2024-03-01

STENOCARE (STENO)

An Exciting Year Ahead

During 2023 STENOCARE delivered record in gross sales amounting to DKK 6.9m, corresponding to a growth of 18%, in combination with a decreasing cost base. For 2024 we estimate net sales of DKK 16.5m driven by, among other things, new products in Australia and Denmark as well as introduction of the first product in Germany, resulting in a positive EBITDA-result at the end of the year. With estimated net sales of DKK 66.6m by 2026, and with an applied P/S multiple of 5x, a potential present value per share of DKK 8.8 (9.4) is derived in a Base scenario.

Gross Sales Amounted to DKK 1.7m in Q4-23

STENOCARE reported net sales of DKK 1.3m (2.8) in Q4-23, corresponding to a decrease of 56% compared to Q4-22. As mentioned in earlier updates, STENOCARE's sales will fluctuate between quarters and in Q4-22, STENOCARE had a large delivery to Norway, which should be taken into consideration when comparing. Moreover, gross sales amounted to DKK 1.7m, where the difference from net sales is attributable to a product return from Norway. We expect returns of this size to be a one-off occasion and procedures to avoid similar situations has been implemented. Hence, we expect minor differences between gross sales and net sales going forward.

The Balanced oil Obtains Approval in Denmark

After the Q4-report, STENOCARE announced that a balanced oil, called "THC/CBD Olie STENOCARE", has obtained approval from the Danish Medicines Agency. STENOCARE now has regained the position of being the sole provider of all three essential oil products; THC-oil, CBD-oil and a balanced oil. Historically, the balanced oil has represented +50% of the Company's sales, why we see this as an important driver of sales growth in the coming years.

Continues to Operate With a Stable Cost Base

Operating costs amounted to DKK -5.1m in Q4-23, compared to DKK -4.9m in the preceding quarter, why STENOCARE continues to develop with a stable cost base. After the refinancing agreement in January 2024, the cash position is estimated at DKK 6.6m. We estimate STENOCARE to be break even on an EBITDA level at the end of 2024, where the existing cash position is estimated to be enough to reach that point.

Updated Valuation Range

The Q4-report was relatively in line with our expectations, why we only make minor adjustments to our forecasts and reiterate our valuation range in terms of market cap. However, following the capital injections from warrants of series TO1 and the directed rights issue, the value per share is affected, which is just a technical adjustment. Moreover, we believe that STENOCARE has progressed in the right direction over the year with increasing gross sales, we consider that the risk in the Company has slightly decreased. Therefore, we have adjusted the discount rate from 30% to 25%. Overall, this results in an updated valuation range for all three scenarios.

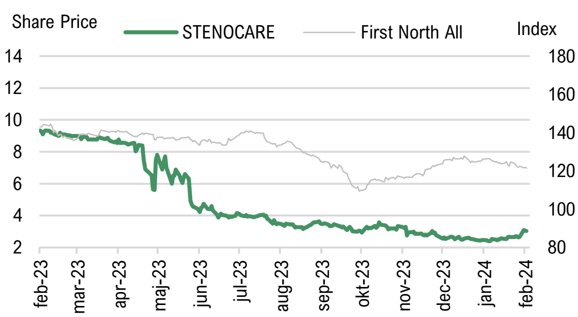
Valuation Range

Bear	Base	Bull
DKK 2.1	DKK 8.8	DKK 12.3

STENOCARE

Share Price (2024-02-29)	2.90
Shares Outstanding	18,384,315
Market Cap (DKKm)	53.3
Net cash(-)/debt(+) (DKKm)	-1.2[1]
Enterprise Value (DKKm)	52.1
List	Nasdaq First North Growth Market
Q1-report 2024	2024-05-02

Stock Development



Top Shareholders (Source: Interim Report)

SC-Founders Holding ApS	26.5%
HHTM ApS	12.4%
STENOCARE A/S (Treasury shares)	1.3%
Others	59.8%

Estimates (DKKm)	2023A	2024E	2025E	2026E
Revenue	4.0	16.5	37.6	66.6
Net sales growth	*-11%*	*313%*	*128%*	*77%*
Other external expenses	-10.2	-14.6	-24.6	-38.1
Share of revenue (%)	*-255%*	*-88%*	*-65%*	*-57%*
Personnel expenses	-6.4	-6.9	-9.2	-13.9
EBITDA	**-12.6**	**-4.9**	**3.8**	**14.6**
EBITDA margin	*-315%*	*-30%*	*10%*	*22%*
P/S	13.4	3.2	1.4	0.8
EV/S	13.1	3.2	1.4	0.8
EV/EBITDA	-4.2	-10.6	13.8	3.6
EV/EBIT	-3.3	-6.1	1,072.2	4.9

[1]After refinancing of debt including repayment of DKK 2.9m in January 2024.

Introduction

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About the Company

STENOCARE, founded in 2017, is a Danish pharmaceutical company who became the first company to receive permission to import, distribute as well as to cultivate and produce medical cannabis in Denmark in 2018. Today, STENOCARE sources its products from several international suppliers and distribute these to a growing number of international markets. The Company also has their own indoor cultivation facility in Denmark, which is strategically focused on meeting pharmaceutical standards. STENOCARE was listed on Spotlight Stock Market on October 26th, 2018 and is today listed on Nasdaq First North Growth Market Denmark since May 15th, 2020.

CEO and Chairman

CEO	Thomas Skovlund Schnegelsberg
Chairman	Marianne Wier

Analyst

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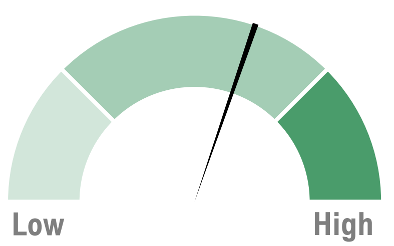
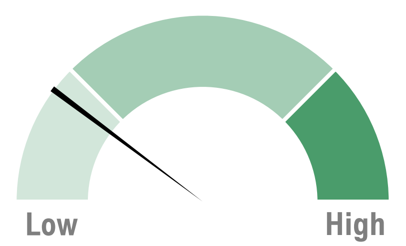
Value Drivers



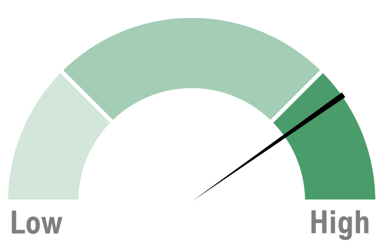
Medical cannabis is getting more accepted by the health care industry and legalized as a pharmaceutical medicine by authorities, which STENOCARE is expected to capitalize on. Furthermore, the Company is expected to launch its own premium products in 2024, which are expected to have several benefits compared to competing generic products. This is estimated to drive the Company's revenue, with a strong margin. STENOCARE has ambitions to expand geographically which we see as a value driver.

Historical Profitability



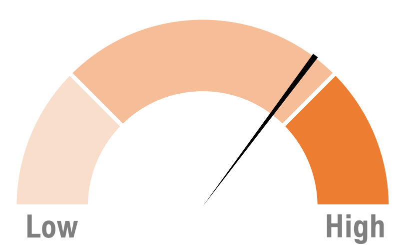
STENOCARE has not been profitable since Q1-19, which was right before the issues with their former supplier CannTrust. Since then, the Company has worked to build up a new supply chain, for this reason, profitability has not been prioritized. However, STENOCARE now has two products approved on the Danish market, waiting for approval for a third to become in a similar situation as Q1-19, but with products approved in several countries. The rating is based on historical results and is not forward-looking.

Management & Board



The management and board of STENOCARE have a broad experience within leadership, business innovation, rules and regulations as well as commercialization. Thomas Skovlund Schnegelsberg (CEO), Rolf Steno (CCO) and Søren Kjær (COO) are the co-founders who are still in the management team and are the largest shareholders in STENOCARE through SC-Founders Holding ApS who owns 26.5% of the capital. This provides incentives to create shareholder value.

Risk Profile



STENOCARE is dependent on products being approved by authorities, as well as accepted by the health care industry, which implies a regulatory risk. After the refinancing agreement in January 2024, cash at bank is estimated to amount to DKK 6.6m. Based on an estimated burn rate of DKK -0.7m per month, STENOCARE would be financed until September 2024, everything else equal. However, STENOCARE is expected to lower the burn rate throughout the year and could also strengthen the Company's cash position through exercise of warrants of series TO2 in June.

Comment on Q4-Report 2023

Financial Development During the Period

DKK 1.7m Gross sales in Q4-23

In the fourth quarter of 2023, net sales amounted to DKK 1.3m (2.8), corresponding to a decrease of 56% compared to the same period last year. Q4-22 included a significant delivery to the Norwegian market, which is why sales in the comparative quarter were exceptionally strong. The net sales of DKK 1.3m was lower than our estimate of DKK 1.6m for the fourth quarter. However, gross sales, excluding product returns, amounted to DKK 1.7m, thus above our estimates. The difference between gross sales and net sales is assumed to be attributable to a special one-time product return from the Norwegian market, just like in Q3-23. The product returns in Norway are not desirable, but we expect returns of this size to be a one-off occasion and procedures to avoid similar situations has been implemented. Hence, we expect minor differences between the gross sales and net sales going forward.

Decreased cost base

STENOCARE continued to operate with a stable cost base during Q4-23, where the total operating expenses, including depreciation, amounted to DKK -5.1m compared to DKK -6m in the same period last year. However, it should be noted that STENOCARE's COGS are included in the operating expenses, which is anticipated to have been higher in Q4-22 due to the higher net sales. Nevertheless, the operating expenses were lower than our estimates, resulting in an operating result in line with our expectations, despite the lower sales.

Estimates vs Actuals (DKKm)	Q4-23E	Q4-23A	Diff
Net sales	1.6	1.3	-0.3
Total income	**1.6**	**1.3**	**-0.3**
Other external expenses	-2.6	-2.4	0.2
Personnel expenses	-1.8	-1.8	0.0
EBITDA	**-2.8**	**-3.0**	**-0.2**
EBITDA margin	neg.	neg.	
Depreciation	-0.9	-0.8	0.1
EBIT	**-3.7**	**-3.8**	**-0.1**
EBIT margin	neg.	neg.	
Financial income	0.1	0.0	-0.1
Financial expenses	-0.6	-0.8	-0.2
EBT	**-4.2**	**-4.7**	**-0.5**
Tax	0.3	0.4	0.1
Net result	**-3.9**	**-4.2**	**-0.3**
Net margin	neg.	neg.	

STENOCARE®

Q4-23

in a nutshell

DKK 1.7m
Gross sales

DKK -3m
EBITDA

DKK 6.6m[1]
Cash position

DKK 5.4m[1]
Total debt

[1]After refinancing of debt including repayment of DKK 2.9m in January 2024.

Comment on Q4-Report 2023

New Product Approved in Denmark

Patient growth expected through new product approval

After the Q4-report, STENOCARE announced that a balanced oil, called "THC/CBD Olie STENOCARE" has obtained approval from the Danish Medicines Agency. With the approval, STENOCARE has regained the Company's position to be the only provider of all three essential oil products under the Danish Pilot Programme; THC oil, CBD oil, and now also the new THC/CBD oil. Back in 2018/2019, STENOCARE had the three products on the market but after switching supplier, the products needed to obtain approval again by authorities, which has now been completed. Historically, the number of patients in the Danish Pilot Program has correlated with the number of approved products from STENOCARE, why we estimate the number of patients to grow through the new balanced oil product approval. Moreover, the balanced oil historically has represented +50% of sales on the Danish market, why we see it as the most important product, and is estimated to be an important sales driver in the coming years.

