

INITIATING COVERAGE

Equity | Technology/ Software

BYND Cannasoft Enterprises Inc.
(NASDAQ:BCAN; Target Price: \$2.80)

In the ever-evolving world of technology and cannabis innovations, BYND Cannasoft Enterprises is poised to take the market by storm. Through its visionary subsidiaries, the company not only delves into groundbreaking realms with its proprietary client relationship management (CRM) software known as "Benefit CRM" but is also at the forefront of cannabis cultivation with plans for a state-of-the-art Cannabis Farm and Indoor Cannabis Growing Facility. The cherry on top is their pioneering EZ-G device, a revolutionary, patent-pending invention that, in conjunction with an advanced software, optimizes the delivery of low-concentration CBD oils to the female sexual organs. Given these innovations, BYND's stock appears primed for bullish trends, offering a tantalizing proposition for forward-thinking investors who have an eye for market-disrupting enterprises.

INVESTMENT THESIS

This is our first report on BYND Cannasoft Enterprises and we look to provide a detailed account of the various drivers that will be responsible for the company's growth in the coming years. In the dynamic and competitive landscape of CRM software and cannabis innovation, BYND Cannasoft Enterprises stands out as a promising leader with a robust strategy for market dominance. While navigating through the Israeli CRM terrain with giants like SAP SE, Oracle, and Microsoft, BYND Israel doesn't just hold its ground but often collaborates with these powerhouses, magnifying their software's efficacy for local users. Their unique approach in targeting the service sector and potentially pioneering the Cannabis CRM Platform and EZ-G device positions them a cut above the rest. With such distinctive offerings and a clear vision for innovation, BYND's stock presents a good opportunity for investors keen on backing market disruptors. Baptista Research looks to evaluate the different factors that could influence BYND Cannasoft Enterprises' price in the near future and attempts to carry out an independent valuation of the company using a Discounted Cash Flow (DCF) methodology to determine a suitable price for the company's stock.

COMPANY OVERVIEW

BYND Cannasoft Enterprises Inc., based in Kiryat Motzkin, Israel and founded in 2000, operates predominantly through its subsidiary arms to pioneer and distribute innovative client relationship management (CRM) software products within the Israeli market. One of its standout products, Benefit CRM, is tailored for small to medium-sized businesses, furnishing them with tools to streamline various operational tasks such as sales and personnel management, marketing strategies, call centre operations, and asset management. Diversifying its portfolio, the company is also tapping into the burgeoning medical cannabis industry with the creation of a specialized CRM platform. This platform is geared towards the unique needs and challenges of the medical cannabis sector. Beyond software, BYND Cannasoft is making inroads into the actual cultivation and production of cannabis. They oversee the construction, licensing, and day-to-day operation of a dedicated cannabis farm along with an indoor cannabis cultivation facility. Adding to their array of products, they've innovated the EZ-G device, a cutting-edge apparatus designed to methodically administer low-concentration CBD oils into the soft tissues of female sexual organs.

Key Report Highlights

Industry View:	Attractive
Stock Rating:	Buy
Price Target:	\$2.80
Current Price:	\$0.65
52-Week-Range:	\$0.65 - \$5.03

Annual Income Statement	2021	2022E	2023E
Revenues	0.83	1.91	10.90
Cost of Goods Sold	-0.37	-0.82	-4.49
Gross Income (excl. D&A)	0.46	1.09	6.41
EBITDA	-1.26	-0.71	3.61
EBIT (incl. extraordinary exp)	-1.29	-0.73	3.59
Net Income	-1.23	-4.03	0.29
Cash from Operations	-1.53	0.08	3.25
Free Cash Flows	-2.22	-0.58	2.63

Growth & Margins	2021	2022E	2023E
Sales Growth	-13.5%	130.1%	470.7%
EBITDA Margin	-151.8%	-37.2%	33.1%
EBIT Margin	-155.4%	-38.2%	32.9%
Net Profit Margin	-148.2%	-211.0%	2.7%

Valuation Ratios	Current	2023E	2024E
EV/ Sales	29.0	57.5	19.3
EV/ EBITDA	NA	NA	58.4
EV/ EBIT	NA	NA	-289.0
Price/Earnings	NA	NA	743.0

KEY FACTORS DRIVING THE COMPANY'S PERFORMANCE

1.	CORE CRM SOFTWARE BUSINESS
2.	THE MEDICAL CANNABIS UPSIDE
3.	THE EZ-G DEVICE BUSINESS MODEL
4.	COMPETITIVE LANDSCAPE
5.	EXPERIENCED MANAGEMENT TEAM

Core CRM Software Business

- In the past three years, BYND Israel developed a New CRM Platform harnessing Big Data. This platform migrates the previous Benefit CRM Software to a cloud-based system, consolidating data storage and eliminating the need for client-maintained servers.
- The platform introduces customization abilities for clients and resellers to craft their personalized CRM software platforms, which can be rebranded and sold to end users.
- This "white labeling" functionality is expected to broaden BYND Israel's market reach, both domestically and internationally. Upon completion of their custom CRM designs, clients receive a link to market their solution, and can decide user pricing models.
- All such CRM solutions remain technically overseen by BYND Israel, with support available for any arising issues. Furthermore, the platform features a billing system, allowing BYND Israel to manage invoicing and fee processing.
- An integrated online marketplace also enables end-users to share needs and find potential providers, with BYND Israel earning a percentage from successful transactions.
- By August 2022, a BETA version was ready for select customer testing, with the final version's deployment anticipated for the second quarter of 2023.

