

Buy (old: Buy)

27.01.2025

EUR 12.50 (old: EUR 12.00)

FY24 with explosive growth // new high(t)s in sight; PT Up

Topic: Following the regulatory changes in April, sales growth has been stellar throughout the remainder of FY24. Thanks to various de-bottlenecking measures and unbroken demand, Cantourage looks poised for new operational highs.

Based on preliminary figures, **Cantourage ended FY24 with € 51.4m sales, a 118% yoy increase**, beating the guidance that the company raised to € 46-50m at the beginning of December. The fourth quarter alone accounted for € 21.4m, 185% above previous year's level of € 7.5 and only slightly less than to the whole year 2023. With **€ 8.5m sales, December beat the previous monthly high of € 7.5m**. The strong sequential increases throughout the year were carried by successful de-bottlenecking efforts at processing sites and an increase of supplier depth.

Importantly, with a scaling top-line, we also expect **Cantourage to have reached EBITDA profitability** for the first time; eNuW: 7.5% margin. The expected **gross margin of above 37%** underpins the margin potential with growing sales volumes.

What to expect from FY25: In light of the favorable market dynamics, notably increased processing capacities (>14t annually), the Polish market entry at the end of last year and the relaunch of its own telemedicine platform, telecan°, strong growth is out of the question. We **currently model a 67% yoy increase to roughly € 86m** despite an **FY run rate of slightly more than € 100m**, based on the December sales figure to account for weaker summer months and a margin of safety. With this, the **EBITDA margin is seen to further increase to 10%**, in our view.

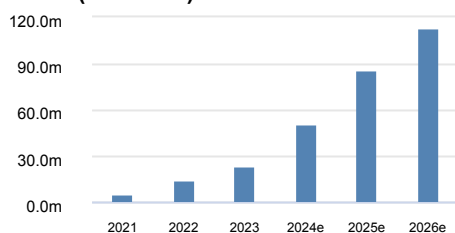
Threats from political uncertainties limited. As more conservative parties are likely to gain power in the upcoming election in Germany (end of Feb.), which have historically opposed a broader cannabis legalization, we see the potential of re-regulation on the recreational side, i.e. cannabis clubs and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

Taking into account the strong growth during recent years and the prospects stemming from growing patient numbers at its "home-turf" Germany and the ongoing regional expansion, the current valuation seems undemanding at 6.3x EV/EBITDA FY25e. **BUY with a new € 12.50 PT** (old: € 12) based on DCF.

Y/E 31.12 (EUR m)	2021	2022	2023	2024e	2025e	2026e
Sales	5.2	14.2	23.6	51.4	86.1	113.8
Sales growth	n.a.	171.6%	66.3%	118.3%	67.4%	32.2%
EBITDA	-6.0	-2.5	-0.3	3.9	8.6	15.1
Net debt (if net cash=0)	2.6	2.6	2.6	-2.7	-6.2	-14.2
FCF	-5.1	-2.2	-3.1	1.6	3.6	8.0
Net Debt/EBITDA	-0.4	-1.0	-10.2	0.0	0.0	0.0
EPS pro forma	-0.50	-0.48	-0.34	-0.02	0.25	0.61
EBITDA margin	-115.8%	-17.7%	-1.1%	7.5%	10.0%	13.2%
ROCE	-218.0%	-29.4%	-10.8%	-0.8%	11.4%	25.3%
EV/sales	12.1	4.5	2.7	1.1	0.6	0.4
EV/EBITDA	-10.5	-25.2	-248.4	14.9	6.3	3.1
PER	-9.8	-10.2	-14.4	-267.0	19.7	8.0
Adjusted FCF yield	-10.0%	-9.4%	-6.6%	-0.4%	5.7%	16.4%

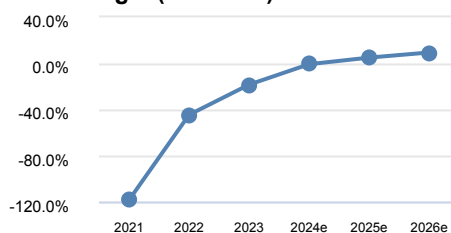
Source: Company data, NuWays, Close price as of 17.12.2024

Sales (2021-26e)



