2024-08-29

STENOCARE (STENO)

Delivers on key Strategic Initiatives

STENOCARE A/S ("STENOCARE" or the "Company") has executed on several strategically important milestones during H1-24, including approval of the balanced oil in Denmark and the launch of premium products in Australia and Germany. However, higher product price subsidy has increased competition from Magistrel products in Denmark, and the market growth has been slower than expected which has affected sales. This has led us to update our financial forecasts for STENOCARE and with estimated net sales of DKK 30.2m by 2026, and with an applied P/S multiple of 4x, a potential present value per share of DKK 4.0 (8.8) is derived in a Base scenario. The updated valuation is a result of the updated forecasts, a multiple contraction in the industry as well as an increase in shares outstanding from capital raises.

Net Sales Amounted to DKK 0.7m in Q2-24

STENOCARE reported net sales of DKK 0.7m (1.7) in Q2-24, corresponding to a decrease of 57% Y-Y. Unfavorable market dynamics has impacted STENOCARE's sales negatively where higher product price subsidy in Denmark has increased competition and resulted in price decreases. Moreover, sales in international markets have been slower than estimated as the integration of medical cannabis into the health care industry has been slower than estimated. However, STENOCARE has successfully made the planned strategic progress in several markets, which has laid the ground for future growth. Nevertheless, considering the current market conditions, we have updated our sales forecast downwards in this update.

Operates With a Lean Organization

The operational expenses, excluding depreciation, amounted to DKK -3.5m (-4,3), corresponding to a decrease of 19%. Thus, we believe that STENOCARE is continuing to optimize the cost structure to reduce the Company's burn rate, given the lack of sales acceleration so far, which we view positively.

Launch of Next Generation Products

During Q2-24, STENOCARE announced the launch of the Company's premium product, Astrum oil, which is expected to be available for patients in Australia and Germany from Q4-24. The Astrum oil offers several benefits which the industry have struggled with historically, including a higher, more uniform, and faster uptake in the blood. Analyst Group believes that the Astrum oil has the potential to revolutionize the industry and is expected to be an important sales driver from 2025.

Updated Valuation Range

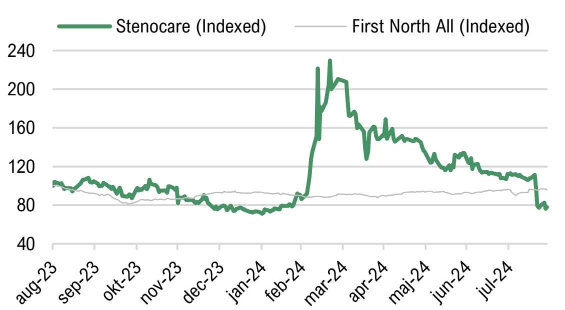
Considering the results in H1-24 and the current more unfavorable market conditions and a slower market growth than expected, we have updated our financial forecasts downwards in this update. As a result of the updated forecasts, a contraction in multiples for companies within the cannabis sector and an increase in outstanding shares due to exercise of TO2 warrants and a directed issue, we have updated our valuation range in all scenarios.

Valuation Range

Bear	Base	Bull
DKK 1.1	DKK 4.0	DKK 5.5

STENOCARE	
Share Price (2024-08-28)	2.62
Shares Outstanding	20,212,497
Market Cap (DKKm)	53.0
Net cash(-)/debt(+) (DKKm)	0.6[1]
Enterprise Value (DKKm)	53.6
List	Nasdaq First North Growth Market
Q3-report 2024	2024-11-07

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	6.0	14.8	30.2
Net sales growth	*-11%*	*49%*	*149%*	*104%*
Other external expenses	-10.2	-10.8	-14.9	-20.8
Share of revenue (%)	*-255%*	*-181%*	*-100%*	*-69%*
Personnel expenses	-6.4	-6.5	-6.8	-7.4
EBITDA	**-12.6**	**-11.3**	**-6.8**	**1.9**
EBITDA margin	*-315%*	*-190%*	*-46%*	*6%*
P/S	13.3	8.9	3.6	1.8
EV/S	13.4	9.0	3.6	1.8
EV/EBITDA	-4.3	-4.7	-7.9	27.6
EV/EBIT	-3.4	-3.6	-5.2	-33.7

[1]After proceeds from TO2, directed issue, new loan of DKK 2.8m and repayment of debt of DKK 6m

Introduction

Table of contents

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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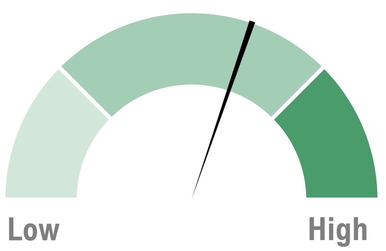
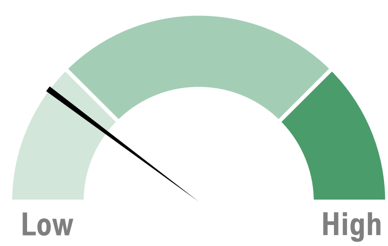
Value Drivers



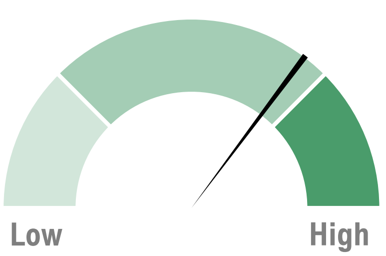
Medical cannabis is getting more accepted by the health care industry and legalized as a pharmaceutical medicine by authorities, which STENOCARE is expected to capitalize on. Furthermore, the Company has launched a new patented product, Astrum, which are expected to have several benefits compared to competing generic products and has the potential to disrupt the medical cannabis industry, which is estimated to drive the Company's revenue.

Historical Profitability



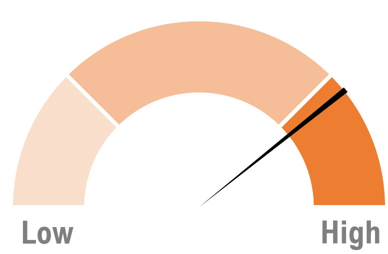
STENOCARE has not been profitable since Q1-19, which was right before the issues with their former supplier CannTrust. Since then, the Company has worked to build up a new supply chain and get products approved for sales again. STENOCARE now once again has three products approved for sale in Denmark, and additionally offers products in five 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 26.3% of the capital and each board member holds shares, which provides incentives to create shareholder value.

Risk Profile



During Q2-24, STENOCARE strengthened the Company's balance sheet through the exercise of TO2 warrants with net proceeds of DKK 4.2m, a directed share issue of DKK 1m, and a reduction of debt to DKK 2.8m. Following these activities, the cash balance is estimated to have been approximately DKK 2m at the end of Q2-24. Given the Company's burn rate of approx. DKK -0.8m per month, Analyst Group believes that the Company will need to secure additional funding, most likely through a capital raise.

Comment on Q2-Report 2024

Sales Lower than Expected due to Unfavourable Market Dynamics Concerning Pricing and Reimbursement Principles

DKK 0.7m net sales in Q2-24

STENOCARE's net sales amounted to DKK 0.7m (1.7), corresponding to a decrease of 57% compared to Q2-23, which was below Analyst Group's expectations. The lower than anticipated sales are, among other things, a result of a decrease in product prices and increased competition due to higher product price subsidy on Magistrel products in Denmark, as well as slower sales in international markets. STENOCARE had several growth drivers going into 2024, including the balanced oil approved in Denmark, a new product in Australia and entering the German market, which has not delivered growth as expected, even though the Company has successfully made the planned strategic progress in these countries. This is anticipated to be due to the integration of medical cannabis into clinical practice has not progressed as rapidly as was anticipated a few years ago.

Based on the financial performance and the outlook for 2024 STENOCARE announced on August 20th that the Company updates the guidance for 2024, from gross sales of DKK 12-18m to DKK 6-8m and that the expected break even at the end of 2024 is no longer realistic. The revised guidance is primarily based on the earlier mentioned increasing competition and the dynamic pricing model in Denmark, which has entailed a decline in prices and hence affected STENOCARE's net sales, even though the Company expects to deliver +20% more products units in Denmark and +36% more units across all the Company's markets during 2024. Even though sales are expected to improve in H2-24 compared to H1-24 we are likely to update our financial forecasts for STENOCARE based on the financial performance in Q2-24 as well as the updated guidance.

