



INTERIM REPORT

October 2017 – September 2018

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. “Spotlight” refers to Spotlight Stock Market, Swedish organisation number 556736-8195. The Company’s first fiscal year has been extended to 2017-10-19 – 2018-12-31. The Company’s fiscal year will hereafter be between the 1st of January until the 31st of December. Due to the formation of the Company in October 2017, no comparative accounts are available.

(DKKK)	Q4 2018-07-01 2018-09-30	11 months 2017-10-19 2018-09-30
Net sales	1,124	1,124
Operating profit (EBITA)	-348	-2,333
Net financial items	0	-2
Result per share (DKK)	-0.04	-0.30
Solidity	79 %	79 %

The Company’s result per share: The result for the period divided by the average number of shares. Total number of shares as of September 30, 2018, amounted to 6,784,762. Average number of shares for the fourth quarter is 6,784,758 and the average number of shares for the first eleven months is 6,327,985. After the period, a new issue has been completed which increased the number of shares in STENOCARE to 8,897,762.

Solidity: Equity divided by total capital.

HIGHLIGHTS DURING THE PERIOD

On July 2, 2018, the Company announced that its three imported products were approved and included on the Danish Medicines Agency’s List of admitted medicinal products.

In September 2018, STENOCARE received its first order of medical cannabis oil products and shipped the products to the Danish distributors.

On September 21, 2018, STENOCARE announced that the Company has been approved for listing on Spotlight Stock Market.

On September 24, 2018, the subscription period in STENOCARE’s new share issue began.

HIGHLIGHTS AFTER THE PERIOD

On October 12, 2018 STENOCARE announced that the Company’s new share issue of approx. DKK 18.6 million was oversubscribed. STENOCARE received subscriptions for a total of approx. DKK 402 million, including subscription commitments, corresponding to a total subscription ratio of approx. 2,161 percent.

On October 26, 2018 the trading in STENOCARE’s shares started on Spotlight Stock Market.

On October 29, 2018 STENOCARE announced that Gemstone Capital ApS decided to exercise 45,000 warrants under the warrant program.

On November 9, 2018, the Company announced a decision on applying for approval of new capsule based medical cannabis products to the Danish Medicines Agency (“DMA”).

COMMENTS BY THOMAS SKOVLUND SCHNEGELSBERG, CEO

Just over a month ago, our first day of trading started at Spotlight Stock Market. This is our first interim report as a public and listed company and I would like to take the opportunity to comment on some of the highlights that have happened these recent months.

STENOCARE was founded with a clear and simple vision of creating a better quality of life for patients through the use of medical cannabis as an alternative or a supplement to traditional medicine. We have created a leadership role in Denmark through our ability to secure approvals from the Danish Medicines Agency, and compared to our 30+ competitors, we have completed many vital milestones in our path towards helping patients having a better quality of life. One of these milestones was receiving our first delivery of medical cannabis oils from our strategic partner CannTrust in Canada in September. This was an historic milestone for STENOCARE, as the Danish quality requirements for safe and uniform products are some of the strictest in the world. Thanks to CannTrust's consistent quality and standardized products, we were the first in Denmark to have medical cannabis oil products approved for the market, and we are thrilled to be able to provide Danish physicians the option to prescribe medical cannabis and patients with another therapeutic solution. The delivery from Canada was quickly sent to our distributors Tjellesen Max Jenne and Nomeco and is now available at all pharmacies and hospitals in Denmark. The three STENOCARE medical cannabis oil products are now being used daily by Danish patients in treatment of their illness and making a difference for their quality of life.

STENOCARE has actively been providing insight to the ongoing evolution of the Danish four-year trial program. We did this for the new laws passed July 1, 2018 – and have also shared our input for the current Parliamentary work to define the future pesticide regulation for imported products. Our objective is patient safety and making the trial program successful.

At the end of September, the subscription period in our new share issue was launched prior to listing on Spotlight Stock Market, which also became the first IPO within the area of medical cannabis in Europe. We are still overwhelmed and incredibly grateful for the great interest that was shown for our new share issue. The proceeds that we received will be used exclusively to develop our ability to make a real difference in this new and important market. The next step is to begin the establishment of a production facility in our existing premises in Jutland.

