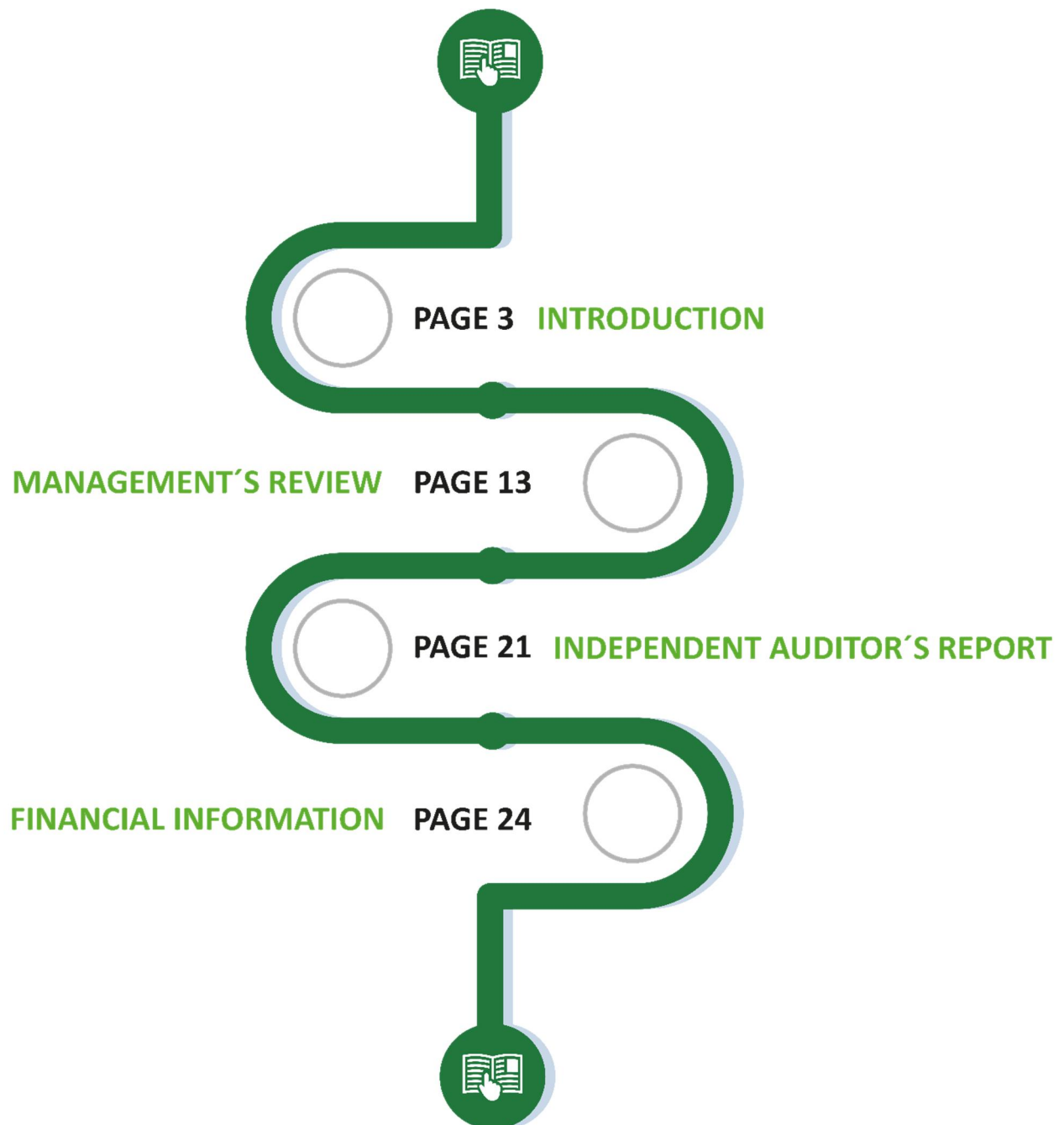


STENOČARE®

A hand in a white lab coat sleeve holds a small, rectangular box of StenoCare THC Olie. The box is red and white with the brand name and product details. Below the hand, a white tray contains several more of these boxes, arranged in rows. The background is a soft, out-of-focus green and white.

