2024-05-08

STENOCARE (STENO)

New Products Paves the way for Further Patient Growth

With a new THC/CBD medical cannabis oil approved, which is ready for sales under the Danish pilot program, STENOCARE A/S ("STENOCARE" or the "Company") has regained the position as the only provider of all three essential oil products under the program; a THC oil, CBD oil, and the new THC/CBD oil. The last time STENOCARE had all three products approved in Denmark back in 2018/2019, the Company reported net sales of DKK 4.3m in Q1-19 with a positive net result. STENOCARE are now back in the same situation in Denmark, and with products approved in five additional markets. With estimated net sales of DKK 66.6m by 2026, and with an applied P/S multiple of 4.5x, a potential present value per share of DKK 8.8 (8.8) is derived in a Base scenario.

▪ Net Sales Amounted to DKK 1.2m in Q1-24

STENOCARE reported net sales of DKK 1.2m (0.8) in Q1-24, corresponding to a growth of 43% compared to Q1-23. The gross sales, excluding product returns, amounted to DKK 1.4m. With the figures for Q1-24 presented, STENOCARE still has a way to go to reach our estimate of net sales of DKK 16.5m in 2024. However, STENOCARE's sales fluctuate between quarters as the Company delivers products in large bulks and we expect stronger sales in the coming quarters as sales of the two newly approved products on the Danish and Australian market will be included.

▪ Operates With a Lean Organization

The operating expenses decreased by 7% in Q1-24 to DKK -4.5m, compared to DKK -4.8m in Q1-23, while the cost base compared to Q4-23 decreased by 12% from DKK -5.1m. Thus, STENOCARE continues to operate with a good cost control towards the estimated break even by the end of 2024.

▪ German Legalization Enables more Prescriptions

During Q1-24, Germany legalized cannabis for recreational use. Moreover, the country also declassified cannabis as narcotics, something that is expected to simplify the process for more doctors to prescribe medical cannabis and ease the way for patients to obtain a prescription. This is expected to further support the growth of the German medical cannabis market, which is already the largest in Europe with approximately 230,000 patients. STENOCARE entered the German market in Q4-23, and we expect strong sales growth in 2024.

▪ We make Small Adjustments in our Valuation Range

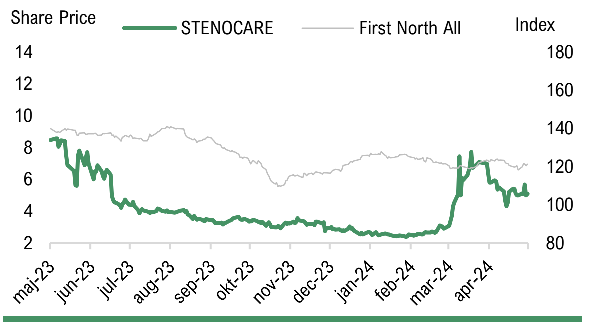
With reported net sales of DKK 1.2m in Q1-24, we still see possibilities for STENOCARE to reach our revenue estimate of DKK 16.5m in 2024 through sales of the two newly approved products on the Danish and Australian market, as well as sales growth on the German market. Hence, we are keeping our financial forecasts for STENOCARE, as well as a largely unchanged valuation range, with small adjustments in our Bear and Bull scenario.

VALUATION RANGE

Bear	Base	Bull
DKK 2.2	DKK 8.8	DKK 12.4

STENOCARE	
Share Price (2024-05-07)	5.0
Shares Outstanding	18,384,315
Market Cap (DKKm)	91.9
Net cash(-)/debt(+) (DKKm)	3.1
Enterprise Value (DKKm)	95.0
List	Nasdaq First North Growth Market
Q2-report 2024	2024-08-21

STOCK DEVELOPMENT



TOP SHAREHOLDERS (SOURCE: INTERIM REPORT)	
SC-Founders Holding ApS	26.3%
HHTM ApS	11.6%
STENOCARE A/S (Treasury shares)	1.3%
Others	60.8%

Estimates (DKKm)	2023A	2024E	2025E	2026E
Revenue	4.0	16.5	37.6	66.6
Net sales growth	*-11%*	*313%*	*128%*	*77%*
Other external expenses	-10.2	-14.6	-24.6	-38.1
Share of revenue (%)	*-255%*	*-88%*	*-65%*	*-57%*
Personnel expenses	-6.4	-6.9	-9.2	-13.9
EBITDA	**-12.6**	**-4.9**	**3.8**	**14.6**
EBITDA margin	*-315%*	*-30%*	*10%*	*22%*
P/S	23.0	5.6	2.4	1.4
EV/S	23.8	5.8	2.5	1.4
EV/EBITDA	-7.6	-19.2	25.1	6.5
EV/EBIT	-6.0	-11.2	1,952.3	8.9

Introduction

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About the Company

STENOCARE, founded in 2017, is a Danish pharmaceutical company who became the first company to receive permission to import, distribute as well as to cultivate and produce medical cannabis in Denmark in 2018. Today, STENOCARE sources its products from several international suppliers and distribute these to a growing number of international markets. The Company also has their own indoor cultivation facility in Denmark, which is strategically focused on meeting pharmaceutical standards. STENOCARE was listed on Spotlight Stock Market on October 26th, 2018 and is today listed on Nasdaq First North Growth Market Denmark since May 15th, 2020.

CEO and Chairman

CEO	Thomas Skovlund Schnegelsberg
Chairman	Marianne Wier

Analyst

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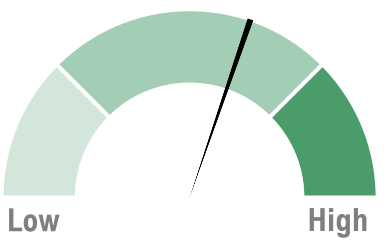
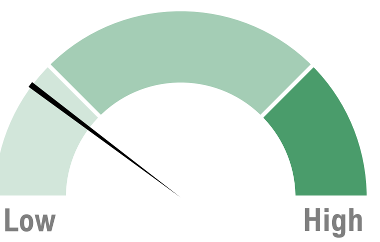
Value Drivers



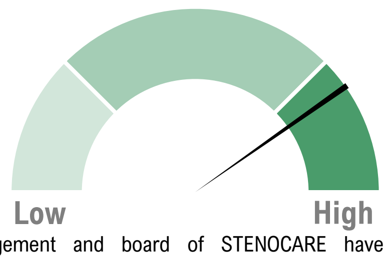
Medical cannabis is getting more accepted by the health care industry and legalized as a pharmaceutical medicine by authorities, which STENOCARE is expected to capitalize on. Furthermore, the Company is expected to launch its own premium products in 2024, which are expected to have several benefits compared to competing generic products. This is estimated to drive the Company's revenue, with a strong margin. STENOCARE has ambitions to expand geographically which we see as a value driver.

Historical Profitability



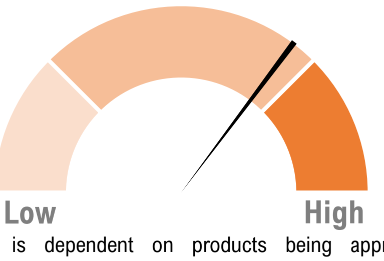
STENOCARE has not been profitable since Q1-19, which was right before the issues with their former supplier CannTrust. Since then, the Company has worked to build up a new supply chain and get products approved for sales again. STENOCARE now once again has three products approved for sale in Denmark, and additionally offers products in several other markets. The rating is based on historical results and is not forward-looking.

Management & Board



The management and board of STENOCARE have a broad experience within leadership, business innovation, rules and regulations as well as commercialization. Thomas Skovlund Schnegelsberg (CEO), Rolf Steno (CCO) and Søren Kjær (COO) are the co-founders who are still in the management team and are the largest shareholders in STENOCARE through SC-Founders Holding ApS who owns 26.5% of the capital. This provides incentives to create shareholder value.

Risk Profile



STENOCARE is dependent on products being approved by authorities, as well as accepted by the health care industry, which implies a regulatory risk. At the end of Q1-24, cash at bank amounted to DKK 2.6m. Based on an estimated burn rate of DKK -0.7m per month, STENOCARE would be financed until July 2024, everything else equal. However, STENOCARE is expected to lower the burn rate throughout the year and could also strengthen the Company's cash position through exercise of warrants of series TO2 in June.

Comment on Q1-Report 2024

DKK 1.4m Gross sales in Q1-24

43% Sales Growth

STENOCARE's net sales amounted to DKK 1.2m in Q1-24, corresponding to a growth of 43% compared to Q1-23 when net sales amounted to DKK 0.8m. The gross sales, excluding product returns, amounted to DKK 1.4m, corresponding to a growth of 62%. The sales in Q1-24 included delivery of products to the Danish market, where a new product was approved for sales in Q1-24, a mixed THC/CBD oil which historically has represented +50% of sales volume in the Danish market and expected to drive the sales growth in the coming quarters as the product is available for sale since April 2024. The new product is not included in the Q1 figures but sold to the distributors after the reporting period.

Sales fluctuate between quarters

With reported sales of DKK 1.2m in Q1-24, STENOCARE has a way to go to reach our annual revenue forecast for 2024 of DKK 16.5m in a Base scenario. However, it should be noted that, as mentioned in our previous updates regarding STENOCARE, sales are expected to fluctuate between quarters as a result of the Company delivering products in large bulks, which means that sales are affected by in which quarter larger deliveries occur. Given the approval of the balanced oil in Q1-24, we expect growing sales on the Danish market going forward, in combination with deliveries to international markets, where sales have so far developed slower than estimated. However, a new product was launched to the Australian market during Q1-24, which is expected to be a sales driver in that market moving forward. Moreover, STENOCARE entered the German market in Q4-23, where we expect more sales in the coming quarters.

Slightly Decreased Cost Base

Continued decreased cost base

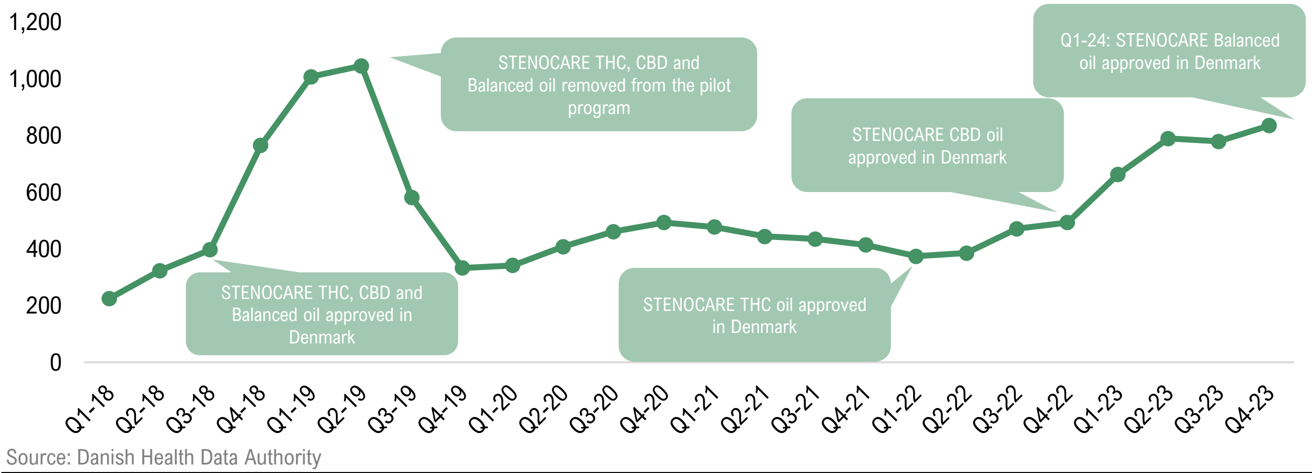
The operational expenses, including depreciation, amounted to DKK -4.5m in Q1-24, compared to DKK -4.8m in Q1-23, corresponding to a decrease of 7%. Sequentially, the operational expenses decreased from DKK 5.1m in Q4-23, a reduction of 12%. The sales growth in combination with the decreasing cost base, the EBITDA result improved to DKK -2.5m in Q1-24 from DKK -3.2m in Q1-23. With a slim organization and lean cost base, the estimated accelerated sales growth is expected to lead to the anticipated break even by the end of 2024.