- In addition, capitalizing on their CRM expertise, BYND Israel embarked on the New Cannabis CRM Platform, targeting the medical cannabis sector.
- This innovative system aims to unite stakeholders, from growers to end-users, facilitating information sharing and transactions on a single platform.
- With comprehensive data analysis, this platform offers real-time insights and facilitates transparent interactions among users. Growers, producers, and distributors can share pertinent information, while end-users can peruse suppliers and make direct purchases.
- We can see that the company has a vast client base from the screenshot below:



Source: Company Presentation

The Medical Cannabis Upside.

- BYND Israel, primarily operating through its 74% owned subsidiary BYBY, initiated planning for a Cannabis Farm and an Indoor Cannabis Growing Facility, intending to support the development of its innovative New Cannabis CRM Platform.

- This platform aims to harness data from the farm's operations, like growing, harvesting, and selling medical cannabis, to create a valuable resource for industry stakeholders.
- BYND Israel perceives the platform as transformative for the medical cannabis sector, especially in bringing about organization, accessibility, and price transparency.
- Operating the Cannabis Farm and selling the product also promises added revenue, which can aid in the early years of the platform's rollout. Israeli regulations have seen a shift recently, allowing the import of medical cannabis.
- However, exports remain restricted. Given the reduced prices for domestically grown cannabis and subsequent closures of many farms, BYND Israel, in 2021, applied for a special license permitting them to trade medical cannabis without direct contact.
- This license facilitates dealings in all cannabis forms, partnering with local growers for production and distribution. On February 5, 2023, the license was secured, and there are plans for a private medical cannabis label.
- The Cannabis Farm and Indoor Cannabis Growing Facility will be set up on Brzezinski Land near Ashkelon, spanning 5 acres, with a lease lasting until 2065.
- Out of this, 3.7 acres will host the facilities. BYBY has plans to build four greenhouses, operational facilities, and security systems. Permitting processes and construction timelines are in place, with BYBY working towards MCU approvals.
- The indoor facility promises benefits like multiple harvest cycles and cost efficiency. Furthermore, Cannasoft Pharma, under its contactless medical cannabis license, can collaborate with other firms for cannabis strains, processing, packaging, and delivery in Israel.
- Current status points towards awaiting approvals and certifications for the Cannabis Farm and Indoor Cannabis Growing Facility, with the latter having an anticipated construction cost of approximately NIS 8,490,000.

The EZ-G Device Business Model



AI based Products The EZ-G Device

According to the Brightfield Group, a cannabis industry data research firm, sales of CBD products could reach \$11 billion by 2027.

A recent Zion Market Research study indicates the market size of global gynecology devices was worth \$10.8 billion in 2021 and is estimated to exceed \$19.5 billion by 2028 with a compound annual growth rate (CAGR) of approximately 10.3 percent.

The Company intends to establish a marketing and sales system for the EZ-G device. The Company's 'Go to Market' strategic plan is based on combined B2B and B2C sales.