# ANNUAL REPORT 2023

1 January - 31 December



*In this document, the following definitions shall apply unless otherwise specified: the "Company" or "STENOCARE" refers to STENOCARE A/S, CVR number 39024705.*

# INTRODUCTION

## ANNUAL REPORT 2023

Stenocare A/S (Stenocare) was founded in 2017 with the purpose of supplying prescription-based medical cannabis to patients in Denmark and internationally with a clear vision of creating a better quality of life for patients using medical cannabis as an alternative and/or a supplement to traditional medicine. Medical cannabis has the potential to help and relieve patients' daily pain and suffering in many indications (i.e. illnesses), for instance, patients with multiple sclerosis, epilepsy, chronic pain or patients suffering from nausea and vomiting as a result of chemotherapy or addiction to opioids.

Stenocare was the first company in the Danish market that received approval from the Danish Medicines Agency ("DMA") to cultivate and produce medical cannabis as well as import and distribute approved medical cannabis oil products for further sale.

Stenocare was first listed on Spotlight Growth Market in 2018 and then moved to Nasdaq Growth Market Denmark in June 2020 to raise further capital for the ambitious STENOCARE 2.0 growth strategy. In 2023 Stenocare raised additional capital with the issue of a Unit consisting of 2 shares and 2 warrants – TO1 and TO2. TO1 was successfully exercised in December 2023 and TO2 is to be exercised in June 2024. Stenocare's ambition is to establish itself as a leading European brand in the medical cannabis industry. Denmark is recognized as a leading agricultural producer, and due to the extremely strict requirements for pesticide-free cultivation and uniform quality in the Danish medical cannabis regulations, Stenocare expects to have a competitive advantage when entering new international markets. The STENOCARE 2.0 strategy that builds on four areas of key assets:

