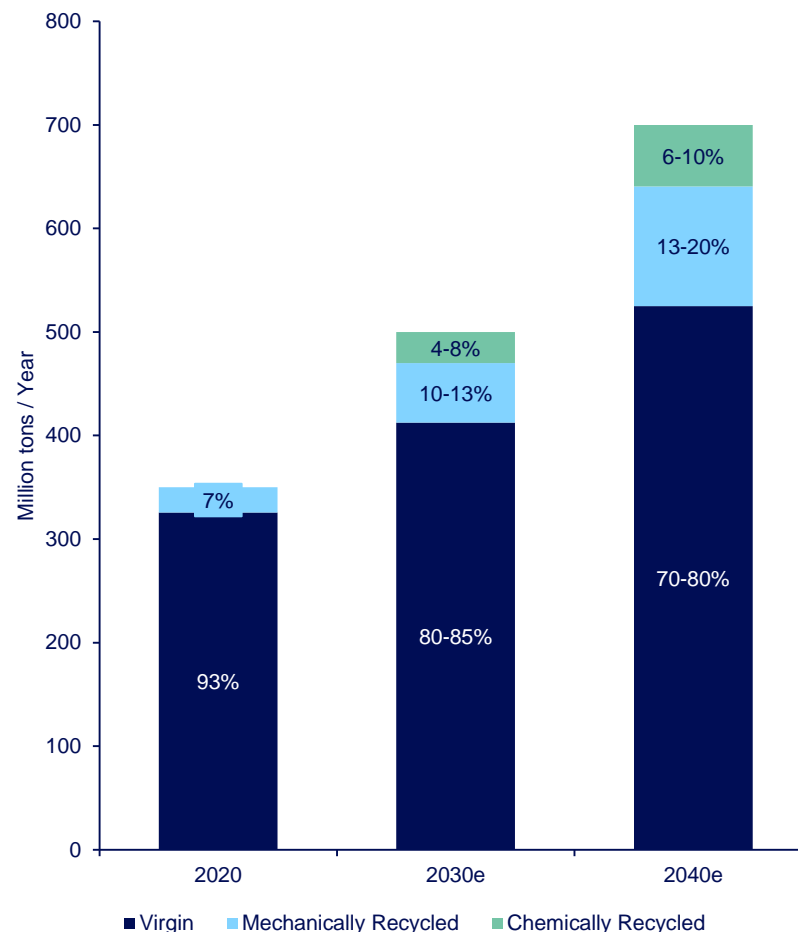
We model five CCCs over the coming five years, with an additional 15 beyond 2030 (self-funded growth with annual capacity additions). With the same offtake cash flow structure as CCC2 and 12% cost of equity, we arrive at a risked value of NOK 40/sh. While the 15 additional CCCs might seem aggressive, we note that current Cyclyx members have indicated demand for feedstock corresponding to over 30 CCCs by 2030, and therefore view our assumption as relatively modest. In a scenario with 30 CCCs beyond 2030 (two new plants per year) our valuation increases to NOK 55/sh, illustrating the significant upside potential to the current share price if growth accelerates. Finally, assuming that future CCCs can be partially funded with project debt, we see a cumulative funding need of ~USD 50m from mid-2026 to 2030.

# Chemically recycled plastic could grow to 4-8% of total plastic supply by 2030...

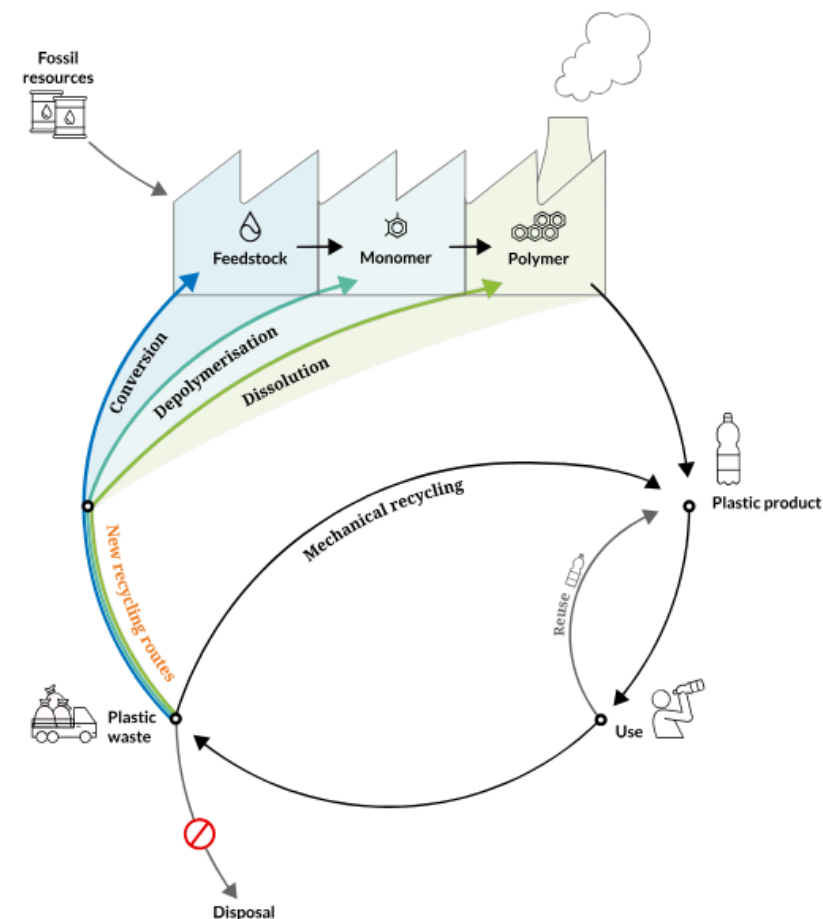
## What is chemical recycling?

- Chemical recycling is an umbrella term for technologies that convert plastic waste into either fuel or raw materials for new plastic, and includes:
  - Conversion* uses extreme heat to break polymers into small molecules that can be turned into fuel or used as feedstock for the creation of new plastics.
  - Depolymerisation* uses heat or chemicals to break down polymers into monomers to produce new plastics.
  - Dissolution or purification* uses solvents to break plastic waste into its chemical components and separate the polymers from additives or contaminants.

