

## STENOCARE CEO looks ahead after the first year as a listed company

**CEO of STENOCARE A/S ("STENOCARE"), Thomas Schnegelsberg, reflects on the first 12 months as a public company and looks ahead to what he calls STENOCARE 2.0 and beyond:**

### THE FIRST 12 MONTHS – ALL TARGETS MET

*It was a proud moment when we could ring the bell and start trading on the 26<sup>th</sup> of October 2018 as the first ever IPO of a licensed provider of medical cannabis in Europe. Looking back, I am pleased to say that since then we have met or exceeded our short-term objectives.*

**First mover:** We were the first company to secure all required licenses for cultivating and import of medical cannabis, as well as product approvals for oils and capsules. Therefore, we are the first and still the only company in the Danish Cannabis Programme to deliver medical cannabis oil products based on prescriptions from doctors. We have served more than 2.000 patients, and this has given us invaluable knowledge of how doctors prescribe, and patients use medical cannabis and the practice of products and dosage. We have also gained unique practical experience in working with the authorities. These knowledge-assets form the basis for our scalability to other countries such as Ireland – where we are already established with STENOCARE Ireland Ltd.

**Profits and pause:** Q1-19 was the first full quarter as a listed company and it was the second quarter with sales of approved products to the Danish market. This resulted in sales of 4,3 MDKK and the first quarter with profits from the sales activities. This was one year ahead of plan. Unfortunately, this development was paused in Q2-19 as our Canadian supplier was suspended due to regulatory non-compliance. Temporarily, this has created a situation where Danish patients cannot receive our medical cannabis oil for their treatment. It also means that we lose potential sales of 4-5 MDKK and related profits each quarter until one or more alternative suppliers are in place and the pent up and ongoing demand can be satisfied.

**New Suppliers:** We are in advanced discussions with new suppliers and now see this challenge as a potential future strength as well. When volumes are resumed and grow to higher levels, it is vital that the supply chain is solid and based on more than just one quality supplier. This will also mean that there will be a greater choice of quality products available for patients and it will secure that we are able to operate and grow rapidly and with more predictability.

**State-of-the-art production:** Our strategy has always been to have full control over the supply chain and import of products is a placeholder until our own products are approved. Thereafter, imported products will be a valuable supplement to the product mix. We recently completed an important milestone with our first harvest without the use of pesticides in our Danish cultivation facility. This success was made possible by our strategic decision to grow in a highly controlled indoor facility. At the same time, we are now implementing a truly visionary project with one of the world's leading suppliers of cultivation facilities to construct a *greenhouse hybrid*, based on the best technology from greenhouse and indoor productions. This will enable us to produce the highest quality medical cannabis at scale.

**Best IPO:** Rounding up an array of positive developments, we were proud to win the award as the best IPO in Sweden in 2018, awarded by the leading financial media, SvD BörsPlus.

## LOOKING AHEAD: STENOCARE 2.0 AND BEYOND

*It is time to now prepare for significant scaling of our business, not only in Denmark but also internationally. Our objective is to make STENOCARE a leading medical cannabis brand in Europe, referred to as Project Phoenix in the IPO memorandum. The North American markets are far ahead, compared to Europe in volume. However, when it comes to the high-end medical cannabis market for prescription-based products, we have a real first mover opportunity to position ourselves with significant and defendable market leadership in Denmark and abroad.*

**International scalability:** We believe that legislators in several countries will wish to learn from - or even copy - the restrictive regime that the Danish Medicines Agency has adopted for medical cannabis. This is a “pharma-style” approach that includes prescription by doctors and zero tolerance for pesticides, which translates into few growers being able to meet the requirements which might be implemented in other European markets. On these grounds, we can also become a first mover and help define the winning formula for medical cannabis in Europe. Over time, this means operating in up to a dozen European markets in close dialogue with local regulators based upon the strict Danish requirements, establishment of distribution through classic pharma channels and a supply chain based upon a combination of import from highly qualified, vetted suppliers and our own production in the highest possible, consistent quality. Our own production will take place in Denmark and, when required, in a secondary facility to be placed in another European market.

**Diverse product portfolio:** It is our intention to sell a mix of selected quality medical cannabis products sourced from own production, from strategic suppliers and from our own formulated products. Development of own formulations will target specific conditions (similar to other medical products/medicine). Gradually, this will grow into an attractive portfolio of branded products that meet the needs of a large, diverse patient group.

**Long term aspiration:** The market has only just begun to unfold. Experts agree, that legalization will accelerate, competition will emerge, and a more mature market will appear. Our long-term vision is to lead the development and our dream is to build what can become a new Danish Flagship with global reach in the medical cannabis industry, which in Europe alone is expected to grow to a total market size of \$58 billion by 2028 (European Cannabis Report 2019).

**Disclaimer:** *Although STENOCARE and its Board of Directors fully support the information in this press release with great excitement, no guarantees can be given that any of the forward-looking statements in this release will materialize as described.*

**This is a MAR Statement:** *The forward-looking information in this press release 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 below for publication on October 31st 2019.*

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**About STENOCARE A/S:** *Founded in 2017 and became the first to receive the Danish Medicines Agency's permission to import, distribute as well as cultivate and produce medical cannabis in Denmark. A first mover, STENOCARE is now approaching its next phase which includes building a leading international brand through significant acceleration in Denmark and beyond in the emerging, global medical cannabis market.*