TO1 and Directed Rights Issue Strengthened the Cash Position

Strengthened cash position through capital injections

In December, STENOCARE strengthened the Company's cash position through the exercise of TO1 warrants, issued in connection with the unit rights issue in May/June 2023. A total of 76.7% or 1,313,601 warrants were subscribed at a price of DKK 2.11 per share, which added approximately DKK 2.8m in gross proceeds to STENOCARE. Moreover, the Board of Directors of STENOCARE resolved on a directed rights issue to the existing shareholder HHTM ApS. Later, two of STENOCARE's founders joined the directed issue at DKK 2.25 instead of exercising their TO1 warrants at DKK 2.11. Hence, the directed issue consisted of a total of 1,968,590 new shares at DKK 2.25 per new share, which strengthened STENOCARE's cash position with approximately DKK 4.4m before transaction related costs. The issuance resulted in a dilution of approximately 11.5% for the existing shareholders. Prior to the directed issue, HHTM ApS held 175,000 shares, corresponding to 1.2% of the total number of shares. After acquiring 196,000 shares through exercising TO1 warrants and 1,900,000 shares through the directed issue, HHTM ApS owns 2,271,000 shares in STENOCARE, which corresponds to 12.4% of the shares and makes HHTM ApS the second largest shareholder in STENOCARE.

In connection with STENOCARE's Q3-report, we highlighted the importance of the capital injection from the warrants of series TO1 to address the Company's capital needs during 2024, towards the anticipated break-even by the end of 2024. With the addition of DKK 2.8m from the series TO1 warrants and DKK 4.4m from the directed share issue, before transaction costs, Analyst Group estimates that STENOCARE is funded until positive cash flow which is expected to be achieved at the end of 2024. However, the dilution effect for existing investors, as mentioned, amounts to approximately 11.5%, and for investors who chose not to subscribe to series TO1 warrants, the total dilution effect, including the directed share issue, is approximately 18%. However, Analyst Group believes that the fact that two of the Company's founders chose to participate in the directed share issue at a subscription price of DKK 2.25 rather than subscribing to series TO1 options at a price of DKK 2.11 demonstrates confidence in the Company and instills trust.

As a result of the capital injections, the cash position amounted to DKK 9.5m at the end of Q4-23 while the convertible debt instruments amounted to DKK 8.3m. After the end of the period, STENOCARE reached a refinancing agreement which included partial repayment, renegotiation and/or prolongation. As a result, the total debt remaining on the balance sheet amounts to DKK 5.4m, why repayment is estimated to have amounted to DKK 2.9m, affecting the cash position to amount to DKK 6.6m. Based on an estimated burn rate of DKK -0.7m per month, STENOCARE would be financed until September 2024, based on the estimated cash position at the end of December, everything else equal.

However, STENOCARE is expected to strengthen the growth in 2024, resulting in a lower burn rate throughout the year. Moreover, STENOCARE could strengthen the Company's cash position through exercise of warrants of series TO2 in June. All in all, Analyst Group estimates, after the capital injection from TO1 and directed issue, refinancing agreement, and estimated sales growth in 2024, that the current cash position will be enough to reach the anticipated break even at the end of 2024.

To summarize, STENOCARE delivered results closely in line with our estimates. We still see several strong value drivers in 2024, including growth in Europe's largest market Germany, where STENOCARE delivered the Company's first products in Q4, growth in the vast Australian market where a new product has been introduced and continued patient growth in Denmark. Moreover, STENOCARE's balance sheet has been strengthened through a capital injection and refinancing of debt, where Analyst Group estimates that the current cash position will be enough towards the estimated break even at the end of 2024.

Investment Thesis

Legalization are Expected to Drive Market Growth

43%
CAGR market growth until 2025

The legal medical cannabis market in Europe has grown strongly over the last years, with several large and influential countries legalizing, such as Germany and the UK. The largest target group for medical cannabis are patients who suffer from chronic pain, but also cancer, multiple sclerosis, and epilepsy. Today, many patients with these diseases are treated with opiates, which could be considered more harmful than cannabis, as it is more addictive and possible to overdose[1], why medical cannabis, which is seen as a supplement that can reduce patient use of opiates, is expected to increase its market share in terms of treating more patients. In Europe, the legal cannabis sales are expected to grow with a CAGR of 43% until 2027, amounting to EUR 2.2bn.[2] The market growth is expected to be driven by continued legalization of both medical and adult use[3], where STENOCARE is expected to capitalize on the medical use through increased patient prescriptions, contributing to increased sales.

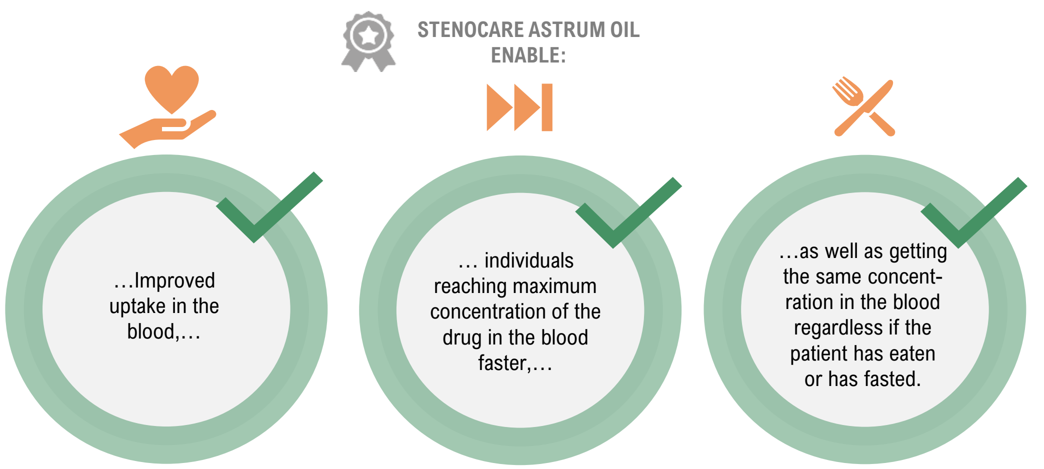
Pharma Case on a Fast Track

The medical cannabis market in Europe is highly regulated, which makes it difficult to get products approved, both for STENOCARE and competitors. Three of the four oil products approved for sales in the Danish Pilot Program are medical cannabis oil products from STENOCARE, which are also the only oil products that have been approved, proving that the Company has good knowledge regarding the regulatory framework and can deliver products accordingly. Hence, STENOCARE should be seen as a sort of pharma case who operates on a highly regulated market, where product approvals are difficult to reach, just like for a pharma company with a drug candidate. However, STENOCARE do not need to go through different clinical phases, i.e., phase 1, 2, and 3, like traditional pharmaceutical companies, for which it can take 5-10 years to get an approved product to market, compared to 12-14 months for STENOCARE. Hence, the Company should be seen as a pharma case on a *fast track* who relatively quickly can access new markets.

Launch of STENOCARE ASTRUM oil Ahead – a Premium Medical Cannabis oil

Launch of premium products in 2024

Today, doctors face challenges when prescribing medical cannabis to patients since the metabolism will reduce the uptake of cannabinoids in the body to a significantly level of approx. 15% which means that a variable, and often a small part of the cannabinoids, are actively delivered to the body with therapeutic effect. Furthermore, the body's absorption will be different depending on whether the drug is taken before or after intake of food. This causes unpredictable effects and difficulties for doctors to prescribe the right dosage. STENOCARE has introduced a new patented oil to address these challenges - ASTRUM OIL - which the Company has global exclusivity to use for medical cannabis. A study from September 2022 showed positive results on dogs, indicating that the Company's LTT-oil substantially enhances the uptake of cannabinoids, regardless of meal consumption and inter-individual biological differences. STENOCARE has now selected a partner to produce the new products, which proves that a commercialization of the products is getting nearer, something that is expected during H2-24, given that the Company obtains approval by authorities. Considering the obvious advantage from using such a product, as well as the fact that the premium products are expected to address a global market, this is expected to drive strong revenue growth thereafter.



[1]Source: Harvard Health, 2020

[2]Source: Prohibition Partners, 2023

[3]Adult use refers to usage other than medical

Investment Thesis

Strong position in the Scandinavian markets

First Mover Advantage in Several Markets

As a first mover on the Danish, Swedish and Norwegian market, STENOCARE has gained valuable market insights and had doctors prescribe the Company's products, as they are the leader of medical cannabis oil products available on these markets. If both doctors and patients find the results satisfying, doctors are likely to keep prescribing STENOCARE's products, which is expected to lead to a strong brand recognition and product loyalty, as well as increased sales, before more competitors enter these markets. Analyst Group estimates that the first mover advantage will provide STENOCARE with a strong position in the Scandinavian market. Furthermore, the fact that STENOCARE is the leading approved supplier of medical cannabis oil products in these countries, proves that the Company has the product quality and knowledge of regulations needed for entering different markets. Also, STENOCARE has proven that different kinds of markets can be entered; fully legalized (UK, Australia, Germany), pilot programs (Denmark) as well as not legalized markets (Sweden, Norway), which implies that any market is a potential market for STENOCARE. The Company is expected to continue to enter new markets, which STENOCARE did in Germany in Q2-23, something that is expected to be an important value driver going forward, executing on STENOCARE's strategy of being represented in 8-10 markets by 2025.

Launch of an IT-platform to Inform and Help the Industry

STENOCARE has developed an IT-platform that enable doctors to launch and operate online clinics, wherever they are. This is expected to increase a doctor's reach to patients and facilitates patients' access to trained and experienced doctors. The platform will support doctors through easier administration, for instance patient booking, video consultation and patient journal, training, supervision by, and ongoing access to the STENOCARE medical consultant and specialists as well as cost efficiency. The European Pain Society currently estimates that there are 100 million pain patients with legal access to medical cannabis in Europe, yet, for instance, 1.4 million people are thought to buy cannabis illegally for self medication instead of getting a prescription. A threshold that holds the market growth back is that patients have limited access to prescribing doctors. Analyst Group believes that STENOCARE's online platform can enable doctors to increase their geographical reach and thus increase patients access to medical cannabis, which can drive the growth of the medical cannabis market as well as STENOCARE's sales growth and the first online clinic is expected to be launched during H1-24 in the UK.

Forecast and Valuation: a Summary

DKK 66.6m
Revenues 2026E

STENOCARE is expected to grow sales from DKK 4.5m in 2022 to 66.6m in 2026, corresponding to a CAGR of 96%, based on strong market growth driven by deregulations, a pharma mindset that doctors and authorities appreciate and expected launch of premium products in 2024. Based on a target multiple of P/S 5x applied on estimated sales of DKK 66.6m in 2026, and an internal rate of return of 25%, which accounts for the time specific risk of events that are far away and have not yet occurred, as well as the likely high demand for return that an investor have when investing in STENOCARE, this yields, in a Base scenario, a net present value per share of DKK 8.8.

Highly Regulated and Slow-moving Market

The European medical cannabis market is highly regulated, STENOCARE is thereby required to obtain and maintain appropriate licenses to manufacture, import and sell its products. Although the Company has a strong track record of getting approvals in different markets, there is a risk that STENOCARE will not receive the necessary permits from authorities in new potential markets, or for their own premium products. Additionally, STENOCARE is dependent on doctors prescribing medical cannabis to patients, where historically there has been a stigma surrounding cannabis as medicine, making the market slow-moving. The Company addresses this issue by educating doctors on medical cannabis and having consultants available to answer doctors' questions.