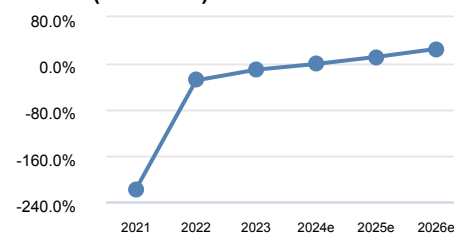
Source: NuWays Research

EBIT margin (2021-26e)



Source: NuWays Research

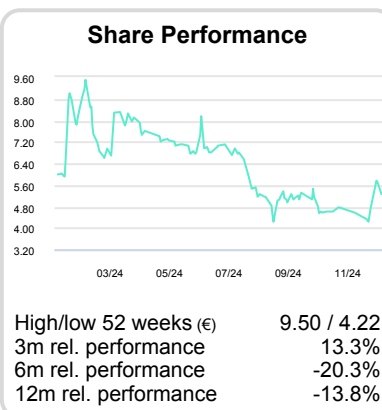
ROCE (2021-26e)



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)	60.6
Number of shares (in m pcs)	12.5
Enterprise value (in € m)	54.4
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	4%	24%	19%
EBIT	44%	93%	35%
EPS	44%	93%	35%

Comment on changes

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	51.4	86.1	113.8
<i>Sales growth</i>	<i>n.a.</i>	<i>171.6%</i>	<i>66.3%</i>	<i>118.3%</i>	<i>67.4%</i>	<i>32.2%</i>
Increase/decrease in finished goods and work-in-process	0.0	0.0	0.5	1.0	1.7	2.3
Total sales	5.2	14.2	24.1	52.5	87.8	116.0
Other operating income	0.0	0.1	0.5	0.9	1.4	1.9
Material expenses	3.4	11.2	16.7	32.8	53.2	67.5
Personnel expenses	0.9	2.2	4.4	9.8	16.1	20.7
Other operating expenses	1.7	3.4	3.7	6.8	11.3	14.6
Total operating expenses	6.0	16.7	24.4	48.6	79.2	101.0
EBITDA	-6.0	-2.5	-0.3	3.9	8.6	15.1
Depreciation	0.0	0.8	0.8	0.5	0.5	0.5
EBITA	-6.1	-3.3	-1.1	3.4	8.1	14.6
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	-0.3	4.4	10.9
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	-0.3	4.4	10.9
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	-6.2	-6.3	-4.3	-0.3	4.4	10.9
Income tax expense	0.0	-0.4	-0.1	-0.1	1.3	3.3
Net income from continuing operations	-6.2	-5.9	-4.2	-0.2	3.1	7.6
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	-0.2	3.1	7.6
Minority interest	0.0	0.0	0.0	0.0	0.0	0.0
Net profit (reported)	-6.2	-5.9	-4.2	-0.2	3.1	7.6
Average number of shares	0.0	12.5	12.5	12.5	12.5	12.5
EPS reported	n.a.	-0.48	-0.34	-0.02	0.25	0.61

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>118.3%</i>	<i>67.4%</i>	<i>32.2%</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%	63.9%	61.8%	59.3%
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	115.8%	117.7%	103.4%	94.5%	92.0%	88.8%
EBITDA	-115.8%	-17.7%	-1.1%	7.5%	10.0%	13.2%
Depreciation	0.6%	5.4%	3.5%	1.0%	0.6%	0.4%
EBITA	-116.4%	-23.1%	-4.5%	6.6%	9.4%	12.8%
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%	7.2%	4.3%	3.3%
Impairment charges	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBIT (inc revaluation net)	-118.6%	-44.6%	-18.4%	-0.6%	5.1%	9.6%
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%	-0.6%	5.1%	9.6%
Extraordinary income/loss	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Earnings before taxes	-118.6%	-44.5%	-18.4%	-0.6%	5.1%	9.6%
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%	-0.4%	3.6%	6.7%
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%	-0.4%	3.6%	6.7%
Minority interest	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Net profit (reported)	-118.6%	-41.8%	-17.8%	-0.4%	3.6%	6.7%

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	2.3	3.9	5.2
Accounts receivable	1.3	4.3	5.1	8.5	14.1	18.7
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	2.7	6.2	14.2
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	13.5	24.4	38.2
TOTAL ASSETS	4.9	42.8	44.2	48.0	56.7	68.7

SHAREHOLDERS EQUITY	3.7	38.3	40.0	36.6	38.7	45.3
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	9.9	16.5	21.8
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	10.5	17.1	22.4
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	4.9	42.8	44.2	48.0	56.7	68.7