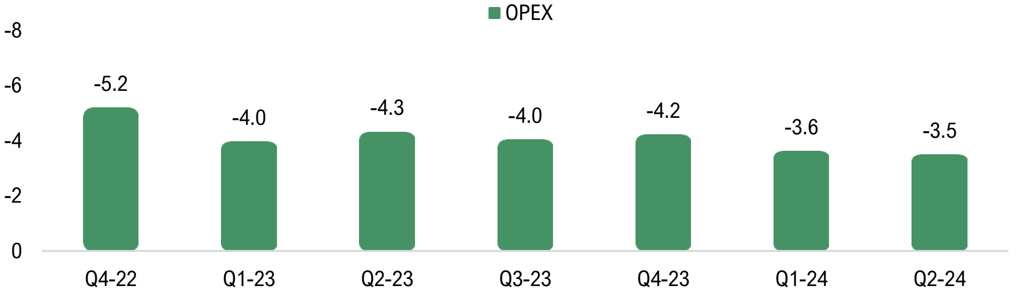
The Cost Base Continues to Decrease

Optimized cost structure

The operational expenses, excluding depreciation, amounted to DKK -3.5m (-4,3), corresponding to a decrease of 19%. Thus, we believe that STENOCARE is continuing to optimize its cost structure to reduce the Company's burn rate, given the lack of sales acceleration so far, which we view positively.

STENOCARE's cost base has decreased in the last years as the Company is running a lean organization.

Operational expenses, Q4-22-Q2-24
DKKm



Source: STENOCARE quarterly reports

Launch of Premium Products Ahead of Plan

New product with the potential to revolutionize the industry

During Q2-24, STENOCARE announced that the Company's premium product, the patented Astrum oil, is ready for launch on the Australian market. The product is expected to have several benefits compared to the medical cannabis oil available today, including a higher, more uniform, and faster uptake in the blood. With this launch, we see STENOCARE as a first mover in next generation medical cannabis oil products, why we see that the Company can gain an advantage against potential competitors. After the end of the period, on July 31st, STENOCARE announced that the Astrum oil has been approved in Europe's largest medical cannabis market, Germany.

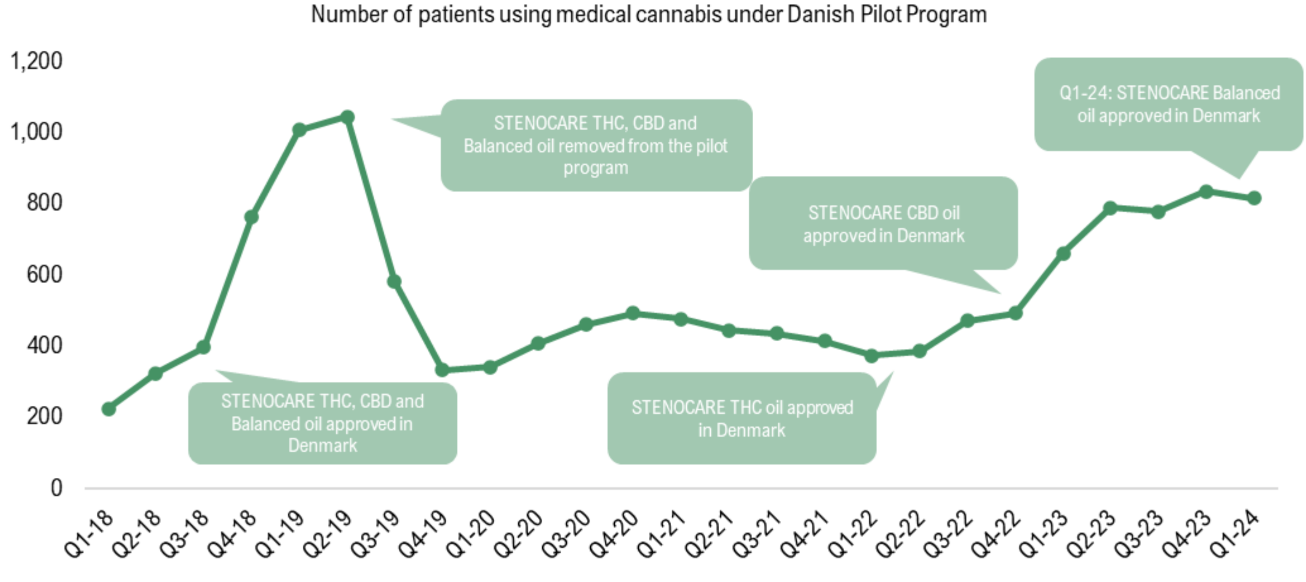
Moreover, STENOCARE also announced that the Company is looking into an expansion to Canada. The Canadian market is a vast market with a lot of competition but with STENOCARE's premium product Astrum, Analyst Group believes that STENOCARE can position the Company's products within a distinct niche, even in the most competitive markets such as the Canadian, because of the unique benefits with the products patented oil technology. This enables STENOCARE to become one of the few European companies capable of capitalizing on one of the largest medical cannabis markets globally.

Comment on Q2-Report 2024

Stable Patient Development in Denmark

The number of patients using medical cannabis under the Danish pilot program had a stable development in Q1-24, which is the last published figures, amounting to 816 compared to 662 in Q1-23. 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. From April 18th, STENOCARE's balanced oil has been approved for sales in Denmark, which historically has represented +50% of the total sales, why we estimate that the newly approved balanced oil will accelerate patient growth in the coming quarters, which is also expected to drive sales volume. However, due to price declines the total sales is expected to be lower than earlier anticipated in the coming quarters.

The number of treated patients have grown in Denmark when the Company's products has been available.



Source: Danish Medicines Agency

Capital Increases and Reduction of Debt but Additional Funding Expected to be Needed

Total debt decreased to DKK 2.8m

During Q2-24, STENOCARE strengthened the cash position through warrants of series TO2 with net proceeds of approximately DKK 4.2m and a directed issue of DKK 1m to the major shareholder HHTM ApS. Moreover, STENOCARE negotiated a loan agreement with shareholder HHTM ApS amounting to DKK 2.8m with a slightly better interest rate than the existing debt (1.97% vs 2%) and with a loan term of 30 months compared to the existing debt of DKK 6m which was due on January 1st, 2025. Through the new loan, the directed issue and partial of the new proceeds from TO2 warrants, the existing debt of DKK 6m was repaid, leading to the total debt on STENOCARE's balance sheet amounting DKK 2.8m after the transactions.

Through these activities, STENOCARE's debt has decreased, and the cash position has strengthened, which we view positively. The transactions are not visible in the Q2-report as they were completed just after the end of the quarter. Given that the "old" debt of DKK 6m has been repaid with the new loan of DKK 2.8m, the proceeds from the directed issue of DKK 1m, we estimate that approximately DKK 2.2m of the proceeds from TO2 has been used to repay the loan, which leaves approximately DKK 2m as cash at bank at the end of Q2-24. The burn rate in Q2-24 was DKK -0.77m per month and given the financial performance in H1-24, the updated guidance, and the estimated cash balance of approximately DKK 2m at the end of Q2-24, Analyst Group believes that the Company will need to secure additional funding, most likely through a capital raise.

To summarize, STENOCARE delivered a report with lower sales than estimated but also lower costs than expected. We continue to see several growth drivers, even though they are materializing more slowly than we previously anticipated, however we expect higher revenue in H2-24 compared to H1-24.