In Q4-23 STENOCARE received capital injections from both warrants of series TO1 and a directed rights issue totaling DKK 7.2m in gross proceeds. As a result of this, in combination with the refinancing agreement of debt in January 2024, the cash position is estimated to amount to DKK 6.6m. Based on an estimated burn rate of DKK -0.7m per month, STENOCARE would be financed until September 2024, everything else equal. However, STENOCARE is expected to strengthen the growth in 2024, resulting in a lower burn rate throughout the year. Moreover, STENOCARE could strengthen the Company's cash position through exercise of warrants of series TO2 in June. All in all, Analyst Group estimates, after the capital injection from TO1 and the directed issue, refinancing agreement, and estimated sales growth in 2024, that the current cash position will be enough to reach the anticipated break even at the end of 2024.

Company Description

LÆGEMIDDELSTYRELSEN
DANISH MEDICINES AGENCY

STENOCARE operates within the medical cannabis industry and entered the Danish market in connection to the legalization of medical cannabis in Denmark through the *Danish Pilot Program,* launched January 1st, 2018. The program, which was a four year "trial-program" and has been extended with four more years, enabled doctors in Denmark to prescribe cannabis for medical use and for companies to cultivate, produce, import and distribute medical cannabis. STENOCARE was the first company in Denmark to receive approval from the Danish Medicines Agency for both cultivation, production as well as distribution and import during 2018. In 2019, the Company's supplier CannTrust faced problems with delivering according to EU regulations, leading to STENOCARE deciding to terminate the contract. Today, STENOCARE has a partnership with several suppliers, and has entered a total of six markets with products approved.

Pharma mindset

STENOCARE is to be considered as a sort of a pharma company, rather than a "cannabis company", meaning the Company carefully evaluates local regulations and produces products with that in mind, rather than the other way around. As STENOCARE is convinced that EU regulations require indoor cultivation, rather than green houses, the Company has invested in its own indoor cultivation facility, ensuring high product quality, and at the same time working with high quality suppliers who offers indoor cultivation.

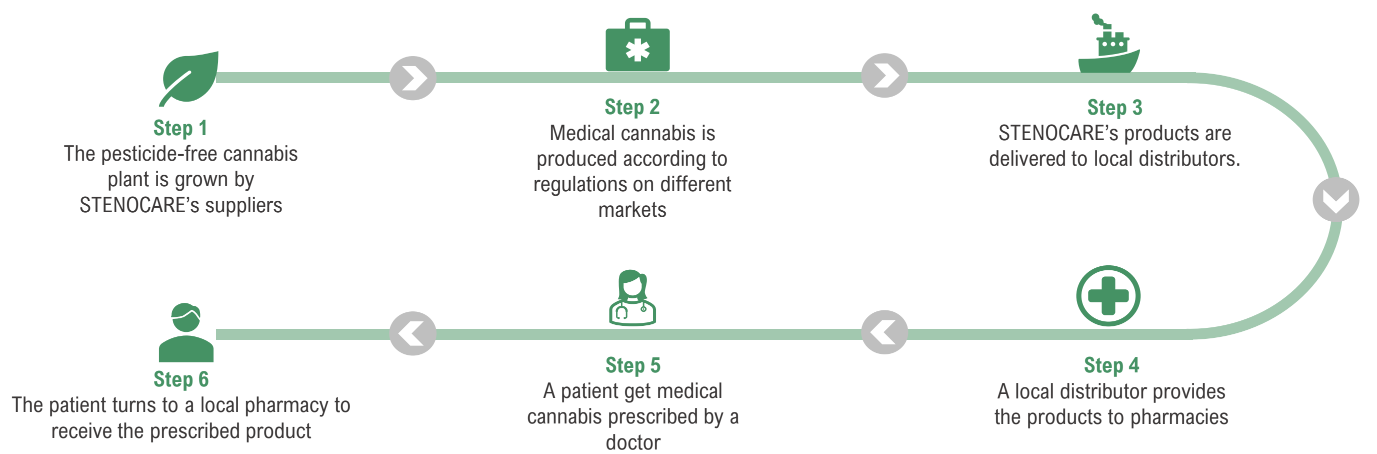
Revenue Model

STENOCARE's revenues in a given year are based on the number of patients being treated, how many treatments each patient get, and income per product sold. The Company imports white label products from its suppliers, from where the products are delivered in large bulks to STENOCARE's central distributors in different countries. Products are being shipped in large quantities to optimize distribution handling and reduction of handling costs, which means that revenues can fluctuate between quarters, depending on which quarter a delivery is made. The Company has contracts with leading distributors in each country, as medical suppliers are not allowed to sell and deliver directly to for example pharmacies. Instead, local distributors are providing STENOCARE's products in each country. Once STENOCARE's own indoor cultivation facility obtains the necessary licenses and approvals, the Company can, in addition to the imported products, supplement these with their own locally produced products.

- 50 % SUBSIDY FROM THE GOVERNMENT
- 100 % SUBSIDY FROM THE GOVERNMENT
- 100 % SUBSIDY FROM THE GOVERNMENT[1]
- 0 % SUBSIDY FROM THE GOVERNMENT
- 0 % SUBSIDY FROM THE GOVERNMENT
- 100 % REIMBURSEMENT FROM INSURANCE COMPANIES

When a patient suffers from a condition that medical cannabis can mitigate, a doctor decides whether to prescribe medical cannabis from STENOCARE, which is later retrieved at the pharmacy by the patient. Hence, the Company's revenue is dependent on doctors' prescriptions, as well as if the patient wish to be treated with medical cannabis. Whether the patient pay for STENOCARE's medical cannabis products themselves or could obtain subsidies from the local government or insurance companies differs from market to market, as per the table to the left. The fact that the subsidies differ is expected to lead to various prescription rates as patients in countries with a higher subsidy is expected to be more likely to "buy" STENOCARE's products. Regarding the number of treatments per patient, one bottle of STENOCARE's medical cannabis oil is expected to be enough for one month of medication for the average patient. As some diseases are chronic, such as chronic pain and multiple sclerosis, STENOCARE is expected to deliver twelve product units per year to these patients. However, other diseases, such as nausea caused from cancer treatment, is expected to need fewer product units per year.

Illustration of STENOCARE's Supply Chain From Cultivation to Patient.

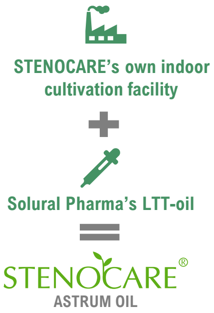


Source: STENOCARE and Analyst Groups Illustration

[1] *100% subsidy via hospitals or 0% subsidy via private clinics*

The Products

STENOCARE's product portfolio consists of three different products, a *CBD oil*, a *THC oil*, and a *balanced oil*, which is a mix of CBD and THC, where each product needs to be approved in each individual country. The key difference between CBD and THC oil is that THC has psychoactive effects while CBD does not. Whether a patient should be treated with a CBD oil, THC oil or a balanced oil is up to the doctor and depends on the symptoms of the patient. Medical cannabis can be used for several different conditions where chronic pain, multiple sclerosis, cancer and epilepsy are among the most common. THC has properties that can reduce nausea, which can arise in cancer treatment, while CBD has a dampening effect on cramps, and a combination can provide efficacy to patients suffering from pain.



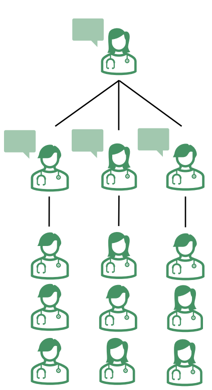
The Company has also constructed their own indoor cultivation facility for medical cannabis which, together with their partner Solural Pharma's patented LTT-oil, will enable the creation of STENOCARE's own ASTRUM oil products. The goal is to make a product that enhances the uptake of cannabinoids, regardless of meal consumption and individual biological differences. With other oil-types, each patient's body reacts in their own individual way, causing troubles for doctors to predict the impact. The human body absorbs a large part of the cannabinoid, up to 85%, which means just a small part are actively reaching the patient's blood for therapeutic effect. Furthermore, the uptake is affected by the patient's intake of food, further causing problems for doctors to determine the right dosage. The goal with the STENOCARE ASTRUM oil is to reduce the effect of individual uptake due to biological differences, as well as food intake, when using medical cannabis, making the product more predictable.

Cost Drivers

STENOCARE reports two main costs in their P&L, "other external expenses" and "personnel expenses". The Cost of Goods Sold (COGS) are included in the external expenses and consist of what STENOCARE is paying their suppliers. Furthermore, STENOCARE has costs related to the production of their own products at their cultivation facility, where, for instance, rent and electricity is included, which is included in external expenses. The Company's personnel expenses have increased over the years, as a result of the Company having hired more staff to expand the business. However, personnel expenses decreased during 2023 as STENOCARE runs a lean organization on the way to the anticipated break even by the end of 2024. Nevertheless, as STENOCARE progresses, reaching new markets and launching more products, the Company is expected to hire more staff to support an increasing sales level.

Strategic Outlook

"Recruitment" of doctors is a critical factor



STENOCARE invests in building four assets that supplement each other and are important for the success of the company. The four assets are 1) *Regulatory Assets*, 2) *Commercial Assets*, 3) *Partnership Assets* and 4) *Supply Chain Assets*. One important factor for STENOCARE to be able to scale up sales is to ensure the health care industry's interest and thus that doctors are willing to prescribe medical cannabis to patients. STENOCARE is expected to address *Key Opinion Leaders* (KOL) in new markets who sees medical cannabis as a positive supplement to existing treatments. In that way, STENOCARE can identify which product that is best suited for a particular market. Doctors are more used to oil products than for example dried cannabis, which is used for smoking, and thus in general are perceived more harmful, why doctors are more likely to prescribe oil products. Moreover, STENOCARE has launched an IT-platform for online clinics, to increase a doctor's reach to patients across their geographical area and patients access to trained and experienced doctors. The launch of the IT-platform is a step to further educate doctors and the industry about the benefits of medical cannabis, as they get access to supervision from a medical consultant and specialist, that can help doctors make informed decisions regarding how to treat patients. Furthermore, given that doctors appreciate the effect of the products, a word-of-mouth effect could be possible where doctors recommend STENOCARE's medical cannabis oil products. All this is the *Commercial Assets* that the Company is building.

The *Partnership assets* is about working with pharma-grade partners to develop future medical cannabis products, for example the partnership with Solural Pharma to develop premium products. Future sales also rely on STENOCARE's supply situation and since the Company has several suppliers today, this is assumed to be enough to meet the estimated demand for the coming years, the *Supply Chain Assets*. Furthermore, market access will be of great importance for STENOCARE's future development. Being on six markets today, with the goal of being on ten markets by 2025, STENOCARE has proven their ability to access new markets and adapt to different markets regulations. Each country has their own regulations which poses a challenge, why STENOCARE need to adjust their products slightly in each market to get them approved, which the Company have done successfully so far. This is the *Regulatory Assets*.

