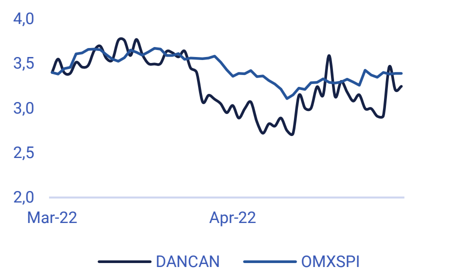
Research update: Q1 2022

DANCANN PHARMA A/S

Danish DanCann Pharma provides medical cannabis. The company's strategy is to (i) import and distribute cannabis products, (ii) cultivate and export canna-bis raw ma-terial, and (iii) develop cannabis products as combination medicines.

CEO: Jeppe Rasmussen
CB: Carsten Trads
www.dancann.com
Bloomberg: DANCAN:SS
Refinitiv Eikon: DANCAN.ST
Market place: Spotlight DK
Latest share price: DKK 3.2
Market cap: DKK 85m

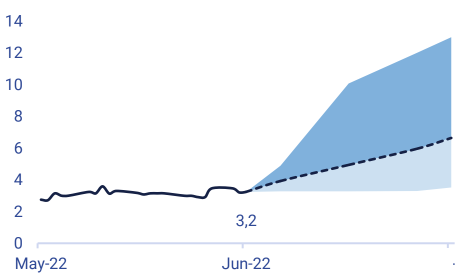
SHARE PRICE DEVELOPMENT



	12M	YTD	3M	1M
Share perf. (%)	-8,7	-50,8	-1,9	12,3

Source: S&P Capital IQ

VALUATION INTERVAL



	BEAR	BASE	BULL
Value per share	3.5	6.7	13.0
Up-/downside (%)	8%	105%	301%

Source: S&P Capital IQ and Carlsquare Estimates

CARLSQUARE EQUITY RESEARCH

Carlsquare does not take a position in the discussion on whether medical cannabis should be legal or not. The re-search rap-port is based on information from sources that Carlsquare considers credible.

Fredrik Nilsson
Associate Equity Analyst

Markus Augustsson
Head of Equity Research

Building pipeline ahead of launch

During the first quarter of 2022, DanCann reported revenues and profitability slightly lower than our expectations. However, important steps were taken towards initiating production at BIOTECH PHARM 1. We have revised our estimates and calculate a fair value per share of DKK 6.7 (7.6). The value is held back by a higher risk-free rate and a lower valuation of the reference group.

CannGros deliver revenue in line with our expectations

In the fourth quarter of 2021, DanCann reported revenues for the first time following the acquisition of CannGros. The first quarter of 2022 was yet another quarter with stable revenues of DKK 1.3m CannGros, in line with our expectations. However, another important value of the acquisition is the gained access to further expertise on regulatory processes, in addition to getting access to licenses and approved products.

The EBITDA landed at minus 3.0 million (-2.5) for the quarter, which was somewhat lower than our expectations. Personnel costs rose to DKK -1.8 million (-1.2), and Other external expenses rose to DKK -2.1 million (-1.6).

Signalling on production soon

Even though a little delayed from what was initially expected, DanCann released two press releases during the quarter, signalling that DanCann is getting closer to producing and exporting API:s and raw materials at its production facility BIOTECH PHARM 1. Firstly, the company has submitted a GMP application for BIOTECH PHARM 1. Such approval is required for any drug manufacturing company intending to supply medicine to Europe, or elsewhere. Secondly, DanCann has started to build a sales pipeline for its bulk production with a distributor targeting the Swedish market. Initial sales activities under the agreement are expected to begin in 2023.

In addition to the above, DanCann has also communicated promising test results indicating that the product quality of the raw material concerning THC levels is above the general minimum requirements in the market. High quality typically implies higher pricing.

Fair value per share held back by the higher risk-free rate

Due to the previous quarter's outcome and the company's guidance that both the distribution of Tetra BioPharma's products and the sale of its products will start towards the end of 2022, we are lowering our forecast for the company's revenue for the current year. The challenging stock market environment continues to put downward pressure on growth-oriented companies. In particular, those with the need for further capital injections. Considering that, we calculate a fair value of DKK 6,7 (7.6) per share corresponding to an EV/Sales multiple 2023 of 6,1x. Our reference group is currently trading at EV/Sales 2023 of 2.1x. The premium is motivated by the expected growth even after 2023, well above the companies in the reference group that are more mature.