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

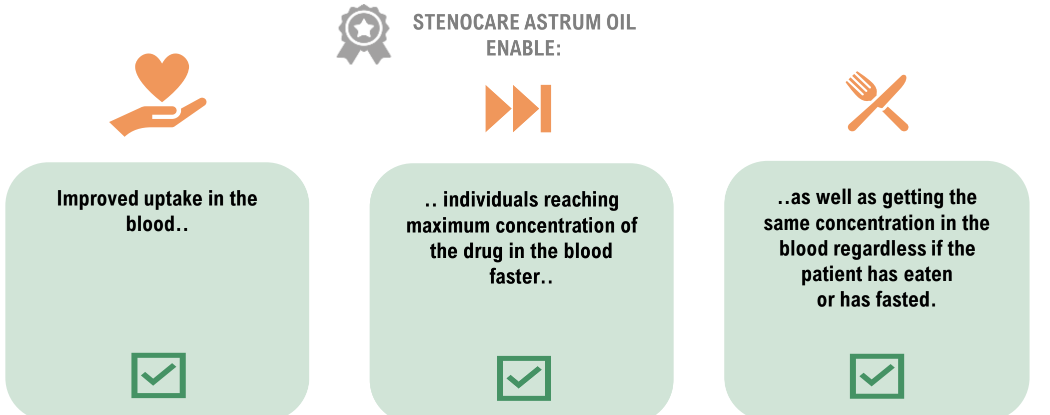
The medical cannabis market in Europe is highly regulated, which makes it difficult to get products approved, both for STENOCARE and competitors. However, in the last years, STENOCARE has a proven track record of getting products approved in different markets, most recently two new products in the Australian 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 of Plan – a Premium Medical Cannabis oil

Today, doctors face challenges when prescribing oral 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 Astrum oil substantially enhances the uptake of cannabinoids, regardless of meal consumption and inter-individual biological differences.

The patented Astrum oil is now ready to launch in Australia and Germany six months earlier than expected, two of the larger medical cannabis markets globally, with more countries expected to follow in the future. With this launch, we see STENOCARE as a first mover in next generation medical cannabis oil products, why we see positively on the earlier than expected launch, to gain an advantage against potential competitors. Considering the obvious advantage from using the Astrum oil, as well as the fact that the premium products are expected to address a global market, this is expected to drive strong revenue growth for STENOCARE ahead.



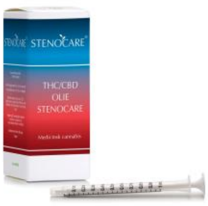
[1]Source: Harvard Health, 2020

[2]Source: Prohibition Partners, 2023

[3]Adult use refers to usage other than medical

Investment Thesis

New Product Approved in Denmark



During Q1-24, 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. However, given the general price pressure in the Danish market during 2024, partly due to increased competition from Magistrel products, the expected patient growth is not anticipated to result in the same positive sales development for STENOCARE as previously estimated. Nevertheless, the new balanced oil is still expected to generate increased market share and sales for the Company.

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.

Increased patient access through IT-platform

Forecast and Valuation: a Summary

STENOCARE is expected to grow sales from DKK 4.5m in 2022 to 30.2m 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 the launch of the premium product Astrum oil in 2024. Based on a target multiple of P/S 4x applied on estimated sales of DKK 30.2m in 2026, and an internal rate of return of 18%, 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 4.0.

DKK 30.2m
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.

During Q2-24, STENOCARE has finalized several activities to improve the Company's financial position. The exercise of Warrants of series TO2 and a directed issue to the major shareholder HHTM ApS has strengthened the cash position with DKK 4.2m and DKK 1m respectively. Moreover, STENOCARE has secured a loan of DKK 2.8m from HHTM ApS with improved terms compared to previous loans. The earlier loans, totaling DKK 6m, have been repaid using proceeds from the new loan, the directed share issue, and portions of the proceeds from the TO2 warrants. This has reduced the debt to DKK 2.8 million and secured better terms with a lower interest rate and a 30-month term, compared to the previous loans which were due on January 1, 2025.

Based on these activities, Analyst Group estimates that the cash position amounted to approximately DKK 2m at the end of Q2-24 after the repaid debt. Based on the average burn rate in the last quarters, amounting to approximately DKK -0.8m per month, and the financial forecast for H2-24, Analyst Group believes that the Company will need to secure additional funding, most likely through a capital raise.

Company Description

LÆGEMIDDELSTYRELSEN
DANISH MEDICINES AGENCY

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]

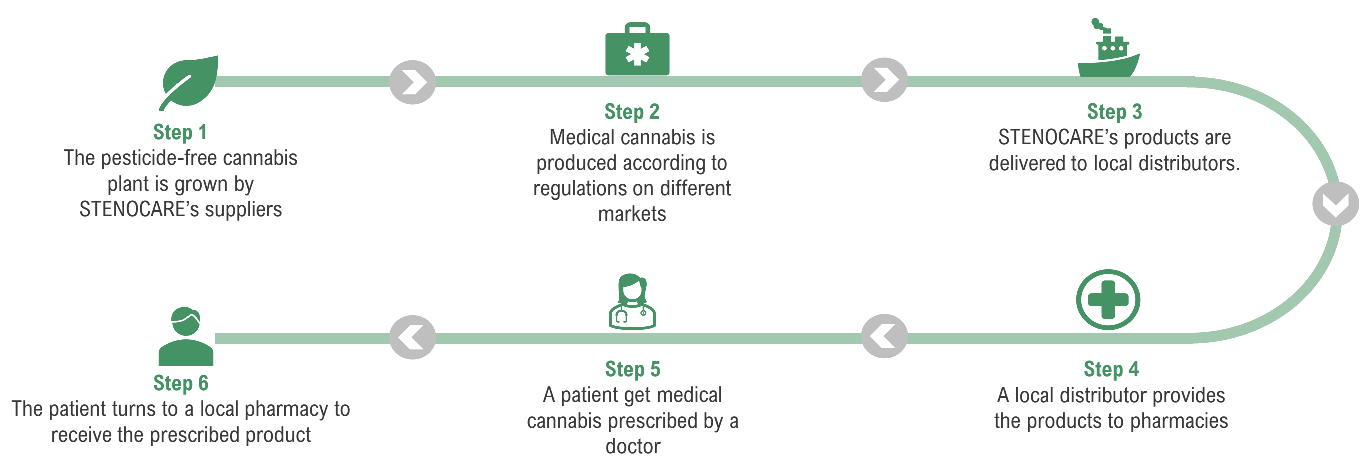
0 % SUBSIDY FROM THE GOVERNMENT

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.

Next generation premium product Astrum oil ready for sales

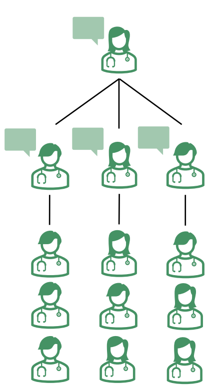
STENOCARE has launched the Company's own premium product, the STENOCARE Astrum oil, which is a patented medical cannabis oil that enhances the uptake of cannabinoids, regardless of meal consumption and individual biological differences. With other oil-types, each patient's body reacts in their own individual 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. The product is now approved and ready to be delivered to the Australian and German market, two of the larger global medical cannabis markets.

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 historically, as a result of the Company having hired more staff to expand the business. However, due to slower sales growth than expected, the cost base has been slimmed throughout 2023 and 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 the Astrum oil. 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 the Company's 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 historically, this is the *Regulatory Assets*.