New Product Approved in Denmark

New product estimated to drive sales growth

On February 26th, STENOCARE announced that a new product has been approved for sales under the Danish pilot program. The product is a mixed THC/CBD oil product, which means that STENOCARE has regained the position as the only provider of all three essential oil products under the Danish Pilot Programme: THC oil, CBD oil, and now also the new THC/CBD mixed oil. This means that STENOCARE are now back with three different products approved in Denmark, like in 2018/2019, before STENOCARE had to terminate the partnership with their then only supplier, CannTrust, and start to look for a new partner and again getting products approved by authorities, which has now been completed. When looking at the number of patients using medical cannabis under the Danish pilot program, the number of patients has historically increased after new products from STENOCARE has been approved as illustrated in the graph below. Moreover, in 2018/2019, the balanced oil represented +50% of the total sales, why we estimate that the newly approved balanced oil will accelerate patient growth in the coming quarters, thus also sales growth for STENOCARE.

Number of patients using medical cannabis under Danish Pilot Program



Source: Danish Health Data Authority

Comment on Q1-Report 2024

Accelerated Sales Growth is Important for the Financial Position

Accelerated sales growth estimated to improve cash flow

The cash position at the end of Q1-24 amounted to DKK 2.6m, compared to DKK 9.5m at the end of Q4-23. In addition to the reported EBITDA loss, the cash position was affected by a repayment of convertible loans amounting to DKK 3.2m, which we accounted for in our comment on STENOCARE's Q4 report. Based on the current cash position and an estimated burn rate of DKK -0.7m per month, STENOCARE would be financed until July 2024. However, the cash position can be strengthened in June by the exercise of warrants of series TO2, where 1,712,999 warrants can be exercised in the period 10 to 21 June 2024 with a price per share of the VWAP for the last 10 trading days before the exercise period beginning less 30%. Moreover, Analyst Group estimates, as previously mentioned, accelerated sales growth in the coming quarters to improve the cash flow, which we see as important to avoid further external capital raising in the future.

To summarize, STENOCARE delivered a stable report with a decreasing cost base. An accelerated sales growth is expected in the coming quarters, among other things through the introduction of new products in Denmark as well as Australia to reach our sales forecast of DKK 16.5m for 2024, which is also important for the cash position to avoid further external capital raising in the future.

STENOCARE®

Q1-24

in a nutshell

DKK 1.4m
Gross sales

DKK -2.5m
EBITDA

DKK 2.6m
Cash position

DKK 5.7m
Total debt

Investment Thesis

43%
CAGR market growth until 2025

Legalization are Expected to Drive Market Growth

The legal medical cannabis market in Europe has grown strongly over the last years, with several large and influential countries legalizing, such as Germany and the UK. The largest target group for medical cannabis are patients who suffer from chronic pain, but also cancer, multiple sclerosis, and epilepsy. Today, many patients with these diseases are treated with opiates, which could be considered more harmful than cannabis, as it is more addictive and possible to overdose[1], why medical cannabis, which is seen as a supplement that can reduce patient use of opiates, is expected to increase its market share in terms of treating more patients. In Europe, the legal cannabis sales are expected to grow with a CAGR of 43% until 2027, amounting to EUR 2.2bn.[2] The market growth is expected to be driven by continued legalization of both medical and adult use[3], where STENOCARE is expected to capitalize on the medical use through increased patient prescriptions, contributing to increased sales.

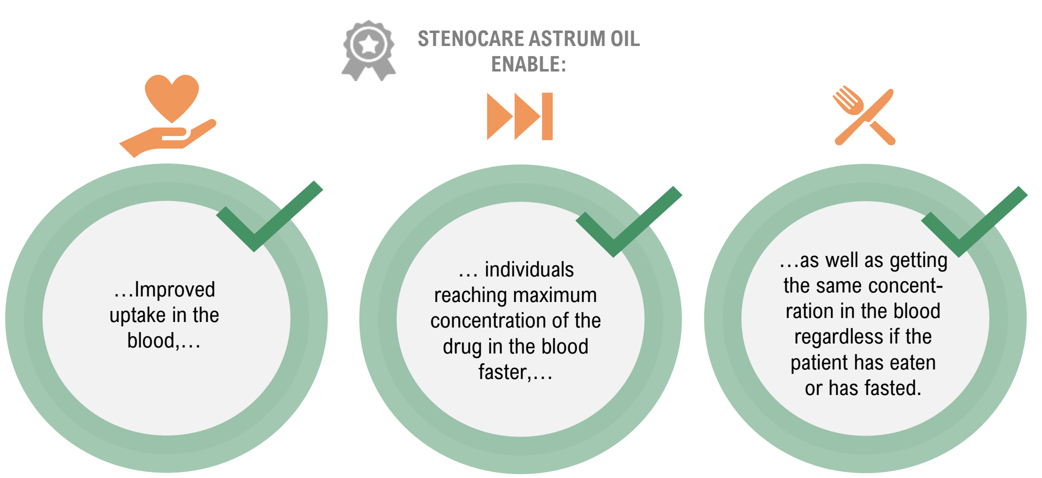
Pharma Case on a Fast Track

The medical cannabis market in Europe is highly regulated, which makes it difficult to get products approved, both for STENOCARE and competitors. However, in the last years, STENOCARE has a proven track record of getting products approved in different markets, most recently two new products in the Australian and Danish markets during Q1-24, proving that the Company has relevant knowledge regarding the regulatory framework and can deliver products accordingly. Hence, STENOCARE should be seen as a sort of pharma case who operates on a highly regulated market, where product approvals are difficult to reach, just like for a pharma company with a drug candidate. However, STENOCARE do not need to go through different clinical phases, i.e., phase 1, 2, and 3, like traditional pharmaceutical companies, for which it can take 5-10 years to get an approved product to market, compared to 12-14 months for STENOCARE. Hence, the Company should be seen as a pharma case on a *fast track* who relatively quickly can access new markets.

Launch of premium products in 2024

Launch of STENOCARE ASTRUM oil Ahead – a Premium Medical Cannabis oil

Today, doctors face challenges when prescribing medical cannabis to patients since the metabolism will reduce the uptake of cannabinoids in the body to a significantly level of approx. 15% which means that a variable, and often a small part of the cannabinoids, are actively delivered to the body with therapeutic effect. Furthermore, the body's absorption will be different depending on whether the drug is taken before or after intake of food. This causes unpredictable effects and difficulties for doctors to prescribe the right dosage. STENOCARE has introduced a new patented oil to address these challenges - ASTRUM OIL - which the Company has global exclusivity to use for medical cannabis. A study from September 2022 showed positive results on dogs, indicating that the Company's LTT-oil substantially enhances the uptake of cannabinoids, regardless of meal consumption and inter-individual biological differences. STENOCARE has now selected a partner to produce the new products, which proves that a commercialization of the products is getting nearer, something that is expected during H2-24, given that the Company obtains approval by authorities. Considering the obvious advantage from using such a product, as well as the fact that the premium products are expected to address a global market, this is expected to drive strong revenue growth thereafter.



[1]*Source: Harvard Health, 2020*

[2]*Source: Prohibition Partners, 2023*

[3]*Adult use refers to usage other than medical*

Investment Thesis

New Product Approved in Denmark

After the Q4-report, STENOCARE announced that a balanced oil, called “THC/CBD Olie STENOCARE” has obtained approval by the Danish Medicines Agency. With the approval, STENOCARE has regained the Company’s position to be the only provider of all three essential oil products under the Danish Pilot Programme; THC oil, CBD oil, and now also the new THC/CBD oil. Back in 2018/2019, STENOCARE had the three products on the market but after switching supplier, the products needed to obtain approval again by authorities, which has now been completed. Historically, the number of patients in the Danish Pilot Program has correlated with the number of approved products from STENOCARE, why we estimate the number of patients to grow through the new balanced oil product approval. Moreover, the balanced oil historically has represented +50% of sales on the Danish market, why we see it as the most important product, and is estimated to be an important sales driver in the coming years.

Launch of an IT-platform to Inform and Help the Industry

STENOCARE has developed an IT-platform that enable doctors to launch and operate online clinics, wherever they are. This is expected to increase a doctor’s reach to patients and facilitates patients’ access to trained and experienced doctors. The platform will support doctors through easier administration, for instance patient booking, video consultation and patient journal, training, supervision by, and ongoing access to the STENOCARE medical consultant and specialists as well as cost efficiency. The European Pain Federation currently estimates that there are 150 million people who are experiencing chronic pain in Europe, yet, for instance, 1.8 million people in the UK are thought to buy cannabis illegally for self medication instead of getting a prescription. A threshold that holds the market growth back is that patients have limited access to prescribing doctors. Analyst Group believes that STENOCARE’s online platform can enable doctors to increase their geographical reach and thus increase patients access to medical cannabis, which can drive the growth of the medical cannabis market as well as STENOCARE’s sales growth and the first online clinic is expected to be launched during H1-24 in the UK.

Increased patient access through IT-platform

Forecast and Valuation: a Summary

STENOCARE is expected to grow sales from DKK 4.5m in 2022 to 66.6m in 2026, corresponding to a CAGR of 96%, based on strong market growth driven by deregulations, a pharma mindset that doctors and authorities appreciate and expected launch of premium products in 2024. Based on a target multiple of P/S 4.5x applied on estimated sales of DKK 66.6m in 2026, and an internal rate of return of 25%, which accounts for the time specific risk of events that are far away and have not yet occurred, as well as the likely high demand for return that an investor have when investing in STENOCARE, this yields, in a Base scenario, a net present value per share of DKK 8.8.

DKK 66.6m
Revenues 2026E

Highly Regulated and Slow-moving Market

The European medical cannabis market is highly regulated, STENOCARE is thereby required to obtain and maintain appropriate licenses to manufacture, import and sell its products. Although the Company has a strong track record of getting approvals in different markets, there is a risk that STENOCARE will not receive the necessary permits from authorities in new potential markets, or for their own premium products. Additionally, STENOCARE is dependent on doctors prescribing medical cannabis to patients, where historically there has been a stigma surrounding cannabis as medicine, making the market slow-moving. The Company addresses this issue by educating doctors on medical cannabis and having consultants available to answer doctors' questions.

In Q4-23 STENOCARE received capital injections from both warrants of series TO1 and a directed rights issue totaling DKK 7.2m in gross proceeds. As a result, in combination with the refinancing agreement of debt in January 2024 including repayment of DKK -3.2m, the cash position amounted to DKK 2.6m at the end of Q1-24. Based on an estimated burn rate of DKK -0.7m per month and the cash position at the end of Q1-24, STENOCARE would be financed until July 2024, everything else equal. However, STENOCARE is expected to strengthen the growth in 2024, resulting in a lower burn rate throughout the year. Moreover, the cash position can be strengthened in June by the exercise of warrants of series TO2, where 1,712,999 warrants can be exercised in the period 10 to 21 June 2024 with a price per share of the VWAP for the last 10 trading days before the exercise period beginning less 30%. All in all, Analyst Group estimates, given estimated sales growth in 2024 and capital injection from TO2, that the current cash position will be enough to reach the anticipated break even at the end of 2024. However, this is based on the Company's ability to accelerate sales over the coming quarters through the new products in the Danish and Australian markets, as well as through growth in the German market.