On Friday October 26th, we were introduced as a publicly traded company when trading opened on Spotlight Stock Market. The listing has indeed put STENOCARE and medical cannabis in the spotlight and I would like to extend my gratitude to all those parties who, in one way or another, have been involved and made this all possible.

This interim report is also our first opportunity to send our gratitude to all of you who have chosen to follow our journey. We have an exciting road ahead of us and we are now a few steps closer to realizing our vision of improving the quality of life. We are energized by all the achievements we have made so far and our new chapter as a public company.

Thomas Skovlund Schnegelsberg,
CEO STENOCARE A/S



ABOUT STENOCARE A/S

On January 1, 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 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.

The Company's strategy has two pillars that are equally important for the future success. The first pillar is to be a first mover of imported finished products and supplying medical cannabis oil to Danish patients during 2018. The second pillar is to establish a cultivation and production facility in Denmark. STENOCARE will control the entire value chain from seed to sales and being able to serve the Danish and European market with own products.

STENOCARE has successfully executed the first pillar by supplying medical cannabis oil to the Danish market during September 2018. The products, **CBD Drops STENOCARE**, **THC Drops STENOCARE** and **1:1 Drops STENOCARE**, are imported from the Company's strategic partner CannTrust Inc. in Canada. Following the introduction on the Spotlight Stock Market in October 2018, STENOCARE will start executing the second pillar to develop a separate production facility for the cultivation and production of medical cannabis at the Company's premises in Jutland/Denmark. STENOCARE intends to start selling the self-produced products when they have been approved by the DMA for the Danish Medicine List, which means that in the future the Company's product range will be complemented by the release of locally manufactured medical cannabis. 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 high-quality products.



TARGET GROUP

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 patients¹ 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 2021². 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.

It is STENOCARE's ambition to provide medical cannabis to the initial patient groups of approximately 50,000 people during Q4 2018, corresponding to STENOCARE supplying approximately 2,100 treatments. The executive

management team estimates that the patient groups in Denmark have a potential market size of approximately DKK 1 billion in 2021³ and it is the Company's objective is 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 in Q1 2019 and then during 2019 identify which European 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 2022⁴. 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.



¹ <https://www.statista.com/statistics/603356/canadian-medical-marijuana-clients-registered-by-quarter/>

² <https://www.statista.com/statistics/587568/estimated-medical-marijuana-market-size-canada/>

³ STENOCARE's own calculation from Canadian numbers

⁴ STENOCARE calculated extrapolation from German market data and future projection. <https://www.fool.com/investing/2018/08/05/5-biggest-international-marijuana-markets-and-the.aspx>

ABOUT THE INTERIM REPORT

STENOCARE was formed in October 2017. 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. The Company's first fiscal year has been extended to 2017-10-19 – 2018-12-31. The Company's fiscal year will hereafter be between the 1st of January until the 31st of December. Due to the formation of the Company in October 2017, no comparative accounts are available.

AUDITOR'S REVIEW

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

TURNOVER AND OPERATING RESULTS

Net sales for the period 2018-07-01 – 2018-09-30 amounted to DKK 1,124,404. Other external expenses include cost of goods sold, professional fees, marketing, website and rent of premises. Operating profit amounted to a loss of DKK 348,985.

BALANCE SHEET AND EQUITY RATIO

Total assets amounted to DKK 4,751,317 and consisted primarily of current asset comprising mainly accounts receivables from sales and Cash at bank.

Shareholders equity amounted to DKK 3,740,439 and liabilities of DKK 1,010,878. Equity includes capital increase in July of DKK 3,667,100 net after costs. The Company has no long-term liabilities.

CASH FLOW AND INVESTMENTS

Cash flow from operating activities before financial items amounted to DKK -1,282,639 and was mainly affected by the negative result for the period DKK -272,169 and the change in working capital DKK -934,756 mainly due to the increase in accounts receivables as the first sales of products was made in September. Cash flow from financing activities was affected exclusively from the new share issue in July 2018. Cash flow for the period amounted to DKK 2,384,302.