Market Analysis

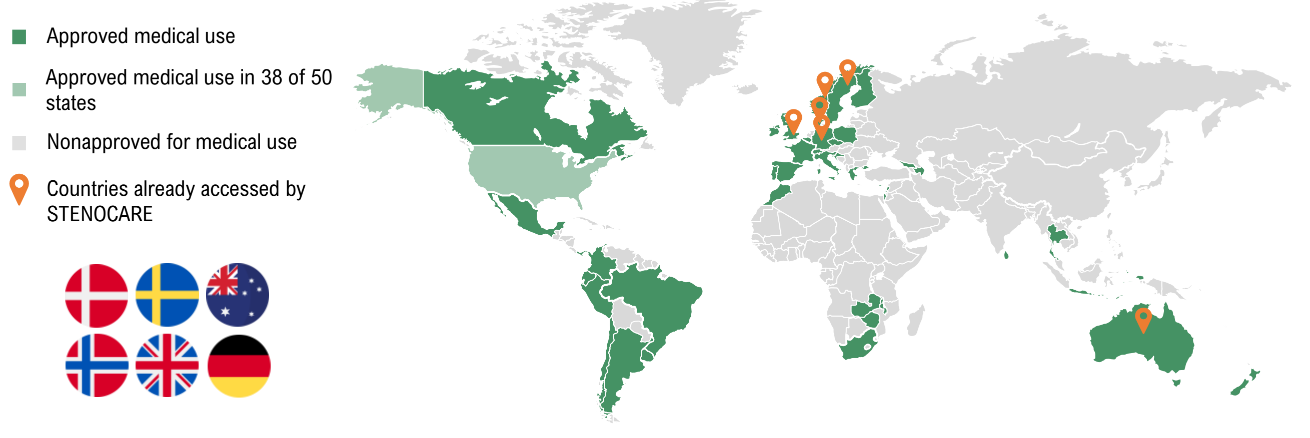
150 MILION PAIN PATIENTS IN EUROPE

Untouched Market With a Huge Market Growth Potential

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



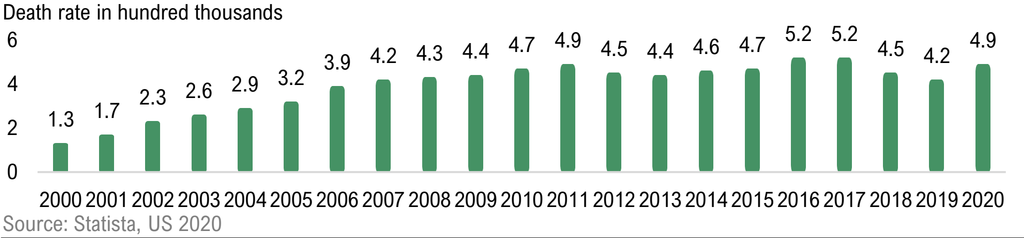
Medical Cannabis has Benefits Compared to Opiates

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]

490,000 DEATHS RELATED TO OPIOID OVERDOSE IN 2020

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

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



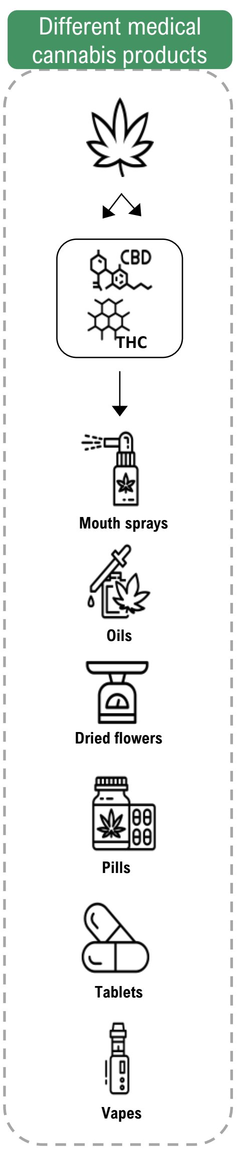
Source: Statista, US 2020

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

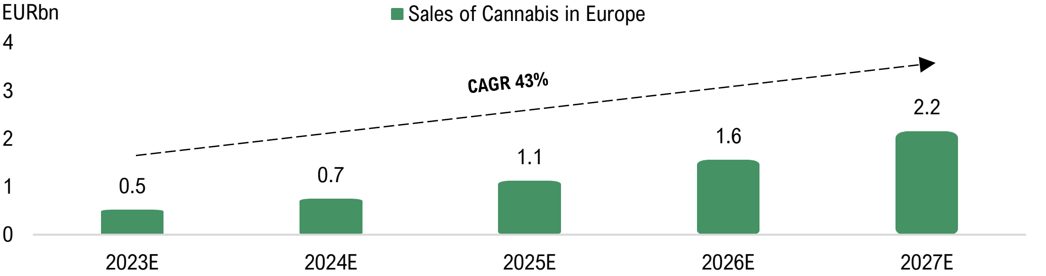


Strong Expected Market Growth

The European medical cannabis market is expected to grow between 20-60% yearly over the coming years according to various market analysts. According to Prohibition Partners, 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. 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.

Sales of legal cannabis in Europe in 2023-2027



Source: Prohibition Partners 2023

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

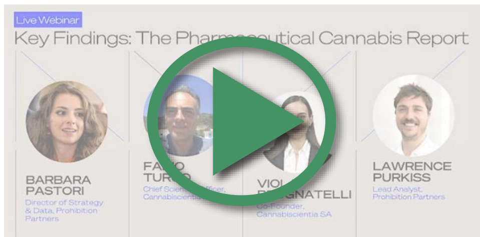
Germany has legalized cannabis for adult use, where cannabis also has been removed from the list of narcotics, something that is expected to simplify the process for more doctors to prescribe medical cannabis and ease the way for patients to obtain a prescription. This is expected to support the growth of the German medical cannabis market, which is already the largest in Europe with approximately 230,000 patients. On August 5th, the German-based medical cannabis company Bloomwell Group GmbH released a report on the state of Germany's medical cannabis flower market following the implementation of the Cannabis Act (CanG) on April 1st, 2024. The report revealed that there has been a significant surge in new medical cannabis patients following the CanG bill's reclassification of medical cannabis as the number of prescriptions issued by Bloomwell Group rose by 400% from March 2024 to June 2024. Bloomwell serves as the centralized digital infrastructure for medical cannabis distribution, consultations and treatment and dispensing. The report demonstrates the increased acceptance of medical cannabis as well as the result of a simplified process for doctors to prescribe after the removing of cannabis from the list of narcotics. STENOCARE are expected to benefit from this development through the Company's approved products in Germany, which includes a balanced oil containing 10 mg/mL THC and 10 mg/mL CBD as well as the new innovative premium product, with the patented Astrum oil, consisting of the same ratio of THC and CBD.

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.

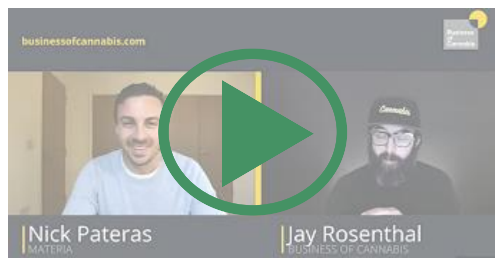
PROHIBITION PARTNERS



THE CANNABIS CONVERSATION

ABC AUSTRALIA

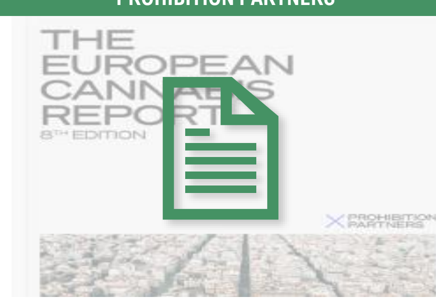
BUSINESS OF CANNABIS



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

Record in gross sales in 2023

200,000 patients on the Australian market

DKK 30.2m net sales 2026

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. 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. 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 and 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. However, due to increasing competition from Magistrel products and the dynamic pricing model in Denmark, which has entailed a decline in prices, the total sales is expected to be lower than earlier anticipated in the coming quarters.

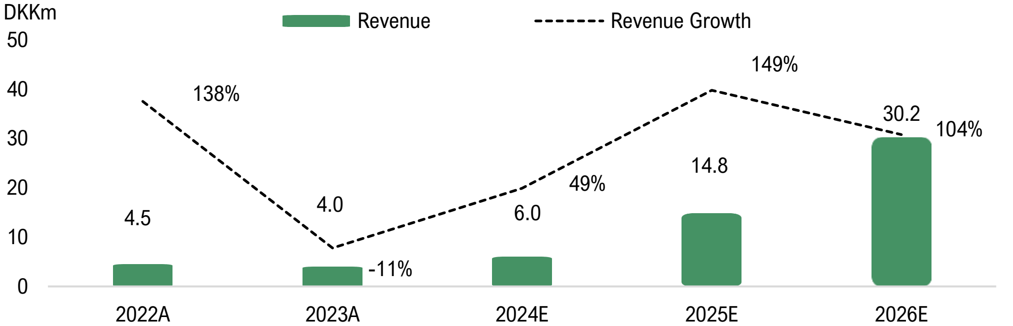
Regarding international markets the growth has been lower than first anticipated. As mentioned, pain centers in Norway has decided to hold back the budget for treatment and in Sweden a product has also been delayed due to the medicines agency. Furthermore, the sales development has been slower than first anticipated on the UK market, as a result of a more sluggish market. However, during Q4-23, the Company added a new medical cannabis oil product in Australia, which is available for sales since March 2024, a market that 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 launched the Company's premium product, the Astrum oil, which is ready for launch on the Australian and German market. The new product has unique characteristics compared to other medical cannabis oil products and has the potential to revolutionize the industry. The first sales to patients are planned in Q4-24, hence the Astrum oil is expected to be an important sales driver for STENOCARE thereafter.