Balance sheet (common size)	2021	2022	2023	2024e	2025e	2026e
Intangible assets	3.4%	78.3%	80.7%	66.5%	49.8%	35.8%
Property, plant and equipment	7.7%	1.1%	2.8%	5.3%	7.2%	8.6%
Financial assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FIXED ASSETS	11.0%	79.5%	83.5%	71.9%	57.0%	44.4%
Inventories	22.2%	0.9%	2.4%	4.9%	6.9%	7.5%
Accounts receivable	26.4%	9.9%	11.6%	17.6%	24.9%	27.2%
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%	5.5%	11.0%	20.7%
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%	28.1%	43.0%	55.6%
TOTAL ASSETS	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

SHAREHOLDERS EQUITY	76.1%	89.4%	90.5%	76.3%	68.2%	66.0%
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%	1.5%	1.2%
NON-CURRENT LIABILITIES	2.2%	1.5%	1.9%	1.8%	1.5%	1.2%
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%	20.5%	29.1%	31.8%
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%	1.0%	0.8%
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%	21.8%	30.2%	32.7%
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	-0.2	3.1	7.6
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	-0.8	1.4	6.1
Increase/decrease in inventory	-0.6	0.7	-0.7	-1.3	-1.6	-1.3
Increase/decrease in accounts receivable	-1.1	-3.0	-0.9	-3.3	-5.7	-4.6
Increase/decrease in accounts payable	1.1	2.0	-0.1	7.2	6.6	5.3
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	-1.6	-1.5
Cash flow from operating activities	-4.6	-1.3	-1.6	3.4	5.6	10.3
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	1.6	3.6	8.0
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	1.6	3.6	8.0
Liquid assets at end of period	2.0	4.1	1.0	2.7	6.2	14.2

Key ratios (EUR m)	2021	2022	2023	2024e	2025e	2026e
P&L growth analysis						
Sales growth	n.a.	171.6%	66.3%	118.3%	67.4%	32.2%
EBITDA growth	456.7%	-58.5%	-95.8%	-1623.3%	121.7%	75.4%
EBIT growth	453.7%	2.1%	-30.0%	-92.5%	-1454.6%	147.6%
EPS growth	n.a.	n.a.	n.a.	-94.6%	-1454.6%	147.6%
Efficiency						
Sales per employee	289.8	566.6	604.0	1,082.6	3,442.6	6,500.8
EBITDA per employee	n.a.	n.a.	-6.5	81.6	343.6	861.3
No. employees (average)	18	25	39	48	25	18
Balance sheet analysis						
Avg. working capital / sales	15.9%	8.3%	10.9%	2.7%	2.9%	1.7%
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	1.6	3.6	8.0
Free cash flow/sales	-97.8%	-15.7%	-13.3%	3.2%	4.2%	7.0%
FCF / net profit	82.5%	37.6%	74.7%	neg.	116.7%	105.1%
Capex / sales	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Solvency						
Net debt	2.6	2.6	2.6	-2.7	-6.2	-14.2
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%	-0.8%	11.4%	25.3%
ROE	-166.8%	-15.5%	-10.5%	-0.6%	7.9%	16.8%
Adjusted FCF yield	-10.0%	-9.4%	-6.6%	-0.4%	5.7%	16.4%
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	-0.02	0.25	0.61
Average number of shares	0.0	12.5	12.5	12.5	12.5	12.5
Valuation ratios						
P/BV	16.3	1.6	1.5	1.7	1.6	1.3
EV/sales	12.1	4.5	2.7	1.1	0.6	0.4
EV/EBITDA	-10.5	-25.2	-248.4	14.9	6.3	3.1
EV/EBIT	-10.2	-10.0	-14.6	-178.7	12.4	4.3

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	20.12.2024	Sandherr, Christian	Buy	EUR 12.00	EUR 5.25
	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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The adj. FCF method is based on the assumption that investors purchase assets only at a price (enterprise value) at which the operating cash flow return after taxes on this investment exceeds their opportunity costs in the form of a hurdle rate of 7.5%. The operating cash flow is calculated as EBITDA less maintenance capex and taxes.

Within the framework of the DCF approach, the future free cash flows are calculated initially on the basis of a fictitious capital structure of 100% equity, i.e. interest and repayments on debt capital are not factored in initially. The adjust-

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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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