## Global polymer demand by category<sup>1</sup>



## Overview of chemical recycling technologies<sup>2</sup>

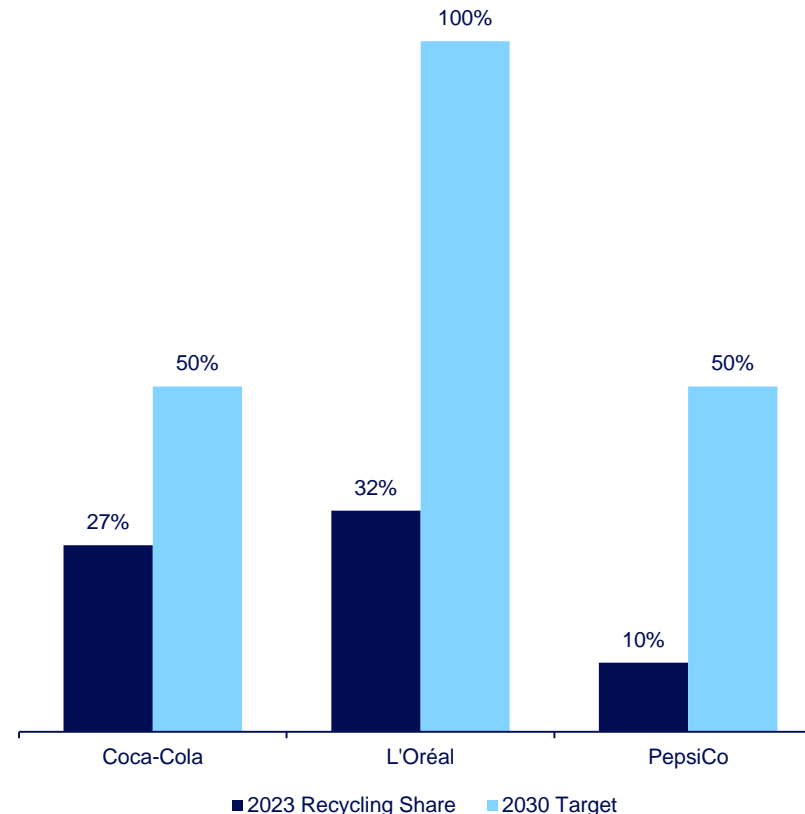


# ...driven by company recycling targets and limited scope of mechanical recycling

## Comments

- Packaging and brand companies – such as Coca-Cola, L'Oréal and Nestlé – are major consumers of plastic, with a growing focus on recycled plastics to meet sustainability targets.
- Leading global consumer packaged goods and retail companies have targets to reach 15-50% recycled content in their packaging by 2025.
- Mechanical recycling, which is the method used to recycle most plastic waste today, has several limitations:
  - Limited to clean sources only
  - Majority must be downcycled
  - Quality degrades with each cycle
- Chemical recycling can utilize mixed-waste and contaminated sources, with a resulting resin quality equal to virgin-based plastic.

## Large plastic consumers have ambitious targets



## Mechanical recycling is limited to clean sources



Limited to clean sources; majority must be downcycled.



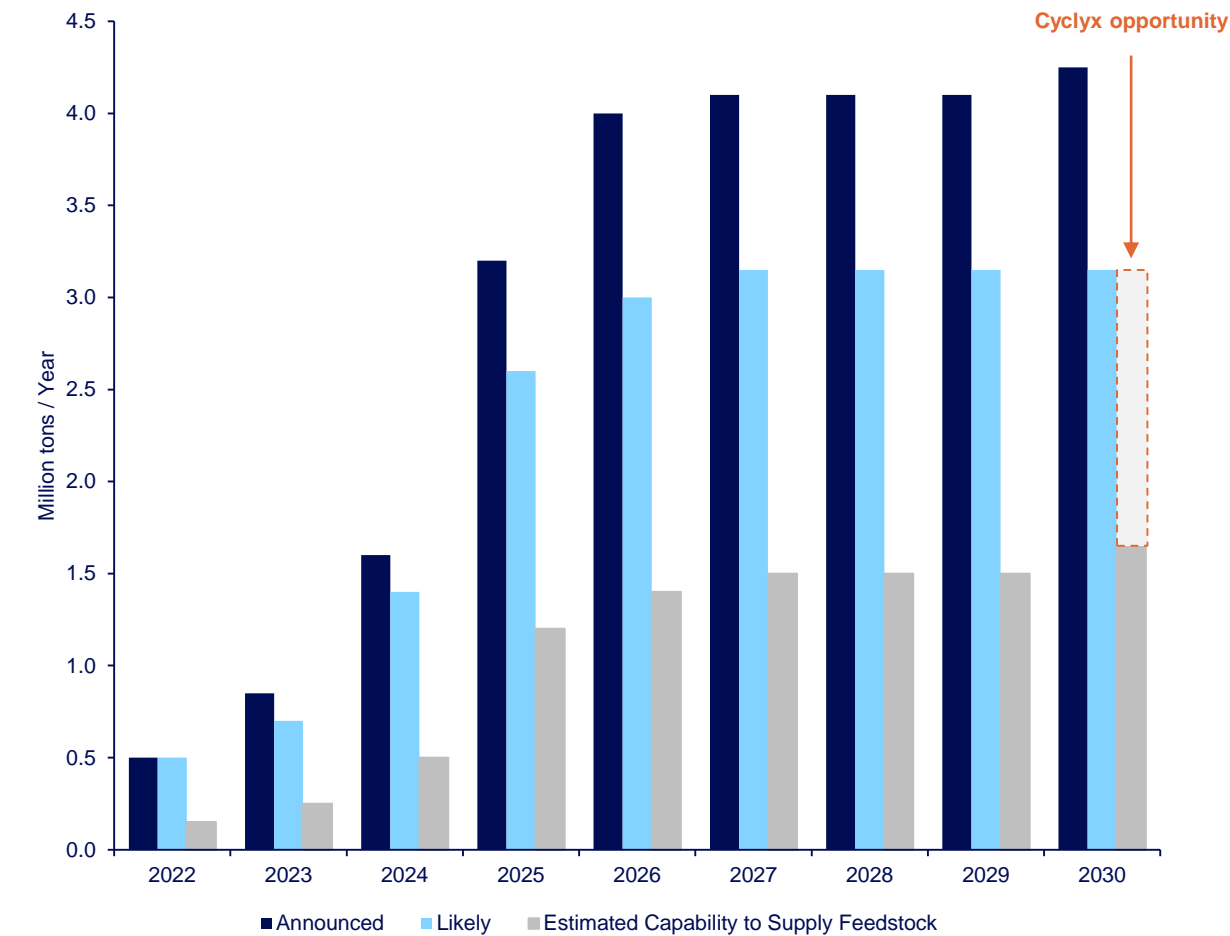
Quality degrades with each cycle.