Company Description

STENOCARE operates within the medical cannabis industry and entered the Danish market in connection to the legalization of medical cannabis in Denmark through the *Danish Pilot Program,* launched January 1st, 2018. The program, which was a four year "trial-program" and has been extended with four more years, enabled doctors in Denmark to prescribe cannabis for medical use and for companies to cultivate, produce, import and distribute medical cannabis. STENOCARE was the first company in Denmark to receive approval from the Danish Medicines Agency for both cultivation, production as well as distribution and import during 2018. In 2019, the Company's supplier CannTrust faced problems with delivering according to EU regulations, leading to STENOCARE deciding to terminate the contract. Today, STENOCARE has a partnership with several suppliers, and has entered a total of six markets with products approved.

Pharma mindset

STENOCARE is to be considered as a sort of a pharma company, rather than a "cannabis company", meaning the Company carefully evaluates local regulations and produces products with that in mind, rather than the other way around. As STENOCARE is convinced that EU regulations require indoor cultivation, rather than green houses, the Company has invested in its own indoor cultivation facility, ensuring high product quality, and at the same time working with high quality suppliers who offers indoor cultivation.

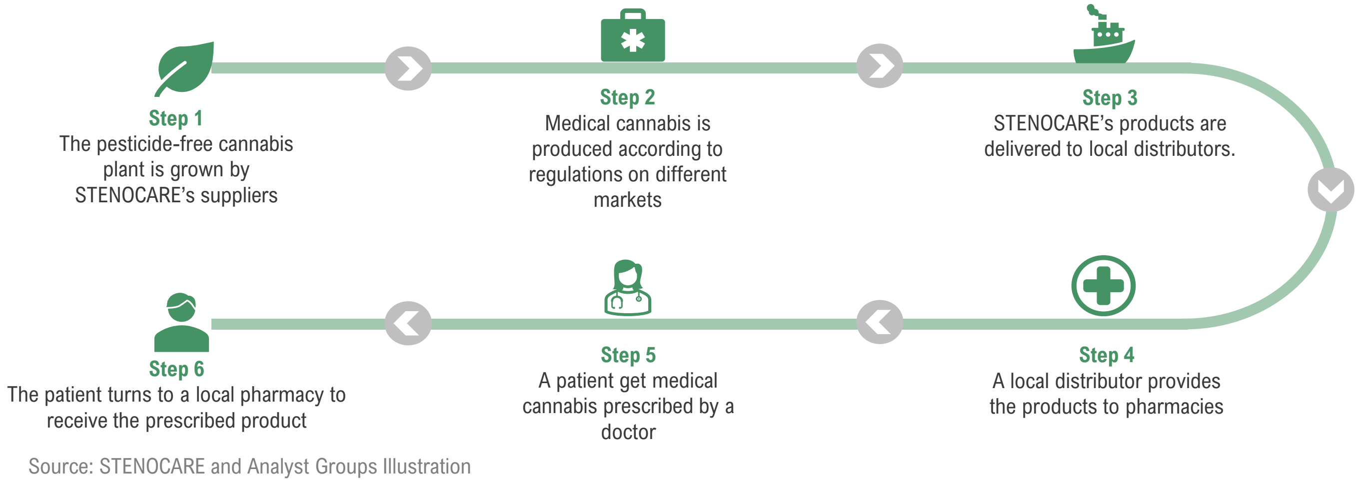
Revenue Model

STENOCARE's revenues in a given year are based on the number of patients being treated, how many treatments each patient get, and income per product sold. The Company imports white label products from its suppliers, from where the products are delivered in large bulks to STENOCARE's central distributors in different countries. Products are being shipped in large quantities to optimize distribution handling and reduction of handling costs, which means that revenues can fluctuate between quarters, depending on which quarter a delivery is made. The Company has contracts with leading distributors in each country, as medical suppliers are not allowed to sell and deliver directly to for example pharmacies. Instead, local distributors are providing STENOCARE's products in each country. Once STENOCARE's own indoor cultivation facility obtains the necessary licenses and approvals, the Company can, in addition to the imported products, supplement these with their own locally produced products.

- 50 % SUBSIDY FROM THE GOVERNMENT
- 100 % SUBSIDY FROM THE GOVERNMENT
- 100 % SUBSIDY FROM THE GOVERNMENT[1]
- 0 % SUBSIDY FROM THE GOVERNMENT
- 0 % SUBSIDY FROM THE GOVERNMENT
- 100 % REIMBURSEMENT FROM INSURANCE COMPANIES

When a patient suffers from a condition that medical cannabis can mitigate, a doctor decides whether to prescribe medical cannabis from STENOCARE, which is later retrieved at the pharmacy by the patient. Hence, the Company's revenue is dependent on doctors' prescriptions, as well as if the patient wish to be treated with medical cannabis. Whether the patient pay for STENOCARE's medical cannabis products themselves or could obtain subsidies from the local government or insurance companies differs from market to market, as per the table to the left. The fact that the subsidies differ is expected to lead to various prescription rates as patients in countries with a higher subsidy is expected to be more likely to "buy" STENOCARE's products. Regarding the number of treatments per patient, one bottle of STENOCARE's medical cannabis oil is expected to be enough for one month of medication for the average patient. As some diseases are chronic, such as chronic pain and multiple sclerosis, STENOCARE is expected to deliver twelve product units per year to these patients. However, other diseases, such as nausea caused from cancer treatment, is expected to need fewer product units per year.

Illustration of STENOCARE's Supply Chain From Cultivation to Patient.



Source: STENOCARE and Analyst Groups Illustration

[1] *100% subsidy via hospitals or 0% subsidy via private clinics*

Company Description

The Products

STENOCARE's product portfolio consists of three different products, a *CBD oil*, a *THC oil*, and a *balanced oil*, which is a mix of CBD and THC, where each product needs to be approved in each individual country. The key difference between CBD and THC oil is that THC has psychoactive effects while CBD does not. Whether a patient should be treated with a CBD oil, THC oil or a balanced oil is up to the doctor and depends on the symptoms of the patient. Medical cannabis can be used for several different conditions where chronic pain, multiple sclerosis, cancer and epilepsy are among the most common. THC has properties that can reduce nausea, which can arise in cancer treatment, while CBD has a dampening effect on cramps, and a combination can provide efficacy to patients suffering from pain.

STENOCARE's own indoor cultivation facility
+
Solural Pharma's LTT-oil
=
STENOCARE ASTRUM OIL

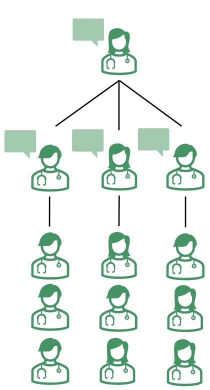
The Company has also constructed their own indoor cultivation facility for medical cannabis which, together with their partner Solural Pharma's patented LTT-oil, will enable the creation of STENOCARE's own ASTRUM oil products. The goal is to make a product that enhances the uptake of cannabinoids, regardless of meal consumption and individual biological differences. With other oil-types, each patient's body reacts in their own individual way, causing troubles for doctors to predict the impact. The human body absorbs a large part of the cannabinoid, up to 85%, which means just a small part are actively reaching the patient's blood for therapeutic effect. Furthermore, the uptake is affected by the patient's intake of food, further causing problems for doctors to determine the right dosage. The goal with the STENOCARE ASTRUM oil is to reduce the effect of individual uptake due to biological differences, as well as food intake, when using medical cannabis, making the product more predictable.

Cost Drivers

STENOCARE reports two main costs in their P&L, "other external expenses" and "personnel expenses". The Cost of Goods Sold (COGS) are included in the external expenses and consist of what STENOCARE is paying their suppliers. Furthermore, STENOCARE has costs related to the production of their own products at their cultivation facility, where, for instance, rent and electricity is included, which is included in external expenses. The Company's personnel expenses have increased over the years, as a result of the Company having hired more staff to expand the business. However, personnel expenses decreased during 2023 as STENOCARE runs a lean organization on the way to the anticipated break even by the end of 2024. Nevertheless, as STENOCARE progresses, reaching new markets and launching more products, the Company is expected to hire more staff to support an increasing sales level.

Strategic Outlook

"Recruitment" of doctors is a critical factor



STENOCARE invests in building four assets that supplement each other and are important for the success of the company. The four assets are 1) *Regulatory Assets*, 2) *Commercial Assets*, 3) *Partnership Assets* and 4) *Supply Chain Assets*. One important factor for STENOCARE to be able to scale up sales is to ensure the health care industry's interest and thus that doctors are willing to prescribe medical cannabis to patients. STENOCARE is expected to address *Key Opinion Leaders* (KOL) in new markets who sees medical cannabis as a positive supplement to existing treatments. In that way, STENOCARE can identify which product that is best suited for a particular market. Doctors are more used to oil products than for example dried cannabis, which is used for smoking, and thus in general are perceived more harmful, why doctors are more likely to prescribe oil products. Moreover, STENOCARE has launched an IT-platform for online clinics, to increase a doctor's reach to patients across their geographical area and patients access to trained and experienced doctors. The launch of the IT-platform is a step to further educate doctors and the industry about the benefits of medical cannabis, as they get access to supervision from a medical consultant and specialist, that can help doctors make informed decisions regarding how to treat patients. Furthermore, given that doctors appreciate the effect of the products, a word-of-mouth effect could be possible where doctors recommend STENOCARE's medical cannabis oil products. All this is the *Commercial Assets* that the Company is building.

The *Partnership assets* is about working with pharma-grade partners to develop future medical cannabis products, for example the partnership with Solural Pharma to develop premium products. Future sales also rely on STENOCARE's supply situation and since the Company has several suppliers today, this is assumed to be enough to meet the estimated demand for the coming years, the *Supply Chain Assets*. Furthermore, market access will be of great importance for STENOCARE's future development. Being on six markets today, with the goal of being on ten markets by 2025, STENOCARE has proven their ability to access new markets and adapt to different markets regulations. Each country has their own regulations which poses a challenge, why STENOCARE need to adjust their products slightly in each market to get them approved, which the Company have done successfully so far. This is the *Regulatory Assets*.

