



STENOOCARE®

Q1 REPORT

January 2019 - March 2019

STENOCARE INTERIM REPORT

In this Interim Report, the following definitions apply, unless stated otherwise: The “Company” or “STENOCARE” refers to STENOCARE A/S with CVR number (Danish corporate registration number) 39024705.

(DKKK)	Q1	
	01.01.2019 31.03.2019	01.01.2018 31.03.2018
Net sales	4,317	0
Operating profit (EBITA)	1,524	-1,016
Net financial items	6	0
Result per share (DKK)	0.13	-0.18
Solidity (%)	91	67

The Company’s result per share: The result for the period divided by the average number of shares. Total number of shares as of 31 March 2019, amounted to 6,784,762 (5,681,818*). Average number of shares for the first quarter 2019 is 6,784,762 (5,681,818*).

Solidity: Equity divided by total capital.

*Adjusted for a reversed split in connection with the IPO.

HIGHLIGHTS DURING THE PERIOD

On February 7, 2019, STENOCARE announced its achievement of delivering more than 2,100 treatments

during September to December 2018 and therefore met and exceeded its stated objective.

March 2019, STENOCARE announced that its products are being used in patient treatments and clinical trials at Rigshospitalet Multiple Sclerosis Center.

March 2019, STENOCARE announced that the Company is awaiting export certificates from the Canadian authorities and is ready to start its own cultivation and production shortly.

HIGHLIGHTS AFTER THE PERIOD

April 2019, the Company announced that its major shareholders plan to nominate Mr. Ian Abramowitz to the Board of Directors, further strengthening its international cannabis expertise.

April 2019, STENOCARE announced that the Company is officially nominated for “IPO of the Year 2018” by Swedish SvD BörsPlus.



COMMENTS BY THOMAS SKOVLUND SCHNEGELSBERG, CEO

Our first fiscal year ended very well. We did not only conduct a significantly oversubscribed new share issue and became the first medical cannabis IPO in Europe, we also managed to achieve all of our set targets for the fiscal year 2017/2018. We have now started a new year and completed the first quarter of 2019. I would therefore like to take this opportunity to comment on some of the most important events during this period and look forward to the coming quarters.

For the first quarter we earned a profit of DKK 1,204,983, which is more than previously estimated. The reason for this is that we have not yet started the operations in our production facility and therefore we don't have the expenses we initially calculated. We have earlier provided guidance that cultivation of cannabis plants in our own Danish production facility was expected during this quarter. However, due to a delay in receipt of the plant seedling export certificate from the Canadian authorities - this milestone is yet to be fulfilled. The timing of when the export certificate will be obtained is out of our control, but all other required preparations and approvals are in place here in Denmark. This means that when the export certificate is received, first stage cultivation will commence as soon as the seedling plants have arrived, which we expect will happen very soon. As earlier communicated in our IPO memorandum, the first stage cultivation will not be part of a commercial production but part of the development process of our own STENOCARE products. Having our own production is an important strategic asset, as very few European markets have legalized local production of medical cannabis and, therefore, depend on imports. Denmark is recognized as a leading agricultural producer, and, due to the very strict requirements for pesticide free and uniform quality in the Danish medical cannabis regulations, we expect to have a competitive advantage when entering new European markets.

Another important event is the ongoing clinical trials with our products at Rigshospitalet Multiple Sclerosis Center. The aim is to capture clinical data from patients and to seek to understand the aspects around dosage and effect, which is in line with one of the many objectives of the Danish Programme for medical cannabis. According to the Danish Ministry of Health, more than 1,400 patients have been treated with medical cannabis during the last 14 months – which is a higher number than expected by the Ministry. As the number of treatments with medical cannabis increases, it is important that leading institutions like Rigshospitalet actively leverage the Danish Programme for medical cannabis. With their expertise and resources, they are vital for trial of this new type of treatment and for gathering knowledge of the effects with patients.

As we prepare for our international growth, we are pleased to have an experienced new member as a candidate for the Board of Directors. Mr Ian Abramowitz has had an instrumental role in the growth of CannTrust Inc. as a leading Canadian Licensed producer of medical cannabis.