We see that value-changing opportunities in the near term are likely to come with confirming news regarding manufacturing capability in commercial volumes and further successful outcome for Bio Pharma's clinical trials for the product portfolio that DanCann will distribute.

Key figures (MDKK)

	2020	2021	2022E	2023E	2024E	2025E
Riskadjusted Net sales	0	1	7	30	94	172
Riskadjusted EBITDA	-1	-14	-9	-2	4	20
Riskadjusted EBIT	-1	-15	-10	-3	2	19
Riskadjusted EBT	-1	-15	-9	-4	1	17
Earning per share	neg.	-0,41	-0,32	-0,13	0,03	0,46
Growth, tot. revenue	0%	0%	211%	321%	214%	82%
EBITDA-margin	neg.	neg.	neg.	-7%	4%	12%
EBIT-margin	neg.	neg.	neg.	-9%	3%	11%
EV/Sales	nm	90.3x	11.6x	2.6x	0.8x	0.5x
EV/EBITDA (Nuv.)	nm.	nm.	nm.	nm.	21.3x	3.9x

Source: Company information and Carlsquare estimates

Follow-up and comments

For the first quarter of 2022, DanCann reported sales of DKK 1.3 million (0) and an EBIT of DKK minus 3.5 million (-2.6). A large part of the cost base consisted of business development costs targeting the production facility, operation activities, testing and compliance. During the quarter, DanCann handed in their EU-GMP application for their production facility BIOTECH PHARM1, which we see as a crucial and promising step towards the production and sales of biomaterial and API:s to the European market.

Controlled cost base ahead of launch

For the first quarter of 2022, DanCann was able to report sales of DKK 1.3 million. The outcome was a little lower than our forecast of DKK 2.4 million. The EBITDA result of DKK minus 3.0 million (-2.5) was lower than our estimate of DKK -2.0 million. Personnel costs were DKK minus 1.8 million compared to our estimate of DKK minus 1.3 million. Other external costs were also higher than our estimates, with DKK minus 2,1 million compared to our estimate of DKK minus 1.3 million. In conclusion, we see that the cost picture for DanCann reflects a continued build-up of operations for the pipeline in the coming years.

The company continues to show good cost control despite a high level of business activity in all business segments.

Outcome vs estimates, Q1 2022 (MDKK)

	Q1 22E	Q1 21	Q1 22A	Deviation (%)
Net Sales	2.4	0.0	1.3	-47
Gross Profit	0.9	-1.3	-1.2	-230
Gross Margin	*0.4*	*neg.*	*neg.*	nm
EBITDA	-2.0	-2.5	-3.0	-53
EBITDA-margin	*neg.*	*neg.*	*neg.*	nm
EBIT	-2.2	-2.6	-3.5	-61
EBIT-margin	*neg.*	*neg.*	*neg.*	nm
EBT	-2.2	-2.6	-4.1	-87
Earnings Per Share	-0.4	neg.	-0.1	70

Source: Company information and Carlsquare estimates

Free cash flow for the period amounted to DKK minus 7.7 million, and the total cash flow landed at DKK 1.6 million (-8.6). Thus, cash flow was boosted by the exercise of warrants by approximately DKK 9.3 million. We see a continued need to enhance the cash position in the near term before operational activities take off. Currently, DanCann has another about three million warrants outstanding that will increase the number of shares by another three million if fully exercised. As of now, the strike price of these warrants is undetermined.

Two important news during the quarter

EU-GMP application handed in

After setting up the facility just over a year ago, trial cultivation followed to optimise the manufacturing processes and quality-assure the final products ahead of large-scale production. We believe that the company's competitiveness and success in large depend on the progress of the production facility, especially given that the company's main activity is intended to be the manufacture of biomaterials and APIs for the European market. Hence, we see the filing on the 9th of February for EU-GMP approval as a promising step in the right direction. It can be viewed as a signal that DanCann is now moving from a period of test batches to soon be able to capitalise on the development phase it is going through. According to the company, the approval is expected to be in place around Q2 2022.

EU-GMP = European-Good-Manufacturing-Practice is a minimum standard for pharmaceutical manufacturers aiming to cater for medicines on the European market.