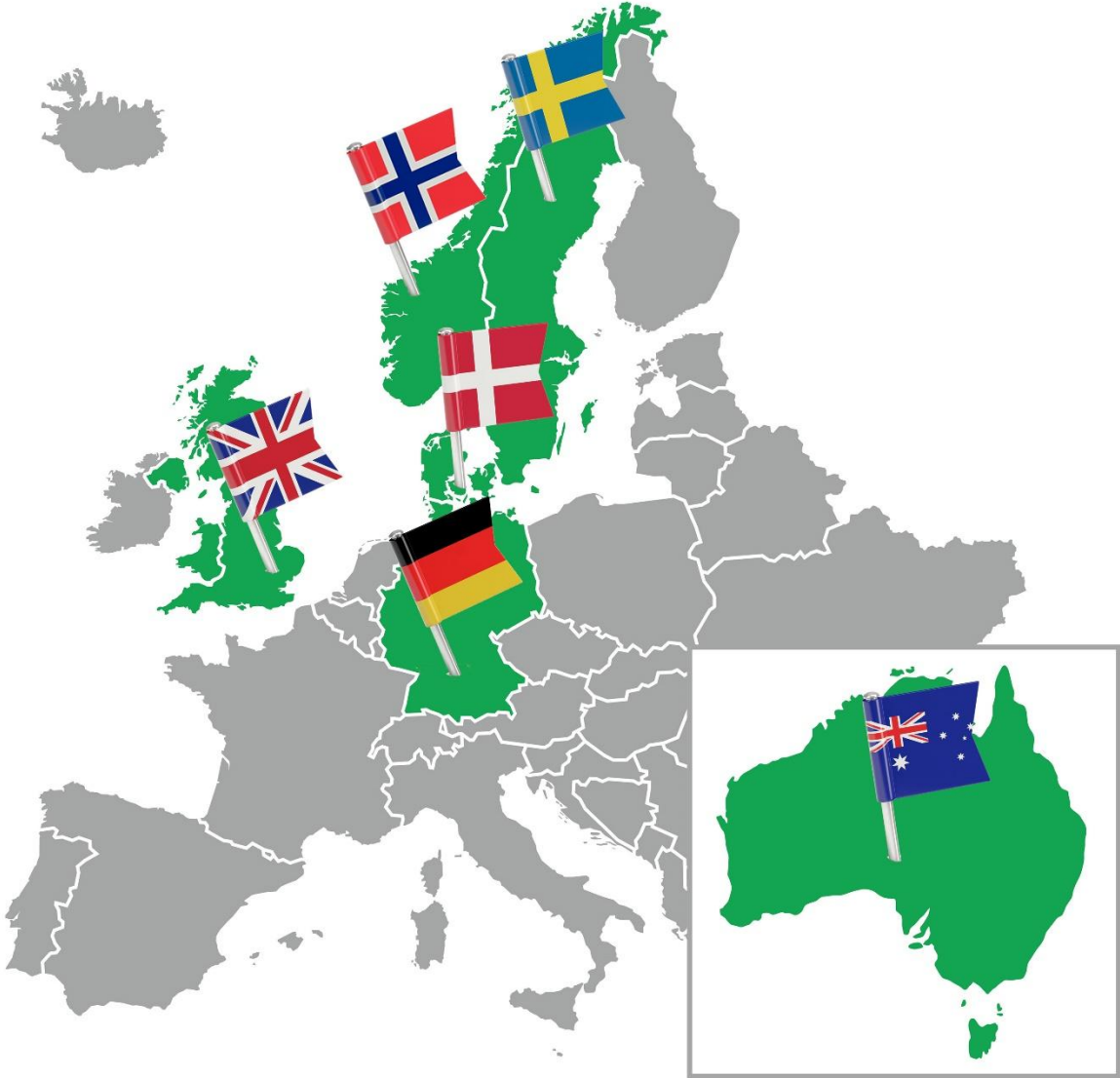


**STENOCARE is aiming and well underway to become a Leading European pharma grade medical cannabis brand.**

**IT IS ALL ABOUT BUILDING the four ASSETS**

1) The Regulatory Assets consists of licenses from relevant authorities to operate legally in a given market with specific products. This includes product approvals and licenses to handle, package, store and sell prescription-based medical cannabis products. 2) The Supply Chain Assets secure supply of high-quality products that is or can be licensed and sold to a relevant market and category of patients. Stenocare both have their own state of art indoor cultivation facility, and a multi-supplier strategy to have capacity to meet market demand and scale as more markets are added to the portfolio. 3) The Commercial Assets enable Stenocare to expand into new markets and having doctors prescribe and pharmacies dispense branded products in any market with relevant sales channels and distribution logistics in place. 4) The Partnership Assets is the company investments with strategic partners in the Pharma Industry. Examples: Formulation of next generation products, Pharma industry partnerships. This is a longer-term investment, that will position Stenocare to become a leading supplier in a market that will move towards higher pharma standards and requirements.

With STENOCARE 2.0 the company is well-positioned to become a market-leading brand in Europe. The strategy is to be represented in 8-10 markets in 2025. STENOCARE was the first in Denmark to receive approval to supply medical cannabis oil products to the Danish Pilot Programme, and the company is still the leading supplier of several oil products for this programme. Stenocare branded medical cannabis oil products has also been supplied to Sweden, Norway, UK, and Australia. The company has a good pipeline of new markets that are being qualified, and the German market has also been added to the list of markets where Stenocare and their partners have received approval to supply prescription-based medical cannabis oil products. Stenocare operates in 6 countries with 10 approved products.





# CEO COMMENTS: "2023 WAS ABOUT SECURING PRODUCT APPROVALS, SALES GROWTH AND STRENGTHENING OF OUR BALANCE SHEET WE MADE STRONG PROGRESS IN ALL AREAS"

## We are one of the European leaders within prescription-based medical cannabis

Uniquely, we have built and secured individual national licenses to sell a portfolio of 10 approved oil products in our 5 markets and plan to launch more the year(s) to come. All suppliers are strategic providers of high-quality products. Our products are currently sourced from 3 strategic suppliers.

This is an unmatched platform for our ambitions to reach a) gross sales of 15 mDKK in 2024 and b) break-even by the end of the year.

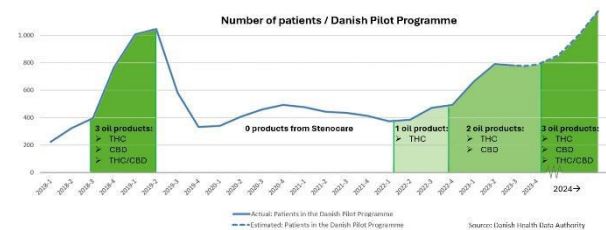


In 2023, our four strategic assets paid off:

- Regulatory:** We continued to be the only company in Denmark to a) have medical cannabis oil products under the Danish Pilot program and b) make them available for patients. We also had new products approved for sales in Germany and Australia.
- Supply chain:** As mentioned above, We have a strong product portfolio for patients in five markets. We continued to strengthen our supply relation with our key suppliers and optimize logistics. Also, our own factory is coming closer to commercial launch of own products.
- Commercial:** We are actively selling prescription based oil products in 5 markets, and Germany is the latest new market. We ended the year with a record total gross sale of 6,9 mDKK.
- Partnerships:** With our development partners, we entered a new phase for our innovative new patented oil technology. We contracted an experienced manufacturer to assist us in producing the next generation medical cannabis oil product, that will be branded as "Astrum oil" when it reaches the market during 2024.

## Growing our sales

In our regulated industry, it is critical to master the process of having prescription-based products approved by the medicines agencies. Stenocare is one of the few, that have successfully received approval to sell oil products in Denmark, Sweden, Norway, UK, Australia, and Germany. In 2023, we observed in the Danish home market that our strong product portfolio is directly growing the market.



We know there is a large pipeline of new patients that would like this treatment, but many doctors are not comfortable with offering it due to lack of experience and knowledge. Addressing this is a multi-year effort for the industry, and we see that the number of prescribing doctors is growing year over year.

Stenocare is actively investing to improve patients access to skilled doctors. Hence, we have developed an IT-platform to run Online Clinics. This will enable doctors to reach more patients regardless of proximity and geography to the location of the individual patient. We will test this model in the UK with an experienced pain specialist, and also in Australia with our local partners.

## Expanding into new markets

The key new market in 2023 was Germany. We have been evaluating this competitive market for a few years and found an experienced local pharma partner that matches our strategy and mindset. Germany is the largest market in Europe, and still represents an interesting growth potential for our medical cannabis oil products in the coming years. We entered with our first oil product during Q4 2023 to learn the dynamics of the market and to build brand awareness. With our strong product pipeline, we see exciting opportunities to grow sales and market share in Germany in the coming years. The German plans to fully legalize is helping the medical cannabis industry overcome the stigmatization in the general society. Stenocare agrees with industry analysts, that this will have positive impact on the market for




medical cannabis in the country if and when it is legalized.

The year of 2023 was also the first full year for Stenocare in the Australian market. It is still a young market with high growth rates in number of patients being treated with medical cannabis. Currently, it is similar in size to the German market. The patient interest in the Stenocare product has exceeded our expectations, and therefore we entered into a new partnership that will expand our reach to doctors across the continent and also expand reach to patients via an Online Clinic.

**Product pipeline: Investing in our future leadership**

Stenocare has since 2018 been focused on medical cannabis oil products. Based on input from doctors, the oil formulations offer a proven method to deliver uniform doses to the patients with a familiar medical device (i.e. oral syringe). In several markets approx. +60% of patients are still smoking medical cannabis, which will decline in the years ahead. Stenocare is positioning our brand and product pipeline to align with this trend.

We structure our product pipeline in four stages to help us effectively manage our resources and prepare work that is relevant for the individual stages. We are actively investing across all the current products in pipeline Stage 1-3.

STENOCARE pipeline stages:			
Stage 1	Stage 2	Stage 3	Stage 4
Concept stage: Defining product standards, specifications and manufacturing and release protocols. 	Validation process and stability testing. Establishing proof of concept, data collection to document regulatory compliance. 	Submission of application and approval process by Danish Medicinal Agency <ul style="list-style-type: none"> <li>Complete product documentation package that is compliance with Danish Drug Standards (DLS)</li> </ul>	Commercial stage: Prescription based products availability for patients 
STENOCARE product pipeline:			
<b>ASTRUM:</b> New innovative product category based on a patented Lymphatic Targeting oil Technology, to create rapid uptake, greater absorption and thus efficacy	<b>Very high potency CBD</b> Oil formulation, Ready for review for regulatory compliance by the Danish Medicinal Agency	<b>THC/CBD OIL STENOCARE</b> , currently due for review by the Danish Medicinal Agency	<b>THC OIL STENOCARE</b> , since April 2022 <b>CBD OIL STENOCARE</b> , since January 2023

During 2023, we invested in our Stage 3 product (THC/CBD oil Stenocare) to bring it into our commercial Stage 4 and launch it in Denmark. We ended 2023 with the last approval cycle for the THC/CBD oil, and successfully had the product approved for sales by the Danish Medicines Agency at the beginning of 2024. This makes Stenocare the only supplier of full spectrum THC/CBD oil for the Danish Pilot Program.