Source: Company Presentation

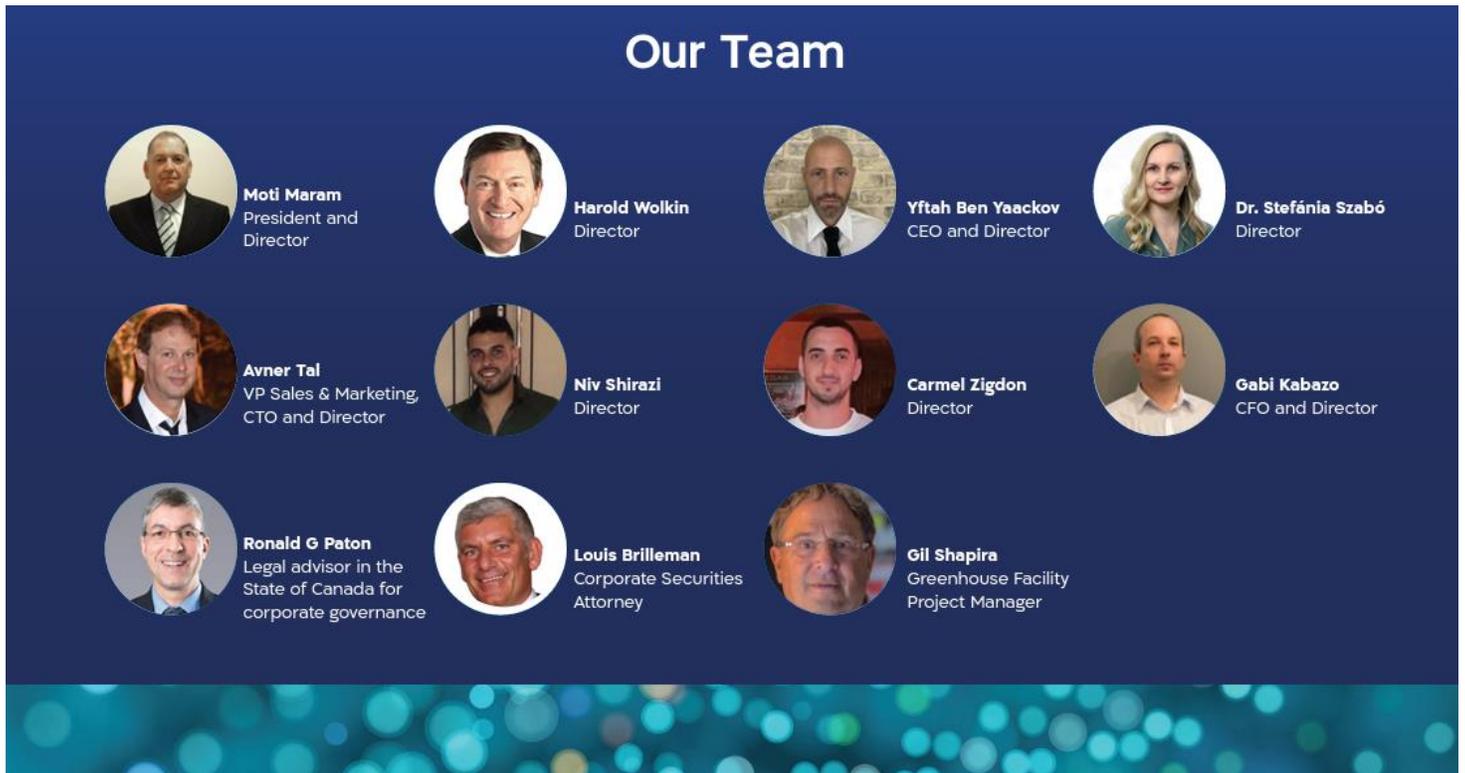
- On September 22, 2022, BYND Cannasoft completed the acquisition of Zigi Carmel Initiatives & Investments Ltd., an Israeli-based entity.
- Through this acquisition, the Company now possesses the EZ-G device, a patent-pending tool integrated with proprietary AI software.
- This device facilitates the distribution of low-concentration CBD oils into female sexual organs' soft tissues. Global research indicates that such treatment with CBD oils can address a range of female health concerns, including candida, dryness, and scars.
- The mechanism behind these benefits is CBD's interaction with the endocannabinoid system, which is believed to enhance the female sexual experience by alleviating stress, elevating mood, and addressing various vaginal issues.
- Two PCT patent applications have been associated with the company. One pertains to medical adult toys capable of performing functions with user organs and delivering substances like cannabinoid extracts (PCT/IL2022/050783).
- The other involves adult toys with sensors for controlled operations and a mechanism for administering liquids (PCT/IL2023/050016).
- Furthermore, BYND Cannasoft is gearing up for the prototype production of the EZ-G device, including validation tests and supplier sourcing for both the device and the oils in the capsules.
- Reports from both the Brightfield Group and Zion Market Research highlight the potential market value for CBD products and gynecology devices.
- To capitalize on this, the Company is developing a marketing and sales strategy for the EZ-G device, aiming for a combination of B2B and B2C sales.

- As a part of the Zigi Carmel acquisition, BYND Cannasoft received a valuation report from BDO consulting group (Israel) on the pending patents owned by Zigi Carmel, which was valued at USD\$ 34,114,000.

Competitive Landscape

- BYND Israel, focusing primarily on the Israeli market, identifies its main competitors in the CRM sector as SAP SE, Oracle Computer Technology Corporation, Salesforce.com, LLC, Pivotal Software Inc., Microsoft Corporation, and Eshbel Technologies.
- While SAP and Oracle primarily cater to larger businesses, BYND Israel's Benefit CRM Software often collaborates with these systems to enhance their efficiency for users based in Israel. Microsoft, Salesforce.com, and Pivotal are more direct competitors in the Israeli CRM landscape
- However, BYND Israel perceives its software as offering a distinct flexibility and efficiency compared to these competitors.
- Eshbel Technologies, another Israel-based firm, stands out as a significant competitor, targeting some similar SMB clientele. However, there is a distinction:
- Eshbel's solution, "Priority," is chiefly designed for industrial companies, while BYND Israel's software primarily targets the service sector.
- In the realm of the Cannabis CRM Platform, BYND Israel, based on its research, believes it presents a unique value proposition, as it hasn't identified any comparable platform or service in the medical cannabis domain.
- Similarly, in the health and recreational products industry concerning the EZ-G device, BYND Israel's research suggests that there isn't a similar device in the market, positioning them as potential pioneers in this niche.

Experienced Management Team



Source: Company Website

- BYND Cannasoft Enterprises is steered by a skilled management team comprising experts with diverse backgrounds and substantial experience.
- Marcel (Moti) Maram, as the President and Director, is the co-founder of BYND Israel. With a foundational background in electronics and computer systems, he served in the Israeli Defence Forces (IDF) and later established MDA Electronics with Avner Tal. The two later co-founded BYND Israel in 2000.
- The CEO and Director, Yftah Ben Yaackov, a practicing attorney in Israel for 15 years, specializes in Israeli Cannabis Laws.
- He has provided extensive counsel to two medical cannabis companies in Israel and served on the board of Property and Building Corporation Ltd., a leading real estate firm listed on the Tel Aviv Stock Exchange. Avner Tal, responsible for VP Sales & Marketing, Chief Technology Officer roles, and directorship, co-founded BYND Israel alongside Maram.
- With an education in electronics, Tal's contributions to the development of innovative computer systems and missile technologies during his service with the Israeli Navy are notable.

- Together, Tal and Maram introduced pioneering computer technologies at Exatech before establishing MDA Electronics and later BYND Israel.
- Lastly, Gabi Kabazo, the Chief Financial Officer and Director, boasts over two decades of financial and operational expertise. His tenure includes roles at TELUS Telecommunications and m-Wise Inc., among others.
- Overall, we can safely conclude that BYND Cannasoft Enterprises is being steered by a highly experienced management team and is poised for a bright future ahead.