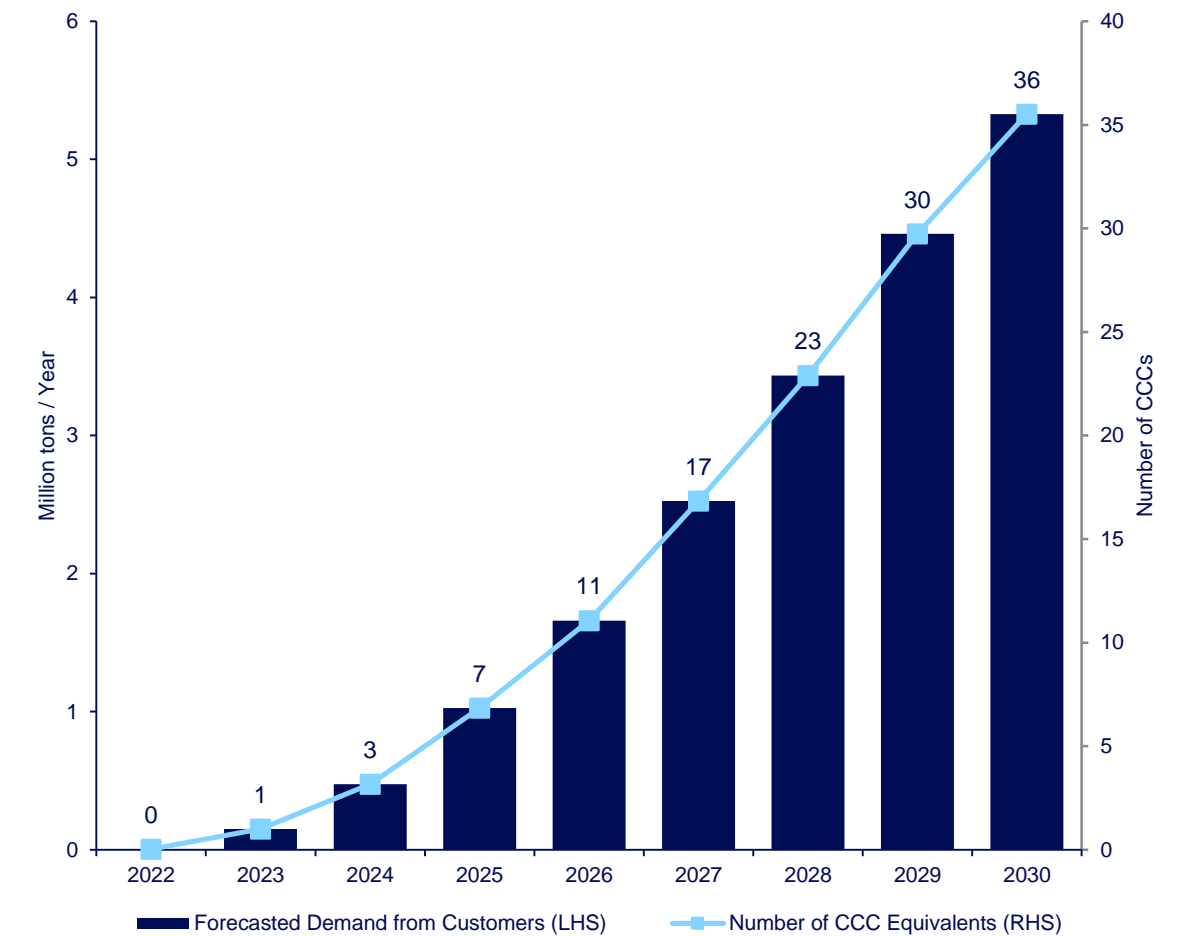
Eventually, everything becomes waste.

# Buildout of chemical recycling industry will require large amounts of suitable feedstock

Global chemical recycling capacity exceeds circular feedstock<sup>1</sup>



Forecasted feedstock demand from existing Cyclyx customers<sup>2</sup>



Source: 1) Wood Mackenzie 2) Forecast from Agilyx; assumes 150k tonnes p.a. CCC output.

# Cyclyx Circularity Centers produce plastic feedstock with custom chemical characteristics

## Cyclyx Circularity Centers (CCCs)

- CCCs aim to solve a key bottleneck of the industry, namely the availability of appropriate feedstock for use in recycling.
- CCCs collect plastic waste through direct partnerships and programmes, and then sort and categorise it based on its chemical composition utilising Agilyx's proprietary chemical conversion database (developed over 20 years). The result is custom waste plastic blends tailored to specific customer requirements, which is then shipped to the offtake partners.
- The Cyclyx consortium (potential customers) include some of the biggest petrochemical companies in the world (40+).

## Members of the Cyclyx consortium


## Overview of Cyclyx's waste-to-feedstock offering



Source: Agilyx, Cyclyx

# CCC1 under construction; FID taken on CCC2 with secured offtake agreements

## Overview of CCC1 and CCC2

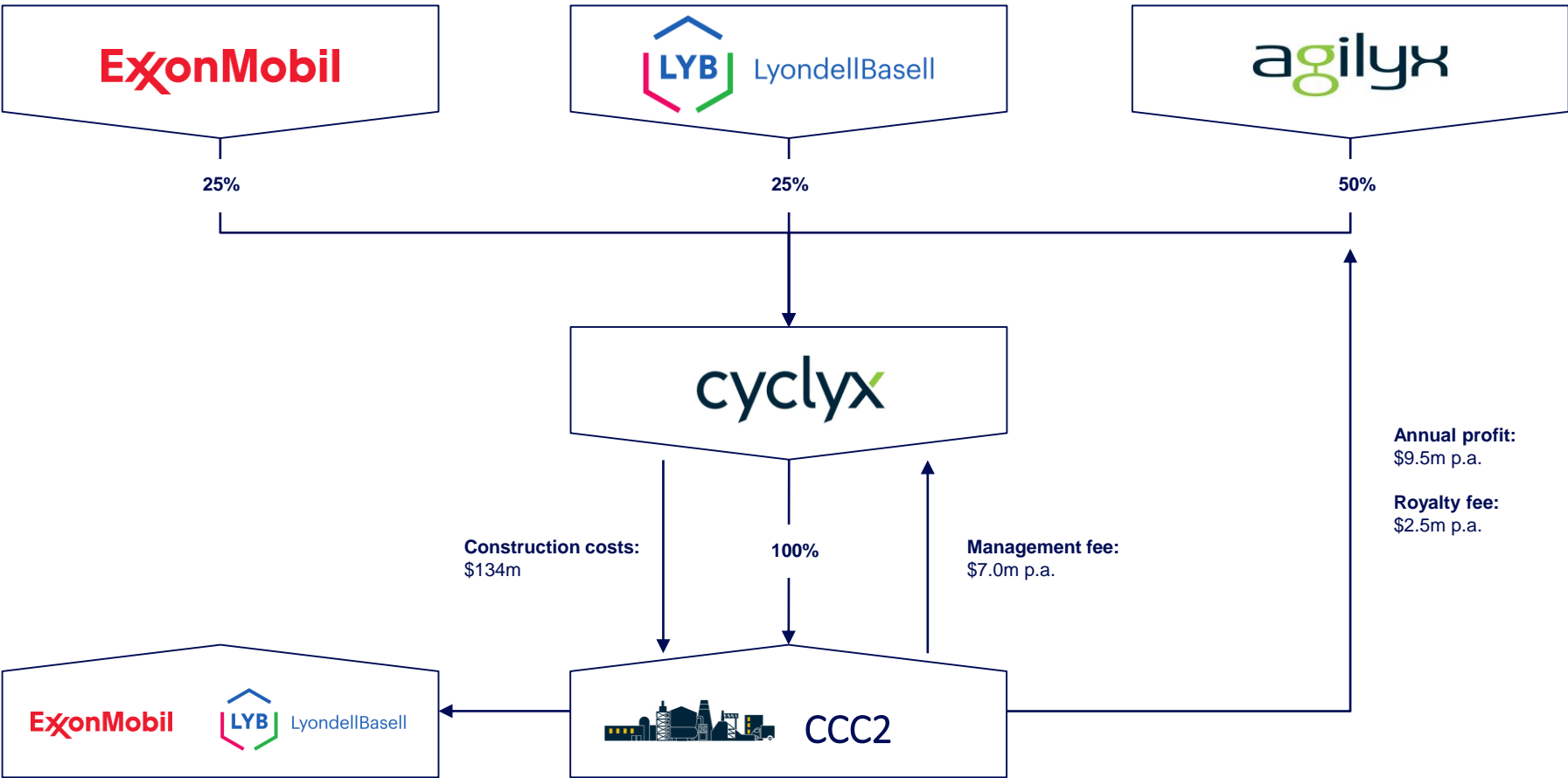
### CCC1

**FID:** Q4 2023  
**Expected COD:** H2 2025  
**Capex:** USD 125m  
**Funding:** Exxon & Lyondell (100%)  
**Capacity:** 178k tonnes p.a.  
**Location:** Houston, Texas  
**Offtakers:** Exxon & Lyondell  
**Offtake agreement:** 10y+5y @ cost  
**Est. Agilyx CF p.a.:** USD 6.0m<sup>1</sup>