Market Analysis

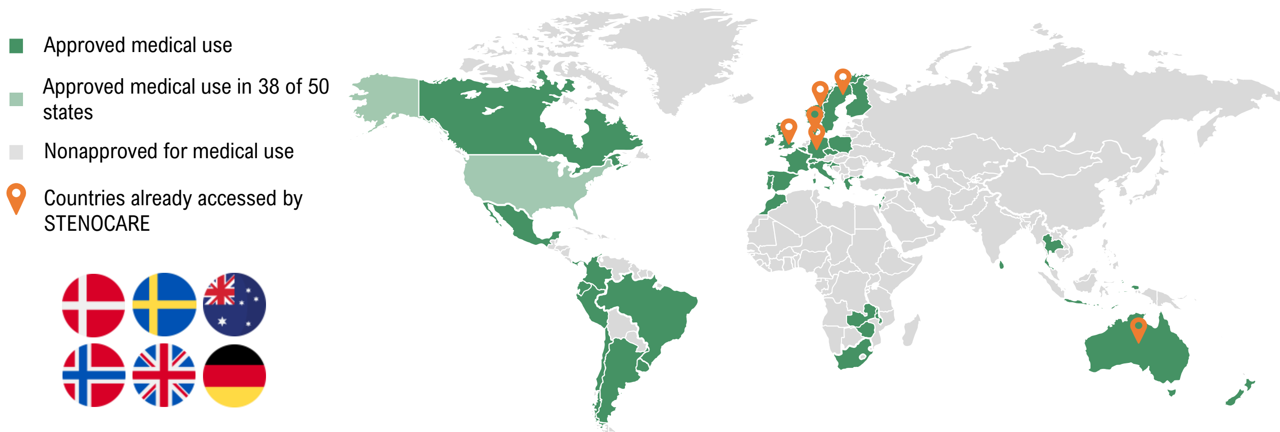
Untouched Market With a Huge Market Growth Potential

100 MILION PAIN PATIENTS IN EUROPE

The most common symptom where medical cannabis is used for treatment is chronic pain. The European Pain Society currently estimates that there are 203 million people with legal access to medical cannabis in Europe, of whom around 100 million are pain patients. Other diseases where medical cannabis can be useful as a treatment to relieve symptoms is cancer, multiple sclerosis and epilepsy. According to WHO, the estimated number of new cancer treatments in Europe was 4.4 million in 2020 and it has been estimated that over 6 million people suffer from epilepsy.[1] Hence, one could argue that it is likely that a rise in demand for medical cannabis products is expected throughout a large number of countries. Since Canada introduced the medical cannabis program in 2016, several forms of legalizations have occurred in the European market. Several large and influential countries, such as Germany and the UK, have legalized and introduced the medical cannabis market, and more countries are expected to follow. Furthermore, Germany has legalized adult use in 2024 under a pilot program, which is expected to be a driver for more countries to ease regulations and a step towards greater acceptance of medical cannabis as well. However, the European market for cannabis-based products is still young, and there are significant variations in the legislative frameworks of different European countries. The different rules and regulations according to the European Pharmacopeia, such as no pesticides, quality and uniformity, makes it very difficult for medical cannabis companies to navigate the European market. Despite this, STENOCARE has managed to enter the Danish market, twice, along with the UK, Swedish, German, Norwegian and Australian market.

~50 Countries Worldwide are in Favour of Cannabis for Medical use.

Countries where cannabis for medical use is approved and countries accessed by STENOCARE



Cannabis has Benefits Compared to Opiates

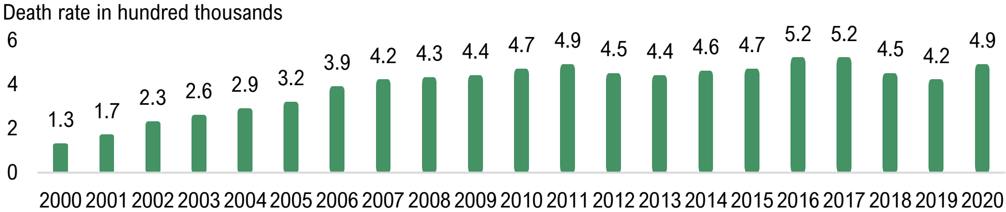
The most common use of medical cannabis worldwide is for pain control. Cannabis has shown to be effective for treating chronic pain that troubles millions of individuals.[2] Medical cannabis can supplement and reduce the use of opiates as a safer option as it is less addictive and more difficult to overdose. Furthermore, it can also supplement NSAIDs (Non-Steroidal Anti-Inflammatory Drugs), commonly used to relieve pain and bring down high temperatures, like Advil (ibuprofen) or Aleve, which is a problem for patients with kidney problems, ulcers or GERD (Geothermal Resource Exploration and Development).[3]

490,000 DEATHS RELATED TO OPIOID OVERDOSE IN 2020

During the Last two Decades There has Been a Sharp Increase in Deaths Related to Opioid Overdose.

Death by prescription opioid overdose in U.S. 2000-2020

Death rate in hundred thousands



Source: Statista, US 2020

Furthermore, the illegal market for cannabis can also be considered a sort of competitor for STENOCARE in terms of treating chronic pain. For instance, 1.4 million people in the UK are thought to buy cannabis illegally on the "street", as it does not require a prescription from a doctor and is also cheaper than buying from a pharmacy.

[1] *Source: Epilepsy Alliance Europe, 2011*

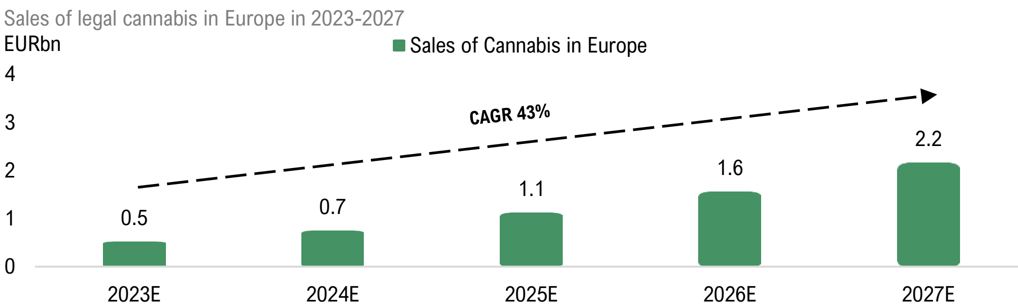
[2, 3] *Source: Harvard Health, 2020*

Market Analysis

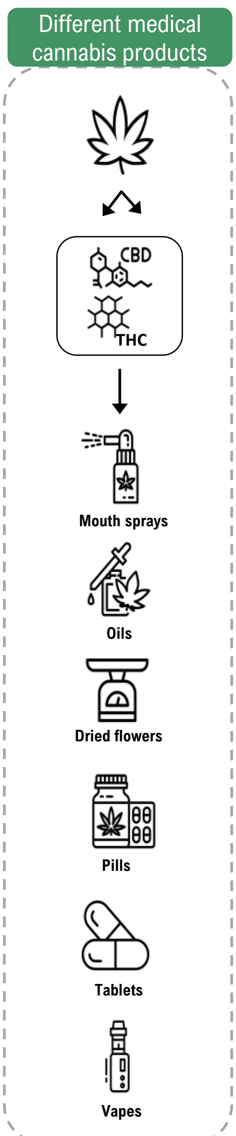
Strong Expected Market Growth

Legal cannabis sales in Europe are expected to grow with a CAGR of 43% from 2023-2027 and amount to EUR 2.2bn at the end of the forecast period, according to market analyst Prohibition Partners. The market growth is expected to be driven by a continued legalization of medical use, but also adult use. Today, Germany is the largest market in Europe regarding medical cannabis and constitutes over 50% of the European market. However, Prohibition Partners estimates, given that regulations progress as they expect, the UK to show the most impressive growth over the forecast period and become the second largest market in Europe in 2023. Larger countries, like France and the UK for instance, are expected to grow at a faster pace owing to the progress of legislation and the large potential patient populations in these countries.

Legal Cannabis Sales in Europe are Expected to Grow With a CAGR of 43%, According to Prohibition Partners.



Source: Prohibition Partners 2023



STENOCARE is the Sole Supplier of Medical Cannabis oil in Scandinavia

STENOCARE is the only company with experience selling full spectrum oil-products in Denmark, Sweden, and Norway. The main competitors of production and import of medical cannabis in Denmark are *Scanleaf,* and *CannGros*, however, no competitor has experience selling full spectrum medical cannabis oil products in both Denmark, Sweden and Norway. Canadian cannabis supplier Aurora Cannabis started Aurora Nordic in 2018, with the aim to cultivate in Denmark and sell medical cannabis to Danish as well as European patients. However, Aurora have met challenges regarding getting products approved, especially under the Danish pilot program, as only one product has been approved in Denmark since 2018, proving the difficulty to manage the regulation. After five years with large investments in the cultivation facility Aurora has decided to close the facility as a result of profitability not reaching expectations.

Why Doctors Start to Appreciate oil Based Cannabis Products

The evolution of cannabis products can be categorized into the following; 1st generation products, such as dried flowers for smoking, and 2nd generation products, containing oil, tablets, and pills. The 1st generation products are still a significant part of prescribed products in the global market. However, doctors are more familiar and comfortable with medicine that is delivered to patients with traditional dosage methods like an oral syringe or capsules. There is a growing demand for these methods, and especially for oil products that are dosed with an oral syringe. The benefit of this is that dosage delivery and titration, i.e., scaling the dosage volume to each patient, is easier and well known.

Reclassification of Cannabis in the US Paves the way for Further Investment in the Market

The U.S. Department of Health and Human Services (HHS) has proposed a reclassification of cannabis to categorize it as a drug with reduced risks. Cannabis is currently listed as a Schedule I controlled substance under the Controlled Substances Act (CSA) but the recommendation from HHS proposes a reclassification to Schedule III, which would mean, among other things, new avenues for research and medical uses as well as lighter criminal penalties for cannabis-related violations of the CSA. Moreover, a reclassification is expected to attract more investors, researchers and entrepreneurs to the market as well as reduce stigma and increase the general acceptance for cannabis for medical use. A scientific review from FDA suggests that cannabis meets the criteria for a reclassification, but the DEA will have the final authority to make any changes to cannabis scheduling. Even though the development initially is in the American market, the effects are thought to spill over on the European market, which benefits STENOCARE through wider acceptance of medical cannabis, hence increased prescriptions.

An Insight Into the Cannabis Market

Due to the fact that the cannabis market is in its early days, Analyst Group has gathered a selection of both videos and articles below to help investors to gain an even deeper understanding of how the market has developed, as well as the expected future development. In addition to two presentations by Prohibition Partners, one is be presented by Nick Parters, and a podcast is accessible by Curtin University.

PROHIBITION PARTNERS

THE CANNABIS CONVERSATION

ABC AUSTRALIA

BUSINESS OF CANNABIS

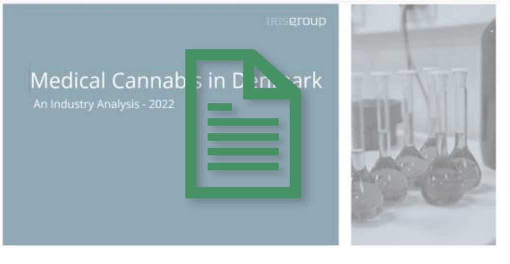
In addition to the videos above, below is a selection of articles and publications by Prohibition Partners, EPR (European Pharmaceutical Review), Iris Group and Business of Cannabis. This is merely a small portion of the available research online, and we encourage investors to search for even more information about the industry as a whole.