The sales growth in 2024 is estimated to be lower than earlier anticipated as a result of the aforementioned unfavorable market dynamics, concerning pricing and reimbursement principles as well as a slower development in international markets than expected. The latter is assumed to be attributable to that the integration of medical cannabis into clinical practice has not progressed as rapidly as was earlier anticipated, thus a slower market growth. Nevertheless, we see opportunities for STENOCARE to increase sales volume in Denmark going forward, even though this is not expected to result in as significant of increase in total revenue as previously anticipated, however we expect higher sales in H2-24 than H1-24, reaching estimated net sales of DKK 6m, corresponding to a growth of 49%.

During the remainder of the forecast period, we see several strong growth drivers, including the launch in Germany and the launch of STENOCARE's premium product, Astrum oil in Australia and Germany. In 2025 and 2026, Analyst Group expects strong revenue growth of 149% and 104%, resulting in a revenue of DKK 14.8m and 30.2m, 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 going forward, leading to increased sales of STENOCARE's products.

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

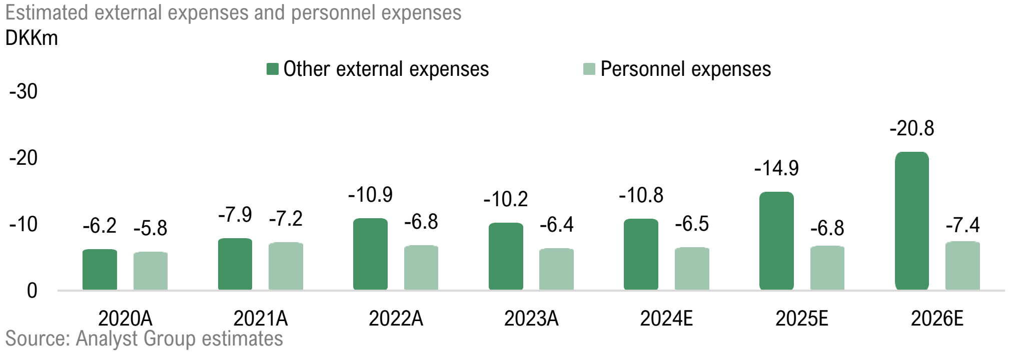
STENOCARE has aggregated several cost items into one post, external expenses, which, together with personnel expenses and depreciation, are the only expenses reported on an operational level. External expenses have been the largest costs historically, where expenses for STENOCARE's own cultivation facility 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 the 2023 and 2024 STENOCARE have decreased the cost base to operate with a lean organization towards break-even, which Analyst Group estimates will happen in late 2025/early 2026.

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 20.8m 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 2023, the average number of employees amounted to 9, and Analyst Group estimates this number to grow to 11 until 2026. This causes personnel expenses to grow from DKK 6.4m in 2023 to 7.4m 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 the coming years, at the same time as keeping the cost base stable, STENOCARE is expected to show profitability on an EBITDA-level in late 2025/early 2026.

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

Estimated external expenses and personnel expenses

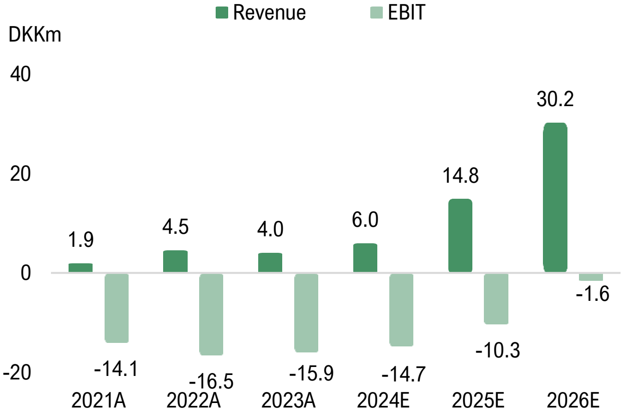


Source: Analyst Group estimates

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	6.0	14.8	30.2
Other income	0.0	0.0	0.0	0.0	0.0	0.0
Total income	**1.9**	**4.5**	**4.0**	**6.0**	**14.8**	**30.2**
Other external expenses	-7.9	-10.9	-10.2	-10.8	-14.9	-20.8
Personnel expenses	-7.2	-6.8	-6.4	-6.5	-6.8	-7.4
EBITDA	**-13.2**	**-13.2**	**-12.6**	**-11.3**	**-6.8**	**1.9**
EBITDA margin	*-701%*	*-294%*	*-315%*	*-190%*	*-46%*	*6%*
Depreciation of tangible assets	-0.8	-3.3	-3.4	-3.4	-3.5	-3.5
EBIT	**-14.1**	**-16.5**	**-15.9**	**-14.7**	**-10.3**	**-1.6**
EBIT margin	*-745%*	*-368%*	*-399%*	*-247%*	*-69%*	*-5%*



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. 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 and the launch of the next generation medical cannabis oil product, Astrum oil. 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	67.1	7.9	48%	15%	-68.9	8.5
DanCann Pharma	12.9	7.8	19%	55%	-9.4	1.7
can	440.8	174.4	67%	n/a	n/a	2.5
SYNBIOTIC	266.5	1.0	132%	n/a	-45.0	263.2
CELADON Pharmaceuticals PLC	204.9	0.7	213%	n/a	-52.4	101.2
Cannabis Poland S.A.	42.0	0.1	270%	n/a	-2.9	432.5
HEMP HEALTH&	45.3	0.1	-41%	n/a	-1.2	394.8
ODI Pharma	58.0	9.5	11319%	n/a	-0.3	6.1
Average	**142.2**	**25.2**	**1503%**	**35%**	**-25.7**	**151.3**
Median	**62.5**	**4.4**	**99%**	**35%**	**-9.4**	**54.8**
STENOCARE	53.0	3.4	-41%	n/a	-15.4	15.8

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	2,216	1,421	13%	38%	-249	1.6
CANOPY GROWTH	3,071	1,602	-18%	n/a	-1,397	1.9
CRESCO LABS	3,317	4,985	-7%	50%	-127	0.7
Jushi	761	1,936	1%	42%	59	0.4
ORGANIGRAM	1,282	734	-11%	18%	-1,268	1.7
curaleaf	12,258	9,058	0%	46%	330	1.4
Green Thumb	13,632	7,400	9%	52%	1,494	1.8
Average	**5,220**	**3,877**	**-2%**	**41%**	**-165**	**1.4**
Median	**3,071**	**1,936**	**0%**	**44%**	**-127**	**1.6**
STENOCARE	53	3	-41%	n/a	-15	15.8

When looking at the larger, more mature North American companies, they are valued to a median multiple of P/S 1.6x. 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 0% Y-Y (median), compared to an estimated CAGR of 96% for STENOCARE in 2023-2026E, which motivates a higher multiple for STENOCARE. The Company is also expected to reach a positive EBITDA in 2026, 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, Analyst Group believes a target multiple of P/S 4x on estimated sales during 2026 is reasonable. This implies a multiple discount of ~70% 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 4x on 2026’s estimated revenues of DKK 30.2m corresponds to a Market Cap of DKK 121m. 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 4.0
per share in a Base scenario

Analyst Group argue that STENOCARE is in an *Expansion* phase, with products approved in several markets. Given that the Company has been in a commercialization phase for some years, Analyst Group argues that a lower required rate of return than the lowest interval is reasonable, why a discount rate of 18% is applied. Based on a company value of DKK 120m in 2026, and the discount rate of 18%, a present value per share of DKK 4.0 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 product Astrum oil is well-received in the market, with the healthcare industry quickly recognizing the benefits and prescribing larger volumes of the product, which is expected to have a significant impact on sales in early 2025. Furthermore, the premium products is expected to get approved in additional markets globally and enable partnerships with big pharma companies for sales of STENOCARE's products.
- STENOCARE's indoor cultivation facility is completed and approved by Danish authorities in late 2024 to enable the Company to export bulk medical cannabis in the following years, contributing to the estimated sales growth. Moreover, competitors with outdoor cultivation in green houses continues to have difficulties to get products approved by authorities, proving STENOCARE's indoor cultivation strategy successful.