Market Analysis

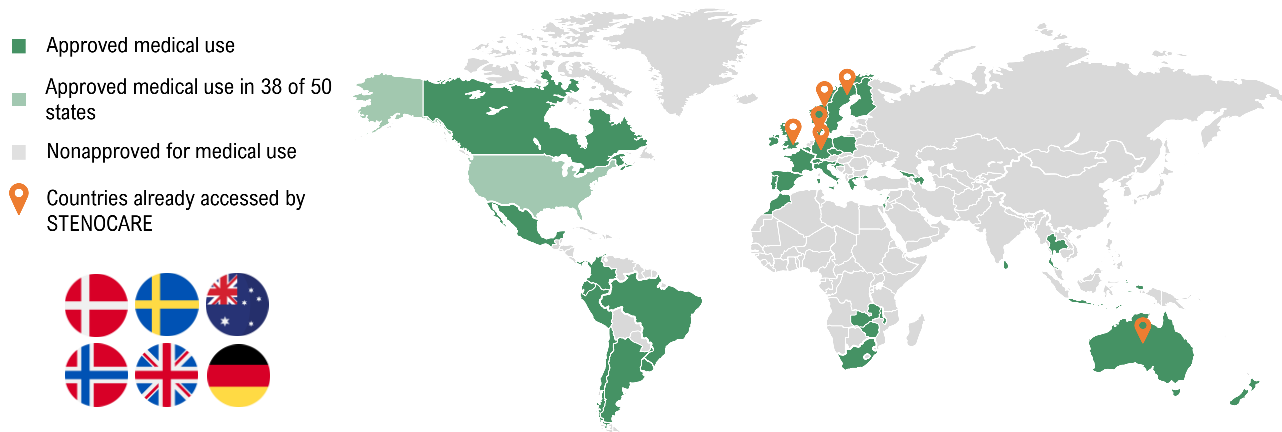
Untouched Market With a Huge Market Growth Potential

150 MILION PAIN PATIENTS IN EUROPE

The most common symptom where medical cannabis is used for treatment is chronic pain. The European Pain Federation currently estimates that there are 150 million people who are experiencing chronic pain in Europe. Other diseases where medical cannabis can be useful as a treatment to relieve symptoms is cancer, multiple sclerosis and epilepsy. According to WHO, the estimated number of new cancer treatments in Europe was 4.4 million in 2020 and it has been estimated that over 6 million people suffer from epilepsy.[1] Hence, one could argue that it is likely that a rise in demand for medical cannabis products is expected throughout a large number of countries. Since Canada introduced the medical cannabis program in 2016, several forms of legalizations have occurred in the European market. Several large and influential countries, such as Germany and the UK, have legalized and introduced the medical cannabis market, and more countries are expected to follow. Furthermore, Germany has legalized adult use in 2024 under a pilot program, which is expected to be a driver for more countries to ease regulations and a step towards greater acceptance of medical cannabis as well. However, the European market for cannabis-based products is still young, and there are significant variations in the legislative frameworks of different European countries. The different rules and regulations according to the European Pharmacopeia, such as no pesticides, quality and uniformity, makes it very difficult for medical cannabis companies to navigate the European market. Despite this, STENOCARE has managed to enter the Danish market, twice, along with the UK, Swedish, German, Norwegian and Australian market.

~50 Countries Worldwide are in Favour of Cannabis for Medical use.

Countries where cannabis for medical use is approved and countries accessed by STENOCARE



Medical Cannabis has Benefits Compared to Opiates

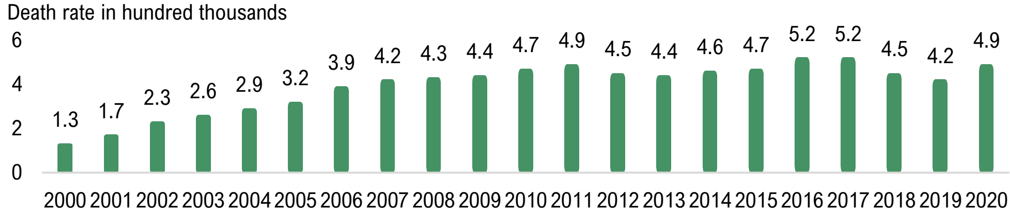
The most common use of medical cannabis worldwide is for pain control. Cannabis has shown to be effective for treating chronic pain that troubles millions of individuals.[2] Medical cannabis can supplement and reduce the use of opiates as a safer option as it is less addictive and more difficult to overdose. Furthermore, it can also supplement NSAIDs (Non-Steroidal Anti-Inflammatory Drugs), commonly used to relieve pain and bring down high temperatures, like Advil (ibuprofen) or Aleve, which is a problem for patients with kidney problems, ulcers or GERD (Geothermal Resource Exploration and Development).[3]

During the Last two Decades There has Been a Sharp Increase in Deaths Related to Opioid Overdose.

490,000 DEATHS RELATED TO OPIOID OVERDOSE IN 2020

Death by prescription opioid overdose in U.S. 2000-2020

Death rate in hundred thousands



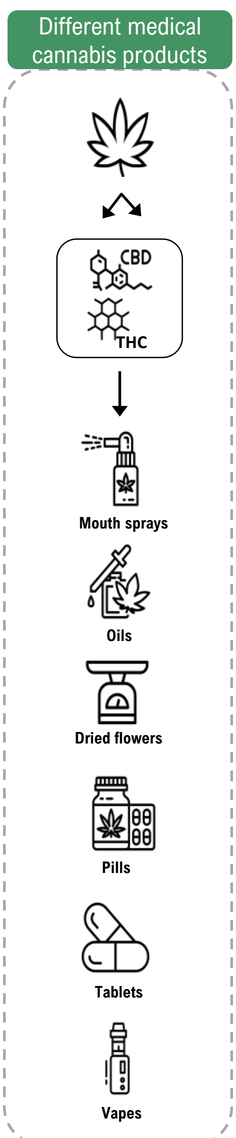
Source: Statista, US 2020

Furthermore, the illegal market for cannabis can also be considered a sort of competitor for STENOCARE in terms of treating chronic pain. For instance, 1.8 million people in the UK are thought to buy cannabis illegally on the "street", as it does not require a prescription from a doctor and is also cheaper than buying from a pharmacy.

[1] Source: Epilepsy Alliance Europe, 2011

[2, 3] Source: Harvard Health, 2020

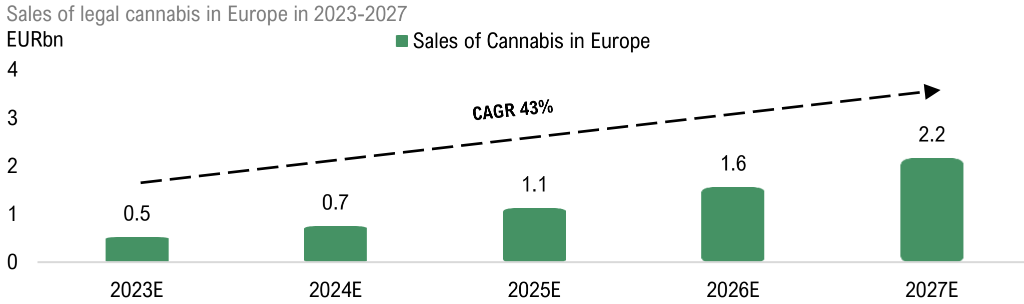
Market Analysis



Strong Expected Market Growth

Legal cannabis sales in Europe are expected to grow with a CAGR of 43% from 2023-2027 and amount to EUR 2.2bn at the end of the forecast period, according to market analyst Prohibition Partners. The market growth is expected to be driven by a continued legalization of medical use, but also adult use. Today, Germany is the largest market in Europe regarding medical cannabis and constitutes over 50% of the European market. However, Prohibition Partners estimates, given that regulations progress as they expect, the UK to show the most impressive growth over the forecast period and become the second largest market in Europe in 2023. Larger countries, like France and the UK for instance, are expected to grow at a faster pace owing to the progress of legislation and the large potential patient populations in these countries.

Legal Cannabis Sales in Europe are Expected to Grow With a CAGR of 43%, According to Prohibition Partners.



Source: Prohibition Partners 2023

STENOCARE is the Sole Supplier of Medical Cannabis oil in Scandinavia

STENOCARE is the only company with experience selling full spectrum oil-products in Denmark, Sweden, and Norway. The main competitors of production and import of medical cannabis in Denmark are *Scanleaf,* and *CannGros*, however, no competitor has experience selling full spectrum medical cannabis oil products in both Denmark, Sweden and Norway. Canadian cannabis supplier Aurora Cannabis started Aurora Nordic in 2018, with the aim to cultivate in Denmark and sell medical cannabis to Danish as well as European patients. However, Aurora have met challenges regarding getting products approved, especially under the Danish pilot program, as only one product has been approved in Denmark since 2018, proving the difficulty to manage the regulation. After five years with large investments in the cultivation facility Aurora has decided to close the facility as a result of profitability not reaching expectations.

Why Doctors Start to Appreciate oil Based Cannabis Products

The evolution of cannabis products can be categorized into the following; 1st generation products, such as dried flowers for smoking, and 2nd generation products, containing oil, tablets, and pills. The 1st generation products are still a significant part of prescribed products in the global market. However, doctors are more familiar and comfortable with medicine that is delivered to patients with traditional dosage methods like an oral syringe or capsules. There is a growing demand for these methods, and especially for oil products that are dosed with an oral syringe. The benefit of this is that dosage delivery and titration, i.e., scaling the dosage volume to each patient, is easier and well known.

Deregulations in Germany and the US Reduces the Stigma Around Cannabis

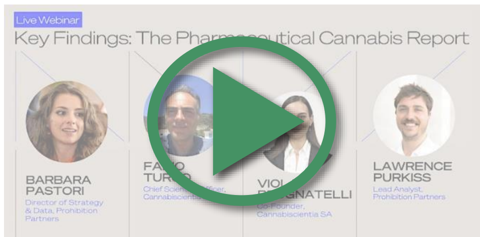
Germany has legalized cannabis for adult use, where cannabis also has been removed from the list of narcotics, something that is expected to simplify the process for more doctors to prescribe medical cannabis and ease the way for patients to obtain a prescription. This is expected to further support the growth of the German medical cannabis market, which is already the largest in Europe with approximately 230,000 patients.

Furthermore, The U.S. Drug Enforcement Administration (DEA) will move to reclassify cannabis as a less dangerous drug. Cannabis is currently listed as a *Schedule I* controlled substance but the proposal, which still must be reviewed by the White House Office of Management and Budget, suggests a reclassification to *Schedule III*, which would mean, among other things, new avenues for research and medical uses as well as lighter criminal penalties for cannabis-related violations. Moreover, a reclassification is expected to attract more investors, researchers and entrepreneurs to the market as well as reducing stigma and increase the general acceptance for cannabis for medical use.

An Insight Into the Cannabis Market

Due to the fact that the cannabis market is in its early days, Analyst Group has gathered a selection of both videos and articles below to help investors to gain an even deeper understanding of how the market has developed, as well as the expected future development.

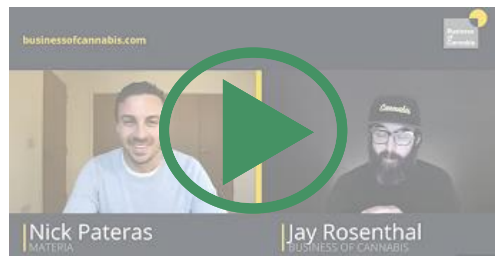
PROHIBITION PARTNERS



THE CANNABIS CONVERSATION

ABC AUSTRALIA

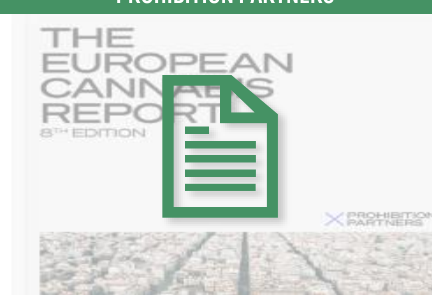
BUSINESS OF CANNABIS



In addition to the videos above, below is a selection of articles and publications by Prohibition Partners, EPR (European Pharmaceutical Review) and Iris Group. This is merely a small portion of the available research online, and we encourage investors to search for even more information about the industry as a whole.