HISTORICAL FINANCIAL STATEMENTS & PROJECTIONS (USD MILLIONS)

Particulars	9/30/22	12/31/22	3/31/23	6/30/23
Revenues	0.2	0.2	0.3	0.2
<i>% growth</i>		0.0%	82.4%	-38.7%
Cost of Goods Sold	-0.1	-0.1	-0.1	-0.1
<i>% of revenue</i>	-41.2%	-58.8%	-25.8%	-73.7%
Gross Income (excl. D&A)	0.1	0.1	0.2	0.1
<i>% of revenue</i>	58.8%	41.2%	74.2%	26.3%
EBITDA	-0.5	-0.4	-0.5	-0.8
<i>% of revenue</i>	-288.2%	-235.3%	-154.8%	-410.5%
Depreciation & Amortization	0.0	0.0	0.0	0.0
Extraordinary Expenses	0.0	0.0	0.0	0.0
EBIT	-0.5	-0.4	-0.5	-0.8
<i>% of revenue</i>	-294.1%	-235.3%	-154.8%	-415.8%
Pretax Income	-0.2	-0.5	-0.5	-0.9
<i>% of revenue</i>	-135.3%	-305.9%	-167.7%	-457.9%
Income Tax	0.0	0.0	0.0	0.0
<i>% rate</i>	-4.3%	0.0%	-5.8%	0.0%
Net Income	-0.2	-0.5	-0.6	-0.9
<i>% of revenue</i>	-141.2%	-305.9%	-177.4%	-457.9%

Particulars	9/30/22	12/31/22	3/31/23	6/30/23
Cash from Operations	-0.5	-0.8	-0.5	-0.5

% of revenue	-270.6%	-482.4%	-145.2%	-252.6%
Cash from Investing	0.5	0.1	0.1	0.1
Free Cash Flows	-1.0	-0.9	-0.5	-0.6
<hr/>				
% of revenue	-582.4%	-535.3%	-171.0%	-326.3%

- Let us start off with analyzing the most recent and historical quarterly data reported by the company.
- BYND Cannasoft has reported a top-line of \$0.19 million in its recent quarterly result which is a -38.71% depreciation over the previous quarter.
- The company reported a positive gross margin of 26.32% for the quarter ended 6/30/23.
- Its EBITDA for the quarter was \$-0.78 million and the EBITDA margin was -410.53%.
- This was a -255.69% margin contraction at the EBITDA level which is definitely a negative outcome.
- BYND Cannasoft's operating income (EBIT) was reported at \$-0.79 million and a margin of -415.79%. This EBIT margin dropped by 260.95% in this quarter.
- The company's pre-tax margin for the quarter was -457.89%.
- BYND Cannasoft reported a net income of \$-0.87 million which resulted in a diluted earnings per share (EPS) of \$-0.02. The company's net margin was -457.89%.
- Now let us move on to the cash flow generation in the recent quarter.
- BYND Cannasoft burnt \$-0.48 million in terms of operating cash flows for the quarter ended 6/30/23.
- The company was able to convert about -252.63% of its revenues into operating cash flows in the recent quarter.
- This quarter's EBITDA-to-operating cash flow conversion ratio is 61.54%
- Overall, BYND Cannasoft delivered a negative free cash flow of \$0.62 million for the past quarter.

Balance Sheet	9/30/22	12/31/22	3/31/23	6/30/23
----------------------	----------------	-----------------	----------------	----------------

Assets

Net Intangible Fixed Assets	28.7	33.3	33.5	34.2
Net Tangible Fixed Assets	1.0	1.0	1.0	0.9
Total Fixed Assets	29.8	34.3	34.4	35.2
<i>% of revenue</i>	<i>17500.0%</i>	<i>20182.4%</i>	<i>11096.8%</i>	<i>18500.0%</i>
LT Investments	0.0	0.0	0.0	0.0
Inventories	0.0	0.0	0.0	0.0
<i>% of revenue</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>
Accounts Receivable	0.1	0.1	0.1	0.1
<i>% of revenue</i>	<i>58.8%</i>	<i>58.8%</i>	<i>32.3%</i>	<i>52.6%</i>
Cash and ST Investments	2.2	1.8	1.2	0.6
<i>% of revenue</i>	<i>1300.0%</i>	<i>1041.2%</i>	<i>390.3%</i>	<i>315.8%</i>
Other Current Assets	0.2	0.7	0.5	0.3
Total Current Assets	2.5	2.6	1.8	1.0
Other Assets	0.0	0.0	0.0	0.0
Total Assets	32.2	36.9	36.2	36.2

Liabilities & Shareholder's Equity

Equity & Minorities	31.9	36.4	35.9	35.8
---------------------	------	------	------	------

<i>% of capital employed</i>	99.6%	99.6%	99.7%	99.7%
LT Debt	0.1	0.1	0.1	0.1
Other LT Liabilities	0.1	0.1	0.1	0.1
Total LT Liabilities	0.1	0.1	0.1	0.1
<i>% of capital employed</i>	0.4%		0.3%	0.3%
ST Debt	0.0	0.0	0.0	0.0
<i>% of capital employed</i>	0.0%	0.0%	0.0%	0.0%
Accounts Payable	0.1	0.0	0.0	0.0
<i>% of COGS</i>	47.1%	17.6%	3.2%	5.3%
Other ST Liabilities	0.1	0.3	0.1	0.3
<i>% of revenue</i>	64.7%	182.4%	45.2%	136.8%
Total Current Liabilities	0.2	0.3	0.2	0.3
Total Liabilities	0.3	0.5	0.3	0.4
Total Liabilities & Shareholder's Equity	32.2	36.9	36.2	36.2