We can also proudly announce that we are nominated for the IPO guide's annual prize in the category "IPO of the year". The IPO guide is part of the Swedish news site "SvD Borsplus" that made an analysis of our public new issue in connection with the listing on Spotlight Stock Market. The winner will be announced on May 22nd, 2019 in Stockholm.

We are now looking forward to an exciting new quarter and are eager to commence the first stage cultivation at the facility in Denmark and to start exploring international markets.

Thomas Skovlund Schnegelsberg,
CEO STENOCARE A/S



ABOUT STENOCARE A/S

On January 1st, 2018, medical cannabis was legalized in Denmark under a four-year trial-programme (“the Programme”), enabling all Danish physicians to prescribe cannabis for medical use. This Programme also allows vendors that have been licensed by the Danish Medicines Agency (DMA) to cultivate, produce, import and distribute medical cannabis.

STENOCARE was the first company in the Danish market that received approval from the Danish Medicines Agency to cultivate and produce medical cannabis as well as import and distribute approved medical cannabis oil products for further sale.

STENOCARE has created a leadership role in Denmark through its ability to secure approvals from the Danish Medicines Agency. The Company’s business operations include the distribution and sales of imported products to the Danish market and will also include local cultivation and production of its own medical cannabis products. STENOCARE is well positioned to become a market leader in Denmark and a significant vendor in Europe.

The products

From September 2018, STENOCARE provides three medical cannabis oil products, which contain three different types or combinations of cannabis oils. It is the individual physician who decides which of the products a patient is to be treated with. The products, **CBD Drops STENOCARE**, **THC Drops STENOCARE** and **1:1 Drops STENOCARE**, are imported from the Company’s strategic partner CannTrust in Canada. STENOCARE has established distribution agreements with Denmark’s two leading distributors, Nomeco A/S and Tjellesen Max Jenne A/S, whereby the Company has secured a distribution channel to all pharmacies and hospitals in Denmark.

STENOCARE has decided to supplement its existing portfolio of imported products with three additional, capsule based medical cannabis products. The capsule product is a new category that will offer the patients an

optional dosage form in their treatment with medical cannabis. Subject to approval from the DMA, the capsules will also be imported from CannTrust.

The existing oil-based products are fully compliant with the strict Danish quality and regulatory requirements and this will also apply to the new capsule products. The application was submitted to the DMA in December 2018. STENOCARE seeks to be ready with the first shipment during late summer 2019.

It is STENOCARE’s ambition to expand its existing business with local manufacturing of medical cannabis in addition to distribution and sales of imported products. STENOCARE intends to start selling the self-produced products when they have been approved by the DMA for the Danish Medicine List. Having its own production capacity will enable STENOCARE to meet supply demand in a market with potential capacity constraints, and also serve the European patients with its own products.

Target groups

There is a total of about 40+ indications in which medical cannabis may potentially show results in terms of efficacy. STENOCARE’s initial target groups are patients with treatment indications recommended by the authorities, which include multiple sclerosis, chronic pain, spinal cord injury, and nausea and vomiting as a result of cytotoxic drugs/chemotherapy treatment for various cancerous diseases. However, all types of illnesses are covered by the Danish legalization – as all physicians have the authorization to prescribe medical cannabis to all their patients and to all types of illnesses.



Market potential

The industry for medical cannabis is a new market in Denmark and Europe. Canada, with its 36 million population, is a frontrunner that has seen a growth from 4,000 to 330,000 medical cannabis patients during 2014-2018. This is equal to a market value (i.e. aggregate annual revenue) growth from DKK 50 million to DKK 6 billion in just four years, and the Canadian market is projected to reach DKK 11 billion in 2021. The Danish and European medical cannabis industries are, with a combined population of approximately 741 million people in Europe, at the very start of a high potential growth similar to, for example, Canada.

The executive management team estimates that the patient groups in Denmark have a potential market size

of approximately DKK 1 billion in 2021 and it is the Company's objective to take a significant market share initially – as it is currently the sole supplier of medical cannabis oil products at scale.