EPR

PROHIBITION PARTNERS



PROHIBITION PARTNERS

IRIS GROUP

Financial Forecast

Revenue Forecast 2024-2026

In 2023 STENOCARE delivered gross sales of DKK 6.9m, which excludes product returns of DKK 2.9m, why the net sales amounted to DKK 4m. 2023 contained an extraordinarily large product return from the Norwegian market. This was due to the management of the pain centers (hospitals) who decided to hold back the budget for treatment with all cannabis-based products, which hampered sales and consequently led to product expiration. The product returns in Norway are not desirable, but we expect returns of this size to be a one-off occasion and procedures to avoid similar situations has been implemented. Hence, we expect minor differences between the gross sales and net sales going forward.

Record in gross sales in 2023

Considering the gross sales of DKK 6.9m, this is the highest in STENOCARE's history and corresponds to a growth of 18% compared to 2022. A large part of the growth is assumed to be attributable to the Danish market as there has been a robust growth in Danish patients throughout the year. Moreover, in Q1-24 STENOCARE obtained approval from the Danish Medicines Agency for a balanced oil, which historically has represented +50% of the Company's sales on the Danish market. The balanced oil needed to be approved again as STENOCARE has a new supplier compared to when the product was on the market during 2018/2019. The number of patients under the Danish Pilot Program has historically correlated with the number of products approved from STENOCARE and with the new product approved, patient growth is estimated to accelerate further, which is seen as an important driver of sales from 2024 and going forward.

200,000 patients on the Australian market

Regarding international markets the growth has been lower than first anticipated. As mentioned, pain centers in Norway has decided to hold back the budget for treatment and in Sweden a product has also been delayed due to the medicines agency. Furthermore, the sales development has been slower than first anticipated on the UK market, as a result of a more sluggish market. However, the Australian market has shown a better development for STENOCARE and during Q4-23, the Company added a new medical cannabis oil product, which is available for sales since March 2024, and partnered with Quest Biotech Pharma to reach more patients through an online clinic. The Australian market has grown to over 200,000 patients, which can be compared to Europe's largest market Germany with approximately 230,000 patients, showcasing the market potential.

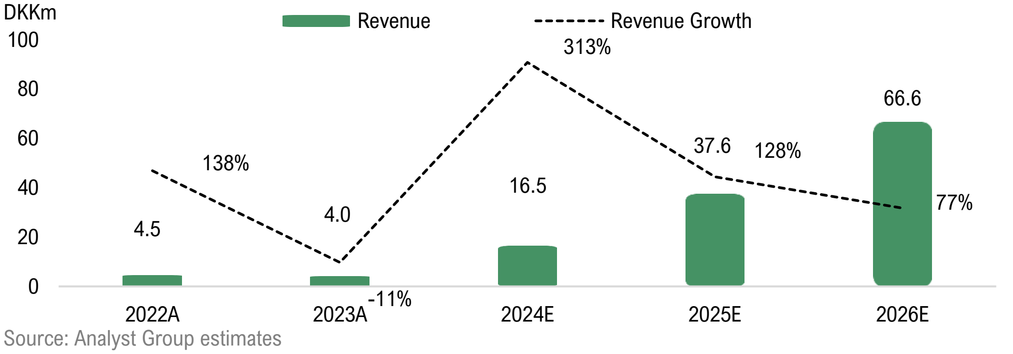
Furthermore, STENOCARE has delivered the first products to Germany, Europe's largest market, in Q4-23, which is expected to be an important growth driver from 2024 and thereafter. Additionally, sales in the Danish market are progressing as planned, where we see continued growth opportunities, especially considering the approval of the balanced oil.

DKK 16.5m net sales 2024

We see several strong sales drivers in 2024, including a successful launch in Germany, an obtained approval of the balanced oil on the Danish market, as well as a launch of STENOCARE's premium products with the patented LTT-oil from Solural Pharma. We also see potential of STENOCARE entering new markets during 2024 on the path to reach the goal of addressing 8-10 countries in 2025, which, in addition to sales of products in existing markets, is expected to result in a strong revenue growth of 313%. This results in an estimated revenue of DKK 16.5m in 2024. Further, in 2025 and 2026, Analyst Group expects continued strong revenue growth of 128% and 77%, resulting in a revenue of DKK 37.6m and 66.6m, respectively. Market growth is expected to be driven by legalizations and since larger, and more influential countries, for example like the UK and Germany, have legalized medical cannabis, it is expected to be considered more accepted as a treatment by doctors, why we estimate more doctors will prescribe medical cannabis in 2025 and 2026 compared to today, leading to increased sales for STENOCARE.

Revenue is expected to grow at a rapid pace, based on product launches and the launch premium products.

Estimated Revenue and Revenue Growth



Source: Analyst Group estimates

Financial Forecast

Operating Expenses 2024-2026

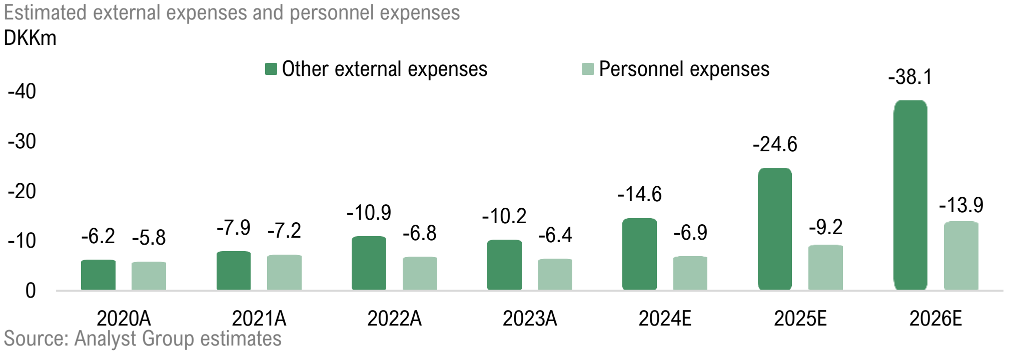
STENOCARE has aggregated several cost items into one post, external expenses, which, together with personnel expenses and depreciation, are the only expenses reported on an operational level. External expenses have been the largest costs historically, where expenses for STENOCARE's own cultivation facility is assumed to be the largest driver. From 2019-2022 external expenses increased, which is likely due to increasing costs for the cultivation facility, such as rent and electricity. Personnel expenses have increased over the years due to an increased number of employees as the Company has expanded their operations within their own cultivation facility. However, in 2023 STENOCARE has operated with a lean organization on the way to the anticipated break even by the end of 2024, resulting in lower costs compared to 2022.

Naturally, STENOCARE's COGS are expected to increase as revenues are growing, hence, increasing external expenses. Analyst Group estimates STENOCARE's cost per product based on more mature, North American companies in the medical cannabis industry, such as Cresco Labs and Green Thumb Industries, where the gross margin amounts to approx. 50-55%. Analyst Group estimates a gross margin in the higher part of the interval, due to higher margins from STENOCARE's premium products, since they are expected to have a higher degree of uniqueness, leading to a higher pricing power.

All in all, external costs are estimated to increase year-on-year as the revenues grow and reach DKK 38.1m in 2026. Regarding personnel, STENOCARE is expected to increase the number of employees in the coming years as the Company scale up the business. During 2022, the average number of employees amounted to nine, and Analyst Group estimates this number to grow to ~20 until 2026, as the Company starts producing at their own cultivation facility and more personnel is needed for the harvesting process. This causes personnel expenses to grow from DKK 6.8m in 2022 to 13.9m in 2026. However, the increased cost levels do not match the estimated revenue growth, making way for higher margins. As a result of a strong estimated revenue growth in 2024, at the same time as keeping the cost base stable like it has been in 2023, STENOCARE is expected to show profitability on an EBITDA-level at the end of 2024.

External Expenses are Expected to Grow With Increased Sales, Albeit at a Lower Pace.

Estimated external expenses and personnel expenses

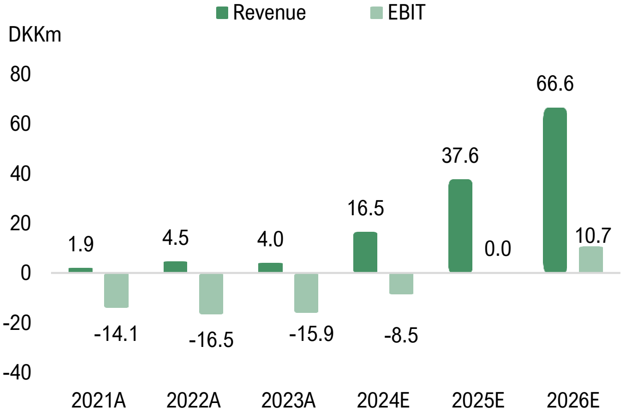


Source: Analyst Group estimates

A Summary of Analyst Group's Financial Forecasts for STENOCARE.

Financial forecasts, 2021-2026E, Base scenario

Base scenario (DKKm)	2021A	2022A	2023A	2024E	2025E	2026E
Net Sales	1.9	4.5	4.0	16.5	37.6	66.6
Other income	0.0	0.0	0.0	0.0	0.0	0.0
Total income	**1.9**	**4.5**	**4.0**	**16.5**	**37.6**	**66.6**
Other external expenses	-7.9	-10.9	-10.2	-14.6	-24.6	-38.1
Personnel expenses	-7.2	-6.8	-6.4	-6.9	-9.2	-13.9
EBITDA	**-13.2**	**-13.2**	**-12.6**	**-4.9**	**3.8**	**14.6**
EBITDA margin	*-701%*	*-294%*	*-315%*	*-30%*	*10%*	*22%*
Depreciation of tangible assets	-0.8	-3.3	-3.4	-3.6	-3.7	-3.9
EBIT	**-14.1**	**-16.5**	**-15.9**	**-8.5**	**0.0**	**10.7**
EBIT margin	*-745%*	*-368%*	*-399%*	*-52%*	*0%*	*16%*



Source: Analyst Group estimates

Valuation

Comparison Between 2019 and now

Back on track on the Danish market

STENOCARE's products were first offered to patients during Q2-18, and in Q1-19, the Company reported sales of DKK 4.3m with an EBIT of DKK 1.5m. We see this as a proof that when products get approved, STENOCARE has the capability to quickly scale up sales and be profitable. At this point in time STENOCARE was valued to DKK 235m (Market Cap), or based at sales LTM, a P/S multiple of 27.8x. In relation to the annual sales run rate of Q1-19, the multiple was 13.6x. However, during the summer of 2019, STENOCARE had to terminate the partnership with their then only supplier, CannTrust, and start to look for a new partner and again getting products approved by authorities, which has now been completed in Denmark but with products approved in five additional markets.

Both STENOCARE as a company, and the market sentiment as a whole, has arguably changed since 2019. Starting with STENOCARE, the Company now has a roster of products approved in six countries. Furthermore, the supply chain is more stable today, having several suppliers from different parts of the world, as well as their own cultivation facility which can enable the launch of premium products during 2024. The first step for the Company is to reach sales levels equal to Q1-19, which we believe could be possible in Q2-24, based on the approval of three medical cannabis oils in Denmark, continued sales in existing markets and expansion to Germany. Regarding the market's development since May 2019, the sentiment has changed in terms of rising interest rates and a general cool down of the global economic growth, causing a contraction in valuation multiples, especially for smaller growth companies. Also, looking at the cannabis industry as a whole, it can be argued that there was somewhat of an investor hype during 2018/2019, partly driven by the legalization of cannabis in Canada and certain states in the US.