EPR

PROHIBITION PARTNERS

PROHIBITION PARTNERS

IRIS GROUP



Financial Forecast

Record in gross sales in 2023

200,000 patients on the Australian market

DKK 16.5m net sales 2024

Revenue Forecast 2024-2026

In 2023 STENOCARE delivered gross sales of DKK 6.9m, which excludes product returns of DKK 2.9m, why the net sales amounted to DKK 4m. 2023 contained an extraordinarily large product return from the Norwegian market. This was due to the management of the pain centers (hospitals) who decided to hold back the budget for treatment with all cannabis-based products, which hampered sales and consequently led to product expiration. The product returns in Norway are not desirable, but we expect returns of this size to be a one-off occasion and procedures to avoid similar situations has been implemented. Hence, we expect minor differences between the gross sales and net sales going forward.

Considering the gross sales of DKK 6.9m, this is the highest in STENOCARE's history and corresponds to a growth of 18% compared to 2022. A large part of the growth is assumed to be attributable to the Danish market as there has been a robust growth in Danish patients throughout the year. Moreover, in Q1-24 STENOCARE obtained approval from the Danish Medicines Agency for a balanced oil, which historically has represented +50% of the Company's sales on the Danish market. The balanced oil needed to be approved again as STENOCARE has a new supplier compared to when the product was on the market during 2018/2019. The number of patients under the Danish Pilot Program has historically correlated with the number of products approved from STENOCARE and with the new product approved, patient growth is estimated to accelerate further, which is seen as an important driver of sales from 2024 and going forward.

Regarding international markets the growth has been lower than first anticipated. As mentioned, pain centers in Norway has decided to hold back the budget for treatment and in Sweden a product has also been delayed due to the medicines agency. Furthermore, the sales development has been slower than first anticipated on the UK market, as a result of a more sluggish market. However, the Australian market has shown a better development for STENOCARE and during Q4-23, the Company added a new medical cannabis oil product and partnered with Quest Biotech Pharma to reach more patients through an online clinic. The Australian market has grown to over 200,000 patients, which can be compared to Europe's largest market Germany with approximately 230,000 patients, showcasing the market potential.

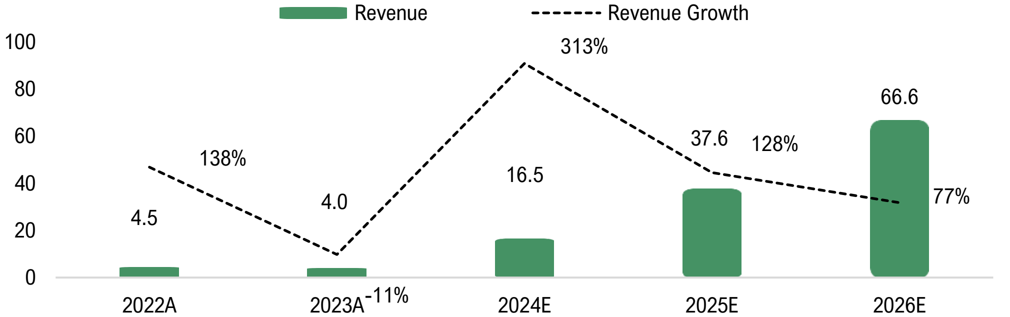
Furthermore, STENOCARE has delivered the first products to Germany, Europe's largest market, in Q4-23, which is expected to be an important growth driver from 2024 and thereafter. Additionally, sales in the Danish market are progressing as planned, where we see continued growth opportunities, especially considering the expected approval of the balanced oil.

We see several strong sales drivers in 2024, including a successful launch in Germany, an obtained approval of the balanced oil on the Danish market, as well as a launch of STENOCARE's premium products with the patented LTT-oil from Solural Pharma. We also see potential of STENOCARE entering new markets during 2024 on the path to reach the goal of addressing 8-10 countries in 2025, which, in addition to sales of products in existing markets, is expected to result in a strong revenue growth of 313%. This results in an estimated revenue of DKK 16.5m in 2024. Further, in 2025 and 2026, Analyst Group expects continued strong revenue growth of 128% and 77%, resulting in a revenue of DKK 37.6m and 66.6m, respectively. Market growth is expected to be driven by legalizations and since larger, and more influential countries, for example like the UK and Germany, have legalized medical cannabis, it is expected to be considered more accepted as a treatment by doctors, why we estimate more doctors will prescribe medical cannabis in 2025 and 2026 compared to today, leading to increased sales for STENOCARE.

Revenue is Expected to Grow at a Rapid Pace, Based on Product Launches on New Markets, as well as the Launch of STENOCARE's Premium Products During 2024.

Estimated Revenue and Revenue Growth

DKKm



Source: Analyst Group estimates

Financial Forecast

Operating Expenses 2024-2026

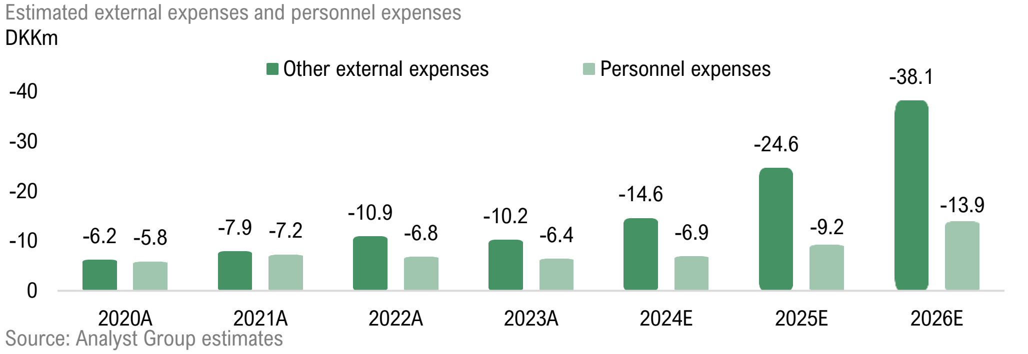
STENOCARE has aggregated several cost items into one post, external expenses, which, together with personnel expenses and depreciation, are the only expenses reported on an operational level. External expenses have been the largest costs historically, where expenses for STENOCARE's own cultivation facility is assumed to be the largest driver. From 2019-2022 external expenses increased, which is likely due to increasing costs for the cultivation facility, such as rent and electricity. Personnel expenses have increased over the years due to an increased number of employees as the Company has expanded their operations within their own cultivation facility. However, in 2023 STENOCARE has operated with a lean organization on the way to the anticipated break even by the end of 2024, resulting in lower costs compared to 2022.

Naturally, STENOCARE's COGS are expected to increase as revenues are growing, hence, increasing external expenses. Analyst Group estimates STENOCARE's cost per product based on more mature, North American companies in the medical cannabis industry, such as Cresco Labs and Green Thumb Industries, where the gross margin amounts to approx. 50-55%. Analyst Group estimates a gross margin in the higher part of the interval, due to higher margins from STENOCARE's premium products, since they are expected to have a higher degree of uniqueness, leading to a higher pricing power.

All in all, external costs are estimated to increase year-on-year as the revenues grow and reach DKK 38.1m in 2026. Regarding personnel, STENOCARE is expected to increase the number of employees in the coming years as the Company scale up the business. During 2022, the average number of employees amounted to nine, and Analyst Group estimates this number to grow to ~20 until 2026, as the Company starts producing at their own cultivation facility and more personnel is needed for the harvesting process. This causes personnel expenses to grow from DKK 6.8m in 2022 to 13.9m in 2026. However, the increased cost levels do not match the estimated revenue growth, making way for higher margins. As a result of a strong estimated revenue growth in 2024, at the same time as keeping the cost base stable like it has been in 2023, STENOCARE is expected to show profitability on an EBITDA-level at the end of 2024.

External Expenses are Expected to Grow With Increased Sales, Albeit at a Lower Pace.

Estimated external expenses and personnel expenses

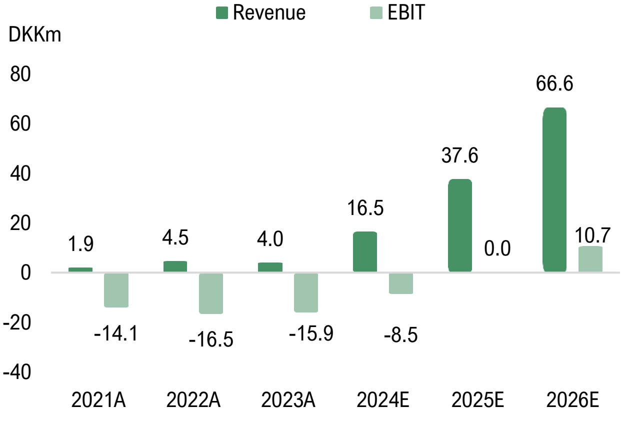


Source: Analyst Group estimates

A Summary of Analyst Group's Financial Forecasts for STENOCARE.

Financial forecasts, 2021-2026E, Base scenario

Base scenario (DKKm)	2021A	2022A	2023A	2024E	2025E	2026E
Net Sales	1.9	4.5	4.0	16.5	37.6	66.6
Other income	0.0	0.0	0.0	0.0	0.0	0.0
Total income	**1.9**	**4.5**	**4.0**	**16.5**	**37.6**	**66.6**
Other external expenses	-7.9	-10.9	-10.2	-14.6	-24.6	-38.1
Personnel expenses	-7.2	-6.8	-6.4	-6.9	-9.2	-13.9
EBITDA	**-13.2**	**-13.2**	**-12.6**	**-4.9**	**3.8**	**14.6**
EBITDA margin	*-701%*	*-294%*	*-315%*	*-30%*	*10%*	*22%*
Depreciation of tangible assets	-0.8	-3.3	-3.4	-3.6	-3.7	-3.9
EBIT	**-14.1**	**-16.5**	**-15.9**	**-8.5**	**0.0**	**10.7**
EBIT margin	*-745%*	*-368%*	*-399%*	*-52%*	*0%*	*16%*



Source: Analyst Group estimates

Valuation

Comparison Between 2019 and now

STENOCARE's products were first offered to patients during Q2-18, and in Q1-19, the Company reported sales of DKK 4.3m with an EBIT of DKK 1.5m. We see this as a proof that when products get approved, STENOCARE has the capability to quickly scale up sales and be profitable. At this point in time STENOCARE was valued to DKK 235m (Market Cap), or based at sales LTM, a P/S multiple of 27.8x. In relation to the annual sales run rate of Q1-19, the multiple was 13.6x. Furthermore, following the weeks after the Q1-19 report, the valuation increased to DKK 462m. However, during the summer of 2019, STENOCARE had to terminate the partnership with their then only supplier, CannTrust, and start to look for a new partner and again getting products approved by authorities.

STENOCARE are now in a similar position as 2019

Both STENOCARE as a company, and the market sentiment as a whole, has arguably changed since 2019. Starting with STENOCARE, the Company now has a roster of products approved and is launching in six countries. Furthermore, the supply chain is more stable today, having several suppliers from different parts of the world, as well as their own cultivation facility which can enable the launch of premium products during 2024. The first step for the Company is to reach sales levels equal to Q1-19, which we believe could be possible in H1-24, based on the approval of two medical cannabis oils in Denmark, with a third on the way, continued sales in existing markets and expansion to a new market in Germany.

Regarding the market's development since May 2019, the sentiment has changed in terms of rising interest rates and a general cool down of the global economic growth, causing a contraction in valuation multiples, especially for smaller growth companies. Also, looking at the cannabis industry as a whole, it can be argued that there was somewhat of an investor hype during 2018/2019, partly driven by the legalization of cannabis in Canada and certain states in the US.