STENOCARE intends to start cultivating its own medical cannabis and then identify which international markets will be the focus of sales of self-produced products. Currently, eleven EU countries have legalized treatment with medical cannabis and the market is estimated to amount to approximately DKK 30 billion in 2022. Denmark is currently one of the few European countries to legalize cultivation of medical cannabis, in addition to imports. The strict Danish requirements for product quality and pesticide-free production will constitute a competitive advantage for Danish manufacturers such as STENOCARE in global markets.



ABOUT THE INTERIM REPORT

STENOCARE was formed in October 2017 but has only conducted business during 2018 and 2019. STENOCARE is not part of a group and does not have any subsidiaries. Therefore, the financial overview in this interim report applies exclusively to STENOCARE A/S, with CVR number 39024705. Amount within brackets corresponds to comparable period in the previous year.

Auditor's review

The interim report has not been reviewed by the Company's auditor.

Turnover and operating results

Net sales for the period amounted to DKK 4,316,711 (0). Net sales increased by 43 percent compared to net sales in Q4 2018, when the Company commenced sales. Operating profit amounted to DKK 1,524,424 (-1,015,979). The operating profit is better than previously expected, since STENOCARE has not yet started the operations in its production facility and therefore doesn't have the expenses initially calculated.

Balance sheet and equity ratio

Total assets amounted to DKK 23,805,495 (1,479,139) and consisted primarily of current asset comprising mainly accounts receivables from sales and Cash at bank.

Shareholders equity amounted to DKK 21,677,171 (984,021) and liabilities of DKK 2,128,325 (495,118). The Company has no long-term liabilities.

Cash flow and investments

Cash flow from operating activities before financial items amounted to DKK -231,058 (-520,861) and was mainly affected by the profit for the period and increase in working capital mainly accounts receivables. Cash flow from financing activities amounted to DKK 0 (2,000,000). Cash flow for the period amounted to DKK -738,706 (1,452,254).

The share

The shares of STENOCARE A/S were listed on Spotlight Stock Market October 26th, 2018. The short name/ticker is STENO and the ISIN code is DK0061078425.

On March 31st, 2019, the number of shares was 8,897,762 (5,681,818*). Every stock share equals the same rights to The Company's assets and results.

**Adjusted for a reversed split in connection with the IPO.*

Warrants

The Board of Directors of STENOCARE has issued a warrant program to Gemstone Capital ApS. The warrant program gives Gemstone Capital the right to a total of 88,977 shares, equivalent to 1 percent of the total number of shares in the Company after the listing on Spotlight Stock Market. Each warrant entitles Gemstone Capital the right to subscribe for one new share in the Company at a subscription price of DKK 8.80. Gemstone Capital has exercised 45,000 warrants at the agreed subscription price of DKK 8.80 per share. Thus, Gemstone Capital has acquired 45,000 shares in STENOCARE, corresponding to DKK 396,000. At the date of this interim report, Gemstone Capital ApS has 43,977 remaining warrants that can be exercised anytime over a five-year period from the first day of trading on Spotlight Stock Market, i.e. October 26th, 2018.

Shareholders

The table below presents the current shareholders with more than 5 percent of the votes and capital in STENOCARE after the conducted IPO.

Name	Number of shares	Proportion of votes and capital (%)
CannTrust Inc.	1,693,182	19.03
Steno Investment IVS	1,502,841	16.89
Prana Holding ApS	1,335,228	15.01
MS Kjær Holding ApS	1,289,773	14.50
Others	3,076,038	34.57
Total	8,897,762	100.00

Financial calendar

Annual General Meeting:	16.05.2019
January – June 2019 (Q2):	20.08.2019
January – September 2019 (Q3):	06.11.2019
Year End report 2019:	26.02.2020

Accounting policy

The interim accounts have been prepared in accordance with the provisions of the Danish Annual Accounts Act (Årsregnskabsloven) for accounting class C.

Operational risks and uncertainties

The risks and uncertainties that STENOCARE operations are exposed to are summary related to factors such as development, competition, permissions, capital requirements, customers, suppliers/manufacturers, currencies and interest rates. During the current period, no significant changes in risk factors or uncertainties have occurred. For more detailed description of risks and uncertainties, refer to the memorandum published in October 2018.

The documents are available on STENOCARE's website (www.stenocare.dk/investor/EN).