- When we look at the quarterly Balance Sheet of the company, we see that the Fixed Asset base has evolved from \$34.4 million to \$35.15 million over the last 2 quarters.
- The current level of fixed assets, including tangibles & intangibles, is around 18500.00% of the company's quarterly turnover.
- The company's receivables were around 52.63% of the quarterly top-line.
- As a result of the negative free cash flows, the company had a final cash and short-term investment balance of \$0.6 million.
- When we analyze the capital structure of BYND Cannasoft, we realize that the company relies more on equity to finance its operations.
- The company's equity accounts for 99.72% of its total capital employed whereas debt (both long-term and short-term) accounts for about 0.28% of the total capital.
- BYND Cannasoft's payables account for 5.26% of its cost of goods sold.
- The following chart demonstrates the evolution of the company's working capital elements and its current ratio over the past 4 quarters.

Particulars	2019	2020	2021	2022
Revenues		1.1	1.0	0.8
<i>% growth</i>			-8.6%	-13.5%
Cost of Goods Sold		-0.6	-0.5	-0.4
<i>% of revenue</i>		-56.2%	-49.0%	-44.6%
Gross Income (excl. D&A)		0.5	0.5	0.5
<i>% of revenue</i>		43.8%	51.0%	55.4%
EBITDA		-0.1	-0.5	-1.3
<i>% of revenue</i>		-5.7%	-46.9%	-151.8%
Depreciation & Amortization		0.0	0.0	0.0
<i>% of Fixed Assets</i>		50.0%	2.9%	0.1%

Extraordinary Expenses	0.0	0.0	0.0
EBIT	-0.1	-0.5	-1.3
<i>% of revenue</i>	-6.7%	-50.0%	-155.4%
Pretax Income	0.0	-3.8	-1.2
<i>% of revenue</i>	0.0%	-399.0%	-147.0%
Income Tax	0.0	0.0	0.0
<i>% rate</i>		-0.8%	-0.8%
Net Income	0.0	-3.9	-1.2
<i>% of revenue</i>	-1.9%	-402.1%	-148.2%

- When we analyze the company's annualized historical income statement, we see that the top-line was \$0.83 million for the previous financial year ending in 2022.
- BYND Cannasoft's cost of goods sold has increased from -48.96% to -44.58% as a percentage of the top-line resulting in a drop in the gross margins.
- The company's overall annual EBITDA margin of -151.81% is higher than the reported quarterly EBITDA margin for the most recent quarter.
- Non-cash expenses in the form of depreciation and amortization have gone down as compared to the result in 2021.
- In terms of the bottom-line, BYND Cannasoft reported an operating income (EBIT) of \$-1.29 million and a net income of \$-1.23 million resulting in an EPS of \$-0.085.
- The good news for investors holding the stock is that its net margin had increased from -402.08% in 2021 to -148.19% in 2022.

Particulars	2020	2021	2022
-------------	------	------	------

Assets

Net Intangible Fixed Assets	0	1	33
-----------------------------	---	---	----

Net Tangible Fixed Assets	0	0	1
Total Fixed Assets	0	1	34
LT Investments	0	0	0
Inventories	0	0	0
<i>% of revenue</i>		<i>0.0%</i>	<i>0.0%</i>
Accounts Receivable	0	0	0
<i>% of revenue</i>		<i>11.5%</i>	<i>12.0%</i>
Cash and ST Investments	0	2	2
<i>% of revenue</i>		<i>249.0%</i>	<i>213.3%</i>
Other Current Assets	0	2	1
Total Current Assets	1	5	3
Other Assets	0	0	0
Total Assets	1	6	37
Liabilities & Shareholder's Equity			
Equity & Minorities	0	6	36
LT Debt	0	0	0

Other LT Liabilities	0	0	0
Total LT Liabilities	0	0	0
ST Debt	0	0	0
Accounts Payable	0	0	0
<i>% of COGS</i>		8.3%	3.6%
Other ST Liabilities	0	0	0
Total Current Liabilities	1	0	0
Total Liabilities	1	0	0
Total Liabilities & Shareholder's Equity	1	6	37

- Moving on to the company's historical annualized balance sheet, when we analyze the fixed assets versus the revenues, we see that the percentage has evolved from 0.00% to 0.00%
- Its receivables of \$0.1 million are about 12.05% of the top-line.
- BYND Cannasoft has close to \$1.77 million in terms of liquidity i.e. cash and short term investments.
- On the other hand, its payables for 2022 account for around 3.61% of the cost of goods sold.

