

# ODI Pharma (ODI)



## Ready to Become a Profitable Medical Cannabis Company

ODI Pharma AB ("ODI Pharma" or the "Company"), a supplier of a wide range of medical cannabis products, has signed an exclusive agreement with Synoptis Pharma, part of the NEUCA group, a market leading pharmaceutical company in Eastern Europe, under which ODI Pharma is the exclusive supplier of medical cannabis products to Synoptis in 23 countries. The first product shipments have been completed and given a slim organization and scalable business model, ODI Pharma is expected to deliver profitable growth. With estimated net sales of SEK 127m by 2025/2026, and with an applied P/S multiple of 1.7x, a potential present value per share of SEK 10.7 is derived in a Base scenario.

### ▪ Sales have Begun

ODI Pharma have signed an exclusive collaboration agreement with Synoptis Pharma, part of the NEUCA group, which is a market leader in the wholesale distribution of pharmaceutical products in Eastern Europe. The agreement states that ODI Pharma becomes the exclusive supply partner for medical cannabis products to Synoptis in 23 countries. We expect Synoptis to label the products with their own brand in the future, as doctors are expected to choose to prescribe a well-known local brand ahead of other international brands, which is estimated to drive growth for ODI Pharma. Initial figures indicate revenues of SEK 13.5m in Q3-23/24, and we estimate total sales of SEK 20.1m in the full year 2023/2024.

### ▪ Scalable Business Model

In the agreement with Synoptis, ODI Pharma acts as an intermediary between the cultivator Tilray and the distributor Synoptis. Thus, ODI Pharma has no costs for the cultivation or production, nor any sales or marketing costs. This business model allows the organization to remain small and efficient while scaling, creating a scalable business model that paves the way for increasing margins at higher sales volumes.

### ▪ Early and Untapped Market

The Polish medical cannabis market has been held back historically as a result of lack of supply. As more product has been approved for sales, supply has been able to better meet the demand where 2023 was a breakout year regarding sales of medical cannabis as 4,600 kg of medical cannabis was sold in the country, compared to approximately 1,200 kg in 2022. Still, it is expected that many potential patients are not being treated with medical cannabis, paving the way for continued strong growth going forward.

### ▪ The European Market is Highly Regulated

The medical cannabis market is highly regulated, and it is difficult to get products approved for sales. Although ODI Pharma does not engage in any cultivation of medical cannabis, the Company is ultimately responsible for supplying Synoptis with the products and ensuring that they comply with the regulations in place in each market.

### VALUATION RANGE

**Bear**  
SEK 2.6

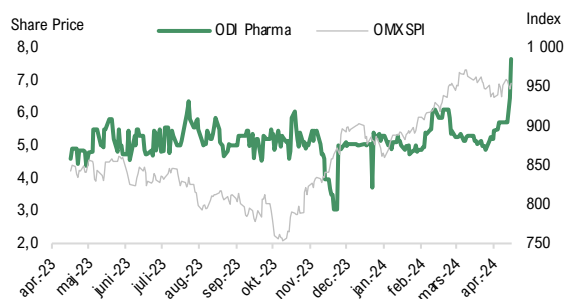
**Base**  
SEK 10.7

**Bull**  
SEK 14.9

### KEY INFORMATION

Share Price (2024-05-03)	7.65
Shares Outstanding	15,220,000
Market Cap (SEKm)	116.4
Net cash(-)/debt(+)(SEKm)	-6.5
Enterprise Value (SEKm)	109.9
List	Spotlight Stock Market
Quarterly report 3 2023/2024	30 <sup>th</sup> of May 2024

### SHARE PRICE DEVELOPMENT



### OWNERS (SOURCE: HOLDINGS)

Volker Wiederrich	39.8%
Niclas Kappelin	26.1%
Derek Simmross	26%
Kyösti Antero Tuuli	0.3%
Tomi Kalevi Heikkinen	0.3%

### Estimates (SEKm) 2023/2024E 2024/2025E 2025/2026E 2026/2027E

Net Sales	20.1	69.1	126.6	172.7
COGS	-16.3	-55.2	-100.0	-134.7
<b>Gross Profit</b>	<b>6.8</b>	<b>13.8</b>	<b>26.6</b>	<b>38.0</b>
Gross Margin	19%	20%	21%	22%
Operating Costs	-6.6	-8.4	-10.9	-12.6
<b>EBITDA</b>	<b>0.1</b>	<b>5.4</b>	<b>15.7</b>	<b>25.4</b>
EBITDA Margin	-14%	8%	12%	15%
P/S	5.8	1.7	0.9	0.7
EV/S	5.5	1.6	0.9	0.6
EV/EBITDA	753.4	20.3	7.0	4.3
EV/EBIT	764.8	20.3	7.0	4.3

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