DKK 5.5
per share in a Bull scenario

- Given a discount rate of 18% and a target multiple of P/S 4.5x on estimated sales of DKK 37.2m in 2026 in a Bull scenario, a potential present value per share of DKK 5.5 is derived.

Bear Scenario

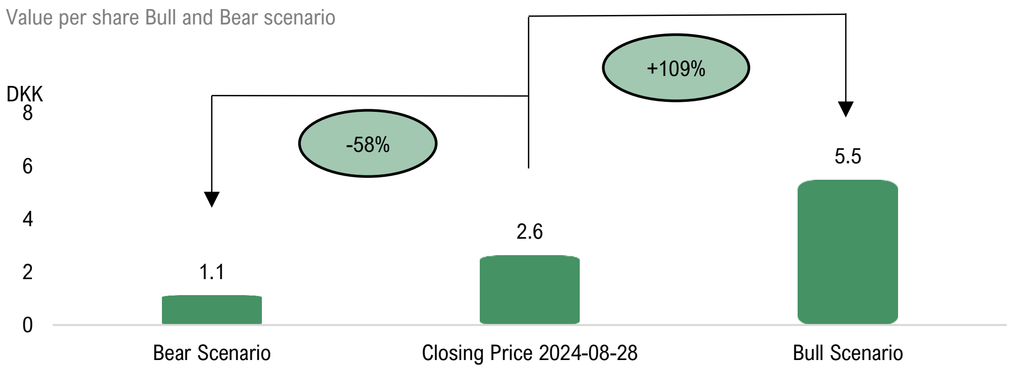
The following is a selection of potential factors in a Bear scenario:

- 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.
- In a Bear scenario, the premium product Astrum oil receives a cooler reception than expected from the industry, leading to a lack of significant sales for the product, which impacts STENOCARE's anticipated future earnings 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 is needed to fund the operations until positive cash flow is reached, which may incur under unfavorable terms in a scenario of a challenging market environment.

DKK 1.1
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 3x is applied on 2026 sales of DKK 11.3m. This, in combination with a discount rate of 18%, results in a potential present value per share of DKK 1.1.

Illustration of Potential Valuation in a Bull and Bear Scenario.



Source: Analyst Group estimates

CEO Interview, Thomas Skovlund Schnegelsberg

You recently published the Q2-report for 2024, could you provide a summary of the quarter for STENOCARE? What are you extra satisfied with and is there anything you could have done better?

Coming into 2024, we had a number of important milestones with potential to drive growth for the year. We are proud to say that we have delivered on these key milestones during first half of 2024: We had two new medical cannabis products approved for sales in Denmark and Australia. Our multi-year investment in the innovative Astrum product reached the stage for commercialization, and we successfully completed the last Warrant Share Issue transaction with 88.3% subscription and reduced our total debt from 6.0 mDKK to 2.8 mDKK.

Leaving Q2, we have therefore further added new important assets to the Company, and the financial health also improved.

During Q2 the new THC/CBD oil product was launched to Danish patients. We know from doctors that this launch has been long awaited by patients. During the summer months we observed that competition from a Magistrel product influenced sales of our new product – due to a higher pricing subsidy for the competing product. We are engaging with the Danish Health Authorities to understand this situation further. Therefore, the Q2 sales ended lower than the same quarter in 2023. We cannot be satisfied with this result, and the entire team is working hard to drive sale across all our markets.

During Q2-24 you launched your new premium medical cannabis oil product, Astrum, which is ready for sales in Australia and Germany. Could you elaborate on the benefits of this product and how it has the potential to impact the industry?

Astrum is based on a patented oil technology, that Stenocare has worldwide exclusivity to use for cannabis products. It improves the bioavailability of the cannabinoids in the patient's blood, where competing medical cannabis oil products offer's lower uptake in the blood. Stenocare is one of very few in the industry with real pharmacokinetic data to document this effect. The potential with Astrum is a better treatment effect, more uniform dosing for patients and higher predictability of dosage delivery into the blood. Compared to competing oil products, the patients can use a lower dosage to gain a similar effect – which can reduce their costs of treatment. Stenocare is currently the only supplier with this innovative oil technology, and we expect this first-mover advantage can support our growth ambitions in the years to come.

On August 20th you updated the guidance for 2024 regarding gross sales and the ambition to reach break-even for the last quarter of 2024, which is no longer realistic with the new sales forecast. How do you reason about your liquidity and capital structure going forward?

During 1H 2024 we made several important transactions to further improve the financial health of the Company. We completed Warrant Share Issues, Directed Share Issues and refinanced our short-term debt from approx. 8 mDKK in January to 2.8 mDKK in June – that is a long-term debt.

The management team has a track record of driving a lead organization and having a razor-sharp focus on the entire cost base. This will continue to during 2H 2024 and onward.

Lastly, what would you like to highlight as particularly interesting for an investor to monitor regarding STENOCARE during the remainder of 2024?

Stenocare has announced that the innovative Astrum product will reach patients during Q4 2024, and this is an important milestone for future growth. First, we will launch in Australia and then Germany is planned to follow at the end of the year. Keeping the updated guidance in mind, the 2H sales is a key focus for the team.

August 28th 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 shares through SC-Founders Holding ApS who holds 4,871,022 (26.3%).*

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 Development manager at Techsage, where Rolf was the inventor and partial patent holder of the IP to the Spinjet (spinjet.com). *Rolf owns shares through SC-Founders Holding ApS who holds 4,871,022 (26.3%).*

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 shares through SC-Founders Holding ApS who holds 4,871,022 (26.3%).*

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 (0.6%) 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%).*

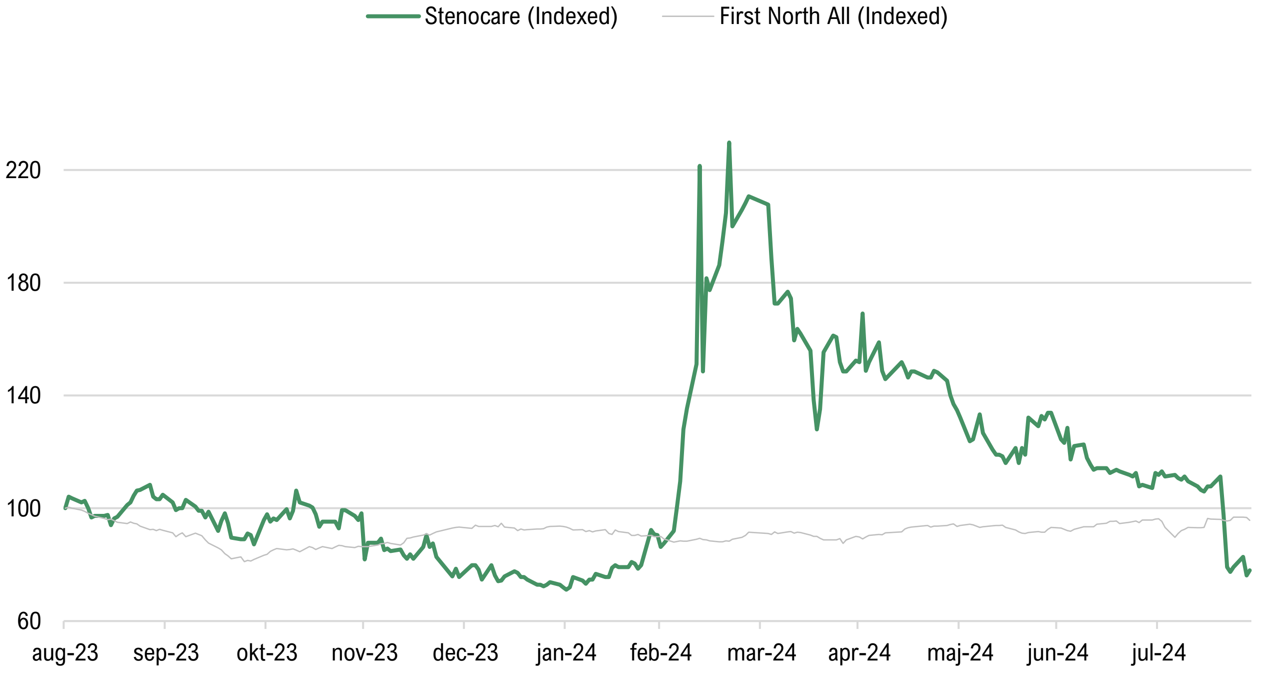
Søren Melsing Frederiksen, Member of the Board

