

Buy (old: Buy)

20.12.2024

EUR 12.00 (old: EUR 11.50)

Cantourage entering the Polish market; PT up

Cantourage entered the Polish medical cannabis market through its first export of high-quality craft cannabis, establishing a long-term partnership with the Polish wholesaler PharmaVitae. PharmaVitae is one of the leading medical cannabis wholesalers in Poland with a strongly growing pharmacy network, which comprises 1,200 locations vs. 400 at the end of last year. The distribution partnership will begin with one of Cantourage's most popular strains, Mac1, but will be expanded in 2025 to include additional products from its product portfolio (e.g. a larger variety of flowers).

Entering the Polish market through the distribution partnership bodes well with the company's strategy of expanding to so far underserved markets with high growth potential. While the **Polish medical cannabis market is still at an early stage, it is poised for rapid growth** during the next few years as regulatory frameworks improve and awareness increases. In 2023, the country recorded roughly 30k patients as well as a market volume of 4.5t. The latter is expected to grow at a ~40% CAGR until 2028, implying a total addressable market of € 200-250m.

While we expect some € 4-5m sales from the Polish market for FY25e, it has the potential to generate more than € 20m sales annually during the next 3-5 years, in our view, becoming the third core market following Germany and the UK.

Cantourage to report a blow-out FY24e. As per its recently raised FY24e guidance and the operational update from November (€ 7.2m sales that month alone), the company is on track to record more than 100% yoy sales growth (to € 49m) while improving the EBITDA margin by some 8.5pp yoy (eNuW) thanks to the favourable regulatory changes in Germany at the beginning of April. This underpins the scalability of the group's business model. In fact, we expect margins to further improve to 12.6% by FY26e as sales continue to grow at a >30% CAGR.

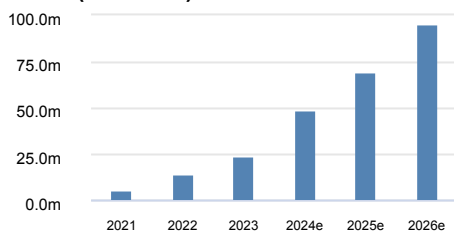
Threats from political uncertainties limited. As more conservative parties are likely to gain power in the upcoming election in Germany (end of Feb.), which have historically opposed a broader cannabis legalization, especially on the recreational side, i.e. cannabis clubs and growing own plants. As Cantourage is only active in the medical space, we regard the risks to its business model as limited.

We confirm our **BUY** rating with a new **€ 12.00 PT** (old: € 11.50) based on DCF.

Y/E 31.12 (EUR m)	2021	2022	2023	2024e	2025e	2026e
Sales	5.2	14.2	23.6	49.2	69.2	95.8
Sales growth	n.a.	171.6%	66.3%	109.0%	40.6%	38.4%
EBITDA	-6.0	-2.5	-0.3	3.6	6.5	12.3
Net debt (if net cash=0)	2.6	2.6	2.6	-2.5	-4.9	-10.9
FCF	-5.1	-2.2	-3.1	1.5	2.4	6.1
Net Debt/EBITDA	-0.4	-1.0	-10.2	0.0	0.0	0.0
EPS pro forma	-0.50	-0.48	-0.34	-0.03	0.13	0.45
EBITDA margin	-115.8%	-17.7%	-1.1%	7.4%	9.3%	12.8%
ROCE	-218.0%	-29.4%	-10.8%	-1.5%	6.0%	20.0%
EV/sales	12.9	4.8	2.9	1.3	0.9	0.6
EV/EBITDA	-11.2	-26.9	-265.0	17.2	9.3	4.4
PER	-10.5	-10.9	-15.4	-161.1	40.8	11.5
Adjusted FCF yield	-9.3%	-8.8%	-6.2%	-0.6%	2.6%	10.5%

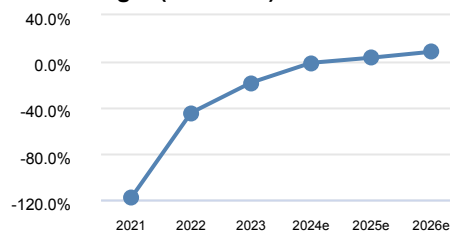
Source: Company data, NuWays, Close price as of 17.12.2024