### CCC2

**FID:** Q4 2024  
**Expected COD:** H2 2026  
**Capex:** USD 134m  
**Funding:** Agilyx (50%), Exxon & Lyondell (50%)  
**Capacity:** 178k tonnes p.a.  
**Location:** Dallas, Texas  
**Offtakers:** Exxon & Lyondell  
**Offtake agreement:** 10y+5y @ 15% IRR  
**Est. Agilyx CF p.a.:** USD 15.5m

## CCC2 will generate USD 15.5m net to Agilyx at full capacity (150k tonnes p.a.)



**Offtake:** Cost + model @ 15% unlevered IRR to Agilyx

1) Royalty fee + pro-rata share of Cyclyx management fee.  
Source: Agilyx

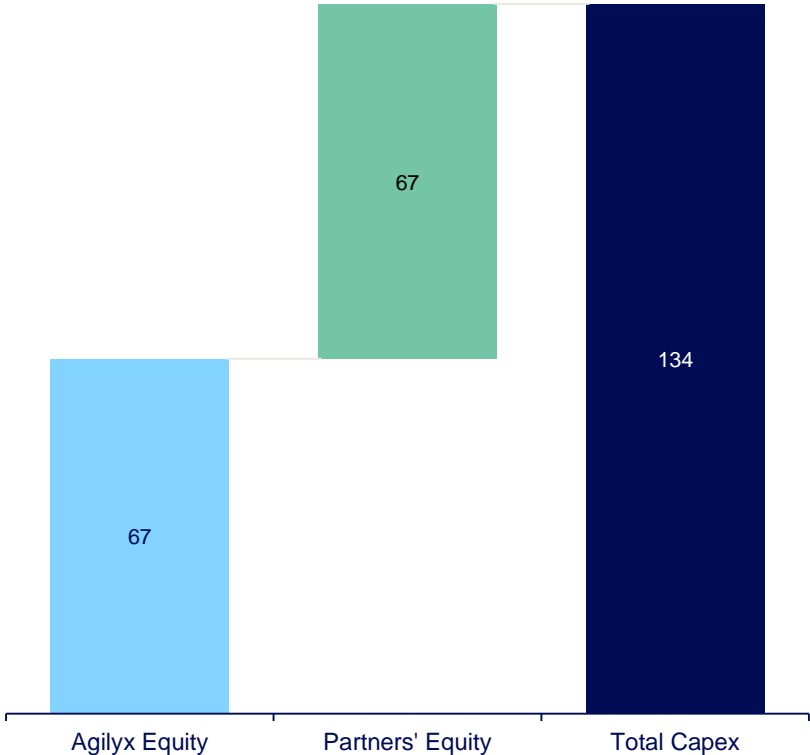


# Successful rollout of CCC1-2 should reduce the equity need for future CCCs

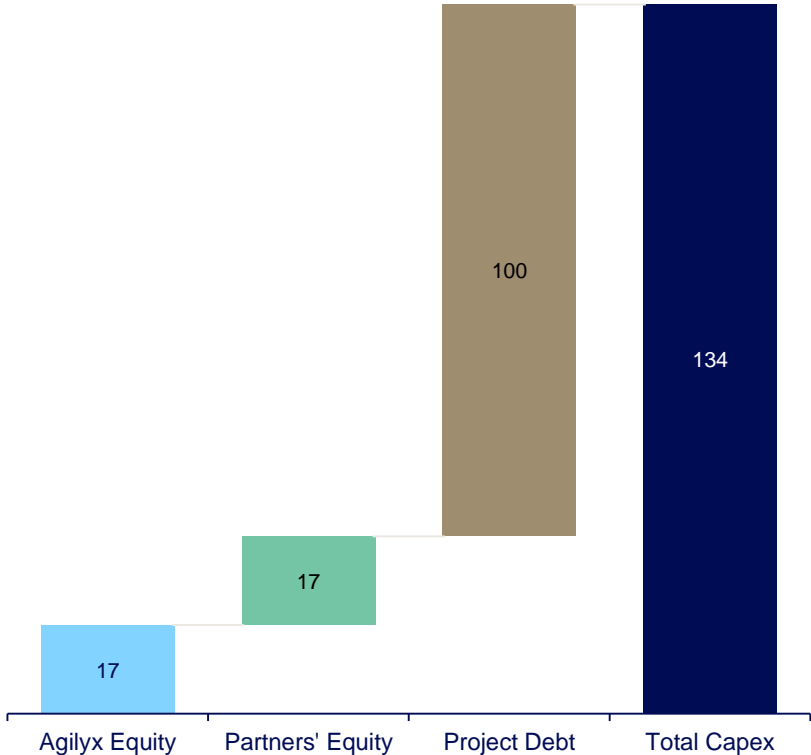
## Comments

- CCC2 will be fully funded by equity capital, with Agilyx contributing USD 67m (50%) of the total capex.
- Through its recent private placement (40m) and secured bond issue (50m), Agilyx has sufficient cash on hand to fund its share of CCC2 construction costs.
- We believe a successful rollout of CCC1-2 will allow for Cyclyx to raise project debt for subsequent CCCs, especially if it is able to secure long-term offtake agreements. This should in turn reduce Agilyx's capex needs and thus the need to raise more capital.
  - We assume 75% LTV and 10% interest for subsequent CCCs.