Valuation: Base Scenario

In the valuation of STENOCARE a comparison with other companies within the medical cannabis industry on both the European as well as the North American market is made. As the market still is in its early days, the peer group in Europe, like STENOCARE, are to be considered as young, and in some cases small companies facing a potential rapid growth, while the North American companies are at a more mature stage, already generating substantial sales. Moreover, in general, the companies in both Europe and North America are currently unprofitable, why the valuation will be derived from a P/S multiple applied on 2026's estimated sales for STENOCARE. Although the comparison companies in both Europe and North America differ from STENOCARE in terms of business model, target market, profitability potential, and if they address medical or recreational cannabis, Analyst Group believes that the comparison provides an indication of how the market currently values companies in the cannabis sector.

	Market cap (DKKm)	Revenue (LTM, DKKm)	Revenue growth Y-Y	Gross Margin	EBIT (LTM, DKKm)	P/S (x)
KANABO+	110.2	7.1	174%	23%	-37.5	15.6
DanCann Pharma	10.6	6.1	8%	43%	-13.4	1.7
can	705.9	143.8	130%	n/a	n/a	4.9
SYNBIOTIC	367.1	0.5	-6%	n/a	-11.4	750.1
CELADON Pharmaceuticals PLC	587.2	0.2	n/a	n/a	-57.4	611.0
Cannabis Poland S.A.	48.2	0.1	51%	n/a	-2.5	522.0
HEMP & HEALTH	58.5	0.1	-92%	n/a	-1.4	411.5
ODI Pharma	74.5	0.4	210%	n/a	-1.9	201.2
Average	**245.3**	**19.8**	**68%**	**33%**	**-17.9**	**314.8**
Median	**92.3**	**0.4**	**51%**	**33%**	**-11.4**	**306.4**
STENOCARE	91.9	4.3	-1%	n/a	-15.3	21.2

STENOCARE and the above companies are similar in relation to that they all operate within the European medical cannabis market, which is expected to show strong growth in the coming years. However, Analyst Group anticipates that the low sales and unprofitability among European cannabis companies is a result of a highly regulated and historically slower-than-expected market growth and the low reported sales to date results in high P/S multiples. P/S multiples for companies in early development or a high-growth phase are generally high, due to initially low, or zero sales. Over time, as sales increases, multiples tend to normalize in line with the company reaching a larger market share and a higher degree of maturity. Consequently, a comparison with larger, more mature companies on the Canadian and US market is also made, to investigate sector valuations in a more mature stage of a company's life cycle.

Valuation

	Market cap (DKKm)	Revenue (LTM, DKKm)	Revenue growth Y-Y	Gross Margin	EBIT (LTM, DKKm)	P/S (x)
AURORA	2,649	1,422	24%	30%	-425	1.9
CANOPY GROWTH	6,568	1,803	-14%	n/a	-3,878	3.6
CRESCOLABS	4,855	5,319	-9%	47%	-606	0.9
Jushi	1,004	2,045	4%	39%	-19	0.5
ORGANIGRAM	1,358	772	4%	23%	-1,231	1.8
curaleaf	25,270	9,328	3%	45%	266	2.7
Green Thumb	19,600	7,276	4%	50%	1,274	2.7
Average	**8,758**	**3,995**	**2%**	**39%**	**-660**	**2.0**
Median	**4,855**	**2,045**	**4%**	**42%**	**-425**	**1.9**
STENOCARE	92	4	-1%	n/a	-15	21.2

When looking at the larger, more mature North American companies, they are valued to a median multiple of P/S 1.9x. However, there are differences between these companies and STENOCARE that should be taken into consideration. First and foremost, STENOCARE is expected to show a stronger revenue growth during our forecast period, where the North American companies are reporting a revenue growth of 4% Y-Y (median), compared to an estimated CAGR of 155% for STENOCARE in 2023-2026E, which motivates a higher multiple for STENOCARE. The Company is also expected to reach a positive EBIT in 2025, compared to the peer group where most companies are unprofitable, which also should justify a higher valuation. On the other hand, the peer group are larger companies both regarding Market Cap and revenue, which motivates a valuation discount to the applied multiple for STENOCARE. However, all in all, Analyst Group believes that a higher multiple than the North American Industry group is justified for STENOCARE, due to higher growth expectations and profitability.

Taking both the comparison with the younger, more immature companies on the European market, and the more mature, larger companies on the North American market into consideration, as well as the sales multiple that STENOCARE was trading at shortly after the Q1 report 2019, Analyst Group believes a target multiple of P/S 4.5x on estimated sales during 2026 is reasonable. This implies a multiple discount of ~60% compared to what STENOCARE was valued at after Q1-19 (run rate), based on a worse macro environment today, with higher interest rates, as well as a somewhat more neutral investor attitude towards "cannabis stocks", even though STENOCARE is, as mentioned earlier, to be considered as a sort of pharmaceutical company. A target multiple of 4.5x on 2026's estimated revenues of DKK 66.6m corresponds to a Market Cap of DKK 300m. To make up for uncertainties in the forecasts, given that STENOCARE is yet to scale up sales, investors are likely to demand a high required rate of return. According to a compilation from PwC, different levels of required returns can be applied based on which stage a company is in.

Different Stages Requires Different Rate of Returns.

Required rate of return, per stage

Stage	Seed/Idea	Seed/Start-up	Early growth	Expansion
Plummer	50 - 70 %	40 - 60 %	35 - 50 %	25 - 35 %
Scherlis & Sahlman	50 - 70 %	40 - 60 %	30 - 50 %	20 - 35 %
Sahlman, Stevenson, & Bhide	50 - 100 %	40 - 60 %	30 - 40 %	20 - 30 %
VC guide in BE	50 - 100 %	50 - 60 %	40 - 50 %	30 - 40 %
Damodaran	50 - 70 %	40 - 60 %	35 - 50 %	25 - 35 %
Selected discount rate	**50 - 85 %**	**40 - 60 %**	**35 - 50 %**	**25 - 35 %**

Source: PWC

DKK 8.8 per share in a Base scenario

Analyst Group argue that STENOCARE is in an *Expansion* phase, ready to scale up sales in several markets. Since STENOCARE delivered a record year regarding gross sales in 2023 we believe that STENOCARE has proven the company's business model further during the past year, why we have lowered the required rate of return from 30% to 25%. Based on a company value of DKK 300m in 2026, and the conservative discount rate of 25%, a present value per share of DKK 8.8 is derived in a Base scenario.

Bull & Bear

Bull Scenario

The following is a selection of potential value drivers in a Bull scenario:

- More doctors prescribe medical cannabis oil products as the advantages against opiates becomes more obvious for the health care industry operating within STENOCARE's markets. Moreover, the Company's IT-platform for online clinics is expected to be a driver of increased prescriptions, as doctors can reach patients more easily.
- STENOCARE's premium products gets approved by authorities earlier than in a Base scenario, making an earlier launch possible. The benefits with the products, including improved uptake in the blood, reduced food effect and faster reach of maximum concentration in the blood, are assumed to be appreciated by doctors, leading to more prescriptions, generating increased sales for STENOCARE. Furthermore, the premium products get approved for export, i.e., the Company can sell the products to additional markets, and partnering with big pharma companies for sales of STENOCARE's products.
- STENOCARE experience a longer time of being the sole supplier of medical cannabis oil products in the Swedish, Danish, and Norwegian markets, as competitors, with outdoor cultivation in green houses, continues to have difficulties to get products approved by authorities, proving STENOCARE's indoor cultivation strategy successful. Further, this means that the Company can maintain a strong position on these markets when, eventually, competitors are entering, as doctors are familiar with STENOCARE's brand and products.

DKK 12.4
per share in a Bull scenario

- Given a conservative discount rate of 25% and a target multiple of P/S 4.5x on estimated sales of DKK 93.4m in 2026 in a Bull scenario, a potential present value per share of DKK 12.4 is derived.

Bear Scenario

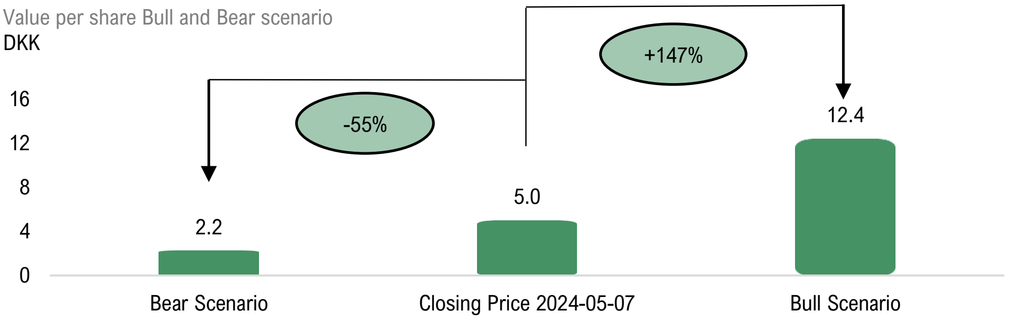
The following is a selection of potential factors in a Bear scenario:

- STENOCARE is still in the early stages of the Company's "business re-launch", which comes with uncertainties. In a Bear scenario, doctors' skepticism against medical cannabis turns out to be persistent, regardless if it is an oil product or not, resulting in fewer patients being prescribed with the products, hence, lower revenue growth for STENOCARE.
- As the medical cannabis market in Europe is highly regulated STENOCARE is, in a Bear scenario, expected to be required to make adjustment to their own premium products to obtain the necessary permits from authorities. This results in a later launch of the premium products, which is expected to slow down the Company's growth and prolong the time for reaching higher profitability.
- Due to lower revenue growth, positive cash flow is expected only at a later stage, at which point the current cash is not estimated to be sufficient. Hence, additional external capital raising cannot be ruled out, even though exercise of Warrants of series TO2 in June 2024 can strengthen the Company's cash position.

DKK 2.2
per share in a Bear scenario

- In a Bear scenario, a lower target multiple is justified, as lower growth and profitability is expected, why a target multiple of P/S 2.6x is applied on 2026 sales of DKK 29.1m. This, in combination with a conversative discount rate of 25%, results in a potential present value per share of DKK 2.2.

Illustration of Potential Valuation in a Bull and Bear Scenario.



Source: Analyst Group estimates

CEO Interview, Thomas Skovlund Schnegelsberg

You recently published the Q1-report for 2024 that showed 62% growth in gross sales and an improved EBITDA result amounting to DKK -2.5m. Could you provide a summary of the quarter for STENOCARE?

We successfully have two new products approved for sales in Denmark and Australia. We grew gross sales by 62% even though these two new products are not included in the Q1 2024 figures. We have a very lean operation, and managed to reduce operating expenses by 12% Q-o-Q. The EBITDA of DKK -2.5m has been improved by 22% Q-o-Q. We also completed refinancing of our debt.

You recently obtained approval of a new THC/CBD medical cannabis oil product in Denmark, which is now available for sales. What reception do you expect for the new product in the market?

Stenocare has experience selling the three key medical cannabis oil products in UK, Norway and Denmark. We know from doctors, that they need all three products to manage treatment of patients. In Denmark we have had high-THC and high-CBD oil products during 2023, and this has positively driven growth of sales. With the new THC/CBD oil product, we expect to see this growth trend continue during 2024.

Your cash position amounted to DKK 2.6m at the end of Q1-24, compared to DKK 9.5m at the end of Q4-23, which was affected by a repayment of convertible loans amounting to DKK 3.2m. How do you reason about your liquidity and capital structure towards the anticipated break-even by the end of 2024?