Sales (2021-26e)



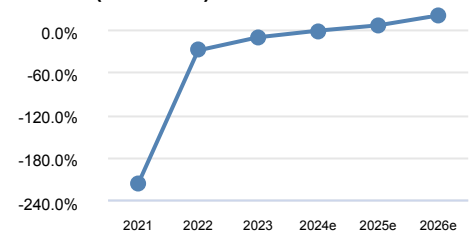
Source: NuWays Research

EBIT margin (2021-26e)



Source: NuWays Research

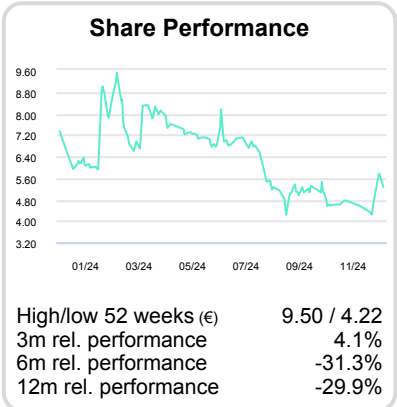
ROCE (2021-26e)



Source: NuWays Research

Company description

Cantourage wants to revolutionize the German medical cannabis market for the benefit of patients. It enables cultivators from around the world to offer their products in Europe, one of the fastest growing cannabis markets in the world.



Market data

Share price (in €)	5.25
Market cap (in € m)	64.8
Number of shares (in m pcs)	12.5
Enterprise value (in € m)	62.3
Ø trading volume (6 months)	5,080

Identifier

Bloomberg	HIGH GR
Reuters	HIGH.DE
WKN	A3DSV0
ISIN	DE000A3DSV01

Key shareholders

Florian Holzapfel	22.7%
Patrick Hoffmann	22.7%
PiFriba Verwaltungs - und Beteiligungs GmbH	17.9%
Think.Health	12.7%
Constanze Pelze	4.6%
Free Float	19.4%

Estimates changes

	2024e	2025e	2026e
Sales	0%	4%	9%
EBIT	0%	19%	18%
EPS	0%	19%	18%

Comment on changes

- Raised estimates on the back of the new distribution partnership

Guidance

- 2024 sales: € 46-50m
- 2024 EBITDA: € 3-4m

Financials

Profit and loss (EUR m)	2021	2022	2023	2024e	2025e	2026e
Net sales	5.2	14.2	23.6	49.2	69.2	95.8
<i>Sales growth</i>	<i>n.a.</i>	<i>171.6%</i>	<i>66.3%</i>	<i>109.0%</i>	<i>40.6%</i>	<i>38.4%</i>
Increase/decrease in finished goods and work-in-process	0.0	0.0	0.5	1.0	1.4	1.9
Total sales	5.2	14.2	24.1	50.2	70.6	97.7
Other operating income	0.0	0.1	0.5	0.8	1.1	1.6
Material expenses	3.4	11.2	16.7	31.5	43.2	57.3
Personnel expenses	0.9	2.2	4.4	9.4	12.9	17.4
Other operating expenses	1.7	3.4	3.7	6.5	9.1	12.3
Total operating expenses	2.7	0.0	n.a.	n.a.	n.a.	n.a.
EBITDA	-6.0	-2.5	-0.3	3.6	6.5	12.3
Depreciation	0.0	0.8	0.8	0.5	0.5	0.5
EBITA	-6.1	-3.3	-1.1	3.1	6.0	11.8
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.1	3.0	3.3	3.7	3.7	3.7
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0
EBIT (inc revaluation net)	-6.2	-6.3	-4.3	-0.6	2.3	8.1
Interest income	0.0	0.0	0.0	0.0	0.0	0.0
Interest expenses	0.0	0.0	0.0	0.0	0.0	0.0
Investment income	0.0	0.0	0.0	0.0	0.0	0.0
Financial result	0.0	0.0	-0.0	0.0	0.0	0.0
Recurring pretax income from continuing operations	-6.2	-6.3	-4.3	-0.6	2.3	8.1
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	-6.2	-6.3	-4.3	-0.6	2.3	8.1
Income tax expense	0.0	-0.4	-0.1	-0.2	0.7	2.4
Net income from continuing operations	-6.2	-5.9	-4.2	-0.4	1.6	5.6
Income from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0
Net income	-6.2	-5.9	-4.2	-0.4	1.6	5.6
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
Net profit (reported)	-6.2	-5.9	-4.2	-0.4	1.6	5.6
Average number of shares	0.0	12.5	12.5	12.5	12.5	12.5
EPS reported	n.a.	-0.48	-0.34	-0.03	0.13	0.45