Operating Ratios	2020	2021	2022
-------------------------	-------------	-------------	-------------

Receivables Turnover	9.5	8.7	8.3
Days Receivable	38.2	41.8	44.0
Inventory Turnover	NA	NA	NA
Inventory Days	NA	NA	NA
Payables Turnover	-2.2	-5.9	-12.3
Days Payable	-167.0	-62.1	-29.6
Fixed Asset Turnover	13.1	0.7	0.0
Total Asset Turnover	1.5	0.2	0.0

Other Performance Ratios	2020	2021	2022
Return on Assets	-2.8%	-65.2%	-3.3%
Return on Equity	10.0%	-69.8%	-3.4%

- The company does not pay any dividend.
- The receivables turnover helps quantify a company's effectiveness in collecting the money owed by clients and demonstrates how well it uses and manages the credit it extends to customers.
- As per the days receivable, the company takes an average period of 44.0 days to collect money from its clients which appears to be reasonable.
- The total asset turnover ratio measures the value of a company's sales or revenues relative to the value of its assets. The higher the asset turnover ratio, the more efficient a company is, with respect to using its assets to generate revenues.
- BYND Cannasoft's total assets turnover has decreased to 0.02 in 2022.
- Return on assets is an excellent indicator of how efficient a company's management is in generating earnings from their economic resources or assets on their balance sheet.
- On the other hand, the return on equity of a company measures the value creation of the management and profitability in relation to stockholders' equity.
- The company's overall Return on Assets is -3.34%.
- BYND Cannasoft's Return on Equity is -3.38%. The company's Return on Equity is lower than its Return on Assets and this is because it does not resort to using significant capital gearing.

Particulars	2021	2022	2023E	2024E	2025E
Revenues	1.0	0.8	1.9	10.9	19.0
<i>% growth</i>		-13.5%	130.1%	470.7%	74.3%
Cost of Goods Sold	-0.5	-0.4	-0.8	-4.5	-7.5
<i>% of revenue</i>	-49.0%	-44.6%	-42.9%	-41.2%	-39.4%
Gross Income (excl. D&A)	0.5	0.5	1.1	6.4	11.5
<i>% of revenue</i>	51.0%	55.4%	57.1%	58.8%	60.6%
EBITDA	-0.5	-1.3	-0.7	3.6	7.7

<i>% of revenue</i>	-46.9%	-151.8%	-37.2%	33.1%	40.6%
Depreciation & Amortization	0.0	0.0	0.0	0.0	0.0
EBIT	-0.5	-1.3	-0.7	3.6	7.7
<i>% of revenue</i>	-50.0%	-155.4%	-38.2%	32.9%	40.5%
EBT (GAAP)	-3.8	-1.2	-4.0	0.3	4.4
<i>% of revenue</i>	-399.0%	-147.0%	-211.0%	2.7%	23.1%
Net Income (GAAP)	-3.9	-1.2	-4.0	0.3	4.4
<i>% of revenue</i>	-402.1%	-148.2%	-211.0%	2.7%	23.1%
Earnings Per Share (GAAP)	-0.10	-0.03	-0.10	0.01	0.11

Particulars	2021	2022	2023E	2024E	2025E
Net Income (GAAP)	-3.9	-1.2	-4.0	0.3	4.4
+ Depreciation & Amortization	0.0	0.0	0.0	0.0	0.0
+/- Working Capital, Deferred Taxes & Other Adjustments	3.6	-0.3	4.1	2.9	2.4
Cash Flow from Operations	-0.3	-1.5	0.1	3.3	6.8
<i>% of EBITDA</i>	60.0%	121.4%	-11.3%	90.2%	88.8%
Capital Expenditure	-0.3	-0.7	-0.7	-0.6	-0.6
<i>% of revenues</i>	32.3%	83.1%	34.3%	5.7%	3.1%
Other Investment Cash Flow items	0	-1	0	0	0

Cash Flow after Investments	-0.7	-1.5	-0.7	-0.6	-0.6
Free Cash Flow	-0.6	-2.2	-0.6	2.6	6.3

Growth & Margins	2021	2022	2023E	2024E	2025E
Sales Growth	-8.6%	-13.5%	130.1%	470.7%	74.3%
EBITDA Margin	-46.9%	-151.8%	-37.2%	33.1%	40.6%
EBIT Margin	-50.0%	-155.4%	-38.2%	32.9%	40.5%
Net Profit Margin	-402.1%	-148.2%	-211.0%	2.7%	23.1%

Leverage Ratios	2021	2022	2023E	2024E	2025E
Net Debt	-2	-2	-1	-4	-10
Net Debt/ Equity	-0.4	0.0			

- Now let us move on to Baptista Research's forecasts for BYND Cannasoft's income statement and cash flows.
- We forecast a top-line growth of 130.1% for 2023, around 470.7% for 2024, and about 470.7% for 2025.
- This growth is expected to translate into an EBITDA of \$-0.70 million in 2023 with a margin of -37.16%
- BYND Cannasoft's EBIT margin is expected to be -38.20% in 2023, about 32.93% in 2024, and 32.93% in 2025.
- Our estimate for the company's Net Income (GAAP) is \$-4.02 million implying a net margin of -210.98% and resulting in an earnings per share of \$-0.10.
- We expect the growth to follow a similar trend in 2024 and 2025.
- In terms of the cash flows, we expect BYND Cannasoft to generate around \$0.079 million in operating cash flows in 2023.
- This implies an EBITDA-to-Operating-Cash-Flow conversion ratio of -11.26%
- BYND Cannasoft is expected to invest a lower amount in capex and other investing activities in 2023.
- Overall, the company is expected to generate free cash flows to the tune of \$-0.57 million in 2023.