Submission of interim report

Allerød, May 7, 2019
STENOCARE A/S
The Board of Directors

For further information, please contact

Thomas Skovlund Schnegelsberg, CEO
Phone: +45 31770060
E-mail: presse@stenocare.com
Website: www.stenocare.com

INCOME STATEMENT

DKK	01.01.2019 31.03.2019 3 months	01.01.2018 31.03.2018 3 months	19.10.2017 31.12.2018 Approx. 14 months
Net sales	4,316,711	0	4,144,813
Other external expenses	-1,911,024	-592,229	-5,269,875
Personnel expenses	-880,211	-423,750	-2,465,996
Depreciation of tangible assets	-1,052	0	-1,403
Operating profit (EBITA)	1,524,424	-1,015,979	-3,592,461
Financial expenses	5,559	0	-12,571
Total financial items	5,559	0	-12,571
Profit/loss for the period	1,529,983	-1,015,979	-3,605,032
Tax on profit for the period	-325,000	0	328,739
Net result for the period	1,204,983	-1,015,979	-3,276,293

BALANCE SHEET

DKK	31.03.2019	31.03.2018	31.12.2018
<i>Assets</i>			
Furnishing for rented premises	18,588	20,885	19,641
Furniture and equipment	40,149	0	0
Total tangible assets	58,737	20,885	19,641
Deposits	473,500	6,000	6,000
Total financial assets	473,500	6,000	6,000
Total fixed assets	532,237	26,885	25,641
Inventories	266,749	0	84,222
Total Inventories	266,749	0	84,222
Deferred tax asset	3,739	0	328,739
Accounts receivable	5,395,889	0	3,049,633
Other receivables	197,439	0	0
Prepayments	1,164	0	75,346
Total receivables	5,598,231	0	3,453,718
Cash at bank	17,408,278	1,452,254	18,146,984
Total current assets	23,273,258	1,452,254	21,684,924
TOTAL ASSETS	23,805,495	1,479,139	21,710,565
<i>Liabilities and equity</i>			
Equity			
Share capital	715,421	500,000	715,421
Share premium account	23,033,060	1,500,000	23,033,060
Retained earnings	-2,071,310	-1,015,979	-3,276,293
Total equity	21,677,171	984,021	20,472,188
Short-term liabilities			
Accounts payable	1,252,626	688,607	602,895
Other payables	875,698	-193,489	635,482
Total short-term liabilities	2,128,324	495,118	1,238,377
TOTAL EQUITY AND LIABILITIES	23,805,495	1,479,139	21,710,565

CHANGE OF EQUITY

DKK	01.01.2019 31.03.2019 3 months	01.01.2018 31.03.2018 3 months	01.01.2018 31.12.2018 Approx. 14 months
Equity at start of the period	20,472,188	0	2,000,000
Share issues	0	2,000,000	22,989,481
Cost of share issue	0	0	-1,241,000
Net result for the period	1,204,983	-1,015,979	-3,276,293
Equity at end of the period	21,677,171	984,021	20,472,188

CASH FLOW STATEMENT

DKK	01.01.2019 31.03.2019 3 months	01.01.2018 31.03.2018 3 months	01.01.2018 31.12.2018 Approx. 14 months
Profit/loss for the period	1,204,983	-1,015,979	-3,276,293
Adjustments	320,493	0	-314,765
Change in working capital	-1,762,093	495,118	-1,970,824
Cash flow from operating activities before financial items	-236,617	-520,861	-5,561,882
Paid financial expenses	5,559	0	-12,571
Cash flow from operating activities	-231,058	-520,861	-5,574,453
Purchases of financial fixed assets	-467,500	-6,000	-6,000
Purchases of tangible fixed assets	-40,148	-20,885	-21,044
Cash flow from investing activities	-507,648	-26,885	-27,044
Share issue (net after cost)	0	2,000,000	23,748,481
Cash flow from financing activities	0	2,000,000	23,748,481
Cash flow for the period	-738,706	1,452,254	18,146,984
Cash at the start of the period	18,146,984	0	0
Cash at the end of the period	17,408,278	1,452,254	18,146,984