Our Stage 1 product branded “ASTRUM oil” is also an exciting investment. It is based on a patented oil technology, that has the potential to significantly improve the bioavailability in patients of cannabinoids. It has been a multi-year investment to validate the technology and complete pharmacokinetic studies to document the effectiveness. In 2023, we signed an agreement with an experienced manufacturer to assist us develop the new production- and formulation method for this innovative new era product. We are making good progress and are optimistic that the first product could be ready for the product approval process in 2024.



**Healthy financial foundation**

As Stenocare is growing sales and heading for break-even at the end of 2024, we announced in May 2023 our 12 months strategy for financing. Part of this was also to provide transparency for our approx. 6700 shareholders. Building a new business in a young industry require investments and capital. Therefore, we announced three share issue transactions and successfully executed the first two in 2023. We were humbled with the 127% subscription in June and the 76,7% warrant exercise in Denmark. Following these transactions we also successfully refinanced our debt. We thereby ended the year and begin 2024 with a healthy financial foundation.

**In summary: Strong position to grow the business**

In 2023 we successfully executed the strategy and reached many important milestones for Stenocare. We have a strong position with our product portfolio and pipeline, and our markets have considerable potential for further growth. This is a great platform for the year ahead. Thank you for your ongoing support.

Thomas Skovlund Schnegelsberg, CEO

## ABOUT STENOCARE A/S

On January 1st, 2018, medical cannabis was legalized in Denmark under a four-year Pilot-programme (“the Programme”), enabling all Danish doctors to prescribe cannabis for medical use. This Programme also allows vendors that have been licensed by the Danish Medicines Agency (DMA) to cultivate, produce, import and distribute medical cannabis. On January 1<sup>st</sup>, 2022, the Pilot programme was extended with another four years that allow all Danish doctors to prescribe medical cannabis for patient’s treatment.

January 1<sup>st</sup>, 2022, the Danish Parliament also passed the law to permanently legalize Danish cultivation and production of prescription-based medical cannabis. This was an important milestone, that will allow Stenocare to continue its cultivation activities in the Danish facility and sell the products internationally.



Stenocare was the first company in the Danish market that received approvals from the Danish Medicines Agency to cultivate and produce medical cannabis as well as import and distribute medical cannabis oil products for sale to Danish patients.

Stenocare has created a leadership role in Denmark through its ability to secure approvals from the Danish Medicines Agency. This has enabled the company to expand into more countries and is the foundation for the ambition of be active in 8-10 countries in 2025. The Company’s business operations include the distribution and sales of imported products to several markets and will also include local cultivation and production of its medical cannabis products. Stenocare is well-positioned to become a market leader in Denmark and a significant European vendor.

## The products

In September 2018, Stenocare was the first to introduce three imported medical cannabis oil products for The Programme, which contain three diverse types of combinations of cannabis oils. It is the individual physician who decides which of the products a patient is to be treated with. These three products were withdrawn from the Danish market during Q3 2019 when Stenocare terminated the supply agreement with the supplier.



During 2020 the company and its partners started delivering two new medical cannabis oil products to patients in Sweden. In December 2021 the Danish regulatory review was completed and the Danish Medicines Agency approved the new THC Oil product for the Danish Pilot Programme. This THC Oil has been available for the Danish patients since mid-2022. In November 2022 the Danish regulatory review of a CBD Oil product was completed and

the Danish Medicines Agency approved the product for the Danish Pilot Programme. The CBD Oil product has been available for the Danish patients since January 2023. The company is still in process with the regulatory process that is targeting the Danish market to introduce more products. During 2023 the company also had prescription-based medical cannabis oil products approved for Germany and Australia.

The company has a multi-supplier strategy to secure a predictable supply chain for the growing number of patients and to offer more choice for treatment. In November 2021 the company announced the supply



agreement with a Canadian partner, in 2022 a supply agreement with an Australian partner was signed and in 2023 a supply agreement with a German partner was signed. These agreements will further help the Company to source, develop, and commercialize cannabis-based medical products.