LOI for proprietary products worth at least SEK 37 million

DanCann has also secured several distribution agreements for its future sales, including the distribution agreement with Tetra BioPharma. The Tetra-agreement is expected to generate revenues in the current calendar year. According to the company, this agreement could yield up to DKK 340-410 million in sales by 2028.

More recently, DanCann signed a letter of intent with Aureum Pharma for the exclusive rights to distribute DanCann's proprietary products produced in BIOTECH PHARM1. This agreement does thus put DanCann on the other side of the table. The intended agreement gives Aureum Pharma exclusivity for the Swedish market and binds the companies with a commitment valued at a minimum of SEK 37 million. The expectation for the agreement is that sales can begin in 2023 and run for three years.

Value drivers looking ahead

DanCann, like the underlying market, has a short history. Moving forward, we see greater share value reversion opportunities coming from progress in clinical studies and DMA approvals for the Tetra Biopharma product portfolio that DanCann will distribute. The company expects sales of Tetra's products to start in 2022. The soon expected EU-GMP approval for the manufacturing facility also signals that the facility is manufacturing-ready.

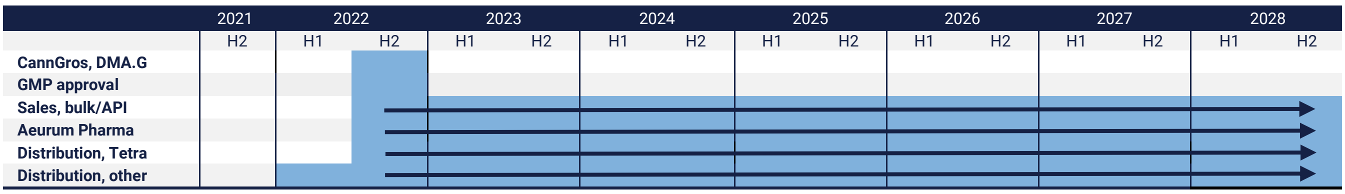
Distribution agreement with Tetra BioPharma

The distribution agreement with Tetra gives DanCann exclusive distribution rights for two potential cannabinoid-based pharmaceutical products, Reduvo™, Adversa® and QIXLEEF™ in Denmark, Norway, Sweden, Finland and Germany. The agreement also includes ENJOUCA™, an OTC version of QIXLEEF™ with the same APIs. Reduvo™, Adversa® and QIXLEEF™ are undergoing registrations or clinical trials that may succeed or fail. They are prescription-based and IP-protected, which means that "generic drugs" are not allowed. They are thus a complement to standard GMP medical cannabis products that have not been tested in clinical trials. Ultimately, their commercial value depends on their efficacy, which is not yet established.

CannGros has a pending product application with the DMA

CannGros has a pending product application with the DMA for a product based on oil containing extracts of cannabis. The review process may take time given the detailed and precise requirements. A licensing scenario would significantly reduce risk and be a value driver for DanCann.

The commercialisation plan on a timeline



Source: Company information and Carlsquare

Investment case, estimates and valuation

Analysts expect a strong market development in Europe, similar to what has been observed in the US following increased legalisation and reduced stigma of medical cannabis. The local companies that will be able to navigate the various regulatory regimes and meet the required quality standards early in the market growth curve will be at the forefront and capture a larger share of the pie. DanCann is actively working to obtain critical licenses and approvals while diversifying future revenue streams with distribution agreements. We have made minor adjustments to our assumptions and calculate a fair value per share of DKK 6,7 (7.6) for the next 6-12 months. A higher risk-free rate holds back the valuation.

Commercialisation is shaping

DanCann has taken shape from a project to an innovative company at the forefront of the fast-changing medical cannabis market for medical purposes.

For the purposes of this analysis, medical cannabis means cannabinoid-based products, prescription or OTC, that are used to treat a medical condition.