DISCOUNTED CASH FLOW (DCF) VALUATION

Key DCF Assumptions

WACC	21.5%
CoD	0.0%
CoE	21.5%
Market Rate	6.0%
Risk Free Rate	3.5%
Beta	3
Perpetual Growth Rate (g)	21.2%
Terminal Value	2318
Tax Rate	0.0%

- For the purpose of carrying out the discounted cash flow valuation of BYND Cannasoft, we have used the standard capital asset pricing model (CAPM).
- We have used a 6.0% equity market risk premium based on the S&P 500 returns for the past 5 years.
- The risk-free rate has been assumed as the 10-year Treasury Constant Maturity Rate of the U.S. at 3.45%.
- "The company's stock is more volatile than the market as a whole and has a beta of
- 3.0 which we shall use without leveraging the same as we are going for the enterprise value approach."
- This is used in order to arrive at the cost of equity (CoE) of 21.5% which appears reasonable for a company like BYND Cannasoft.
- Based on the company's long term debt and interest payments, the cost of debt is 0.0%.
- After incorporating the CoE and the CoD and average tax rate of 0.0%, we arrive at a Weighted Average Cost of Capital (WACC) of 21.5%.
- "The terminal value is a key component of any DCF valuation as it accounts for the largest chunk of the total projected value of the company. There are a number of methodologies used to determine the same such as the perpetual growth rate method or the multiples method.
- "
- In this case, we have gone ahead and determined the terminal value by applying the current EV/Sales ratio of 18.9 to our forecasted revenues of 2025.

EV and Market Cap	Current	2023E	2024E	2025E
Price (\$)	0.7	2.8	5.4	9.3
Outstanding Number of shares (million)	39.64	39.64	39.64	39.64
Total Market Cap (billion)	0.03	0.11	0.21	0.37
Net Debt	-2	-1	-4	-10

Enterprise Value (billion)	0.02	0.11	0.21	0.36
----------------------------	------	------	------	------

- After applying the discount rate (WACC) of 21.5%, we arrive at a price target of \$2.8 for 2023.
 - Our target price at the end of 2024 is \$5.4 and for 2025 is \$9.3 which implies a total appreciation of nearly 1331.7% in the coming 3 years in the stock price.
 - During this phase, we see the EV/ EBITDA to be in the range of 46.57 and 58.43
 - The EV/ EBIT will be in the range of -289.00 to 100.00 over the coming 3 years.
-

Valuation Ratios	Current	2023E	2024E	2025E
EV/ Sales	29.0	57.5	19.3	18.9
EV/ EBITDA	NA	NA	58.4	46.6
EV/ EBIT	NA	NA	-289.0	100.0
Price/Earnings	NA	NA	743.0	84.1

KEY RISKS

- It is important to highlight the key risks associated with an investment in BYND Cannasoft Enterprises Holdings as well as the inherent risks associated with the financial projections and price forecasts presented in this report.
- BCAN's average daily trading volume is notably low, around 249,369 shares, suggesting potential difficulties for investors to find prompt market matches, which can lead to broader bid-ask margins and increased transaction fees.
- In the six months leading up to June 30, 2023, BCAN posted a net loss of \$1.15 million, reflecting an earnings per share deficit of \$0.05, highlighting the company's current unprofitability and potential cash flow challenges.
- For the same period, BCAN's operating expenses totaled \$1.11 million, dwarfing its revenue of \$251,047, indicating the company might struggle to achieve efficiency and maintain profitability.
- The company's return on assets for the first half of 2023 stood at a concerning -457.02%, suggesting inefficiencies in leveraging its assets to generate revenue.
- BCAN currently does not distribute dividends to its investors, positioning stock price appreciation as the sole potential return, a proposition made uncertain due to the company's volatile performance and negative earnings.
- Navigating the cannabis sector, BCAN is susceptible to a myriad of legal and regulatory challenges across various regions, leaving it vulnerable to potential legal actions or regulatory restrictions that could detrimentally impact its operations.
- In the fiercely competitive cannabis market, BCAN contends with numerous domestic and international competitors, posing questions about its ability to stand out and retain its market position.
- BCAN's operations hinge significantly on third-party entities for supply, production, and distribution. Any disruptions or quality concerns within this network could adversely affect its operational efficiency and customer relations.
- Lack of dividend offerings means shareholders can't bank on consistent income from their investment; their returns are solely dependent on the stock's capital appreciation.
- Absence of analyst reviews or pricing projections implies there's no collective foresight about its prospective performance or valuation, possibly causing uncertainty amongst potential investors.
- With respect to our price projection, we would like to clarify that the valuation of BYND Cannasoft Enterprises Holdings in this report is specific to the date of the analysis i.e. 24-09-2023.
- Another one of the biggest risks to BYND Cannasoft Enterprises Holdings' model is the fact that the company's top-line growth is assumed to be consistently growing by a certain rate in the model. There is a possibility that this assumption might not hold true if the COVID-19 situation persists for too long. With respect to our price projection, we would like to clarify that the valuation of BYND Cannasoft Enterprises Holdings in this report is specific to the date of the analysis i.e. 24th September 2023.

- We must emphasize that the projected valuation and the share price of BYND Cannasoft Enterprises Holdings are dependent on the realization of the revenue growth, free cash flows and the other assumptions taken into account. Our analysis cannot be directed to providing any assurance about the achievability of these financial forecasts. There is a possibility that the actual results of the company are different from the projected results as a result of unexpected events and circumstances such as the realization of the threats mentioned in the paragraph above. Lastly, we would like to clarify that we had no interaction with the management of the company and they did not comment on the achievability or the reasonableness of the assumptions underlying the financial forecasts. Please check out our detailed disclosures at the end for further details.

