



YEAR END REPORT

2017 – 2018

STENOCARE YEAR-END REPORT

In this year-end 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. 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.

(DKK)	Q5 2018-10-01 2018-12-31	Approx. 14 months 2017-10-19 2018-12-31
Net sales	3,020	4,145
Operating profit (EBITA)	-1,259	-3,592
Net financial items	-11	-13
Result per share (DKK)	-0.16	-0.47
Solidity (%)	94	94

The Company's result per share: The result for the period divided by the average number of shares. Total number of shares as of December 31, 2018, amounted to 8,942,762. Average number of shares for the fifth quarter is 8,208,429 and the average number of shares for the first fourteen months is 6,976,054.

Solidity: Equity divided by total capital.

HIGHLIGHTS DURING 2017/2018

In December 2017, the Company was in the first wave of approved Licensed Producers by the Danish Medicine Agency.

In May 2018, the Company became the first to have all licenses from the Danish Medicines Agency to cultivate, produce, import, repackage and distribute medical cannabis in Denmark.

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.

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 to offer patients more choice in their treatment.

On November 30, 2018, STENOCARE received the second batch of medical cannabis and meets its stated objective for Q4 2018.

On December 10, 2018, the Company submitted the application for approval of three additional medical cannabis products to the Danish Medicines Agency. This application is still pending approval from the Agency.

HIGHLIGHTS AFTER THE END OF 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.

COMMENTS BY THOMAS SKOVLUND SCHNEGELSBERG, CEO

This report will be the second I comment on since STENOCARE became a public company and was listed on Spotlight Stock Market. If the previous quarter offered many intense moments, this closing quarter of 2018 has been somewhat calmer although equally important for our progression.

In November, we announced that we had received the second batch of medical cannabis, which we import from our strategic partner CannTrust Inc. We are currently the only supplier of medical cannabis oils in the Danish four-year trial-programme and the demand for our products has so far been very positive. In order to always have products available to our customers, we continuously monitor the Danish market and sales among our distribution channels. I am proud to say that we have delivered 2,200 bottles since we imported our first batch in September 2018 and thereby exceeded our goal of delivering 2,100 treatments to the Danish market. Also, with the second delivery of medical cannabis we met our communicated goal of having imported the second batch during Q4 2018. Based on our monitoring of the market, we will also be able to meet the entire demand from all Danish patients.

During this quarter, we also decided to expand our existing product portfolio with three additional, capsule based, products and submitted the application to the Danish Medicines Agency. These medical cannabis capsules are a new, alternative product category that we hope to offer Danish patients at the end of the summer/early autumn of 2019, depending on the Danish Medicines Agency's approach to the application. Together with CannTrust Inc. and our continuous market surveillance, we have identified cannabis oil as the most common and requested form of medical cannabis products. Lately, we have also seen an increasing demand for capsules, that some patient groups will find easier and more comfortable to manage. It is important for us to be able to offer both physicians and patients a selection of dosage forms, which we continuously evaluate. Subject to approval from DMA, the capsules will be imported from

CannTrust Inc. 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.

In November 2018, we also announced that the project plan for building our own production facility is progressing in accordance with the established timeline. A production facility will further enable us to meet a growing demand in a global market of scarce production capacity, and also become a recognized supplier to the European markets that have no or limited production capacity. The production model that we are applying will be tailored to our strategy and needs together with CannTrust Inc. and is based on their proven formula for consistency, quality, uniformity and strength of the finished products.

Financially, we realised an operating result before financial items for the fiscal year 2017/2018, in line with expectations, at DKK -3,6 million including costs related to the IPO of approx. DKK 2 million.

We are now looking forward to an exciting 2019. I am positive that it will bring many important events towards our vision of improving the quality of life for many more patients.

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. 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. In November 2018, STENOCARE took a decision to expand its existing product portfolio with three additional, capsule based products. The application was submitted to the Danish Medicines Agency in December 2018.

Following the introduction on 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.

The executive management team estimates that the patient groups in Denmark have a potential market size of approximately DKK 1 billion in 2021³ and 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 YEAR-END 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 year-end 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. STENOCARE's has only conducted business since 2018. Thus, the financials for the period 2018-01-01 – 2018-12-31 are the same as for the period 2017-10-19 – 2018-12-31.

AUDITOR'S REVIEW

The year-end report has not been reviewed by the Company's auditor.

TURNOVER AND OPERATING RESULTS

Net sales for the fifth quarter 2018 amounted to DKK 3,020,409 and net sales for the fiscal year 2017/2018 amounted to DKK 4,144,813. Total bottles sold in the fiscal year 2017/2018 was 2,200 bottles, exceeding expectations of 2,100 bottles. Operating profit for the fifth quarter 2018 amounted to DKK -1,259,356 and includes costs related to the IPO of DKK 1,591,230. Operating profit for the fiscal year 2017/2018 amounted to DKK -3,592,461 and includes costs related to the IPO of DKK 1,981,230.

BALANCE SHEET AND EQUITY RATIO

Total assets amounted to DKK 21,710,565. Assets includes DKK 18,146,984 Cash at bank from the IPO to be allocated to building the production facility.