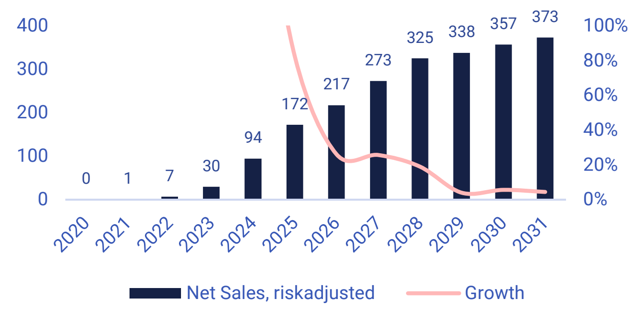
- **Demonstrated revenue early in the commercialisation phase.** Founded in 2018, DanCann is one of the first companies approved to participate in the pilot program and is now working with licensing processes to execute its business model. In the previous quarter, the company reported revenues for the first time, thus representing an important milestone.
- **Regulatory tailwinds are picking up in Europe.** At the end of 2021, Danish authorities announced that the pilot program to produce medical cannabis, including raw materials, has become permanent. The permanent permit for cannabis production radically reduces uncertainty for the future of cannabis companies and makes investing in cannabis companies significantly less risky. Germany took the next step at the end of November 2021 when the coalition government announced that cannabis would be legalised in the country for recreational use. This step reinforces the thesis that the level of acceptance of cannabis is gradually increasing in Europe, which is of course beneficial for DanCann.
- **Distribution agreements targeting several markets stack up future revenues.** Although DanCann is still in the early stage and awaiting the necessary licenses, the team has managed to secure future revenues with multiple distribution agreements to execute on as they navigate the regulatory landscape. DanCann has signed exclusive distribution agreements with Cannasure Therapeutics and Tetra BioPharma, where the agreement with Cannasure target Scandinavia and the agreement with tetra target Scandinavia and Germany. According to DanCann, Tetra BioPharma can provide sales up to DKK 340-410m by 2028. More recently, DanCann has also entered a letter of intent with Aureum Pharma for exclusive distribution rights for DanCann's upcoming products in a commitment of at least SEK 37m over three years.
- **Strategic acquisition accelerates regulatory navigation.** With the acquisition of CannGros in the fourth quarter of 2021, DanCann obtained the necessary licenses to import and distribute medical cannabis, including a proprietary product portfolio in the market. With CannGros licenses, the acquisition marks a major step for DanCann in accelerating its commercialisation. At the same time, the two companies are expected to complement each other, as CannGros operates primarily as a distributor, and DanCann intends to have its main long-term business in the manufacturing of bio-materials and APIs.

Assumptions and estimates

Strong potential at high political risk

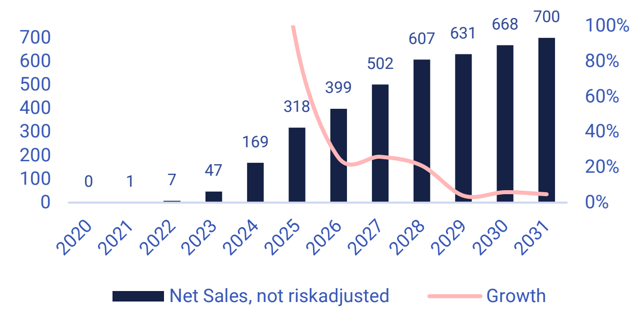
We still believe in the case in the long term, but lower our estimates for the 2022 revenues to DKK 6.8 million (15) due to the Q1 outcome. We continue to believe that sales of cannabis raw material will start in late 2022 instead of Q3, and that the revenue for the year will mainly come from CannGross' existing sales activities which generate roughly DKK five million per year. As delivery expectations are highly dependent on regulatory processes and clinical trials, we routinely risk-adjust the revenue streams in the communicated pipeline.

Risk-adjusted net sales (DKKm)



Source: Company information and Carlsquare estimates

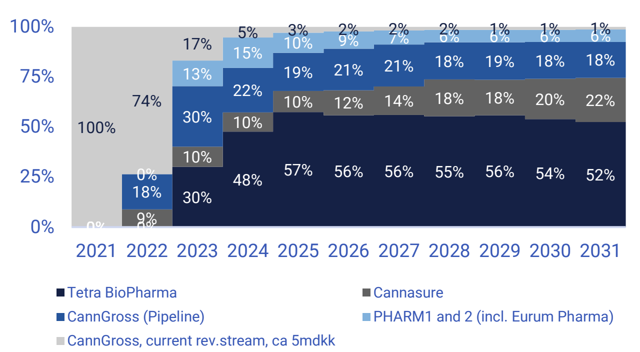
Non-adjusted net sales (DKKm)



