

Additional cultivation related issues identified at CannTrust

STENOCARE has received new information regarding the CannTrust cultivation process at their new greenhouse that question the validity of pesticide free declarations and future sourcing of products to STENOCARE. The STENOCARE Board of Directors has tasked the management team with identifying additional partners for sourcing medical cannabis products for the Danish market.

Since its initiation in 2018, the contractual relationship between CannTrust and STENOCARE has been based upon CannTrust's unique ability and certification that it was able to deliver pesticide free products based upon indoor manufacturing in highly controlled and approved locations. Last month, CannTrust received a non-compliant rating from Health Canada for having produced products in locations that had not been approved by the authorities during October 2018 to March 2019. Thereafter, the locations were approved in April 2019. As a result of this non-compliance STENOCARE immediately quarantined all products received subject to Health Canada's response to the matter. At this time there is no indication from the authorities of when to expect the conclusion.

In the STENOCARE dialogue with CannTrust and its senior management team, STENOCARE has now received new information about the cultivation situation at the CannTrust Pelham cultivation facility. With the CannTrust move from indoor to greenhouse cultivation during Q4 2018, it now appears that CannTrust introduced a more general use of Health Canada approved pesticides in the new greenhouse where cultivation of medical cannabis plants is located. STENOCARE is very concerned with this general use of pesticides, that could potentially be in conflict with the strict Danish requirements with no use of pesticides.

The CannTrust products that are accepted in the Danish Pilot Programme have all been supplied to STENOCARE with a pesticide free declaration from CannTrust. With the new information, the STENOCARE board of Directors has formally requested the CannTrust Special Committee under the CannTrust Board to fully investigate the validity of the declarations that were provided to STENOCARE with respect to whether pesticides were used in batches exported to STENOCARE in Denmark. The Special Committee will instruct its external and independent counsel to investigate this issue with urgency.

This creates a new situation for the STENOCARE products from CannTrust, as future supply will be impacted by the greenhouse cultivation that is based upon the use of certain pesticides. The immediate implication is that the CannTrust declaration cannot meet the conditions for the current accepted products in the Danish Pilot Programme. STENOCARE will work with the Danish Medicines Agency to review this situation and seek resolutions within the Danish regulation that since July 2019 allow for the use of plant protection products.

It is important to state, that product quality for all shipments to STENOCARE have been tested by a third-party laboratory that documented the finished products as free of pesticides.

STENOCARE management and board of directors considers today's new information with the greatest seriousness and reserves the right to draw any reasonable consequence, subject to consultation of legal advisors in Denmark and Canada. This includes taking the necessary contractual and legal steps to safeguard the interest and rights towards CannTrust and their obligations to STENOCARE including but not necessarily limited to claims for full compensation for losses incurred. STENOCARE will continue to keep all delivered products from CannTrust in quarantine until the conclusion and consequences of the current situation have been established by the relevant authorities.

In addition to the continued pursuit of establishing its own state-of-the-art cultivation facility in Denmark, ref. previous communication, the STENOCARE Board of Directors has now tasked the management team with identifying additional partners for sourcing medical cannabis products for the Danish market. This is to be seen as a natural preventive action to the current and future supply situation for Danish patients.

For additional information regarding STENOCARE, please contact:

Thomas Skovlund Schnegelsberg, CEO

Phone: +45 31770060

E-mail: presse@stenocare.com

This information is information that STENOCARE A/S is obliged to publish in accordance with the EU Market Abuse Regulation. The information was provided by the contact person above for publication on August 20th, 2019.

About STENOCARE A/S: STENOCARE A/S was founded in 2017 with the purpose of being an active participant in the Danish medical cannabis pilot programme. The company was first to receive the Danish Medicines Agency's permission to import,

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distribute as well as cultivate and produce medical cannabis. The company offers medical cannabis oil that comply with the strict Danish regulatory requirements. STENOCARE is building a state-of-the-art production facility for the cultivation and production of medical cannabis at the company's premises in Jutland, Denmark.