

STENOCARE (STENO)



Delivers on Key Strategic Initiatives

STENOCARE A/S (“STENOCARE” or the “Company”) has executed on several strategically important milestones during H1-24, including approval of the balanced oil in Denmark and the launch of premium products in Australia and Germany. However, higher product price subsidy has increased competition from Magistrel products in Denmark, and the market growth has been slower than expected which has affected sales. This has led us to update our financial forecasts for STENOCARE and with estimated net sales of DKK 30.2m by 2026, and with an applied P/S multiple of 4x, a potential present value per share of DKK 4.0 (8.8) is derived in a Base scenario. The updated valuation is a result of the updated forecasts, a multiple contraction in the industry as well as an increase in shares outstanding from capital raises.

▪ Net Sales Amounted to DKK 0.7m in Q2-24

STENOCARE reported net sales of DKK 0.7m (1.7) in Q2-24, corresponding to a decrease of 57% Y-Y. Unfavorable market dynamics has impacted STENOCARE’s sales negatively where higher product price subsidy in Denmark has increased competition and resulted in price decreases. Moreover, sales in international markets have been slower than estimated as the integration of medical cannabis into the health care industry has been slower than estimated. However, STENOCARE has successfully made the planned strategic progress in several markets, which has laid the ground for future growth. Nevertheless, considering the current market conditions, we have updated our sales forecast downwards in this update.

▪ Operates With a Lean Organization

The operational expenses, excluding depreciation, amounted to DKK -3.5m (-4,3), corresponding to a decrease of 19%. Thus, we believe that STENOCARE is continuing to optimize the cost structure to reduce the Company’s burn rate, given the lack of sales acceleration so far, which we view positively.

▪ Launch of Next Generation Products

During Q2-24, STENOCARE announced the launch of the Company’s premium product, Astrum oil, which is expected to be available for patients in Australia and Germany from Q4-24. The Astrum oil offers several benefits which the industry have struggled with historically, including a higher, more uniform, and faster uptake in the blood. Analyst Group believes that the Astrum oil has the potential to revolutionize the industry and is expected to be an important sales driver from 2025.

▪ Updated Valuation Range

Considering the results in H1-24 and the current more unfavorable market conditions and a slower market growth than expected, we have updated our financial forecasts downwards in this update. As a result of the updated forecasts, a contraction in multiples for companies within the cannabis sector and an increase in outstanding shares due to exercise of TO2 warrants and a directed issue, we have updated our valuation range in all scenarios.

VALUATION RANGE

Bear
DKK 1.1

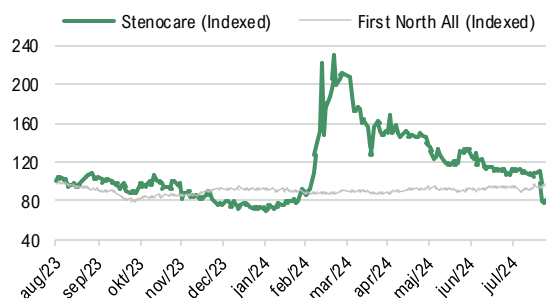
Base
DKK 4.0

Bull
DKK 5.5

STENOCARE

Share Price (2024-08-28)	2.62
Shares Outstanding	20,212,497
Market Cap (DKKm)	53.0
Net cash(-)/debt(+) (DKKm)	0.6 ¹
Enterprise Value (DKKm)	53.6
List	Nasdaq First North Growth Market
Q3-report 2024	2024-11-07

STOCK DEVELOPMENT



TOP SHAREHOLDERS (SOURCE: INTERIM REPORT)

SC-Founders Holding ApS	26.3%
HHTM ApS	11.6%
STENOCARE A/S (Treasury shares)	1.3%
Others	60.8%

Estimates (DKKm)

	2023A	2024E	2025E	2026E
Revenue	4.0	6.0	14.8	30.2
Net sales growth	-11%	49%	149%	104%
Other external expenses	-10.2	-10.8	-14.9	-20.8
Share of revenue (%)	-255%	-181%	-100%	-69%
Personnel expenses	-6.4	-6.5	-6.8	-7.4
EBITDA	-12.6	-11.3	-6.8	1.9
EBITDA margin	-315%	-190%	-46%	6%
P/S	13.3	8.9	3.6	1.8
EV/S	13.4	9.0	3.6	1.8
EV/EBITDA	-4.3	-4.7	-7.9	27.6
EV/EBIT	-3.4	-3.6	-5.2	-33.7

¹After proceeds from TO2, directed issue, new loan of DKK 2.8m and repayment of debt of DKK 6m

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Other

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