ANALYST RATINGS

- Buy: Expected to outperform market over next 6 to 12 months. Minimal risk to fundamentals and valuation. Good long-term investment.
- Outperform: Expected to outperform the market over next 6 to 12 months but there is a moderate risk to fundamentals and valuation.
- Sell: Expected to significantly underperform the market over next 6 to 12 months. There is a strong likelihood of the security delivering negative returns and a very high risk to fundamentals and valuation.
- Underperform: Expected to underperform the market over next 6 to 12. There is a moderate to high risk to fundamentals and valuation.
- Hold: Expected to perform in line with the market over next 6 to 12 months. However, there is a moderate to high risk to fundamentals and valuation.

ANALYST INDUSTRY VIEWS

- Attractive: The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.
- In-Line: The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be in line with the relevant broad market benchmark, as indicated below.
- Cautious: The analyst views the performance of his or her industry coverage universe over the next 12-18 months with caution vs. the relevant broad market benchmark, as indicated below.
- Benchmarks for each region are as follows: North America - S&P 500; Latin America – MSCI EM Latin America Index; Europe – MSCI Europe; Japan - TOPIX; Asia - relevant country index or sub-regional index. Please contact us to know the relevant index in case it is not specified in the report.

DISCLOSURES

This report has been prepared and distributed by Baptista Research (“Baptista Research”, “its”, “our”) and it is for informational purposes only and does not constitute an offer, solicitation or recommendation to acquire or dispose of any investment or to engage in any transaction. Key statistical data, historical data, and price-volume information is sourced from the sources mentioned above which are considered reliable sources. This report is based on publicly-available information about the featured company(s) which Baptista Research considers reliable, but Baptista Research does not represent that it is accurate or complete, and it should not be relied upon as such. All information contained in this report is subject to change without notice. The forward-looking information in the analysis is based on subjective assessments about the future, which constitutes a factor of uncertainty. Baptista Research cannot guarantee that forecasts and forward-looking statements will materialize. Investors shall conduct all investment decisions independently. This analysis is intended to be one of a number of tools that can be used in making an investment decision. All investors are therefore encouraged to supplement this information with additional relevant data and to consult a financial advisor prior to an investment decision. Accordingly, Baptista Research accepts no liability for any loss or damage resulting from the use of this analysis.

This report is not disseminated in connection with any distribution of securities and is not an offer to sell or the solicitation of an offer to buy any security in any jurisdiction where such an offer or solicitation would be illegal. This report neither constitute a personal trading recommendation nor take into account the particular investment objectives, financial situation or needs of the recipients of this report, and does not provide all of the key elements for any user to make an investment decision. Nothing in this report constitutes investment, legal, accounting or tax advice or a representation that any investment or strategy is suitable, appropriate to your individual circumstances, or otherwise constitutes a personal recommendation to any party. Baptista Research does not offer advice on the tax consequences of investment and readers are advised to contact an independent tax adviser. Recipients should consider whether any information in this report is suitable for their particular circumstances, review the company’s filings and, if appropriate, seek professional advice, including tax advice.

Investors need to be aware of the high degree of risk in small-cap, mid-cap, and micro-cap equities. The price per share and trading volume of the company(s) in this report may fluctuate and Baptista Research is not liable for these inherent market fluctuations. Past performance is not a guide to future performance, future returns are not guaranteed, and a loss of original capital may occur. Certain transactions, including those involving futures, options, and other derivatives, give rise to substantial risk and are not suitable for all investors. Baptista Research and its owners, analysts, employees, contractors or interns accepts no liability whatsoever for any direct or consequential losses, loss of profits, damages, costs or expenses incurred or suffered by the recipients of this report, arising out or in connection with the access to, use, misuse of or reliance on any information contained in this report.

Baptista Research is an equity research focused firm but it is not a FINRA registered broker/dealer or investment advisor and does not provide investment banking services. Baptista Research and its owners, analysts, employees, contractor or interns do not have any long/short equity position of the shares of the companies covered in this report. It is worth highlighting that Baptista Research has been hired by third parties engaged by the company covered in the report as a part of their online awareness and visibility program, of which this report is a part, for which Baptista Research has been duly compensated. Baptista Research has a restrictive policy relating to personal dealing and conflicts of interest. Baptista Research does not receive any equity securities from the featured companies nor do its owners, analysts, employees, contractors or interns. Further, its owners, analysts, employees, contractors or interns do not engage in purchasing or selling the securities of any featured companies at any period beginning 72 hours following the public release of the report and until at least 72 hours after the report is released to general public, via electronic distribution.

This report may not be altered, copied, reproduced, redistributed or published in electronic, paper or other form for any purpose without the prior written consent of Baptista Research. Baptista Research and its owners, analysts, employees, contractor and interns accept no liability whatsoever for any direct, indirect or consequential loss arising from any inaccuracy herein or from any use of this report or its contents.

Any unauthorized use, duplication, redistribution or disclosure is prohibited by law and will attract penalty. Baptista Research and its owners, analysts, employees, contractors or interns accepts no liability whatsoever for the actions of third parties. Baptista Research and its owners, analysts, employees, contractors or interns makes no representations or warranties whatsoever as to the data and information provided in any third party referenced website and shall have no liability or responsibility arising out of, or in connection with, any such referenced website. Accessing third party portal or website is at your own risk. Additional information regarding this research publication will be furnished upon request.