We reduced our debt from DKK 8.6m to 5.4m in Q1 2024 and renegotiated the loans conditions until start 2025. With the sales growth in Q1 2024 and new product's sales in Q2 and onwards we have liquidity to breakeven. Also, as announced in May 2023, we will have a share issue with our TO2 Warrants in June 2024 – that will further support our activities during 2H 2024.

Lastly, what aspects should investors pay special attention to throughout the remainder of 2024 regarding STENOCARE?

Stenocare has communicated several key milestones for 2024: Double gross sales, reach breakeven at the end of the year, and launch the new innovative medical cannabis oil product that is based on a patented technology. In June 2024, we are also executing the "TO2 Warrant" which is the third share issue that we announced in May 2023. Owners of TO2 warrants will have the opportunity to subscribe for new shares with a 30% discount. More information is available on https://stenocare.com/to2-warrant-introduction/

MAY 2nd 2024

Management & Board

Thomas Skovlund Schnegelsberg, CEO and Co-founder

Thomas has been CEO since STENOCARE was founded in 2017 and was also a co-founder of the Company. He holds a Master of Science in Economics and Business Administration from Copenhagen Business School. Previous experiences consist of senior leadership roles at Microsoft in Denmark, Nordic, the UK, and Europe. Thomas has also been a board member at Lauritz.com. *Thomas owns 1,569,222 shares (8.5%) through SC-Founders Holding ApS.*

Rolf Steno, CCO and Co-founder

Rolf has been CCO since STENOCARE was founded in 2017 and was also a co-founder of the Company. He has been CEO at LFP Scandinavia for 14 years as well as a Business Deve-lopment manager at Techsage, where Rolf was the inventor and partial patent holder of the IP to the Spinjet (spinjet.com). *Rolf owns 1,671,697 shares (9.1%) through SC-Founders Holding ApS.*

Søren Kjær, COO, Co-founder and Member of the Board

Søren has been COO since STENOCARE was founded in 2017 and was also a co-founder of the Company. He holds a Master of Science in Horticulture from University of Copenhagen and has 20 years of experience from consultancy within project management, innovation processes and biotechnology from the horticultural industry. *Søren owns 1,630,103 shares (8.9%) through SC-Founders Holding ApS.*

Peter Bugge Johansen, CFO

Peter has been CFO since 2018 and holds a Master of Science in Economics and Auditing from Copenhagen Business School. Previous experience includes 20 years at Interdan Holding A/S as first CFO and later CEO, 3 years as Tax Manager at A.P. Møller-Mærsk and 14 years as auditor at Deloitte. Though his career, Peter has acquired knowledge in financial and strategic issues such as financing, internal and external reporting, asset management, group structure and mergers and acquisitions. *Peter owns 125,990 shares (0.7%) and have 6,800 remaining of a 5-year options program to receive up to 34,000 shares.*

Marianne Wier, Chairman of the Board

Marianne has been chairman of the board since 2018, holds a law degree from University of Copenhagen and has a background as a lawyer. Today, Marianne is CEO at Taksatorringen, and previous experiences include COO at Topdanmark, President and Attorney at Johan Schlutter Law Firm, Group Public Affairs Manager at Danske Bank, and Corporate & Government Affairs Manager at Microsoft Denmark. *Marianne owns 57,976 shares (0.3%).*

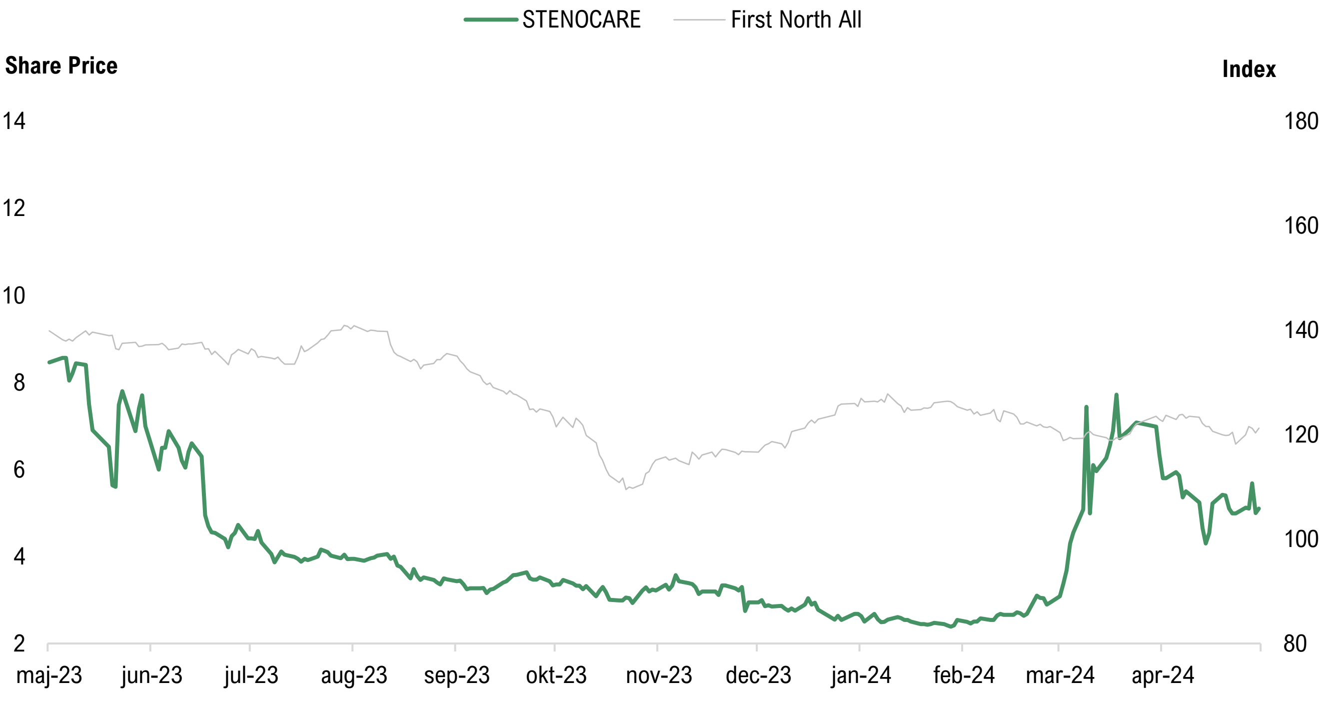
Søren Melsing Frederiksen, Member of the Board

Søren has been a member of the board since 2018 and holds a chemical engineering bachelor and a Master of Industrial Drug Development (MIND) from University of Copenhagen. Today, Søren is Vice President, Commercial Rx and Product Development at Orifarm Healthcare A/S and previous experience ranges from R&D, project management, sales management, and product launch. *Søren owns 107,839 shares (0.6%) through SML Holding ApS.*

Jeppe Bo Petersen, Member of the Board

Jeppe has been a member of the board since 2018 and is currently Group CFO at Habitus. Previous roles include CEO at Olivia Danmark A/S and CFO at, for instance, Valad Europe A/S and Nordicom A/S. He has 30 years of experience in the field of economics. *Jeppe owns 1,667 shares (0.0%)*

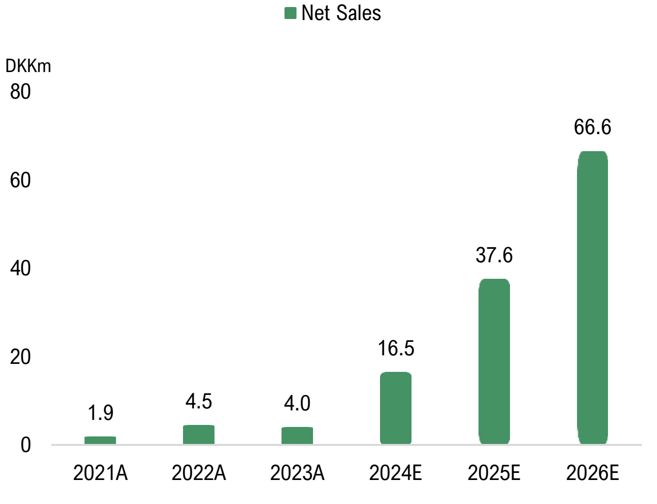
Appendix

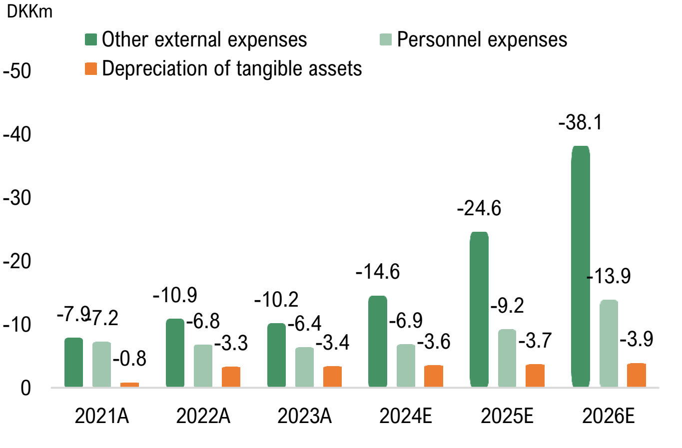


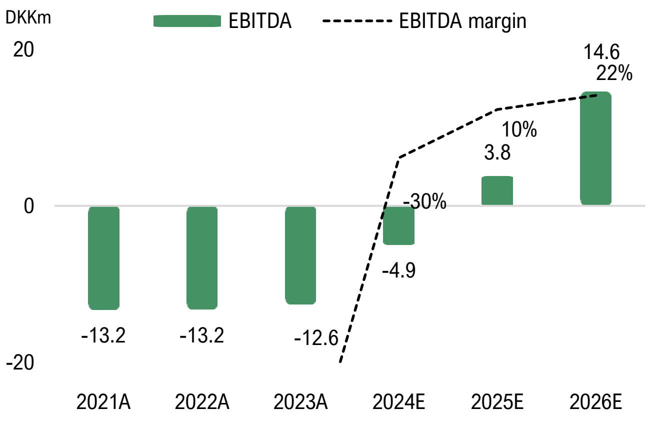
DKKm	2019	2020	2021	2022	2023
Net Sales	4.9	0.2	1.9	4.5	4.0
Other income	11.3	0.0	0.0	0.0	0.0
Total income	**16.2**	**0.2**	**1.9**	**4.5**	**4.0**
Other external expenses	-7.4	-6.2	-7.9	-10.9	-10.2
Personnel expenses	-4.4	-5.8	-7.2	-6.8	-6.4
EBITDA	**4.4**	**-11.8**	**-13.2**	**-13.2**	**-12.6**
EBITDA margin	*89%*	*-5962%*	*-701%*	*-294%*	*-315%*
Depreciation of tangible assets	-0.1	-0.2	-1.1	-3.3	-3.4
EBIT	**4.4**	**-12.1**	**-14.1**	**-16.5**	**-15.9**
EBIT margin	*27%*	*-6083%*	*-745%*	*-368%*	*-399%*