## CCC2 funding (USDm)



## CCC funding with 75% leverage (USDm)

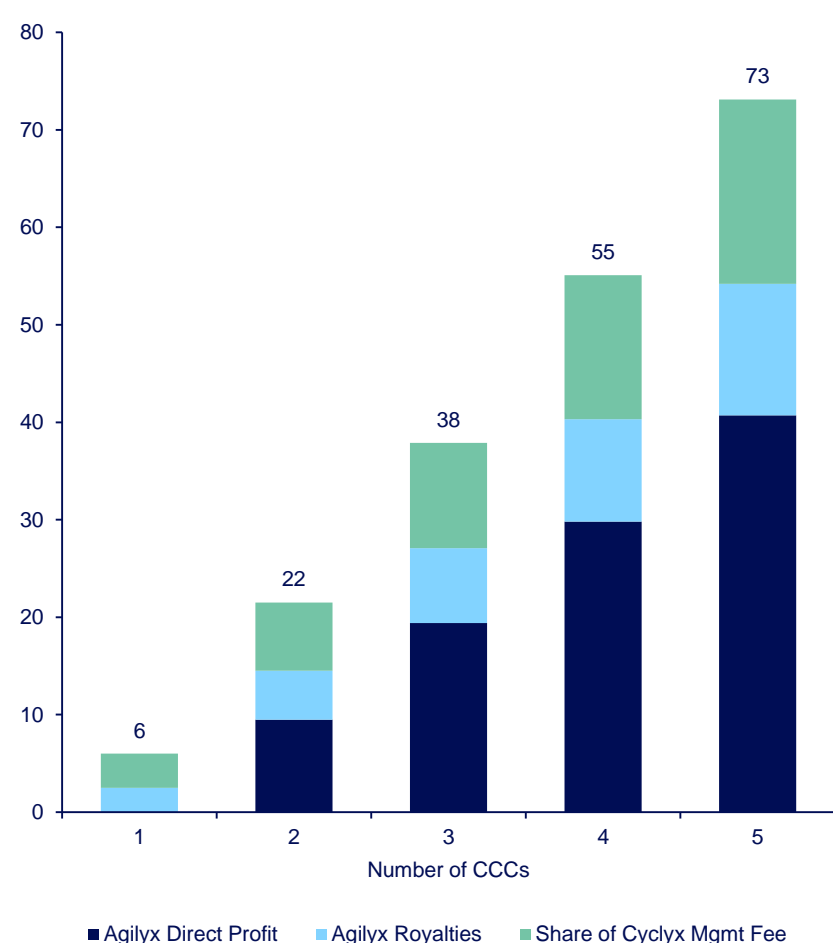


# Five CCCs implies EBITDA contribution of more than USD 70m from Cyclyx

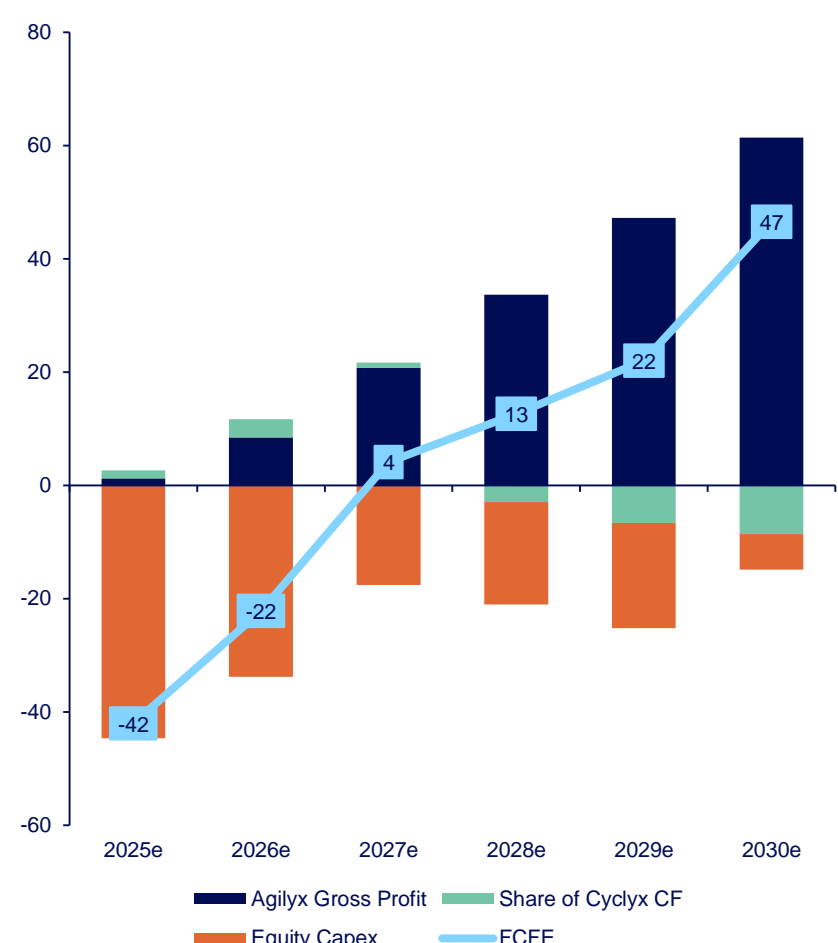
## Comments

- We assume five CCCs by 2030, equivalent to one additional CCC per year beyond the first two.
  - This is in line with offtake demand from existing Cyclyx customers.
  - We assume same capacity as CCC1-2.
- Offtake cash flows are modelled based on CCC2, with Agilyx generating an unlevered IRR of ~15%.
- With debt at the project level, Cyclyx gross profit is reduced through debt amortisation and interest payments.
- With three CCCs in operation, Agilyx's CF from Cyclyx is sufficient to cover additional equity capex in our model.

## Projected Cyclyx EBITDA contribution (USDm)



## Projected Cyclyx FCFE contribution (USDm)<sup>1</sup>



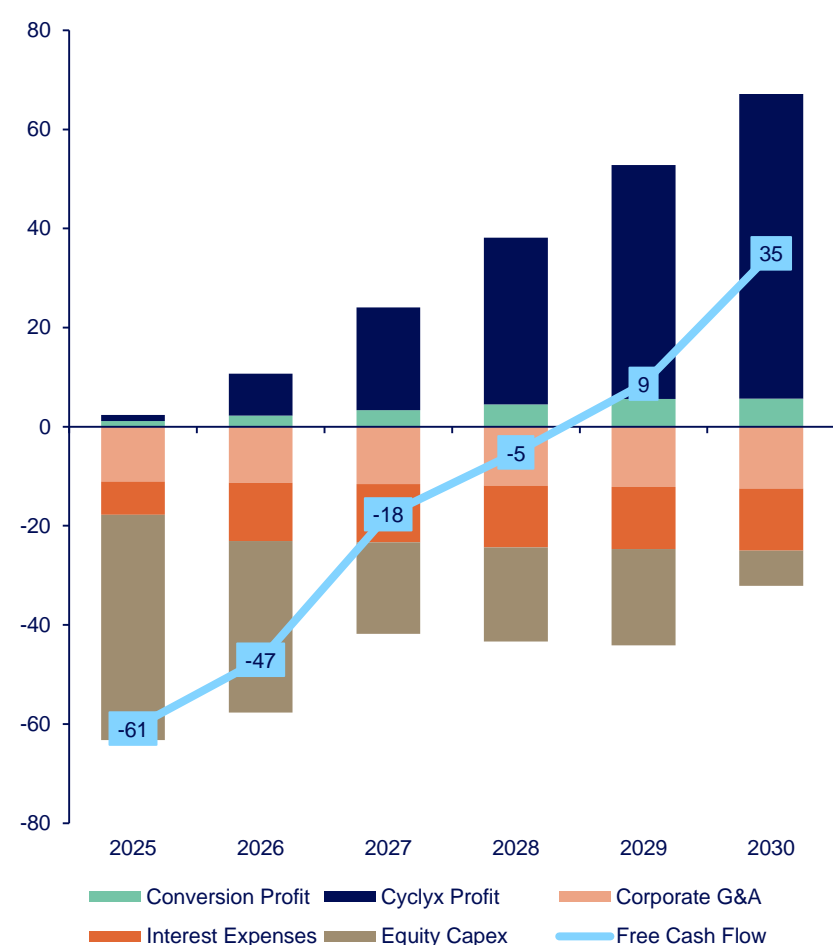
1) Assumes that subsequent CCCs are funded with 75% project debt @ 10% interest. Cyclyx cash flow is defined as management fee less debt amortisation and interest payments.  
Source: Arctic Securities