Valuation: Base Scenario

The derived fair value per share is based on a relative methodology where STENOCARE is compared to other companies within the medical cannabis industry on the European market. As the market still is in its early days, the peer group, like STENOCARE, are to be considered as young, and in some cases small companies facing a potential rapid growth. Also, in general, these companies are currently unprofitable, why the valuation will be derived from a P/S multiple applied on 2026's estimated sales for STENOCARE. In addition to the peer group of European smaller companies, a comparison with larger, more mature companies on the Canadian and US market is also made, to investigate sector valuations in a more mature stage of a company's life cycle. Note that the companies differ in terms of which part of the market that they address and whether they offer cannabis for adult or medical use. Nevertheless, Analyst Group sees similarities with STENOCARE regarding the business model, growth prospects, and profitability potential.

	Market cap (DKKm)	Revenue (LTM, DKKm)	Revenue growth Y-Y	Gross Margin	EBIT (LTM, DKKm)	P/S (x)
KANABO	93.6	7.1	174%	23%	-37.5	13.2
DanCann Pharma	5.5	6.6	48%	41%	-15.7	0.8
can	696.6	143.8	130%	n/a	n/a	4.8
SYNBIOTIC	358.7	0.5	-6%	n/a	-11.4	732.8
CELADON PHARMACEUTICALS PLC	559.3	0.2	n/a	n/a	-57.4	519.4
Average	**288.6**	**39.5**	**86%**	**32%**	**-21.5**	**254.2**
Median	**226.2**	**6.9**	**89%**	**32%**	**-15.7**	**13.2**
STENOCARE	53.3	4.0	-11%	n/a	-15.9	13.4

STENOCARE and the above companies are similar in relation to that they all operate within the European medical cannabis market, which is expected to show strong growth in the coming years. Furthermore, they all show low revenues as they are in early stages, leading to high P/S multiples. The median P/S multiple for the above companies is 13.2x. P/S multiples for companies in early development or a high-growth phase are generally high, due to initially low, or zero sales. Over time, as sales increases, multiples tend to normalize in line with the company reaching a larger market share and a higher degree of maturity. Hence, Analyst Group consider a P/S multiple of 13.2x too high regarding how to value STENOCARE based on 2026's sales.

Valuation

	Market cap (DKKm)	Revenue (LTM, DKKm)	Revenue growth Y-Y	Gross Margin	EBIT (LTM, DKKm)	P/S (x)
AURORA	1,191	1,422	24%	30%	-425	0.8
CANOPY GROWTH	2,087	1,803	-14%	n/a	-3,878	1.2
CRESCO LABS	3,924	5,397	-9%	45%	-1,777	0.7
Jushi	1,004	1,922	2%	40%	-921	0.5
ORGANIGRAM	1,347	772	4%	23%	-1,231	1.7
curaleaf	21,731	9,381	6%	39%	-393	2.3
Green Thumb	19,160	7,146	3%	49%	619	2.7

When looking at the larger, more mature North American companies, the revenue growth is a bit more modest with a median of 3% Y-Y. Furthermore, the North American companies also shows a slightly higher gross margin than the European companies. The peer group is valued to a median multiple of P/S 1.2x. However, there are differences between these companies and STENOCARE that should be taken into consideration. First and foremost, STENOCARE is expected to show a stronger revenue growth during our forecast period, which implies a higher multiple. STENOCARE is also expected to reach a positive EBIT in 2025, compared to the peer group where most companies are unprofitable, which also should justify a higher valuation. On the other hand, the peer group are larger companies both regarding Market Cap and revenue, which motivates a valuation discount to the applied multiple for STENOCARE. However, all in all, Analyst Group believes that a higher multiple than the North American Industry group is justified for STENOCARE, due to higher growth expectations and profitability.

Taking both the median multiple of the younger, more immature companies on the European market, and the more mature, larger companies on the North American market into consideration, as well as the sales multiple that STENOCARE was trading at shortly after the Q1 report 2019, Analyst Group believes a target multiple of P/S 5x on estimated sales during 2026 is reasonable. Hence, we consider that a multiple somewhere in between the younger European and the more mature North American companies is justified, given the stage that STENOCARE is expected to be in during 2026. This implies a multiple discount of ~60% compared to what STENOCARE was valued at after Q1-19 (run rate), based on a worse macro environment today, with higher inflation and interest rates, as well as a somewhat more neutral investor attitude towards “cannabis stocks”, even though STENOCARE is, as mentioned earlier, to be considered as a sort of pharmaceutical company. A target multiple of 5x on 2026’s estimated revenues of DKK 66.6m corresponds to a Market Cap of DKK 333m. To make up for uncertainties in the forecasts, given that STENOCARE is yet to scale up sales, investors are likely to demand a high required rate of return. According to a compilation from PwC, different levels of required returns can be applied based on which stage a company is in.

Different Stages Requires Different Rate of Returns.

Required rate of return, per stage

Stage	Seed/Idea	Seed/Start-up	Early growth	Expansion
Plummer	50 - 70 %	40 - 60 %	35 - 50 %	25 - 35 %
Scherlis & Sahlman	50 - 70 %	40 - 60 %	30 - 50 %	20 - 35 %
Sahlman, Stevenson, & Bhide	50 - 100 %	40 - 60 %	30 - 40 %	20 - 30 %
VC guide in BE	50 - 100 %	50 - 60 %	40 - 50 %	30 - 40 %
Damodaran	50 - 70 %	40 - 60 %	35 - 50 %	25 - 35 %
Selected discount rate	**50 - 85 %**	**40 - 60 %**	**35 - 50 %**	**25 - 35 %**

Source: PWC

DKK 8.8
per share in a Base scenario

Analyst Group argue that STENOCARE is in an *Expansion* phase, ready to scale up sales in several markets. Since STENOCARE delivered a record year regarding gross sales in 2023 we believe that STENOCARE has proven the company’s business model further during the past year, why we have lowered the required rate of return from 30% to 25%. Based on a company value of DKK 333m in 2026, and the conservative discount rate of 25%, a present value per share of DKK 8.8 is derived in a Base scenario.

Bull & Bear

Bull Scenario

The following is a selection of potential value drivers in a Bull scenario:

- More doctors prescribe medical cannabis oil products as the advantages against opiates becomes more obvious for the health care industry operating within STENOCARE's markets. Moreover, the Company's IT-platform for online clinics is expected to be a driver of increased prescriptions, as doctors can reach patients more easily.

- STENOCARE's premium products gets approved by authorities earlier than in a Base scenario, making an earlier launch possible. The benefits with the products, including improved uptake in the blood, reduced food effect and faster reach of maximum concentration in the blood, are assumed to be appreciated by doctors, leading to more prescriptions, generating increased sales for STENOCARE. Furthermore, the premium products get approved for export, i.e., the Company can sell the products to additional markets, and partnering with big pharma companies for sales of STENOCARE's products.

- STENOCARE experience a longer time of being the sole supplier of medical cannabis oil products in the Swedish, Danish, and Norwegian markets, as competitors, with outdoor cultivation in green houses, continues to have difficulties to get products approved by authorities, proving STENOCARE's indoor cultivation strategy successful. Further, this means that the Company can maintain a strong position on these markets when, eventually, competitors are entering, as doctors are familiar with STENOCARE's brand and products.

DKK 12.3
per share in a Bull scenario

- Given a conservative discount rate of 25% and a target multiple of P/S 5x on estimated sales of DKK 93.4m in 2026 in a Bull scenario, a potential present value per share of DKK 12.3 is derived.

Bear Scenario

The following is a selection of potential factors in a Bear scenario:

- STENOCARE is still in the early stages of the Company's "business re-launch", which comes with uncertainties. In a Bear scenario, doctors' skepticism against medical cannabis turns out to be persistent, regardless if it is an oil product or not, resulting in fewer patients being prescribed with the products, hence, lower revenue growth for STENOCARE.

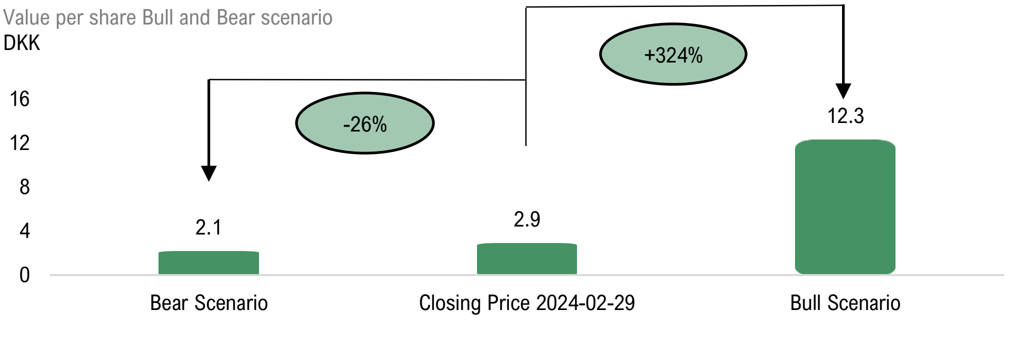
- As the medical cannabis market in Europe is highly regulated STENOCARE is, in a Bear scenario, expected to be required to make adjustment to their own premium products to obtain the necessary permits from authorities. This results in a later launch of the premium products, which is expected to slow down the Company's growth and prolong the time for reaching higher profitability.

- Due to lower revenue growth, positive cash flow is expected only at a later stage, at which point the current cash is not estimated to be sufficient. Hence, additional external capital raising cannot be ruled out, even though exercise of Warrants of series TO2 in June 2024 can strengthen the Company's cash position.

DKK 2.1
per share in a Bear scenario

- In a Bear scenario, a lower target multiple is justified, as lower growth and profitability is expected, why a target multiple of P/S 2.8x is applied on 2026 sales of DKK 29.1m. This, in combination with a conversative discount rate of 25%, results in a potential present value per share of DKK 2.1.

Illustration of Potential Valuation in a Bull and Bear Scenario.



Source: Analyst Group estimates

CEO Interview, Thomas Skovlund Schnegelsberg

As you recently published the year-end report for 2023, how would you summarize the year? What are you extra satisfied with and is there something that you think you could have done better?

We successfully delivered on many strategic goals during the year, and most importantly we reached the best gross sales in our history. To drive sales and growth in our industry, it is critical that we have regulatory capabilities to enter new markets and work with the medicine agencies to have prescription-based products approved for sales. During 2023 we have proven that we are a leader in this field. We entered Germany, and had new products approved in Australia and Germany. We are actively selling in 5 countries. However, our industry is also still very young, and the authorities are learning and evolving how to manage medical cannabis. For Norway we experienced that a central hospital management put budget on-hold, which meant all Norwegian patients stopped treatment with medical cannabis. This one-time situation had an impact on our sales and a product batch was returned to us. That is a lesson for balancing our local warehouse stock levels with also securing sufficient supply for patient's treatment.

During Q4-23, you shipped your first medical cannabis oil products to the German market. What initial reactions has your product received from doctors and patients in Germany?

To be successful when entering a large and competitive market like Germany, it is important to both build brand awareness of the Stenocare product and position the product correctly versus competition. Together with our Germany partner, we have started this work in Q4 and have a plan for how to grow our business in the year ahead.

Your outlook for 2024 is to reach DKK 15m (+/- 20%) in sales and break even at the end of the year. What are the key factors during the year to achieve this result?