Profit and loss (common size)	2021	2022	2023	2024e	2025e	2026e
Net sales	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<i>Sales growth</i>	<i>n.a.</i>	<i>171.6%</i>	<i>66.3%</i>	<i>109.0%</i>	<i>40.6%</i>	<i>38.4%</i>
Increase/decrease in finished goods and work-in-process	0.0%	0.0%	2.3%	2.0%	2.0%	2.0%
Total sales	100.0%	100.0%	102.3%	102.0%	102.0%	102.0%
Other operating income	0.0%	0.5%	1.9%	1.7%	1.7%	1.7%
Material expenses	64.9%	78.8%	70.9%	64.0%	62.5%	59.8%
Personnel expenses	18.2%	15.3%	18.8%	19.0%	18.7%	18.2%
Other operating expenses	32.8%	24.2%	15.7%	13.3%	13.2%	12.9%
Total operating expenses	50.9%	0.0%	n.a.	n.a.	n.a.	n.a.
EBITDA	-115.8%	-17.7%	-1.1%	7.4%	9.3%	12.8%
Depreciation	0.6%	5.4%	3.5%	1.0%	0.7%	0.5%
EBITA	-116.4%	-23.1%	-4.5%	6.3%	8.6%	12.3%
Amortisation of goodwill	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Amortisation of intangible assets	2.2%	21.5%	13.8%	7.5%	5.3%	3.9%
Impairment charges	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBIT (inc revaluation net)	-118.6%	-44.6%	-18.4%	-1.2%	3.3%	8.4%
Interest income	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%
Interest expenses	0.0%	0.0%	0.1%	0.0%	0.0%	0.0%
Investment income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Financial result	0.0%	0.1%	neg.	0.0%	0.0%	0.0%
Recurring pretax income from continuing operations	-118.6%	-44.5%	-18.4%	-1.2%	3.3%	8.4%
Extraordinary income/loss	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Earnings before taxes	-118.6%	-44.5%	-18.4%	-1.2%	3.3%	8.4%
Tax rate	0.0%	6.0%	3.1%	30.0%	30.0%	30.0%
Net income from continuing operations	-118.6%	-41.8%	-17.8%	-0.8%	2.3%	5.9%
Income from discontinued operations (net of tax)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net income	-118.6%	-41.8%	-17.8%	-0.8%	2.3%	5.9%
Minority interest	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net profit (reported)	-118.6%	-41.8%	-17.8%	-0.8%	2.3%	5.9%

Source: Company data, NuWays

Balance sheet (EUR m)	2021	2022	2023	2024e	2025e	2026e
Intangible assets	0.2	33.5	35.7	32.0	28.3	24.6
Property, plant and equipment	0.4	0.5	1.2	2.6	4.1	5.9
Financial assets	0.0	0.0	0.0	0.0	0.0	0.0
FIXED ASSETS	0.5	34.0	36.9	34.5	32.4	30.5
Inventories	1.1	0.4	1.1	2.2	3.1	4.4
Accounts receivable	1.3	4.3	5.1	8.1	11.4	15.7
Other assets and short-term financial assets	0.0	0.0	0.0	0.0	0.0	0.0
Liquid assets	2.0	4.1	1.0	2.5	4.9	10.9
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	0.0	0.0	0.1	0.1	0.1	0.1
CURRENT ASSETS	4.3	8.8	7.3	12.9	19.5	31.1
TOTAL ASSETS	4.9	42.8	44.2	47.4	51.9	61.6