It is Stenocare’s intention to expand its existing business with manufacturing of medical cannabis in our state of art facility in addition to the distribution and sales of imported products. Stenocare intends to start selling the self-produced products when they have been accepted into the Programme by the Danish Medicines Agency (“DMA”) for the Danish Medicine List.



Together with products from its suppliers and own products, Stenocare will both offer more choice for patient treatments and secure the future supply chain for its markets.

**Target groups**

There is a total of about 40+ indications in which medical cannabis may potentially show results in terms of efficacy. Stenocare’s initial target groups are patients with treatment indications recommended by the Danish Medicines Agency (“DMA”), which include multiple sclerosis, chronic pain, spinal cord injury, and nausea and vomiting because of cytotoxic drugs/ chemotherapy treatment for various cancerous diseases. As the company enter more markets, like Sweden, Norway, Australia, Germany and UK, the target groups will evolve to reflect local regulation and opportunities.

**Market for prescription-based medical cannabis**

The European market is an immature market and industry. Even though countries like Germany, UK, Denmark, Italy and France have legalized medical cannabis – they have not realized the hyper growth that was expected by industry analysts back in 2017/2018. The hype is being replaced with a healthy mentality and forecasts by analysts.

The European market is expected to grow 67% annually and become a significant medical cannabis market over the next 3-5 years, where industry analyst Prohibition Partners project European sales will reach 2.2 billion Euro by 2027.

Germany announced during 2021 their plans to legalize recreational cannabis. The EU framework of laws generally prevent legalization for recreational use, and therefore the German legalization is still not realized. It is not clear which model and timing they will apply. This is not a market that Stenocare is targeting, but it is expected that the German decision will be a catalyst for further European legalization of medical cannabis and positively influence the perception of medical cannabis.

## BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT TEAM



### Marianne Wier

*Chairman of the Board since September 2018*

Marianne Wier, born in 1963, holds a law degree from University of Copenhagen. Marianne Wier has a background as a lawyer and has, through her previous experience acquired extensive knowledge in leadership and a good strategic understanding. Wier's core competence covers development and innovation as well as change management. Wier has been responsible for implementing a major digital transformation regarding efficiency, digital solutions, and innovation at Topdanmark with successful business results. Marianne Wier currently holds the position of CEO at Taksatorringen in Denmark, where she within the past 5 years has implemented a major digital transformation with huge value for the business for the 23 insurance companies, who has membership in Taksatorringen. Previous experience includes, among other things, COO and Deputy Director of Topdanmark, President and Attorney at Johan Schlüter Law Firm, Group Public Affairs Manager at Danske Bank, and Corporate & Government Affairs Manager at Microsoft Denmark.



### Søren Melsing Frederiksen

*Member of the Board since September 2018*

Søren Melsing Frederiksen, born in 1976, holds a chemical engineering bachelor and a Master of Industrial Drug Development (MIND) from University of Copenhagen. Søren Melsing Frederiksen's experience ranges from R&D, project management, sales management, marketing, and product launch and he has been engaged in all elements of the pharmaceutical commercial work including market access, medical affairs, commercial strategy, and sales execution. Søren Melsing Frederiksen currently holds the position as Vice President, Commercial Rx and Product Development at Orifarm Healthcare A/S.



### Jeppe Bo Petersen

*Member of the Board since September 2018*

Jeppe Bo Petersen, born 1966, is currently the group CFO of Habitus, a market leader within residential facilities and day care for adults and young people within the autism spectrum. Jeppe Bo Petersen has extensive experience within strategic work, operational goals, risk analysis, compliance and sales, and marketing. Prior to his contribution at Habitus A/S, Jeppe Bo Petersen has been CEO at Olivia Danmark and CFO at, for instance, Valad Europe A/S and Nordicom A/S. In total, Jeppe Bo Petersen has approximately 32 years of experience in the field of economics.



### Thomas Skovlund Schnegelsberg

*CEO since October 2017 and co-founder*

Thomas Skovlund Schnegelsberg, born in 1965, holds a Master of Science in Economics and Business Administration (cand. Merc), Copenhagen Business School and has extensive experience in management, strategy, business development, and brand marketing. Thomas Skovlund Schnegelsberg has been working at Microsoft in Denmark, Nordic, UK, and Europe, where he has been employed in senior leadership roles for some 20 years. In addition, Thomas Skovlund Schnegelsberg held the professional role of board member at Lauritz.com where he has spent some 11 years, and also spend 4 years on the Advisory Board for a new Information Management education at the Copenhagen Business School.