We have several strategic initiatives that will drive growth of sales towards the anticipated break-even. We have products in our pipeline, that we need to bring to market in for example Denmark and Australia. We also have go-to-market activities that will expand our reach to more patients. These are the key factors.

Lastly, what would you like to highlight as particularly interesting for an investor to monitor regarding STENOCARE during the year 2024?

Stenocare has a leading position in the young medical cannabis industry. During 2024 the company will continue evolving the strategy to grow sales and cement our leadership role. Following the progress in Stenocare's product pipeline and seeing them launched on the market is a concrete element to monitor.

FEBRUARY 26th 2024

Management & Board

Thomas Skovlund Schnegelsberg, CEO and Co-founder

Thomas has been CEO since STENOCARE was founded in 2017 and was also a co-founder of the Company. He holds a Master of Science in Economics and Business Administration from Copenhagen Business School. Previous experiences consist of senior leadership roles at Microsoft in Denmark, Nordic, the UK, and Europe. Thomas has also been a board member at Lauritz.com. *Thomas owns 1,569,222 shares (8.5%) through SC-Founders Holding ApS.*

Rolf Steno, CCO and Co-founder

Rolf has been CCO since STENOCARE was founded in 2017 and was also a co-founder of the Company. He has been CEO at LFP Scandinavia for 14 years as well as a Business Deve-lopment manager at Techsage, where Rolf was the inventor and partial patent holder of the IP to the Spinjet (spinjet.com). *Rolf owns 1,671,697 shares (9.1%) through SC-Founders Holding ApS.*

Søren Kjær, COO, Co-founder and Member of the Board

Søren has been COO since STENOCARE was founded in 2017 and was also a co-founder of the Company. He holds a Master of Science in Horticulture from University of Copenhagen and has 20 years of experience from consultancy within project management, innovation processes and biotechnology from the horticultural industry. *Søren owns 1,630,103 shares (8.9%) through SC-Founders Holding ApS.*

Peter Bugge Johansen, CFO

Peter has been CFO since 2018 and holds a Master of Science in Economics and Auditing from Copenhagen Business School. Previous experience includes 20 years at Interdan Holding A/S as first CFO and later CEO, 3 years as Tax Manager at A.P. Møller-Mærsk and 14 years as auditor at Deloitte. Though his career, Peter has acquired knowledge in financial and strategic issues such as financing, internal and external reporting, asset management, group structure and mergers and acquisitions. *Peter owns 97,356 shares (0.5%) and have 13,600 remaining of a 5-year options program to receive up to 34,000 shares.*

Marianne Wier, Chairman of the Board

Marianne has been chairman of the board since 2018, holds a law degree from University of Copenhagen and has a background as a lawyer. Today, Marianne is CEO at Taksatorringen, and previous experiences include COO at Topdanmark, President and Attorney at Johan Schlutter Law Firm, Group Public Affairs Manager at Danske Bank, and Corporate & Government Affairs Manager at Microsoft Denmark. *Marianne owns 57,976 shares (0.3%).*

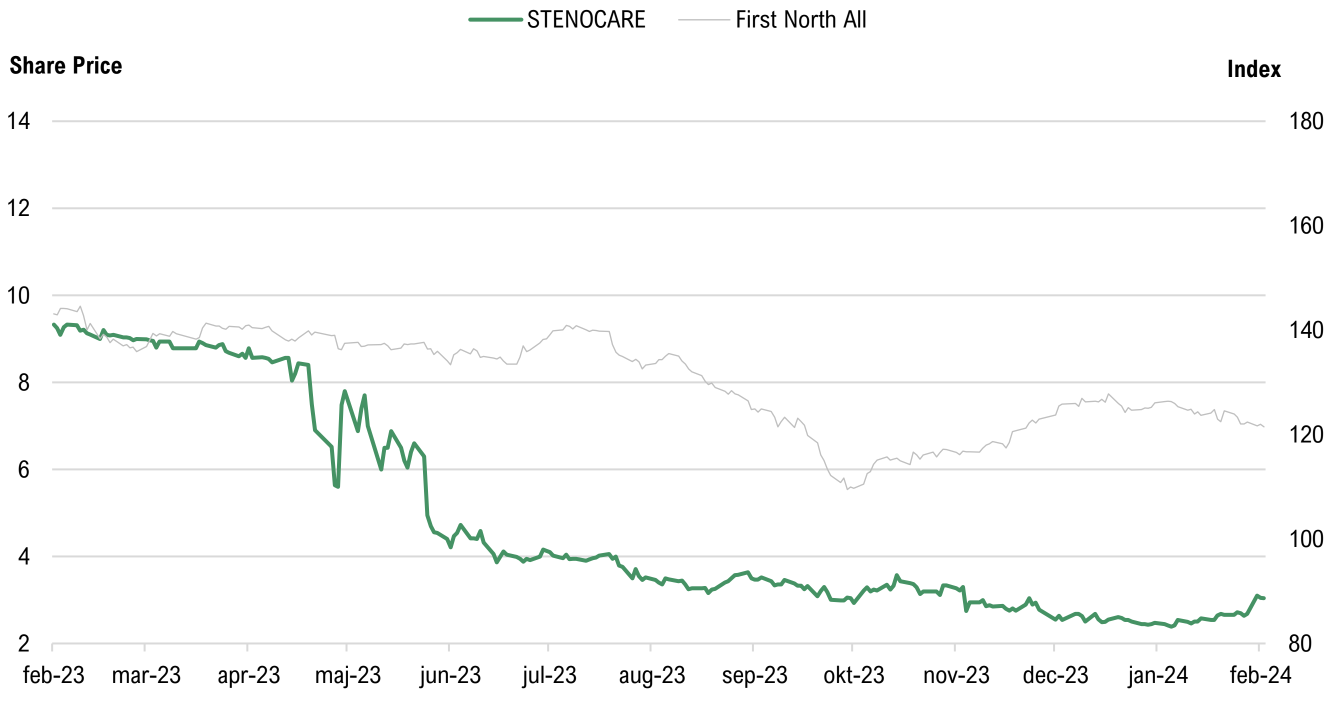
Søren Melsing Frederiksen, Member of the Board

Søren has been a member of the board since 2018 and holds a chemical engineering bachelor and a Master of Industrial Drug Development (MIND) from University of Copenhagen. Today, Søren is Vice President, Commercial Rx and Product Development at Orifarm Healthcare A/S and previous experience ranges from R&D, project management, sales management, and product launch. *Søren owns 107,839 shares (0.6%) through SML Holding ApS.*

Jeppe Bo Petersen, Member of the Board

Jeppe has been a member of the board since 2018 and is currently Group CFO at Habitus. Previous roles include CEO at Olivia Danmark A/S and CFO at, for instance, Valad Europe A/S and Nordicom A/S. He has 30 years of experience in the field of economics. *Jeppe owns 1,667 shares (0.0%)*

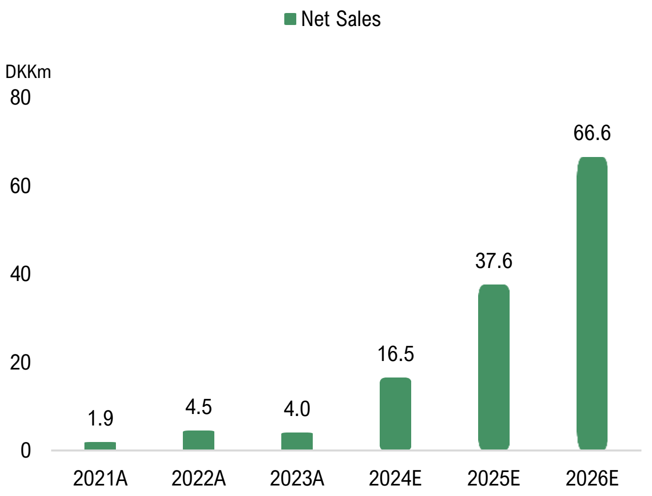
Appendix

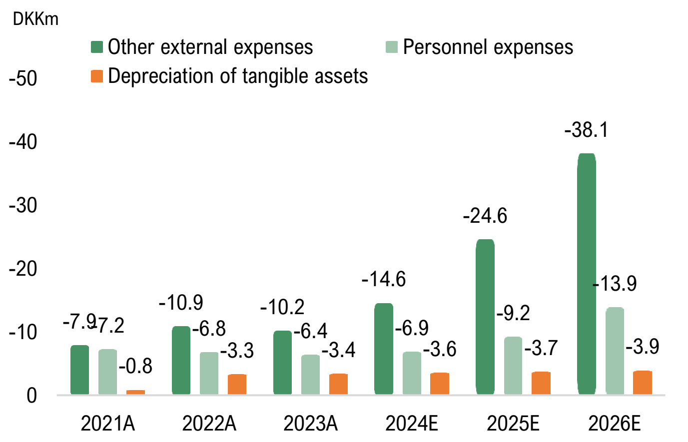


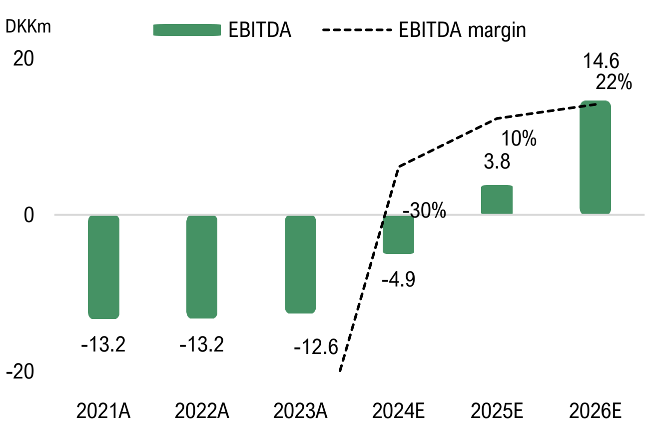
DKKm	2019	2020	2021	2022	2023
Net Sales	4.9	0.2	1.9	4.5	4.0
Other income	11.3	0.0	0.0	0.0	0.0
Total income	**16.2**	**0.2**	**1.9**	**4.5**	**4.0**
Other external expenses	-7.4	-6.2	-7.9	-10.9	-10.2
Personnel expenses	-4.4	-5.8	-7.2	-6.8	-6.4
EBITDA	**4.4**	**-11.8**	**-13.2**	**-13.2**	**-12.6**
EBITDA margin	*89%*	*-5962%*	*-701%*	*-294%*	*-315%*
Depreciation of tangible assets	-0.1	-0.2	-1.1	-3.3	-3.4
EBIT	**4.4**	**-12.1**	**-14.1**	**-16.5**	**-15.9**
EBIT margin	*27%*	*-6083%*	*-745%*	*-368%*	*-399%*

