

STENOCARE CEO, Thomas Skovlund Schnegelsberg, looks back at the past year for the company

2020 has been a highly extraordinary, yet also busy year for STENOCARE. Therefore, I find it natural to share a few reflections as we are nearing the end of 2020. We entered the year with a clear focus upon our STENOCARE 2.0 Strategy: **to become a European leader within prescription-based medical cannabis**. We took several steps in that direction by expanding our four strategic assets:

1: Beginning with our **Commercial assets**, STENOCARE aims to launch in up to 10 countries by 2025 and our first focus was to enter an early adopter country. Adding a “non-legalized” country to our portfolio (though what we do there is, of course, legally approved), is proof of our ability to be the first entrant on new markets. This way we acquire first mover’s advantages, both in relation to knowledge with local doctors and patients and also in relation to establishing our brand. With this achievement, STENOCARE can approach any country with prescription-based medical cannabis.

2: The **Regulatory assets** have been a key success factor for STENOCARE from our very beginning. Our experience from working with the health authorities is critical for success in our highly regulated industry. Compliance, control and documentation is non-negotiable, and it has also proven to be a competitive advantage for us – as for example North American competitors have been challenged and even failed to enter into the European markets. We have managed to establish our presence in three very different countries, whereby we have created a regulatory model that can be repeated. We have started two regulatory processes to bring new medical cannabis oil products to patients. The first license for experimental treatment has been given and products were delivered in December. We are still in process with the regulatory process that is targeting the Danish market.

3: We have also invested further in our **Supply Chain assets**. As previously communicated, our own cultivation facility in Denmark is being upgraded and expanded with a strong pharma-mindset. This will be a start-of-art indoor facility where all equipment, materials and sensors/controls will enable production of premium medical cannabis with accurate traceability and documentation of quality. We are in the final stage of this project and hope to put it into operation during the first quarter of next year. This will allow us to commence the process of regulatory approval of the new facility and thereby migrate from the small-scale setup to larger scale production of our own products – once they have been approved by the health authorities. The year also saw a new supplier, Panaxia Pharmaceutical, being added to STENOCARE’s supply chain. Having multiple suppliers is an important part of the STENOCARE 2.0 strategy, as it both offers more choice of products to patient treatment and secures future supply of STENOCARE branded products in volume as we grow our market reach.

4: Our **Partnership assets** are creating additional longer-term opportunities. The strategy is to enter into partnerships that position STENOCARE uniquely in the pharma industry. We have started together with the Danish pharmaceutical development company, Solural Pharma to research and develop a new type of medical cannabis oil, that has the same treatment efficacy regardless of a dosage being administered before or after intake of food. Also, it might be possible to reduce volume of cannabinoids per dosage for the patient without reduced effect. We are still in the early phase of R&D and in the coming year, we hope to see the first test results from this work.

As we reflect upon the achievements and outlook for each of the four strategic assets – or pillars - it goes without saying, that 2020 was a very unusual year for all. **Covid19** suddenly changed the agenda for society and businesses. In the early phases, it was not clear how Covid19 would impact STENOCARE and to what extent. We quickly decided to take all possible precautionary actions to safeguard our strategy and financial health. We delayed recruitment of staff and managed all major investment activities closely. This helped us steer through the pandemic without being impacted too much by the general crisis. However, when looking back it is clear that society slowed down during the height of the pandemic and for STENOCARE this has also resulted in delays. Our international building crews at the facility were not able to work for some months as hotels were closed and access to Denmark restricted. The product application work has also been slowed down as health authorities have been occupied with lifesaving mitigation of the covid19 situation. Even though we completed one regulatory process, we had originally hoped to have completed both before the end of 2020. As a result, Danish patients are still waiting for a medical cannabis oil product to be made available, and this is now an important priority for the coming year.

Finally, when thinking about the past year – our move to **Nasdaq First North Growth Market** in Copenhagen was also an important milestone. The objective was to increase the liquidity and availability of our stock to primarily Danish and international Investors as a first step of our strategy to move to Nordic SmallCap at Nasdaq in due time. In the same process, we successfully increased our financial strength by raising DKK 45 mill and converting DKK 9mdkk in debt. The three founders participated by delivering free shares worth DKK 20 mill in the Issue and the issue was significantly oversubscribed. This made us financially strong, debt free and we increased our shareholder base to more than 6.000.

As a result, we are entering the new year, ready to win new markets, supply premium quality products and execute our ambitious strategy to become a European leader within prescription-based medical cannabis.

I wish you a happy Year New 2021.

Thomas Skovlund Schnegelsberg