### Rolf Steno

*CCO since October 2017*

Rolf Steno, born 1965, is a serial entrepreneur and has extensive experience in business innovation, strategy, and global sales and marketing. Rolf Steno has been working as CEO at LFP Scandinavia for 14 years and the Techsage/Spinjet case for 16 years with sales in 130+ countries, where Rolf Steno was the inventor and partial patent holder of the IP to the Spinjet. Rolf Steno has held professional roles within the areas of senior management, global support and service, and business development.



### Søren Kjær

*COO since October 2017, co-founder and Member of the Board since 2022*

Søren Kjær, born 1964, holds a Master of Science in Horticulture from University of Copenhagen and has extensive experience with project management, innovation processes and biotechnology from the horticultural industry. Experience includes 20 years of consultancy.



### Peter Bugge Johansen

*CFO since August 2018*

Peter Bugge Johansen, born 1962, State Authorized Public Accountant. Peter Bugge Johansen has worked for 20 years at Interdan Holding A/S, the last 6 years as CEO and before that CFO. Peter Bugge Johansen has acquired extensive knowledge in financial and strategic issues such as financing, internal and external reporting, change management, group structure, asset management, and merges and acquisitions. Previous experience includes 3 years as Tax Manager at A.P. Møller-Mærsk and auditor for 14 years at Deloitte in Denmark and Italy.

## OTHER INFORMATION

### Shareholders

The table below presents the current shareholders with more than 5 percent of the votes and capital in STENOCARE as per 14 March 2024. Total number of shareholders is approximately 6,500 equally split between Denmark and Sweden.

Name	Number of shares	The proportion of votes and capital (%)
SC-Founders Holding ApS	4,871,022	26.5
HHTM ApS	2,270,981	12.4
Others	11,242,312	61.1
Total	18,384,315	100.0

### The share

The shares of STENOCARE A/S were listed on Spotlight Stock Market on the 26<sup>th</sup> of October 2018. On 18<sup>th</sup> of May 2020 the shares were delisted on Spotlight and listed on Nasdaq First North Growth Market Copenhagen. The short name/ticker is unchanged STENO and the ISIN code is DK0061078425. The total number of shares as of 31 December 2023, amounted to 18,384,315. Every stock share equals the same rights to the Company's assets and results.

### Warrants

As at the date of this report there are one series of outstanding warrants. Each warrant gives the right to subscribe for one new share in the Company. A total of 1,712,999 warrants of TO1 and 1,712,999 of TO2 have been issued. TO1 warrants were exercised in December 2023 with a price per share at 2.11. In total 76,7% or 1,313,601 Warrants were exercised. TO2 warrants can be exercised in the period 10 to 21 June 2024 with a price per share of the VWAP for the last 10 trading days before the exercise period beginning less 30%.

### Options

The Company has an option programme for individual employees who, based on the opinion of the board of directors, make a special effort for the Company or who possess special qualities that the Company benefits from. The employees will be entitled to Treasury Shares free of charge after the end of each year over a period of up to 5 years. The shares are delivered from the balance of Own Shares kept by the Company. At the date of this Report, and as previously announced, options for 46,960 shares have been granted. In 2023 11,120 of the options have been vested. Total of 29.040 have been vested leaving a balance of outstanding options of 17.920.

### Proposed appropriation of STENOCARE's profit or loss

The Board of Directors of STENOCARE proposes that no dividend shall be paid for the financial year 01-01-2023 – 31-12-2023.

### Financial calendar and annual general meeting

The Annual General Meeting of STENOCARE will be held in Copenhagen, Denmark on the 14<sup>th</sup> of May 2024.