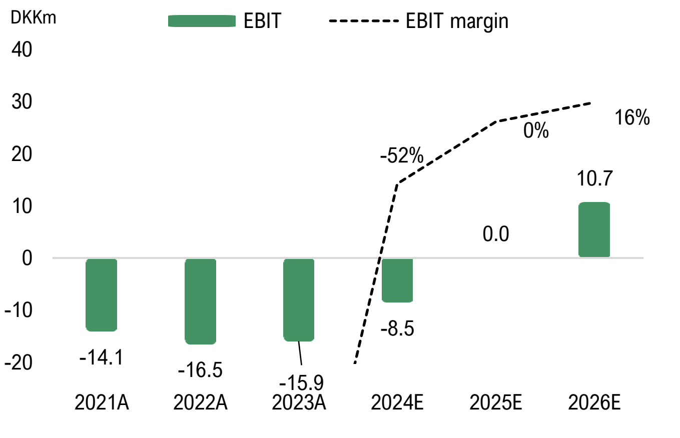
Appendix

Base scenario (DKKm)	2021A	2022A	2023A	2024E	2025E	2026E
Net Sales	1.9	4.5	4.0	16.5	37.6	66.6
Other income	0.0	0.0	0.0	0.0	0.0	0.0
Total income	**1.9**	**4.5**	**4.0**	**16.5**	**37.6**	**66.6**
Other external expenses	-7.9	-10.9	-10.2	-14.6	-24.6	-38.1
Personnel expenses	-7.2	-6.8	-6.4	-6.9	-9.2	-13.9
EBITDA	**-13.2**	**-13.2**	**-12.6**	**-4.9**	**3.8**	**14.6**
EBITDA margin	*-701%*	*-294%*	*-315%*	*-30%*	*10%*	*22%*
Depreciation of tangible assets	-0.8	-3.3	-3.4	-3.6	-3.7	-3.9
EBIT	**-14.1**	**-16.5**	**-15.9**	**-8.5**	**0.0**	**10.7**
EBIT margin	*-745%*	*-368%*	*-399%*	*-52%*	*0%*	*16%*



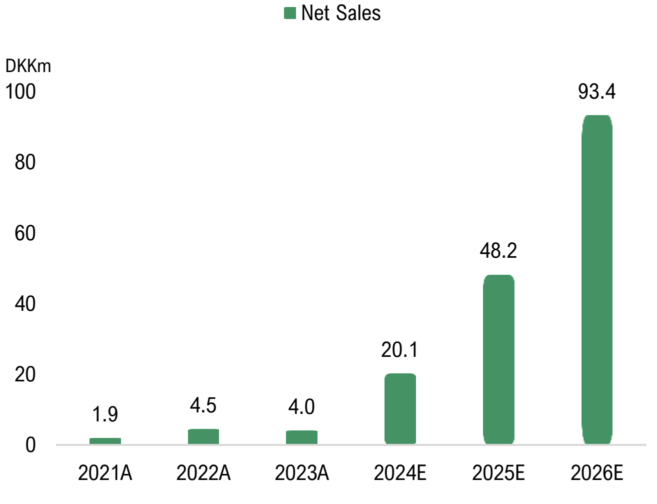


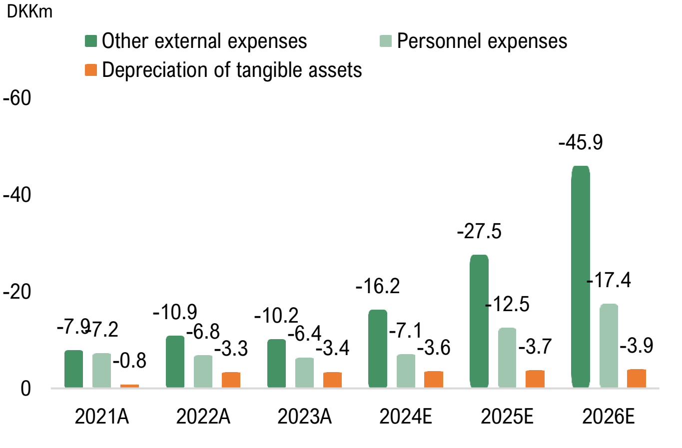


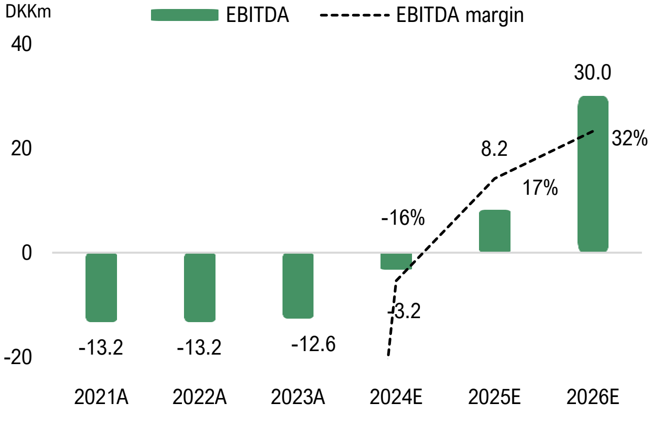


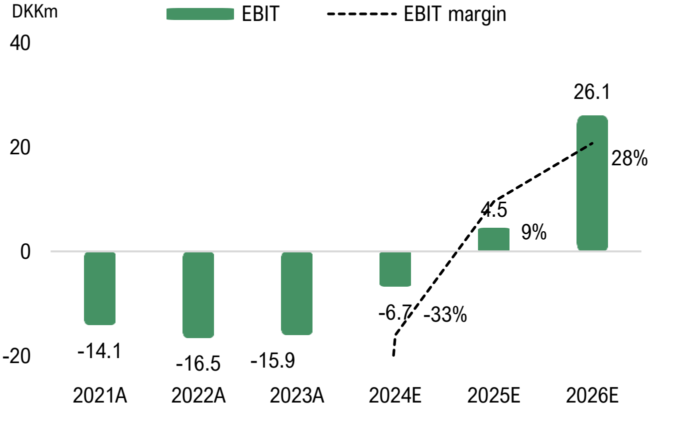
Appendix

Bull scenario (DKKm)	2021A	2022A	2023A	2024E	2025E	2026E
Net Sales	1.9	4.5	4.0	20.1	48.2	93.4
Other income	0.0	0.0	0.0	0.0	0.0	0.0
Total income	**1.9**	**4.5**	**4.0**	**20.1**	**48.2**	**93.4**
Other external expenses	-7.9	-10.9	-10.2	-16.2	-27.5	-45.9
Personnel expenses	-7.2	-6.8	-6.4	-7.1	-12.5	-17.4
EBITDA	**-13.2**	**-13.2**	**-12.6**	**-3.2**	**8.2**	**30.0**
EBITDA margin	*-701%*	*-294%*	*-315%*	*-16%*	*17%*	*32%*
Depreciation of tangible assets	-0.8	-3.3	-3.4	-3.6	-3.7	-3.9
EBIT	**-14.1**	**-16.5**	**-15.9**	**-6.7**	**4.5**	**26.1**
EBIT margin	*-745%*	*-368%*	*-399%*	*-33%*	*9%*	*28%*



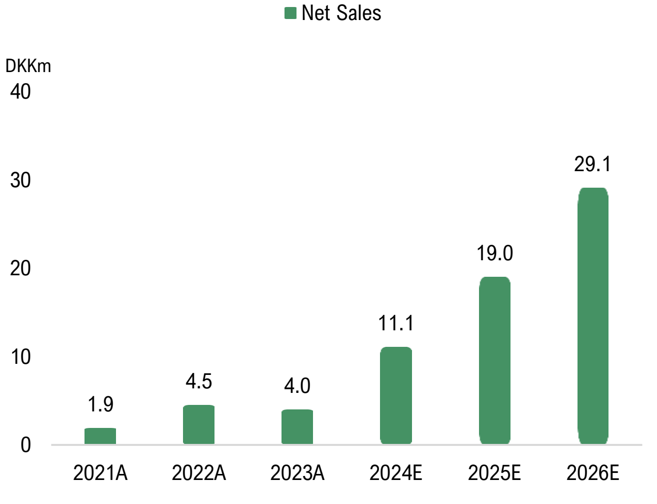


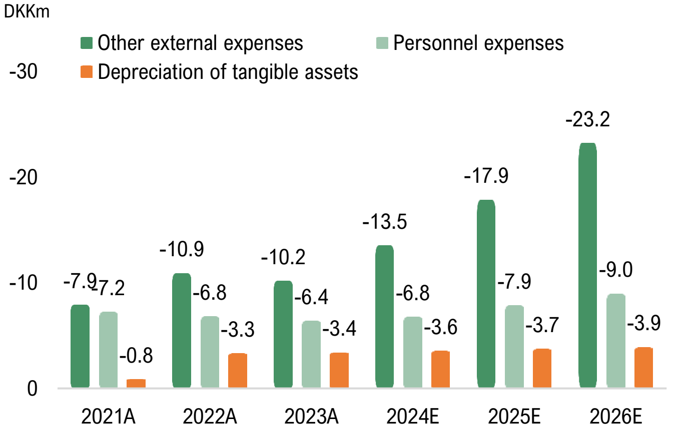


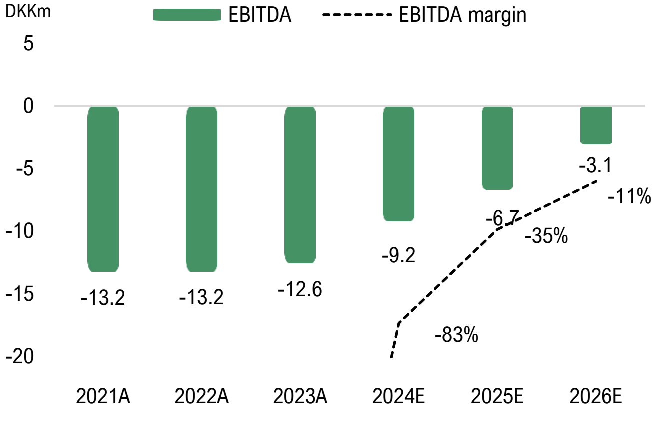


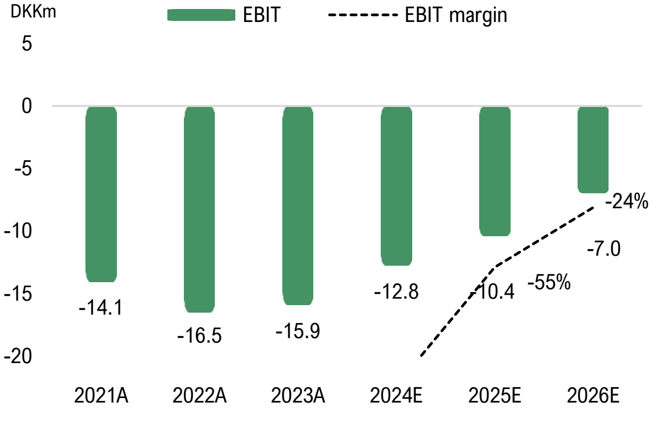
Appendix

Bear scenario (DKKm)	2021A	2022A	2023A	2024E	2025E	2026E
Net Sales	1.9	4.5	4.0	11.1	19.0	29.1
Other income	0.0	0.0	0.0	0.0	0.0	0.0
Total income	**1.9**	**4.5**	**4.0**	**11.1**	**19.0**	**29.1**
Other external expenses	-7.9	-10.9	-10.2	-13.5	-17.9	-23.2
Personnel expenses	-7.2	-6.8	-6.4	-6.8	-7.9	-9.0
EBITDA	**-13.2**	**-13.2**	**-12.6**	**-9.2**	**-6.7**	**-3.1**
EBITDA margin	*-701%*	*-294%*	*-315%*	*-83%*	*-35%*	*-11%*
Depreciation of tangible assets	-0.8	-3.3	-3.4	-3.6	-3.7	-3.9
EBIT	**-14.1**	**-16.5**	**-15.9**	**-12.8**	**-10.4**	**-7.0**
EBIT margin	*-745%*	*-368%*	*-399%*	*-115%*	*-55%*	*-24%*









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The analyst does not own shares in the Company.