

STENOCARE (STENO)



Tough Market Conditions Hampers the Growth

STENOCARE A/S (“STENOCARE” or the “Company”) continues to experience tough market conditions in Denmark because of increased competition and higher subsidy from the Danish Medicines Agency on a competing product, which has affected sales. Moreover, sales in international markets has been slower than earlier expected, due to a more sluggish market. However, we still see growth opportunities in the coming years, primarily through STENOCARE’s new innovative premium product, Astrum oil. Nevertheless, the current market conditions has led us to update our financial forecasts of STENOCARE and with estimated net sales of DKK 15.6m by 2026, and with an applied P/S multiple of 2.5x, a potential present value per share of DKK 1.3 (4.0) is derived in a Base scenario. The updated valuation is a result of the updated forecasts as well as the increased financial risk.

Gross Sales Amounted to DKK 1.1m in Q3-24

STENOCARE reported gross sales of DKK 1.1m (2.4) in Q3-24, corresponding to a decrease of 53%. Due to returns of expired products amounting to DKK 2m, as a result of lower demand than expected leading to expired products, net sales amounted to DKK -0.9m (0.2). The Company are experiencing increased competition and a special situation in Denmark with a competing magistral product being supported with 85% patient subsidy from the Danish Medicines Agency. We expect the challenges to remain throughout 2024 but see opportunities for growth in the long term, primarily through a successful launch of the Astrum oil.

Operates With a Lean Organization

The operational expenses, excluding depreciation, amounted to DKK -3m (-4), corresponding to a decrease of 26%. 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 on.

Additional Funding Needed

STENOCARE’s cash balance at the end of Q3-24 amounted to DKK 0.1m and given that the Company are yet to show a positive cash flow, STENOCARE will need additional funding to keep the operations going and to leverage future growth opportunities. We assess that a capital raise through a new share issue is the most likely scenario, which, however, may occur under less favorable terms for existing shareholders given the recent weak share price performance.

Updated Valuation Range

Considering the results during the first nine months of 2024 and the current tough market conditions both in Denmark, because of increased competition higher subsidy on a competing product, as well as in international markets, we have updated our financial forecasts. Given the updated forecasts, with lower growth and profitability, as well as a high financial risk, we have updated our valuation range in all scenarios.

VALUATION RANGE

Bear
DKK 0.2

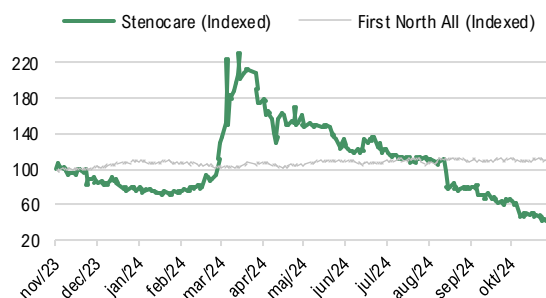
Base
DKK 1.3

Bull
DKK 2.0

STENOCARE

Share Price (2024-11-08)	1.16
Shares Outstanding	20,212,497
Market Cap (DKKm)	23.4
Net cash(-)/debt(+) (DKKm)	2.8
Enterprise Value (DKKm)	26.2
List	Nasdaq First North Growth Market
Q4-report 2024	2025-02-25

STOCK DEVELOPMENT



TOP SHAREHOLDERS (SOURCE: INTERIM REPORT)

INSIDER

SC-Founders Holding ApS	24.1%
HHTM ApS	12.0%
STENOCARE A/S (Treasury shares)	1.1%
Others	62.8%

Estimates (DKKm)

	2024E	2025E	2026E	2027E
Revenue	2.0	6.3	15.6	25.0
Net sales growth	-50%	215%	147%	60%
Other external expenses	-7.3	-8.8	-12.5	-16.9
Share of revenue (%)	-365%	-139%	-80%	-67%
Personnel expenses	-6.4	-6.6	-6.8	-7.1
EBITDA	-11.7	-9.1	-3.6	1.0
EBITDA margin	-582%	-144%	-23%	4%
P/S	11.7	3.7	1.5	0.9
EV/S	13.0	4.1	1.7	1.0
EV/EBITDA	-2.2	-2.9	-7.2	26.0
EV/EBIT	-1.7	-2.1	-3.7	-10.1

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Other

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