# We assume a limited contribution from the conversion business in the near future

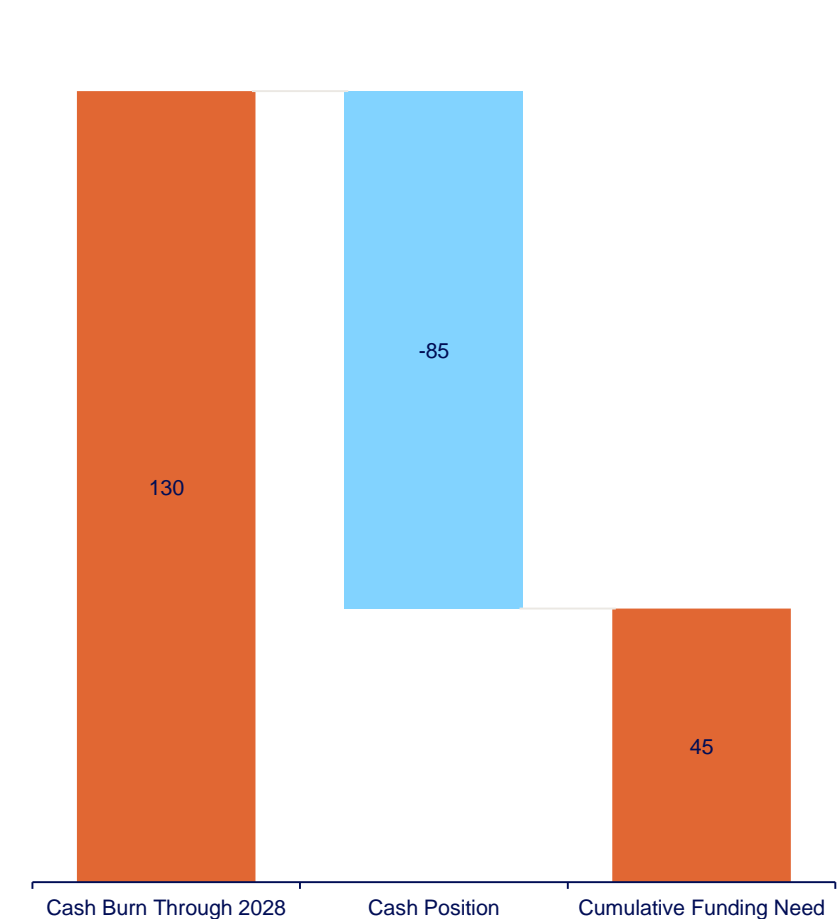
## Comments

- Due to a deployment of resources towards growing Cyclyx, we don't expect any larger near-term contracts for Agilyx's conversion business.
- On the Q2 conference call, mgmt. stated it is trying to find a partner to commercialize its polystyrene technology; it will not invest in larger polystyrene projects itself.
  - Our estimates assume modest revenue for this segment over the coming years through licensing fees.
- We estimate that CF from Cyclyx will cover corporate overhead and interest expenses by mid-2028, and see an additional funding need of USD 50m towards end-2026.
- This can potentially be reduced through debt refinancing of CCC2 in 2026.

## Projected FCF for Agilyx (USDm)



## Projected funding need (USDm)



# Base case SOTP

## Comments

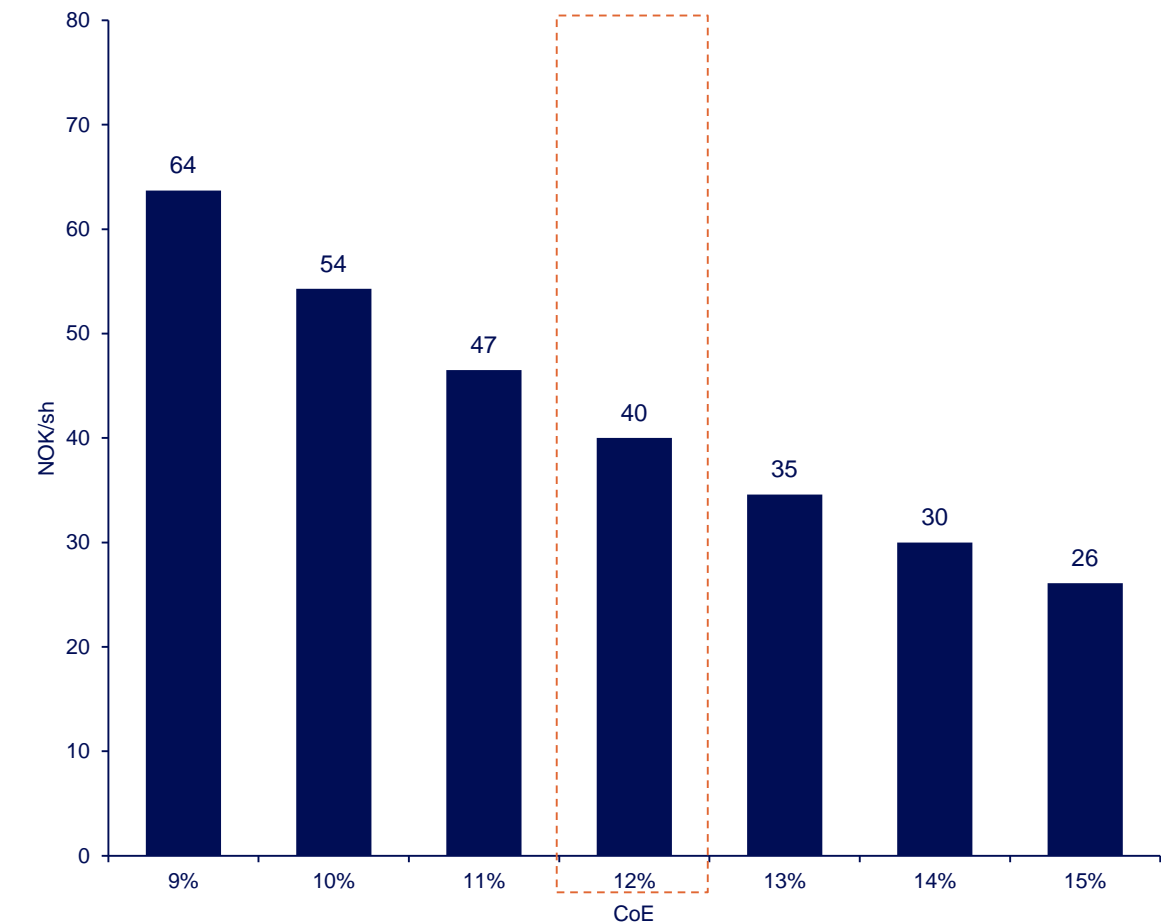
- Our SOTP valuation is based on a DCF model with 12% cost of equity.
- We assume 15 additional CCCs after 2030 with annual capacity additions, based on:
  - Same capacity as CCC1-5.
  - Same cash flow and financing structure as CCC3-5, i.e. 75% leverage and 15% unlevered IRR to Agilyx.
- NPV of Agilyx cash flows (excl. Cyclyx) is negative in our model since profits from the conversion business don't cover corporate expenses and interest payments during our forecast period.