Source: Company information and Carlsquare estimates

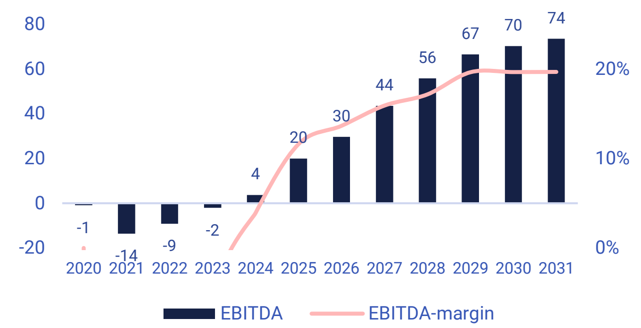
In our base case, we estimate that the distribution agreement with Tetra Biopharma will generate the largest revenues, given the current pipeline. In terms of business segments, import and distribution will be the group's largest revenue source in our scenario, followed by exports of raw materials and APIs. However, there is ample room for these revenue sources to change as DanCann has recently started approaching distributors (Aeurum Pharma).

Revenue distribution (%)



Source: Company information and Carlsquare estimates

EBITDA (DKKm) and Margin (%)



Source: Company information and Carlsquare estimates

By the end of 2031, revenues from Tetra BioPharma accounts for half of DanCann's turnover in our current scenario, followed by the CannGross portfolio, which could generate almost a quarter of the turnover. However, the revenue contributions may change drastically if any of the application processes take longer than expected or if clinical trials in the future distribution portfolio are not approved, e.g. Reduvo Adversa and Qixleef intended for the Danish market. We estimate a EBITDA of DKK minus 9 million (-8) for 2022 and a positive EBITDA- margin around 2024.

Fair value within a range

High risk-free rate and weak sentiment pressure value

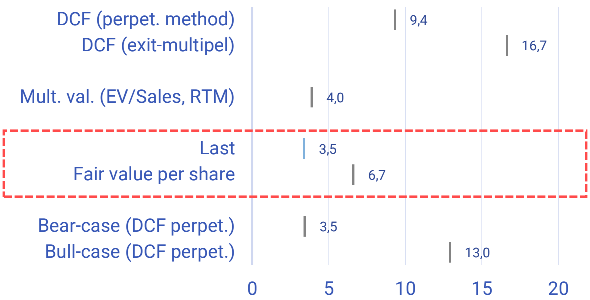
We value DanCann Pharma at DKK 6,7 per share (7.6) for the next 6-12 months by combining a multiple valuation based on estimated sales in 2023 with a DCF model. That corresponds to an enterprise value (EV) of DKK 181 million (222). The challenging stock market environment continues to put downward pressure on growth oriented companies. Thus, a higher risk-free rate and a lower valuation within the sector holds back value per share. In the short term, lower revenue and profit estimates are other factors affecting the valuation negatively.

Fair value per share (DKK), base scenario

Multiple valuation (EV/Sales, RTM)	4.0
DCF valuation	9.4
Fair value per share	**6.7**
Potential up-/downside	93%
Shares outstanding, fully financed, and diluted	28.5
Shareholder value	**190**
Cash (last rep. Q)	9
Debt (last rep. Q)	0
PV cash from equity financing	0
EV	**181**

Source: Carlsquare estimates

Fair value per share within an interval (DKK)



Source: Carlsquare estimates

Implicit multiples, Base scenario

	2022P	2023P	2024P	2025P
EV/Sales	26.6x	6.1x	1.9x	1.0x
EV/EBITDA	NM	NM	48.8x	48.8x
EV/EBIT	NM	NM	72.5x	9.8x

Source: Carlsquare estimates

As shown in the table above, our valuation corresponds to an implied 2023 EV/Sales multiple of 6.1x and an 2024 EV/Sales multiple of 1,9x. Our reference group, consisting of companies that primarily grow medical cannabis plants and extract APIs for sale and distribution to manufacturers of medical cannabis-derived products, is currently trading at a median LTM EV/Sales multiple of 4.0x and a 2023 EV/Sales multiple of 2.0x.