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 (0.5%) 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%)*

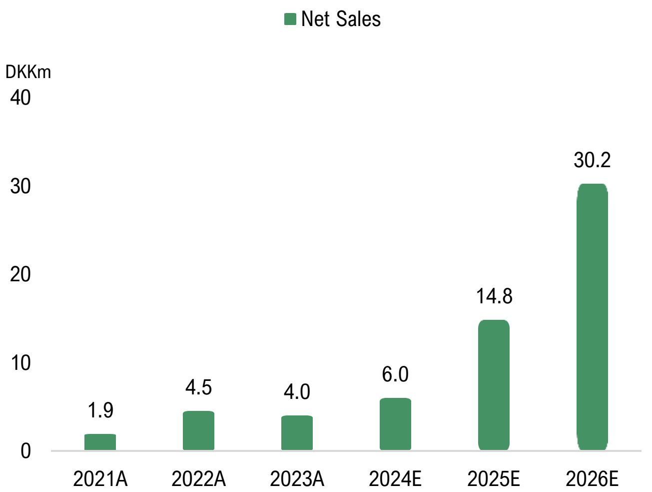
Appendix

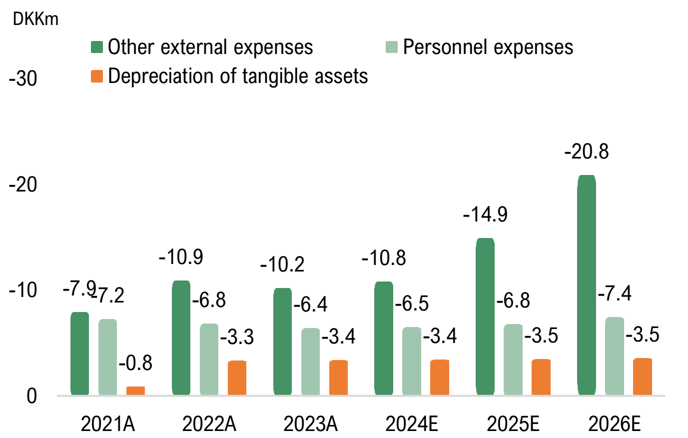


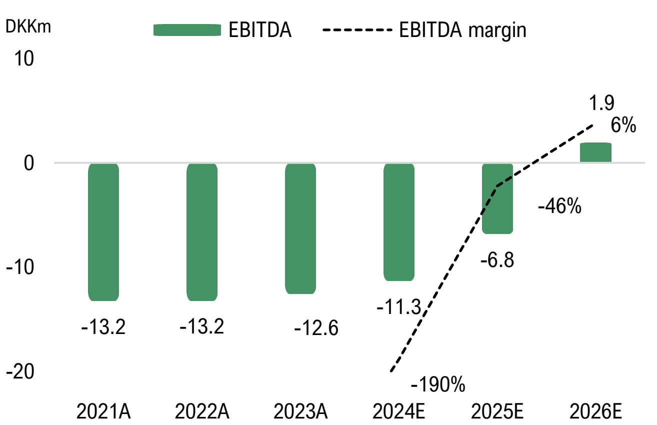
DKKm	2019	2020	2021	2022	2023
Net Sales	4.9	0.2	1.9	4.5	4.0
Other income	11.3	0.0	0.0	0.0	0.0
Total income	**16.2**	**0.2**	**1.9**	**4.5**	**4.0**
Other external expenses	-7.4	-6.2	-7.9	-10.9	-10.2
Personnel expenses	-4.4	-5.8	-7.2	-6.8	-6.4
EBITDA	**4.4**	**-11.8**	**-13.2**	**-13.2**	**-12.6**
EBITDA 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%*

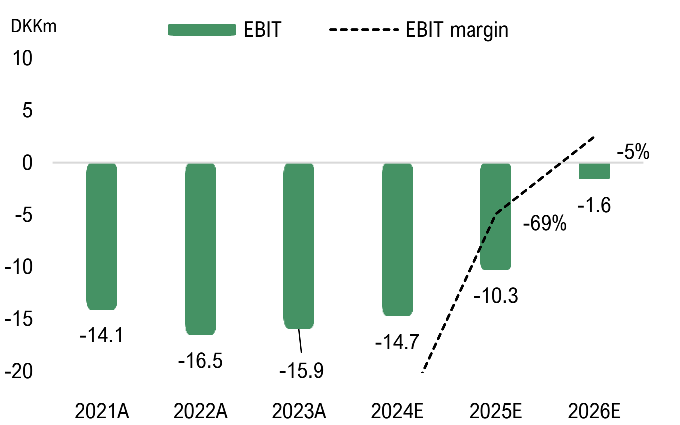
Appendix

Base scenario (DKKm)	2021A	2022A	2023A	2024E	2025E	2026E
Net Sales	1.9	4.5	4.0	6.0	14.8	30.2
Other income	0.0	0.0	0.0	0.0	0.0	0.0
Total income	**1.9**	**4.5**	**4.0**	**6.0**	**14.8**	**30.2**
Other external expenses	-7.9	-10.9	-10.2	-10.8	-14.9	-20.8
Personnel expenses	-7.2	-6.8	-6.4	-6.5	-6.8	-7.4
EBITDA	**-13.2**	**-13.2**	**-12.6**	**-11.3**	**-6.8**	**1.9**
EBITDA margin	*-701%*	*-294%*	*-315%*	*-190%*	*-46%*	*6%*
Depreciation of tangible assets	-0.8	-3.3	-3.4	-3.4	-3.5	-3.5
EBIT	**-14.1**	**-16.5**	**-15.9**	**-14.7**	**-10.3**	**-1.6**
EBIT margin	*-745%*	*-368%*	*-399%*	*-247%*	*-69%*	*-5%*



