

ODI Pharma (ODI)

Continued Strong Momentum



ODI Pharma AB ("ODI Pharma" or the "Company") delivered another strong quarter during Q4-23/24 (broken fiscal year), further proving the collaboration with Synoptis as a game changer in terms of commercializing the Company's products. For the upcoming fiscal year 2024/2025, where the collaboration agreement will be active for the full year, we estimate sales of SEK 69.1m, while reaching an EBIT margin of 9%, which makes ODI Pharma one of few companies in the cannabis sector delivering profitability. With estimated net sales of SEK 127m by 2025/2026, and with an applied P/S multiple of 2.6x, a potential present value per share of SEK 17.4 (17.4) is derived in a Base scenario.

Continued Growth

ODI Pharma delivered another strong quarter regarding sales, amounting to SEK 7.5m, 9% above our estimates of SEK 6.9m. The reported sales is expected to be primarily attributable to sales in the Polish market via the collaboration agreement with Synoptis Pharma, further validating the anticipated strong sales growth because of the agreement. We expect Synoptis strong market position in Poland, and other Eastern European countries, to continue to fuel growth over the upcoming fiscal year as the contract will be active for the full year.

Stable Cost Base

Adjusted for a one-off cost of SEK 0.35m related to the sale of the Kandol brand which occurred in December 2023, the operating expenses amounted to SEK 2.3m, corresponding to an increase of 25%. The increased cost base is assumed to be attributable to shipping costs for the products sold, however Analyst Group reiterates the view of ODI Pharma's scalable business model, where operating costs can be kept low even with a rapid increase in sales. For the upcoming fiscal year 2024/2025, we estimate an EBIT margin of 9%.

Enters the Swiss Market

ODI Pharma has announced that the Company has completed a first small delivery of products to the Swiss market, which is a newly addressed geographical market. Analyst Group sees this as a strategic market entry since it is the first delivery of products outside the collaboration agreement with Synoptis, validating that ODI Pharma can expand to new markets outside of Eastern Europe for increased revenue diversification. Going forward, we see opportunities for ODI Pharma to enter additional new markets in Western Europe.

Small Changes in our Valuation Range

As the report was largely in line with our expectations, we have only made minor adjustments in our financial forecasts. Taking these adjustments into account and considering a general multiple contraction among peers, we have made slight adjustments to our Bear and Bull scenarios while maintaining the derived valuation in the Base scenario.

VALUATION RANGE

Bear
SEK 3.8

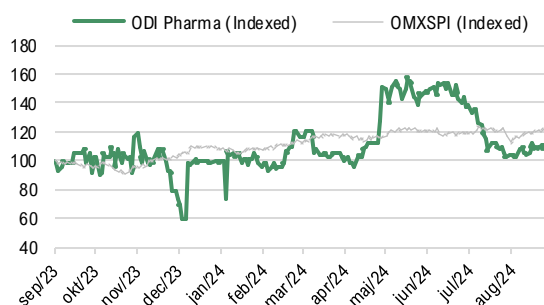
Base
SEK 17.4

Bull
SEK 20.7

KEY INFORMATION

Share Price (2024-09-04)	5.50
Shares Outstanding	15,220,000
Market Cap (SEKm)	83.7
Net cash(-)/debt(+)(SEKm)	-2.6
Enterprise Value (SEKm)	81.1
List	Spotlight Stock Market
Quarterly report 1 2024/2025	TBA

SHARE PRICE DEVELOPMENT



OWNERS (SOURCE: HOLDINGS)

Volker Wiederrich	39.8%
Niclas Kappelin	26.1%
Derek Simmros	26.0%
Tom i Kalevi Heikinen	0.3%
Siv Merethe Skorpen	0.3%

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

Net Sales	22.4	69.1	126.6	172.7
COGS	-17.7	-54.7	-99.8	-135.4
Gross Profit	7.8	14.4	26.8	37.3
Gross Margin ¹	21%	21%	21%	22%
Operating Costs	-6.5	-7.9	-9.8	-11.2
EBITDA	1.2	6.4	17.0	26.1
EBITDA Margin ¹	-8%	9%	13%	15%
P/S	3.7	1.2	0.7	0.5
EV/S	3.6	1.2	0.6	0.5
EV/EBITDA	66.3	12.6	4.8	3.1
EV/EBIT	66.5	12.6	4.8	3.1

¹Adjusted for other operating income

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Other

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The parts that the Company has been able to influence are the parts that are purely factual and objective.

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