DCF-valuation, Summary of base scenario

DCF valuation		Discount rate		Assumptions	
PV(UFCF)	49.3	Risk-free rate	1.5%	CAGR. 2022-2031	56.1%
PV(TV)	209.0	Market risk premium	6.7%	EBITDA-margin. 2031	19.7%
Enterprise value	**258**	Size premium	3.0%	EBIT-margin. 2031	18.3%
Net cash(31-Dec)	9.3	Beta	1.2x	Tax rate	20.6%
Shareholder value	**268**	Req. return on equity	13.2%		
PV(equity financing proceeds)	0			Implied multiples	-
Shareholder value, after financing	**268**	Tax adjust. interest on debt	2.4%	EV/Sales. NTM	nm.
Shares outstanding after financing and dilution	28.5	Leverage	0.0%	EV/Sales 2022	38.0x
Value per share	**9.4**	WACC	13.2%	EV/EBITDA. NTM	neg.
				EV/EBITDA 2022	neg.
		Company spec. premium	0.0%	EV/EBIT NTM	neg.
		Discount rate	**13.2%**	EV/EBIT. 2022	neg.

Source: Carlsquare estimates

Below is a sensitivity analysis with the discount rate (Y-axis) and assumed growth rate (X-axis) for calculating the terminal value. Ranging the discount rate between

11.2-15.2 per cent and the long term growth rate between 3-6 per cent results in a value-range between 6.4 -18.2 DKK per share.

Sensitivity analysis (DKK/share)

	3,0%	4,0%	5,0%	6,0%
11,2%	12.1	13.6	15.5	18.2
12,2%	10.2	11.2	12.6	14.3
13,2%	8.6	**9.4**	10.4	11.6
14,2%	7.4	8.0	8.7	9.6
15,2%	6.4	6.8	7.4	8.1

Discount rate on the Y-axis and growth in perpetuity on the X-axis.
Source: Carlsquare estimates

Below is the multiple valuation. With expected sales of approximately DKK 30 million in 2023 and a discount rate of 13.2%, we calculate a value per share of DKK 4.0. EV/Sales LTM has fallen from 4,6 in the last update to 3.8x.

Multiple valuation, base scenario

	HQ	Mcap (SEKm)	EV/Sales. LTM	EV/Sales, 2023P
Trulieve Cannabis Corp.	US	19 900	3.4x	2.1x
Little Green Pharma Ltd	AU	380	6.3x	
Tikun Olam-Cannbit Pharmaceuticals Ltd	IL	233	3.1x	
Tilray Brands, Inc.	US	13 722	4.2x	2.5x
Stenocare A/S	DK	129	53.4x	
OrganiGram Holdings Inc.	CA	2 344	2.8x	1.1x
Median		**1 362**	**3.8x**	**2.1x**
Average		6 118	12.2x	1.9x

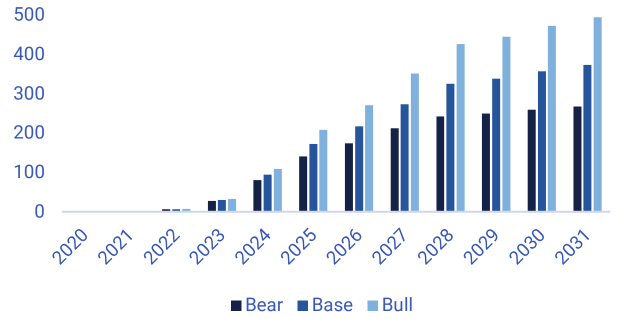
Median	
Median Multiple, LTM	3.8x
Discount	0.0
Applied EV/Sales multiple	**3.8x**
Expected Sales 2023	29.8
Fair Value EV	**113.9**
Discount rate	13.2%
Discount period	0.8
PV (Fair Value EV)	103.3
Cash, last rep. Q	9.3
Interest bearing debt, last. Q	0.0
Shareholder value	112.7
Shares outstanding	28.5
Fair value share price	**4.0**

Source: Capital IQ and Carlsquare estimates

Valuation range

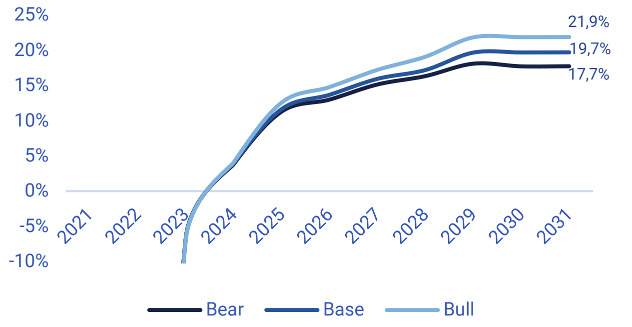
In the Bull and Bear scenarios, we have used our DCF (perpetual capitalisation) model but developed alternative growth and profitability curves to allow for wider spreads in the scenario-outcomes.

