

STENOCARE



Entering the Largest Market in Europe

With the Q1-report presented, it is clear that STENOCARE A/S (“STENOCARE” or the “Company”), has laid the groundwork for future scale-up, for instance through entering a new market, launching an IT-platform for online clinics as well as selecting a partner to produce the Company’s premium products. Sales is expected to fluctuate from quarter to quarter due to products being shipped in large quantities, why we expect stronger revenues in the coming quarters than the DKK 0.8m presented in Q1-23. With estimated net sales of DKK 60.4m by 2024, and with an applied P/S multiple of 5.5x, a potential present value per share of DKK 13.9 (21.4) is derived in a Base scenario.

■ Entering the German Market

STENOCARE has obtained approval for a new product in Germany, which is by far the largest market for medical cannabis in Europe, with estimated sales of EUR 1bn by 2027, compared to EUR 2.2bn for Europe in total. Given the German markets size, this also entails more competition, where STENOCARE’s competitive advantage is expected to be that the Company’s product will be reimbursed by insurance companies, which is not the case for all products.

■ Decrease in Sales – Improvement Expected Ahead

STENOCARE’s net sales during Q1-23 amounted to DKK 0.8m (0.9), a decrease of 10% compared to Q1-22. Given that sales is expected to fluctuate from quarter to quarter due to bulk deliveries and that STENOCARE delivered products to five markets in Q4-22, we do not attach great importance to this and estimates stronger sales in the coming quarters.

■ Capital Injection Intensifies the Growth Focus

During June 2023, STENOCARE raised DKK 10.7m in gross proceeds through a unit rights issue which was oversubscribed. The funds will be used to further scale the core business and complete the indoor cultivation facility, something that we expected the Company to complete without further capital injections, hence, the investments needed for this appears to be higher than we estimated. However, we believe that the capital injection puts STENOCARE in a greater position to scale up sales by obtaining approvals in new markets and increase commercial efforts in current markets as well as strengthening the balance sheet, why we believe the Company is in a good position to deliver strong revenue growth going forward.

■ Updated Valuation Range

With the Q1-report presented, we are repeating our forecasts in a Base and a Bull scenario, however slightly more conservative estimates are made in a Bear scenario. Moreover, we have seen a multiple contraction among peers since our latest update, which results in a lower valuation multiple for STENOCARE in all scenarios. This, together with the capital injection from the unit rights issue and directed issue for debt conversion, which entailed an increase in outstanding shares, results in an updated valuation range in all scenarios.

VALUATION RANGE

Bear
DKK 3.7

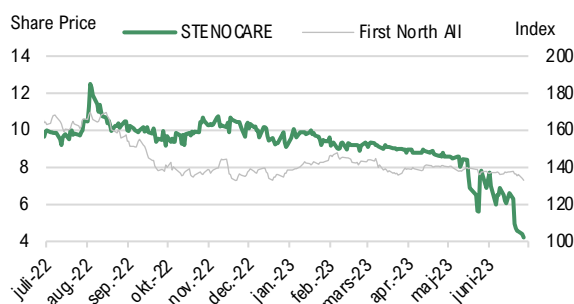
Base
DKK 13.9

Bull
DKK 16.3

STENOCARE

Share Price (2023-06-27)	4.21
Shares Outstanding	15,102,124 ¹
Market Cap (DKKm)	63.6
Net cash(-)/debt(+) (DKKm)	9.3 ²
Enterprise Value (DKKm)	72.9
List	Nasdaq First North Growth Market
Interim Report Q2 2023	2023-08-17

STOCK DEVELOPMENT



TOP SHAREHOLDERS

Steno Group IVS (Rolf Steno, CCO)	11.1%
MS Kjør Holding ApS (Søren Kjør, COO)	10.8%
Prana Holding ApS (Thomas S. Schnegelsberg, CEO)	10.4%
Others	67.7%

Estimates (DKKm)	2022A	2023E	2024E	2025E
Revenue	4.5	20.8	60.4	113.1
Net sales growth	138%	363%	190%	87%
Other external expenses	-10.9	-15.8	-34.0	-60.5
Share of revenue (%)	-243%	-76%	-56%	-53%
Personnel expenses	-6.8	-9.0	-15.6	-24.6
EBITDA	-13.2	-4.0	10.9	28.0
EBITDA margin	-294%	-19%	18%	25%
P/S	14.2	3.1	1.1	0.6
EV/S	16.2	3.5	1.2	0.6
EV/EBITDA	-5.5	-18.1	6.7	2.6
EV/EBIT	-4.4	-9.7	10.1	3.0

¹After the initial rights issue and conversion of debt of DKK 5m from a directed issue in June 2023

²At the end of Q1-23

Disclaimer

These analyses, documents and any other information originating from AG Equity Research AB (Henceforth "AG") are created for information purposes only, for general dissipation and are not intended to be advisory. The information in the analysis is based on sources, data and persons which AG believes to be reliable. AG can never guarantee the accuracy of the information. The forward-looking information found in this analysis are based on assumptions about the future, and are therefore uncertain by nature and using information found in the analysis should therefore be done with care. Furthermore, AG can never guarantee that the projections and forward-looking statements will be fulfilled to any extent. This means that any investment decisions based on information from AG, any employee or person related to AG are to be regarded to be made independently by the investor. These analyses, documents and any other information derived from AG is intended to be one of several tools involved in investment decisions regarding all forms of investments regardless of the type of investment involved. Investors are urged to supplement with additional relevant data and information, as well as consulting a financial adviser prior to any investment decision. AG disclaims all liability for any loss or damage of any kind that may be based on the use of analyzes, documents and any other information derived from AG.

Conflicts of Interest and impartiality

To ensure AG's independence, AG has established compliance rules for analysts. In addition, all analysts have signed an agreement in which they are required to report any and all conflicts of interest. These terms have been designed to ensure that *COMMISSION DELEGATED REGULATION (EU) 2016/958 of 9 March 2016, supplementing Regulation (EU) No 596/2014 of the European Parliament and of the Council with regard to regulatory technical standards for the technical arrangements for objective presentation of investment recommendations or other information recommending or suggesting an investment strategy and for disclosure of particular interests or indications of conflicts of interest*. Compliance policy: <https://analystgroup.se/interna-regler-ansvarsbegransning/> (Swedish)

Other

This analysis is a task analysis. This means Analyst Group has received payment for doing the analysis. The Principal, **STENOCARE A/S** (furthermore "the Company") has had no opportunity to influence the parts where Analyst Group has had opinions about the Company's future valuation or anything that could constitute an objective assessment.

The parts that the Company has been able to influence are the parts that are purely factual and objective.

The analyst does not own shares in the Company.

This analysis is copyright protected by law © AG Equity Research AB (2014-2023). Sharing, dissemination or equivalent action to a third party is permitted provided that the analysis is shared unchanged.