THE SHARE

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

Per September 30, 2018, the number of shares was 6,784,762. Under the expiration of the period, a new issue has been completed which increased the number of shares in STENOCARE to 8,897,762. Every stock share equals the same rights to The Company's assets and results.

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. the 26th of October 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 CALENDER

Year End report 2017/2018:	2019-02-21
Annual Report 2017/2018:	2019-04-30
January – March 2019 (Q1):	2019-05-07
January – June 2019 (Q2):	2019-08-20
January – September 2019 (Q3):	2019-11-06
Year End report 2019:	2020-02-26

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.com).

SUBMISSION OF INTERIM REPORT

Allerød, November 21, 2018
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	2018-07-01 2018-09-30 3 months	2017-10-19 2018-09-30 Approx. 11 months	2017-10-19 2018-06-30 Approx. 8 months (Aud.)
Net sales	1,124,404	1,124,404	0
Other external expenses	-895,850	-2,073,627	-1,177,777
Personnel expenses	-576,487	-1,381,237	-804,750
Depreciation of tangible assets	-1,052	-2,646	-1,594
Operating profit (EBITA)	-348,985	-2,333,106	-1,984,121
Financial expenses	50	-2,039	-2,089
Total financial items	50	-2,039	-2,089
Profit/loss for the period	-348,935	-2,335,145	-1,986,210
Tax on profit for the period	76,766	408,484	331,718
Net result for the period	-272,169	-1,926,661	-1,654,492

BALANCE SHEET

DKK	2018-09-30	2018-06-30 (Aud.)
<i>Assets</i>		
Furnishing for rented premises	18,398	19,291
Total tangible assets	18,398	19,291
Deposits	6,000	6,000
Total financial assets	6,000	6,000
Total fixed assets	24,398	25,291
Inventories	253,843	0
Total Inventories	253,843	0
Deferred tax asset	408,484	331,718
Accounts receivable	1,405,504	0
Other receivables	63,729	227,496
Prepayments	7,919	6,589
Total receivables	1,885,636	565,803
Cash at bank	2,587,440	203,138
Total current assets	4,726,919	768,941
TOTAL ASSETS	4,751,317	794,232
<i>Liabilities and equity</i>		
Equity		
Share capital	542,781	500,000
Share premium account	5,124,319	1,500,000
Retained earnings	-1,926,661	-1,654,492
Total equity	3,740,439	345,508
Short-term liabilities		
Accounts payable	925,506	360,713
Other payables	85,372	88,011
Total short-term liabilities	1,010,878	448,724
TOTAL EQUITY AND LIABILITIES	4,751,317	794,232

CHANGE OF EQUITY

DKK	2018-07-01 2018-09-30 3 months	2017-10-19 2018-09-30 Approx. 11 months	2017-10-19 2018-06-30 Approx. 8 months. (Aud.)
Equity at start of the period	345,508	2,000,000	2,000,000
Share issues	4,000,000	4,000,000	0
Cost of share issue	-332,900	-332,900	0
Net result for the period	-272,169	-1,926,661	-1,654,492
Equity at the end of the period	3,740,439	3,740,439	345,508

CASH FLOW STATEMENT

DKK	2018-07-01 2018-09-30 3 months	2017-10-19 2018-09-30 Approx. 11 months	2017-10-19 2018-06-30 Approx. 8 months. (Aud.)
Profit/loss for the period	-272,169	-1,853,423	-1,654,492
Adjustments	-75,764	-477,037	-328,035
Change in working capital	-934,756	-720,117	214,639
Cash flow from operating activities before financial items	-1,282,689	-3,050,577	-1,767,888
Paid financial expenses	50	-2,039	-2,089
Cash flow from operating activities	-1,282,639	-3,052,616	-1,769,977
Purchases of financial fixed assets	0	-6,000	-6,000
Purchases of tangible fixed assets	-159	-21,044	-20,885
Cash flow from investing activities	-159	-27,044	-26,885
Share issue (net after cost)	3,667,100	5,667,100	2,000,000
Cash flow from financing activities	3,667,100	5,667,100	2,000,000
Cash flow for the period	2,384,302	2,587,440	203,138
Cash at the start of the period	203,138	0	0
Cash at the end of the period	2,587,440	2,587,440	203,138