Net sales (MDKK), three scenarios



Source: Company information and Carlsquare estimates

EBITDA-margin, three scenarios



Source: Company information and Carlsquare estimates

In the Bull scenario, we model an average annual growth rate (CAGR) of 47.6 per cent between 2024-2027 (42.5 per cent in the Base scenario). This scenario illustrates outcomes of further received distribution agreements additional to the current pipeline. In the bear scenario, we model with an average annual growth rate of 37.9 per cent, painting a scenario of delayed, or lost, product applications.

Risks and challenges

Regulatory and political risks

Even if cultivation is made legal permanently, DanCann's other business models still depend on the Danish pilot programme, which is time-limited and will need to be extended.

The current regulatory environment is largely developing in a favourable direction for DanCann. However, it could quickly swing the other way. The regulatory risk is greater for DanCann than for many other companies involved in traditional drug development.

In this context, the regulation also includes compensation. The market may not develop as favourably as expected if medical cannabis products are not widely included in the various reimbursement schemes.

Financing and other risks

The company depends on retaining and attracting key people. CEO and founder Jeppe Rasmussen have locked in his shareholding in the company for three years, consisting of approximately 21 per cent of the share capital. The market for medical cannabis products is relatively new, which means that staff with valuable experience are scarce.

As the market matures favourably, competition is likely to increase. That may cause downward pressure on margins further down the line, particularly on pre-sales of cannabis materials and APIs. As regards the latter, DanCann intends to focus on rare and new APIs.

Analysts expect continued strong growth as new products enter the market and the clinical evidence base grows. However, future growth in the market is uncertain and possibly not as rapid as expected.

Financial accounts and key figures

Income statement (risk adjusted) (DKKm)

	2020	2021	2022E	2023E	2024E	2025E	2026E	2027E	2028E
Net Sales	**0**	**1**	**7**	**30**	**94**	**172**	**217**	**273**	**325**
COGS	-1	-5	-19	-58	-105	-134	-169	-200	-208
Gross profit	**-1**	**-4**	**-12**	**-28**	**-11**	**39**	**49**	**73**	**117**
Tot. op. exp, excl. COGS & dep. and amort.	-1	-15	-12	-13	-33	-47	-54	-61	-70
EBITDA	**-2**	**-19**	**-24**	**-42**	**-44**	**-9**	**-6**	**12**	**48**
Dep. and amort.	0	-1	0	-1	-1	-2	-2	-3	-3
EBIT	**-1**	**-15**	**-10**	**-3**	**2**	**19**	**28**	**41**	**53**
Net finances	-1	-15	-9	-4	1	17	26	39	51
EBT	**-2**	**-30**	**-19**	**-6**	**3**	**35**	**54**	**80**	**104**
Tax	1	3	0	0	0	-3	-5	-8	-10
Net profit/loss	**0**	**-12**	**-9**	**-4**	**1**	**13**	**21**	**31**	**40**
EPS	**0,00**	**-0,41**	**-0,32**	**-0,13**	**0,03**	**0,46**	**0,72**	**1,09**	**1,42**
Shares, EoP	33,0	28,5	28,5	28,5	28,5	28,5	28,5	28,5	28,5
Average	32,8	28,5	28,5	28,5	28,5	28,5	28,5	28,5	28,5

Growth	2020	2021	2022E	2023E	2024E	2025E	2026E	2027E	2028E
Net Sales	nm.	nm.	678.0%	338.8%	216.4%	82.5%	26.1%	25.7%	19.0%
Gross profit	nm.	nm.	42.0%	374.6%	222.8%	83.5%	24.7%	24.9%	19.8%
EBITDA	nm.	-1339.5%	32.7%	77.7%	281.4%	441.1%	48.3%	46.5%	28.3%
EBIT	nm.	-1433.6%	34.5%	71.7%	192.7%	642.0%	50.0%	47.9%	28.5%
EBT	nm.	-1153.8%	39.6%	59.8%	123.5%	1815.9%	55.6%	51.3%	29.9%
Net profit/loss	nm.	-34824.3%	21.9%	59.8%	123.5%	1421.3%	55.6%	51.3%	29.9%
EPS	nm.	-40126.1%	-21.9%	-59.8%	-123.5%	1421.3%	55.6%	51.3%	29.9%
Margins	**2020**	**2021**	**2022E**	**2023E**	**2024E**	**2025E**	**2026E**	**2027E**	**2028E**
Gross profit	nm.	73.3%	33.5%	37.7%	38.8%	39.1%	38.6%	38.4%	38.7%
EBITDA margin	nm.	-629.4%	-132.6%	-8.9%	2.6%	10.7%	12.7%	15.0%	16.2%
EBIT margin	nm.	-658.8%	-128.0%	-12.2%	0.9%	9.6%	11.9%	14.3%	15.6%
EBT margin	nm.	-658.8%	-128.0%	-12.2%	0.9%	9.6%	11.9%	14.3%	15.6%
Profit margin	nm.	-509.8%	-128.0%	-12.2%	0.9%	7.6%	9.4%	11.4%	12.4%