Shareholders equity amounted to DKK 20,472,188 and liabilities to DKK 1,238,376. Equity increased in fifth quarter with DKK 18,081,381 from the IPO. The Company has no long-term liabilities.

CASH FLOW AND INVESTMENTS

Cash flow from operating activities before financial items during the fifth quarter amounted to DKK -2,511,305. Cash flow from operating activities before financial items during the fiscal year 2017/2018 amounted to DKK -5,561,882. Cash flow from operating activities before financial items is influenced by an increase in change in working capital of DKK 1,250,706 for the fifth quarter and DKK 1,970,824 for the fiscal year 2017/2018. Cash flow from financing activities was affected exclusively from the new share issue in October 2018. Cash flow for the fifth

quarter amounted to DKK 15,559,544 and cash flow for the fiscal year 2017/2018 amounted to DKK 18,146,984.

THE SHARE

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

The total number of shares as of December 31, 2018, amounted to 8,942,762. 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 year-end 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.

PROPOSED APPROPRIATION OF STENOCARE'S PROFIT OR LOSS

The Board of Directors and the CEO propose that no dividend shall be paid for the financial year 2017-10-19 – 2018-12-31.

ANNUAL GENERAL MEETING AND ANNUAL REPORT 2018

The Annual General Meeting of STENOCARE will be held in Copenhagen, Denmark on May 16 at 2:00 p.m.

The annual report will be available at STENOCARE's website <https://stenocare.dk/investor/EN> from April 30, 2019.

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	18.93
Steno Investment IVS	1,502,841	16.81
Prana Holding ApS	1,335,228	14.93
MS Kjær Holding ApS	1,289,773	14.42
Others	3,121,738	34.91
Total	8,942,762	100.00

FINANCIAL CALENDER

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 YEAR-END REPORT

Allerød, February 21, 2019
STENOCARE A/S
The Board of Directors

FOR FURTHER INFORMATION, PLEASE CONTACT

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INCOME STATEMENT

DKK	2018-10-01 2018-12-31 3 months	2017-10-19 2018-12-31 Approx. 14 months
Net sales	3,020,409	4,144,813
Other external expenses	-3,196,249	-5,269,875
Personnel expenses	-1,084,759	-2,465,996
Depreciation of tangible assets	1,243	-1,403
Operating profit (EBITA)	-1,259,356	-3,592,461
Financial expenses	-10,532	-12,571
Total financial items	-10,532	-12,571
Profit/loss for the period	-1,269,888	-3,605,032
Tax on profit for the period	-79,745	328,739
Net result for the period	-1,349,633	-3,276,293

BALANCE SHEET

DKK	2018-12-31	2018-06-30* (Aud.)
<i>Assets</i>		
Furnishing for rented premises	19,641	19,291
Total tangible assets	19,641	19,291
Deposits	6,000	6,000
Total financial assets	6,000	6,000
Total fixed assets	25,641	25,291
Inventories	84,222	0
Total Inventories	84,222	0
Deferred tax asset	328,739	331,718
Accounts receivable	3,049,633	0
Other receivables	0	227,496
Prepayments	75,346	6,589
Total receivables	3,453,718	565,803
Cash at bank	18,146,984	203,138
Total current assets	21,684,924	768,941
TOTAL ASSETS	21,710,565	794,232
<i>Liabilities and equity</i>		
Equity		
Share capital	715,421	500,000
Share premium account	23,033,060	1,500,000
Retained earnings	-3,276,293	-1,654,492
Total equity	20,472,188	345,508
Short-term liabilities		
Accounts payable	602,895	360,713
Other payables	635,481	88,011
Total short-term liabilities	1,238,376	448,724
TOTAL EQUITY AND LIABILITIES	21,710,564	794,232

*STENOCARE was formed in October 2017 but has only conducted business since 2018. The date 2018-06-30 has been included with the purpose of presenting the audited figures that were included in the company's listing memorandum.

CHANGE OF EQUITY

DKK	2018-10-01	2017-10-19
	2018-12-31	2018-12-31
	3 months	Approx. 14 months
Equity at start of the period	3,740,439	2,000,000
Share issues	18,989,482	22,989,481
Cost of share issue	-908,100	-1,241,000
Net result for the period	-1,349,633	-3,276,293
Equity at the end of the period	20,472,188	20,472,188

CASH FLOW STATEMENT

DKK	2018-10-01 2018-12-31 3 months	2017-10-19 2018-12-31 Approx. 14 months
Profit/loss for the period	-1,349,633	-3,276,293
Adjustments	89,034	-314,765
Change in working capital	-1,250,706	-1,970,824
Cash flow from operating activities before financial items	-2,511,305	-5,561,882
Paid financial expenses	-10,532	-12,571
Cash flow from operating activities	-2,521,837	-5,574,453
Purchases of financial fixed assets	0	-6,000
Purchases of tangible fixed assets	0	-21,044
Cash flow from investing activities	0	-27,044
Share issue (net after cost)	18,081,381	23,748,481
Cash flow from financing activities	18,081,381	23,748,481
Cash flow for the period	15,559,544	18,146,984
Cash at the start of the period	2,587,440	0
Cash at the end of the period	18,146,984	18,146,984