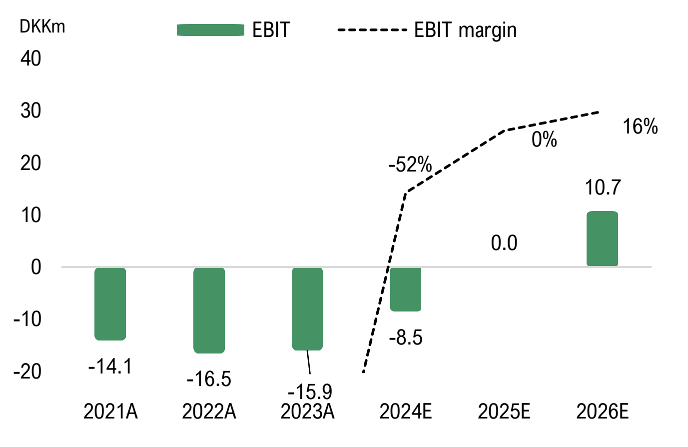
Appendix

Base scenario (DKKm)	2021A	2022A	2023A	2024E	2025E	2026E
Net Sales	1.9	4.5	4.0	16.5	37.6	66.6
Other income	0.0	0.0	0.0	0.0	0.0	0.0
Total income	**1.9**	**4.5**	**4.0**	**16.5**	**37.6**	**66.6**
Other external expenses	-7.9	-10.9	-10.2	-14.6	-24.6	-38.1
Personnel expenses	-7.2	-6.8	-6.4	-6.9	-9.2	-13.9
EBITDA	**-13.2**	**-13.2**	**-12.6**	**-4.9**	**3.8**	**14.6**
EBITDA margin	*-701%*	*-294%*	*-315%*	*-30%*	*10%*	*22%*
Depreciation of tangible assets	-0.8	-3.3	-3.4	-3.6	-3.7	-3.9
EBIT	**-14.1**	**-16.5**	**-15.9**	**-8.5**	**0.0**	**10.7**
EBIT margin	*-745%*	*-368%*	*-399%*	*-52%*	*0%*	*16%*



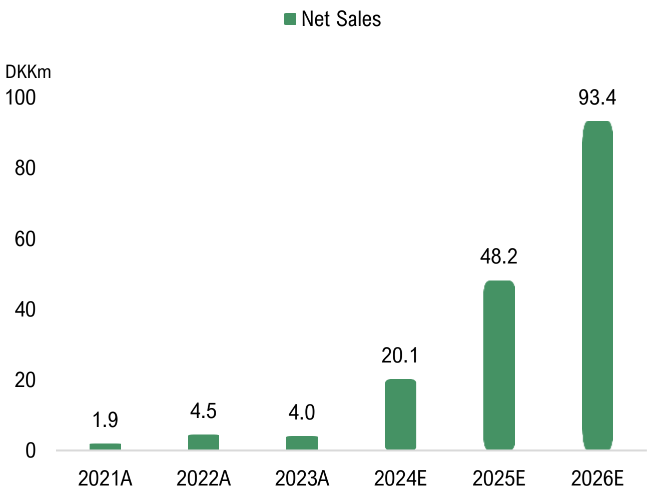


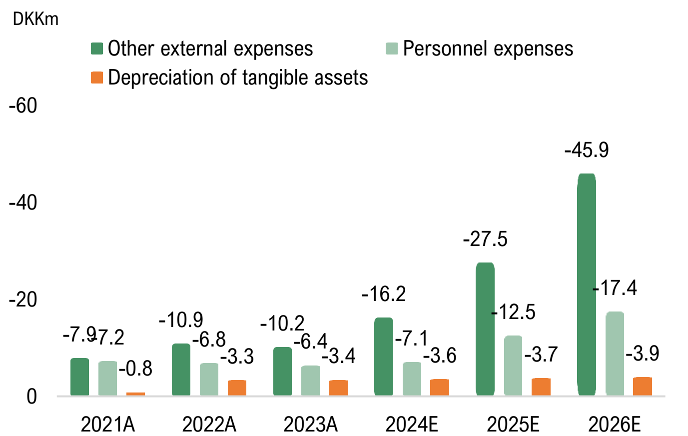


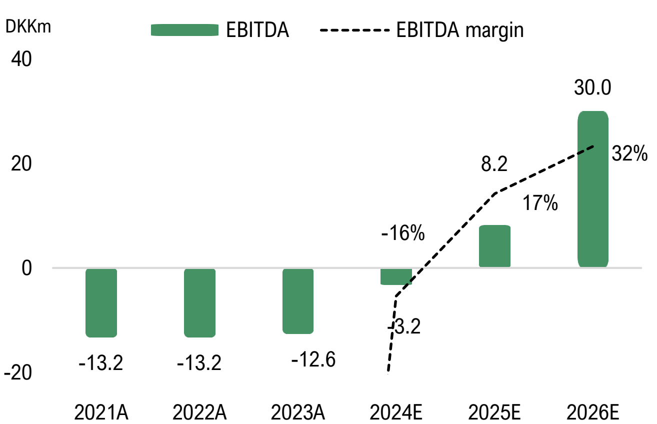


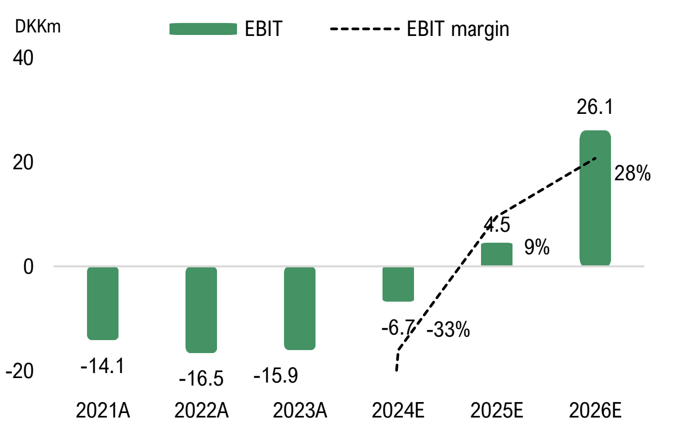
Appendix

Bull scenario (DKKm)	2021A	2022A	2023A	2024E	2025E	2026E
Net Sales	1.9	4.5	4.0	20.1	48.2	93.4
Other income	0.0	0.0	0.0	0.0	0.0	0.0
Total income	**1.9**	**4.5**	**4.0**	**20.1**	**48.2**	**93.4**
Other external expenses	-7.9	-10.9	-10.2	-16.2	-27.5	-45.9
Personnel expenses	-7.2	-6.8	-6.4	-7.1	-12.5	-17.4
EBITDA	**-13.2**	**-13.2**	**-12.6**	**-3.2**	**8.2**	**30.0**
EBITDA margin	*-701%*	*-294%*	*-315%*	*-16%*	*17%*	*32%*
Depreciation of tangible assets	-0.8	-3.3	-3.4	-3.6	-3.7	-3.9
EBIT	**-14.1**	**-16.5**	**-15.9**	**-6.7**	**4.5**	**26.1**
EBIT margin	*-745%*	*-368%*	*-399%*	*-33%*	*9%*	*28%*



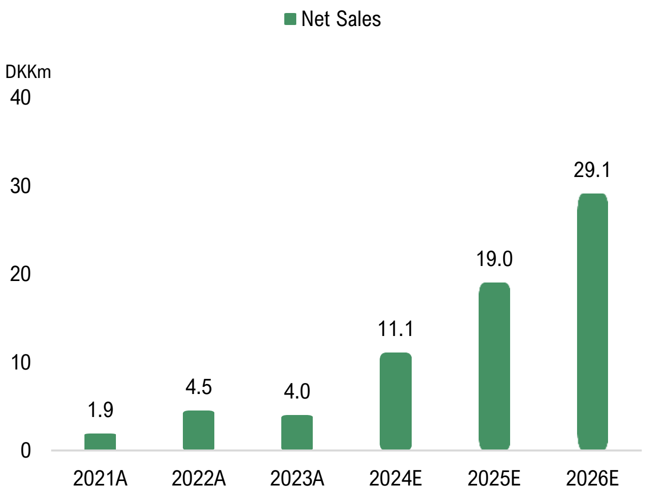


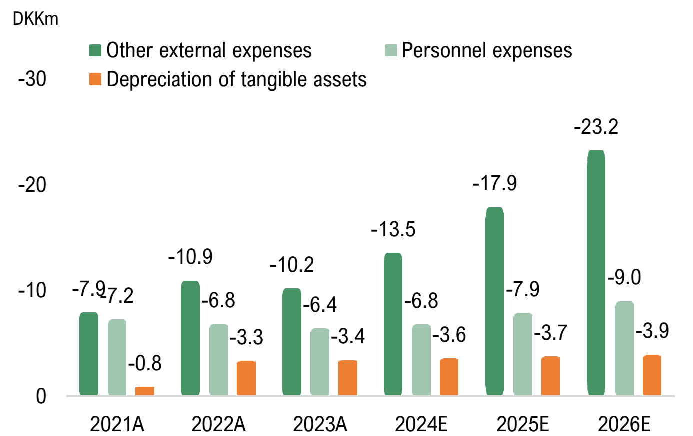


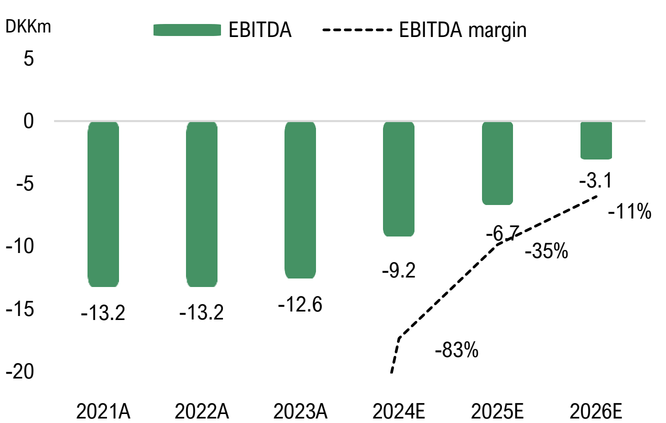


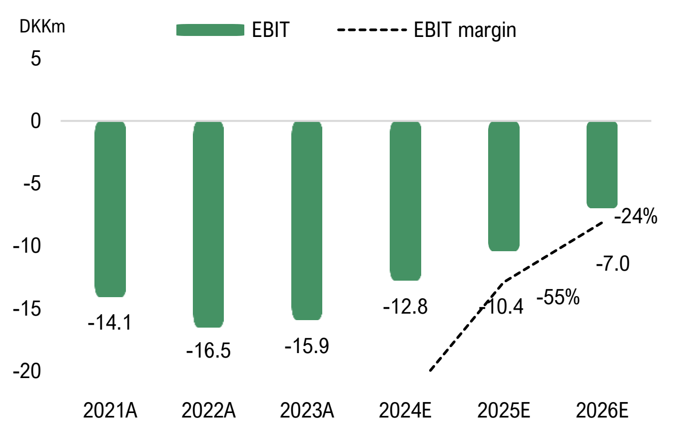
Appendix

Bear scenario (DKKm)	2021A	2022A	2023A	2024E	2025E	2026E
Net Sales	1.9	4.5	4.0	11.1	19.0	29.1
Other income	0.0	0.0	0.0	0.0	0.0	0.0
Total income	**1.9**	**4.5**	**4.0**	**11.1**	**19.0**	**29.1**
Other external expenses	-7.9	-10.9	-10.2	-13.5	-17.9	-23.2
Personnel expenses	-7.2	-6.8	-6.4	-6.8	-7.9	-9.0
EBITDA	**-13.2**	**-13.2**	**-12.6**	**-9.2**	**-6.7**	**-3.1**
EBITDA margin	*-701%*	*-294%*	*-315%*	*-83%*	*-35%*	*-11%*
Depreciation of tangible assets	-0.8	-3.3	-3.4	-3.6	-3.7	-3.9
EBIT	**-14.1**	**-16.5**	**-15.9**	**-12.8**	**-10.4**	**-7.0**
EBIT margin	*-745%*	*-368%*	*-399%*	*-115%*	*-55%*	*-24%*









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