Source: Company information and Carlsquare estimates

Balance sheet (risk adjusted) (DKKm)

	2020	2021	2022E	2023E	2024E	2025E	2026E
Tot. Intangible assets	0	41	45	48	50	52	54
Tot. Tangible assets	4	10	10	11	12	13	13
Financial non-current assets	0	0	0	0	0	0	0
Tot. Fixed assets	4	51	55	59	63	65	67
Inventories	0	1	6	18	30	38	48
Accounts receivables	1	1	4	12	22	27	34
Other receivables	2	2	2	2	2	2	2
Cash and Cash equivalents	8	5	22	31	46	58	79
Total current assets	18	19	49	83	115	143	184
Sum Assets	**69**	**74**	**108**	**146**	**180**	**210**	**254**
Share capital	1	2	2	2	2	2	2
Reserve for development costs	23	42	72	97	107	107	107
Retained Earnings	30	21	17	18	31	52	83
Sum Equity	**53**	**64**	**91**	**116**	**140**	**160**	**191**
Debt to Creditors	0	0	0	0	0	0	0
Total long-term liabilities	0	0	0	0	0	0	0
Leasing liabilities	0	0	0	0	0	0	0
Accounts Payables	3	1	4	9	17	22	27
Corporation tax payable	0	0	0	0	0	0	0
Other current liabilities	11	7	12	19	22	27	34
Total Short Term Debt	15	9	17	29	39	49	62
Total Debt	15	9	17	29	39	49	62
Total Equity and Debt	**69**	**74**	**108**	**146**	**180**	**210**	**254**

Liquidity	2020	2021	2022E	2023E	2024E	2025E	2026E
Current ratio	120%	218%	294%	290%	294%	291%	297%
Cash ratio	53%	58%	129%	108%	117%	118%	128%
Leverage	2020	2021	2022E	2023E	2024E	2025E	2026E
Net debt(-)/Net cash(+)	11	-2	-35	-43	-44	-29	-17
Net debt/EBITDA	NM	NM	NM	NM	NM	NM	NM
Net debt/Equity	NM	0.0x	0.4x	0.4x	0.3x	0.2x	0.1x
Equity/Total Assets	77%	87%	84%	80%	78%	76%	75%
Efficiency	2020	2021	2022E	2023E	2024E	2025E	2026E
ROA	0,0%	Neg.	Neg.	Neg.	0,5%	6,3%	8,1%
ROE	0,1%	Neg.	Neg.	Neg.	0,7%	8,8%	11,7%
ROIC	Neg.	Neg.	Neg.	Neg.	1,4%	9,2%	11,5%

Source: Company information and Carlsquare estimates

Cash flow (risk adjusted) (DKKm)

	2020	2021	2022E	2023E	2024E	2025E	2026E
CF, operating activities before delta WC	0	-14	-9	-3	2	15	23
Delta operating capital	0	2	-10	-6	-13	-7	-6
CF. Operating Activities	0	-12	-19	-9	-11	8	17
CF. Investing Activities (CAPEX)	0	-32	-4	-4	-5	-3	-4
CF. Financing Activites	0	31	20	30	25	10	0
Cash flow	0	-14	-3	17	9	15	12
Cash, BoP	0	21	8	5	22	31	46
Cash, EoP	0	8	5	22	31	46	58

Key ratios	2020	2021	2022E	2023E	2024E	2025E	2026E
CF. Operating Activities/Net Sales	nm	-1371%	-275%	-29%	-11%	5%	nm
CF. Operating Activities/EBITDA	0%	29%	43%	101%	191%	68%	35%

Source: Company information and Carlsquare estimates

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