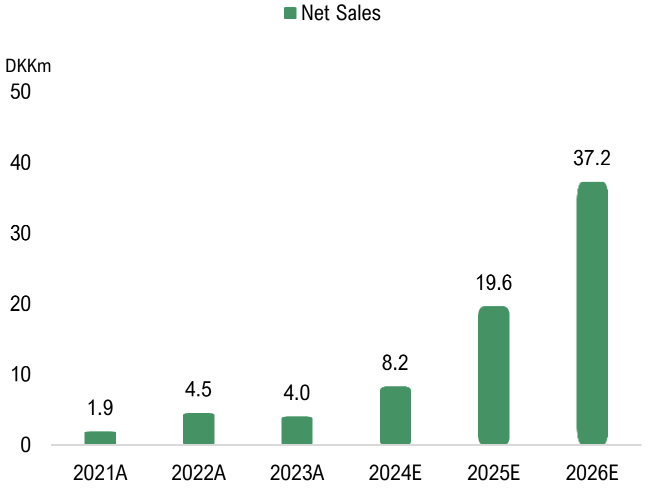


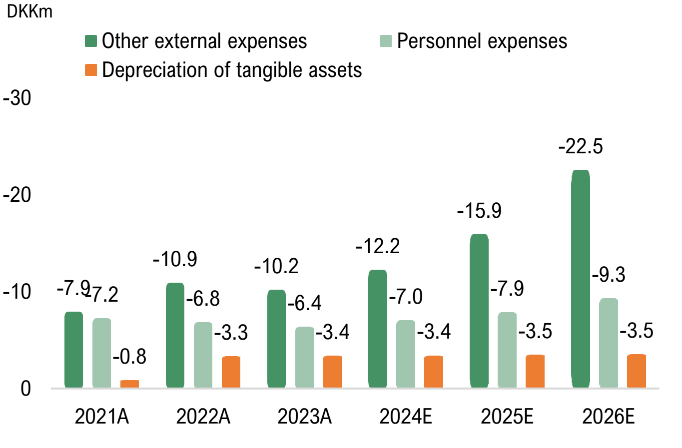


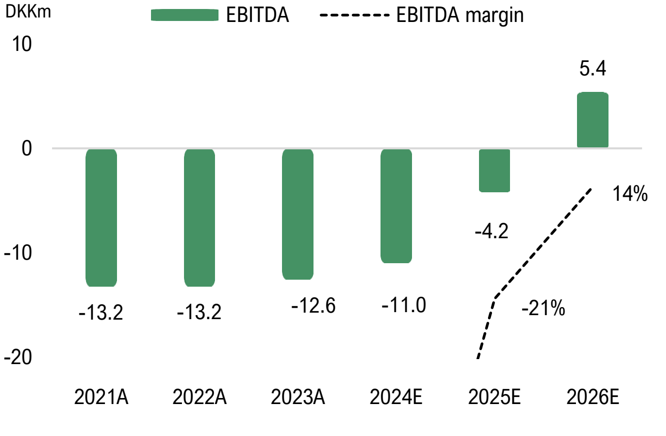


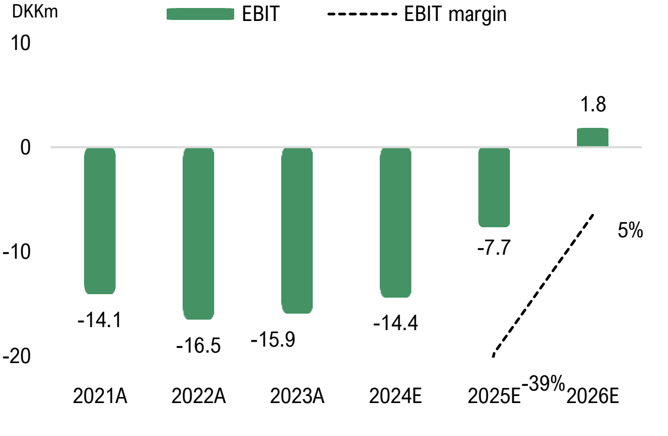
Appendix

Bull scenario (DKKm)	2021A	2022A	2023A	2024E	2025E	2026E
Net Sales	1.9	4.5	4.0	8.2	19.6	37.2
Other income	0.0	0.0	0.0	0.0	0.0	0.0
Total income	**1.9**	**4.5**	**4.0**	**8.2**	**19.6**	**37.2**
Other external expenses	-7.9	-10.9	-10.2	-12.2	-15.9	-22.5
Personnel expenses	-7.2	-6.8	-6.4	-7.0	-7.9	-9.3
EBITDA	**-13.2**	**-13.2**	**-12.6**	**-11.0**	**-4.2**	**5.4**
EBITDA margin	*-701%*	*-294%*	*-315%*	*-133%*	*-21%*	*14%*
Depreciation of tangible assets	-0.8	-3.3	-3.4	-3.4	-3.5	-3.5
EBIT	**-14.1**	**-16.5**	**-15.9**	**-14.4**	**-7.7**	**1.8**
EBIT margin	*-745%*	*-368%*	*-399%*	*-175%*	*-39%*	*5%*



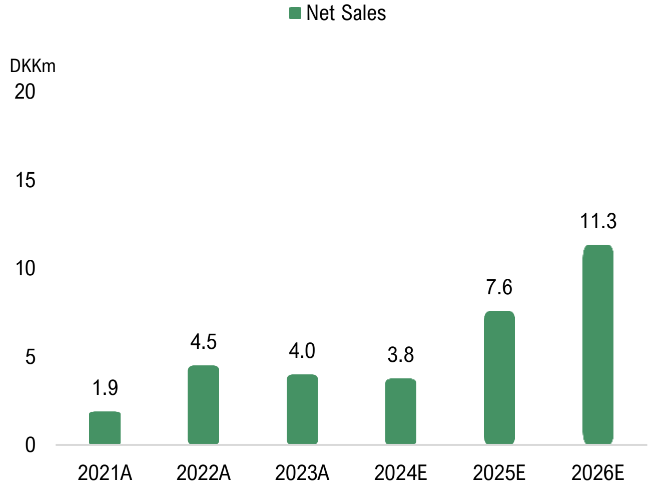


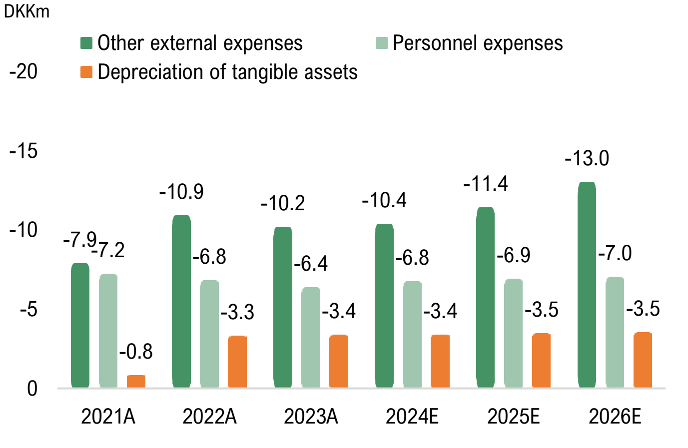


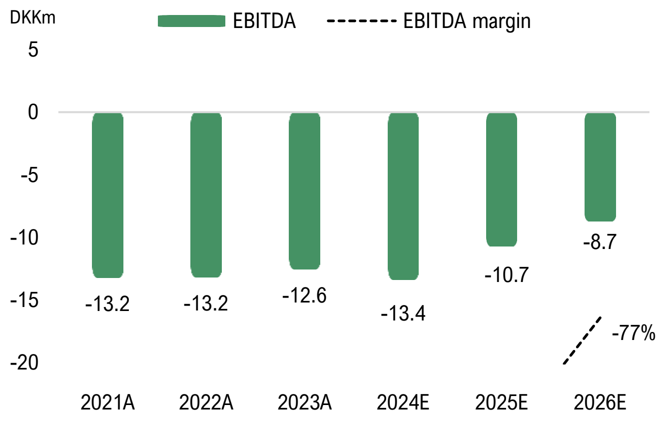


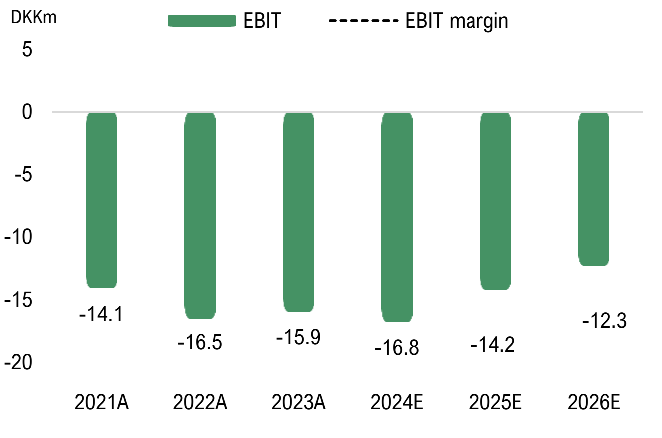
Appendix

Bear scenario (DKKm)	2021A	2022A	2023A	2024E	2025E	2026E
Net Sales	1.9	4.5	4.0	3.8	7.6	11.3
Other income	0.0	0.0	0.0	0.0	0.0	0.0
Total income	**1.9**	**4.5**	**4.0**	**3.8**	**7.6**	**11.3**
Other external expenses	-7.9	-10.9	-10.2	-10.4	-11.4	-13.0
Personnel expenses	-7.2	-6.8	-6.4	-6.8	-6.9	-7.0
EBITDA	**-13.2**	**-13.2**	**-12.6**	**-13.4**	**-10.7**	**-8.7**
EBITDA margin	*-701%*	*-294%*	*-315%*	*-357%*	*-142%*	*-77%*
Depreciation of tangible assets	-0.8	-3.3	-3.4	-3.4	-3.5	-3.5
EBIT	**-14.1**	**-16.5**	**-15.9**	**-16.8**	**-14.2**	**-12.3**
EBIT margin	*-745%*	*-368%*	*-399%*	*-447%*	*-187%*	*-108%*









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Other

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