SHAREHOLDERS EQUITY	3.7	38.3	40.0	36.5	37.1	41.7
MINORITY INTEREST	-0.1	0.1	0.1	0.1	0.1	0.1
Long-term liabilities to banks	0.0	0.0	0.0	0.0	0.0	0.0
Bonds (long-term)	0.0	0.0	0.0	0.0	0.0	0.0
other interest-bearing liabilities	0.0	0.0	0.0	0.0	0.0	0.0
Provisions for pensions and similar obligations	0.0	0.0	0.0	0.0	0.0	0.0
Other provisions and accrued liabilities	0.1	0.6	0.8	0.8	0.8	0.8
NON-CURRENT LIABILITIES	0.1	0.6	0.8	0.8	0.8	0.8
Short-term liabilities to banks	0.2	0.0	0.0	0.0	0.0	0.0
Accounts payable	0.7	2.7	2.7	9.4	13.3	18.4
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0	0.0
Accrued taxes	0.1	0.0	0.1	0.1	0.1	0.1
Other liabilities (incl. from lease and rental contracts)	0.2	1.1	0.6	0.6	0.6	0.6
Deferred taxes	0.0	0.0	0.0	0.0	0.0	0.0
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0
CURRENT LIABILITIES	1.2	3.8	3.3	10.1	13.9	19.0
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	4.9	42.8	44.2	47.4	51.9	61.6

Balance sheet (common size)	2021	2022	2023	2024e	2025e	2026e
Intangible assets	3.4%	78.3%	80.7%	67.4%	54.5%	39.9%
Property, plant and equipment	7.7%	1.1%	2.8%	5.4%	7.9%	9.6%
Financial assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FIXED ASSETS	11.0%	79.5%	83.5%	72.8%	62.4%	49.5%
Inventories	22.2%	0.9%	2.4%	4.7%	6.1%	7.1%
Accounts receivable	26.4%	9.9%	11.6%	17.1%	21.9%	25.6%
Other assets and short-term financial assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Liquid assets	40.2%	9.7%	2.3%	5.3%	9.4%	17.8%
Deferred taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Deferred charges and prepaid expenses	0.2%	0.0%	0.2%	0.2%	0.1%	0.1%
CURRENT ASSETS	89.0%	20.5%	16.5%	27.2%	37.6%	50.5%
TOTAL ASSETS	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

SHAREHOLDERS EQUITY	76.1%	89.4%	90.5%	76.9%	71.5%	67.7%
MINORITY INTEREST	-2.6%	0.2%	0.2%	0.1%	0.1%	0.1%
Long-term liabilities to banks	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Bonds (long-term)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
other interest-bearing liabilities	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Provisions for pensions and similar obligations	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Other provisions and accrued liabilities	2.2%	1.5%	1.9%	1.8%	1.6%	1.4%
NON-CURRENT LIABILITIES	2.2%	1.5%	1.9%	1.8%	1.6%	1.4%
Short-term liabilities to banks	3.2%	0.0%	0.0%	0.0%	0.0%	0.0%
Accounts payable	14.7%	6.4%	6.1%	19.9%	25.6%	29.8%
Advance payments received on orders	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Accrued taxes	3.1%	0.0%	0.1%	0.1%	0.1%	0.1%
Other liabilities (incl. from lease and rental contracts)	3.2%	2.5%	1.3%	1.2%	1.1%	0.9%
Deferred taxes	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Deferred income	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
CURRENT LIABILITIES	24.2%	8.9%	7.5%	21.2%	26.8%	30.8%
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: Company data, NuWays

Cash flow statement (EUR m)	2021	2022	2023	2024e	2025e	2026e
Net profit/loss	-6.2	-5.9	-4.2	-0.4	1.6	5.6
Depreciation of fixed assets (incl. leases)	0.1	0.8	0.8	0.5	0.5	0.5
Amortisation of goodwill & intangible assets	0.1	3.0	3.3	3.7	3.7	3.7
Other costs affecting income / expenses	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from operating activities	-4.9	-5.2	-5.7	-0.9	0.2	4.2
Increase/decrease in inventory	-0.6	0.7	-0.7	-1.2	-0.9	-1.2
Increase/decrease in accounts receivable	-1.1	-3.0	-0.9	-3.0	-3.3	-4.4
Increase/decrease in accounts payable	1.1	2.0	-0.1	6.8	3.8	5.1
Increase/decrease in other working capital positions	2.0	1.0	0.2	-3.1	-1.0	-1.0
Increase/decrease in working capital	1.3	0.8	-1.5	-0.5	-1.4	-1.5
Cash flow from operating activities	-4.6	-1.3	-1.6	3.3	4.4	8.4
CAPEX	0.5	0.9	1.6	1.8	2.1	2.3
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	0.0	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from investing activities	-0.5	-0.9	-1.6	-1.8	-2.1	-2.3
Cash flow before financing	-5.1	-2.2	-3.1	1.5	2.4	6.1
Increase/decrease in debt position	0.2	-0.2	0.0	0.0	0.0	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	3.0	3.5	0.0	0.0	0.0	0.0
Dividends paid	0.0	0.0	0.0	0.0	0.0	0.0
Others	3.5	1.0	0.0	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from financing activities	6.7	4.4	0.0	0.0	0.0	0.0
Increase/decrease in liquid assets	1.6	2.1	-3.1	1.5	2.4	6.1
Liquid assets at end of period	2.0	4.1	1.0	2.5	4.9	10.9