## Our SOTP valuation results in a value of NOK 40/sh

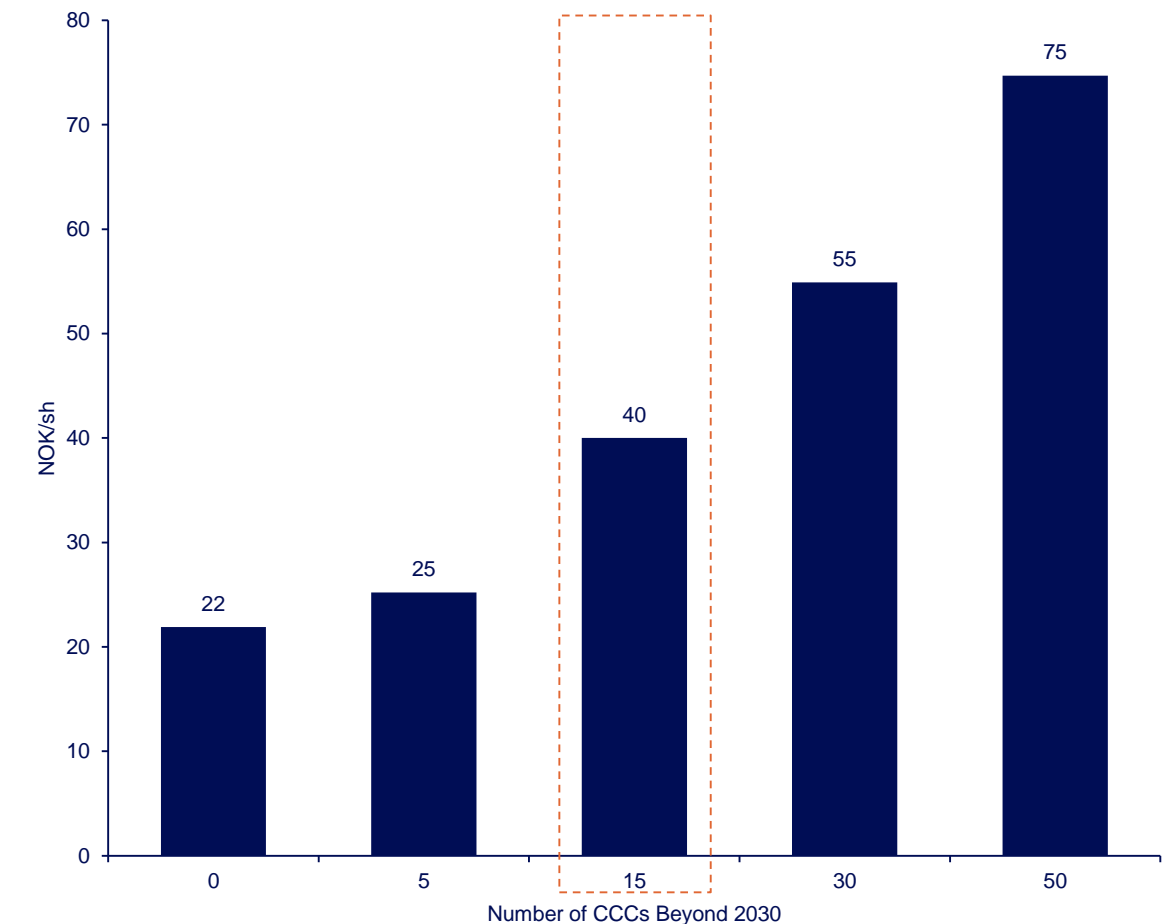
NAV Breakdown	Status	Stake (%)	Unrisked Value (USDm)	Weight (%)	Risked Value (USDm)	Value, NOK/sh
CCC1	Under Construction	50%	44.5	100%	44.5	4.5
CCC2	FID Taken	50%	57.2	100%	57.2	5.8
CCC3	ARCe	50%	56.4	85%	47.9	4.9
CCC4	ARCe	50%	51.4	85%	43.7	4.4
CCC5	ARCe	50%	46.9	85%	39.9	4.1
Grow th After 2030 (15 Additional CCCs)	ARCe	50%	237.8	75%	178.4	18.1
NPV of Other Cyclyx, Incl. Cash					23.2	2.4
Sum Cyclyx					434.9	44.2
NPV of Agilyx Cash Flow s (Excl. Cyclyx)					-73.1	-7.4
Net Cash (Debt) Position (Q4'24)					32.1	3.3
SOTP					393.8	40.0

# SOTP sensitivity analysis

SOTP vs. cost of equity (CoE)



SOTP vs. number of CCCs beyond 2030



Profit and Loss

Profit and Loss (USDm)	Dec-23	Dec-24e	Dec-25e	Dec-26e	Dec-27e
Revenue	5.9	0.8	2.9	11.7	25.5
Cost of sales	(5.3)	(0.9)	(0.5)	(1.0)	(1.4)
Other operating income/(costs)	0.0	0.0	0.0	0.0	-
Operating expenses	(22.5)	(12.8)	(12.3)	(13.9)	(13.0)
EBITDA	(16.6)	(11.9)	(9.5)	(2.2)	12.5
Depreciation	(0.9)	(0.8)	(0.8)	(0.8)	(0.8)
Impairment	(2.0)	(0.0)	0.0	0.0	0.0
Share of JV and ass. companies	0.0	0.0	0.0	0.0	-
Other	0	0	0	0	-
EBIT	(19.6)	(12.8)	(10.3)	(3.0)	11.7
Interest expense	(0.2)	0.0	(6.8)	(11.8)	(11.8)
Net interest	0.9	0.2	(6.0)	(11.0)	(11.8)
Other	3.0	(1.2)	0.0	0.0	0.0
Pre-tax profit	(17.7)	(22.2)	(23.7)	(20.6)	(8.3)
Income tax	0.0	0.0	0.0	0.0	0.0
Net income	(17.7)	(22.2)	(23.7)	(20.6)	(8.3)
Equity holders of the parent	(19.0)	(22.2)	(23.7)	(20.6)	(8.3)
Revenue per share	0.0	0.0	0.0	0.0	0.0
Adj. EPS	0.0	0.0	0.0	0.0	0.0
DPS	-	-	-	-	-

Profit and Loss Statement (USDm)	Dec-23	Dec-24e	Dec-25e	Dec-26e	Dec-27e
Adj. revenue	5.9	0.8	2.9	11.7	25.5
Adj. EBITDA	(15.2)	(11.1)	(8.7)	(0.6)	12.5
Adj. EBIT	(18.2)	(12.0)	(9.5)	(1.4)	11.7
Adj. net profit	(18.7)	(21.6)	(23.7)	(19.7)	(8.3)
Gross margin	10.1	(3.7)	83.2	91.8	94.4
EBITDA margin (%)	(282.4)	(1,408.0)	(332.7)	(19.1)	49.0
Adj. EBITDA margin	(258.2)	(1,313.7)	(304.6)	(5.2)	49.0
EBIT margin (%)	(332.7)	(1,510.5)	(360.9)	(26.1)	45.7
Adj. EBIT margin	(308.6)	(1,416.2)	(332.8)	(12.3)	45.7
Net profit margin	1,627.2	(2,546.5)	(830.5)	(169.2)	(32.5)
Adj. net profit margin	(317.4)	(2,546.5)	(830.5)	(169.2)	(32.5)
Revenue growth (%)	(64.2)	(85.6)	236.1	309.1	119.0
EBITDA growth (%)	(23.4)	(28.3)	(20.6)	(76.6)	(662.6)
EBIT growth (%)	(21.8)	(34.7)	(19.7)	(70.4)	(482.9)
Net profit growth	(508.9)	(122.2)	9.3	(16.2)	(56.1)