Key ratios (EUR m)	2021	2022	2023	2024e	2025e	2026e
P&L growth analysis						
Sales growth	n.a.	171.6%	66.3%	109.0%	40.6%	38.4%
EBITDA growth	456.7%	-58.5%	-95.8%	-1524.7%	78.5%	89.6%
EBIT growth	453.7%	2.1%	-30.0%	-86.7%	-494.7%	255.4%
EPS growth	n.a.	n.a.	n.a.	-90.4%	-494.7%	255.4%
Efficiency						
Sales per employee	289.8	566.6	604.0	1,036.3	2,768.9	5,472.6
EBITDA per employee	n.a.	n.a.	-6.5	76.3	258.8	700.9
No. employees (average)	18	25	39	48	25	18
Balance sheet analysis						
Avg. working capital / sales	15.9%	8.3%	10.9%	2.8%	3.4%	1.9%
Inventory turnover (sales/inventory)	4.8	38.2	22.2	22.0	22.0	22.0
Accounts receivable turnover	89.9	109.7	79.2	60.0	60.0	60.0
Accounts payable turnover	77.5	75.0	70.0	70.0	70.0	70.0
Cash flow analysis						
Free cash flow	-5.1	-2.2	-3.1	1.5	2.4	6.1
Free cash flow/sales	-97.8%	-15.7%	-13.3%	3.0%	3.4%	6.3%
FCF / net profit	82.5%	37.6%	74.7%	neg.	148.9%	107.2%
Capex / sales	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Solvency						
Net debt	2.6	2.6	2.6	-2.5	-4.9	-10.9
Net Debt/EBITDA	-0.4	-1.0	-10.2	0.0	0.0	0.0
Dividend payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Interest paid / avg. debt	0.0%	n.a.	22.7%	n.a.	n.a.	n.a.
Returns						
ROCE	-218.0%	-29.4%	-10.8%	-1.5%	6.0%	20.0%
ROE	-166.8%	-15.5%	-10.5%	-1.1%	4.3%	13.5%
Adjusted FCF yield	-9.3%	-8.8%	-6.2%	-0.6%	2.6%	10.5%
Dividend yield	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
DPS	0.0	0.0	0.0	0.0	0.0	0.0
EPS reported	n.a.	-0.48	-0.34	-0.03	0.13	0.45
Average number of shares	0.0	12.5	12.5	12.5	12.5	12.5
Valuation ratios						
P/BV	17.5	1.7	1.6	1.8	1.7	1.6
EV/sales	12.9	4.8	2.9	1.3	0.9	0.6
EV/EBITDA	-11.2	-26.9	-265.0	17.2	9.3	4.4
EV/EBIT	-10.9	-10.7	-15.6	-108.4	26.4	6.7

Source: Company data, NuWays

Disclosures

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Company	Disclosures
Cantourage Group SE	2

Historical target price and rating changes for Cantourage Group SE

Company	Date	Analyst	Rating	Target Price	Close
Cantourage Group SE	06.12.2024	Sandherr, Christian	Buy	EUR 11.50	EUR 4.46
	17.05.2024	Sandherr, Christian	Buy	EUR 10.00	EUR 7.25

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8. Miscellaneous

According to Article 4(1) No. i of the delegated regulation 2016/958 supplementing regulation 596/2014 of the European Parliament, further information regarding investment recommendations of the last 12 months are published under: www.nuways-ag.com

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