Balance Sheet

Balance Sheet (USDm)	Dec-23	Dec-24e	Dec-25e	Dec-26e	Dec-27e
Property, plant and equipment	1.3	0.9	0.9	0.9	0.9
Right-of-use assets	0.3	0.2	0.2	0.2	0.2
Intangible assets	3.6	2.8	2.8	2.8	2.8
Share of JV, ass. comp. and other inv.	113.0	104.6	141.8	169.1	178.5
Interest bearing assets	0.0	0.0	0.0	0.0	-
Deferred tax assets	0.0	0.0	0.0	0.0	-
Other non-current assets	0.0	0.0	0.0	0.0	0.0
Total non-current assets	118.2	108.5	145.7	173.0	182.4
Inventories	0.0	0.0	0.0	0.0	0.0
Receivables	0.6	0.9	0.9	0.9	0.9
Other current assets	2.9	2.7	2.7	2.7	2.7
Cash and cash equivalents	8.5	82.1	71.2	24.1	31.5
Total current assets	12.8	86.5	76.8	30.1	35.1
Total assets	131.1	195.0	222.5	203.1	217.4

Balance Sheet (USDm)	Dec-23	Dec-24e	Dec-25e	Dec-26e	Dec-27e
Equity attributable to the parent	124.0	138.3	114.6	94.9	86.6
Non-controlling interests	(0.1)	(0.1)	(0.1)	(0.1)	-
Total equity	123.9	138.2	114.5	94.8	86.6
Long-term interest-bearing debt	0.0	50.0	100.0	100.0	125.0
Non-current lease liabilities	0.1	0.0	0.0	0.0	0.0
Deferred tax liabilities	0.0	0.0	0.0	0.0	-
Other non-current liabilities	3.3	4.5	4.5	4.5	4.5
Total non-current liabilities	3.4	54.5	104.5	104.5	129.5
Short-term interest-bearing debt	0.0	0.0	0.0	0.0	-
Current lease liabilities	0.2	0.2	0.2	0.2	0.2
Current tax assets	0.0	0.0	0.0	0.0	-
Other current liabilities	0.9	0.7	0.7	0.7	0.7
Total current liabilities	3.0	1.4	1.4	1.4	1.4
Total equity and liabilities	130.2	194.1	220.4	200.7	217.4
Gross debt	0.3	50.2	100.2	100.2	125.2
Net interest bearing debt	(8.2)	(31.9)	29.0	76.0	93.7
Capital employed	115.7	106.3	143.6	170.8	180.3
Working capital	1.5	3.3	4.4	4.7	2.4

## Cash Flow Statement

Cash Flow Statement (USDm)	Dec-23	Dec-24e	Dec-25e	Dec-26e	Dec-27e
Net profit	95.9	(21.6)	(23.7)	(19.7)	(8.3)
D,A&I	3.0	1.7	0.8	0.8	0.8
Change in working capital	5.5	(1.6)	0.0	0.0	0.0
Cash flow from JV's and Associates	2.0	8.4	7.4	6.6	8.2
Other operating cash flow items	(120.0)	1.1	0.0	0.0	0.0
Cash flow from operations	(13.6)	(11.9)	(15.4)	(12.4)	0.8
Capital expenditures	(10.0)	(0.5)	(45.5)	(34.7)	(18.4)
Net financial investments	0.0	0.0	0.0	0.0	0.0
Net acquisitions/divestments	0.0	0.0	0.0	0.0	0.0
Other investment items	(1.6)	0.0	0.0	0.0	0.0
Cash flow from investing activities	(11.7)	(0.5)	(45.5)	(34.7)	(18.4)
New debt	(0.0)	49.9	50.0	0.0	25.0
Repayment of debt	0.0	0.0	0.0	0.0	-
Change in debt	(0.0)	49.9	50.0	0.0	25.0
Dividend payment	0.0	0.0	0.0	0.0	0.0
Other financing items	0.8	(4.0)	0.0	0.0	0.0
Cash flow from financing activities	20.2	85.9	50.0	0.0	25.0
Other (e.g. FX)	0.0	0.0	0.0	0.0	0.0
Net cash flow	(5.1)	73.5	(10.9)	(47.0)	7.3

Cash Flow Statement (USDm)	Dec-23	Dec-24e	Dec-25e	Dec-26e	Dec-27e
Free cash flow to firm	(25.1)	(12.4)	(54.2)	(35.3)	(5.9)
Free cash flow to equity	(25.4)	37.5	(10.9)	(47.0)	7.3



Key ratios & Valuation

Key ratios & Valuation (USDm)	Dec-23	Dec-24e	Dec-25e	Dec-26e	Dec-27e	Key ratios & Valuation (USDm)	Dec-23	Dec-24e	Dec-25e	Dec-26e	Dec-27e
Avg. shares outstanding (m)	95.7	109.7	109.7	109.7	109.7	FCFF yield	(7.7)	(4.1)	(14.9)	(8.6)	(1.4)
Avg. diluted shares outstanding (m)	94.9	94.9	94.9	94.9	-	FCFE yield	(0.7)	1.0	(0.3)	(1.2)	0.2
NIBD / EBITDA (x)	0.5	2.7	(3.1)	(34.2)	7.5	ROE	(29.0)	(16.9)	(18.8)	(19.7)	(9.2)
IBD / EBITDA (x)	(0.0)	(4.2)	(10.6)	(45.1)	10.0	ROACE	(35.7)	(11.5)	(8.2)	(1.9)	6.6
IBD / (EBITDA - capex) (x)	(0.0)	(4.0)	(1.8)	(2.7)	(21.1)	EV / Sales	55.5	358.1	127.9	35.3	16.8
IBD / Total assets	0.2	25.7	45.0	49.3	57.6	EV / adj. Sales	55.5	358.1	127.9	35.3	16.8
Operating cash flow / IBD	(4,656.3)	(23.7)	(15.4)	(12.3)	0.6	EV / EBITDA	(19.7)	(25.4)	(38.4)	(185.2)	34.3
Free cash flow / IBD	(8,571.3)	(24.7)	(54.1)	(35.2)	(4.7)	EV / EBIT	(16.7)	(23.7)	(35.4)	(135.2)	36.8
EBITDA / Interest (x)	(81.6)	373.1	(1.4)	(0.2)	1.1	P/E	(17)	(17)	(15)	(18)	(43)
EBITDA / (Interest+Amortisation) (x)	(81.6)	373.1	(1.4)	(0.2)	1.1	P/BV	2.9	2.6	3.1	3.8	4.2
Equity / total assets	94.5	70.9	51.5	46.7	39.8						

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Agilyx AS	-	X	-	-	X	-	-
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Agilyx AS	-	-	-	-
1. Number of shares owned by the analysts who are authors of the parts of the report concerning the mentioned Company.				
2. Number of bonds owned by the analysts who are authors of the parts of the report concerning the mentioned Company.				
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Date	Recommendation	Target (NOK)	Price (NOK)
20 December 2024	Buy	40.0	34.95
6 May 2024	Buy	40.0	29.5

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The graph(s) below show the historical share price and how our recommendation(s) for the financial instruments issued by the Company(ies) have changed over the last 12 months.

The part of this report concerning Agilyx AS has been prepared by Daniel Stenslet, Brage Ager-Wick

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