January – March 2024 (Q1):	02.05.2024
January – June 2024 (Q2):	21.08.2024
January – September 2024 (Q3):	07.11.2024
January – December 2024 (Q4 and Year End)	22.02.2025
Annual report 2024:	20.03.2025



# MANAGEMENT'S REVIEW

ANNUAL REPORT 2023

## Key figures

Figures in DKK '000	01.01.23 31.12.23	01.01.22 31.12.22	01.01.21 31.12.21	01.01.20 31.12.20	01.01.19 31.12.19
<i>Profit/loss</i>					
Gross sales	6,923	5,858	2,205	198	4,942
Net sales	3,993	4,490	1,890	198	4,942
Operating profit/loss before depreciation EBITDA	-12,562	-13,215	-12,991	-11,829	4,417
Total net financials	-2,876	-1,360	-181	-1,648	-2,112
Profit/loss for the year	-17,570	-16,303	-12,732	-11,786	1,702

<sup>1)</sup> Operating profit for 2019 includes special items from one-off settlement with former supplier.

<i>Balance</i>					
Total assets	38,121	39,604	43,936	56,340	31,608
Investments in property, plant and equipment	177	936	3,270	18,540	8,395
Equity	25,822	24,142	40,243	52,571	13,474
<i>Cash flow</i>					
Operating activities	-10,041	-15,033	-13,343	-12,703	-2,545
Investing activities	-177	-937	-2,539	-18,545	-8,877
Financing activities	15,287	8,679	1,243	35,882	15,000
Cash flows for the year	5,069	-7,291	-14,640	4,635	3,578

## Ratios

<i>Profitability</i>					
EBITDA	-12,562	-13,215	-12,991	-11,831	4,417
Result per share	-1.26	-1.40	-1.09	-1.12	0.19
<i>Equity ratio</i>					
Solidity (%)	68	61	92	93	43
EBITDA	Profit/loss before depreciation, amortisation, write-downs of property, plant and equipment, income tax and financial items				
Result per share:	Profit/loss for the year divided by average number of shares				
Solidity (%):	Equity, end of year x 100 divided by total assets				

## PRIMARY ACTIVITIES

STENOCARE A/S was founded in 2017 with the purpose of supplying prescription-based medical cannabis to patients in Denmark and internationally with the vision of creating a better quality of life for patients through the use of medical cannabis as an alternative and/or a supplement to traditional medicine. The Company was first to receive the Danish Medicines Agency's permission to import, distribute as well as cultivate and produce medical cannabis for the Pilot Program. The Company has been a supplier of Stenocare branded medical cannabis oil products for patients in Denmark, Sweden, Norway, UK, Australia and Germany. Stenocare has an indoor production facility for the cultivation and production of medical cannabis at the Company's premises in Randers, Denmark.

## DEVELOPMENT IN ACTIVITIES AND FINANCIAL AFFAIRS

STENOCARE has in 2023 continued the worked with the four strategic assets.



In all four assets Stenocare has made progress although it was realised once again that regulatory processes take time.

In the first quarter a second Stenocare product (CBD) was approved by the Danish Medicines Agency for sale to Danish patients. Stenocare was again the only supplier of two medical cannabis oil product under the Danish Pilot Programme. The CBD products were ready for patients in Denmark in March 2023. Also, the first shipment of Stenocare medical cannabis oil products arrived in Norway ready for patients. The first product was made available to Australian patients. Stenocare has developed an IT-platform, that enables doctors to launch and operate Online Clinics. This will enable doctors to reach more patients and reduce their total costs of operation – which will drive sales of medical cannabis product. The first Online Clinic will be launched in the UK in 2024.

In the second quarter Stenocare announced a rights issue of units consisting of shares, warrants of series TO1, and warrants of series TO2. The Issue amounts to three transactions, that include the share-issue and two subsequent warrant exercises of TO1 and TO2, with total gross proceeds of up to 29.7 mDKK. The Initial Rights Issue was subscribed to approximately 127% corresponding to total cash subscription of 13.6 DKK million relative to the proceeds from full cash subscription of 10.8 DKK million, which is the amount that Stenocare received before deduction of transaction related costs. In addition, a parallel directed issue in which 5.0 mDKK of debt was converted into equity.

In the fourth quarter a Stenocare branded medical cannabis oil product “AD 10-10 STENOCARE Extrakt” was approved for sales in Germany, and products became ready for sales to German patients. In December Stenocare exercised the outstanding Warrants TO1. 76,7% of Warrants were exercised and Stenocare received 2.8 mDKK in gross proceeds before transaction costs. In addition to the exercise of TO1 Warrants a directed issue with the existing shareholder HHTM ApS with a proceed of 4.3 mDKK was realised. As a result, Stenocare received total gross proceeds of 7.1 mDKK.

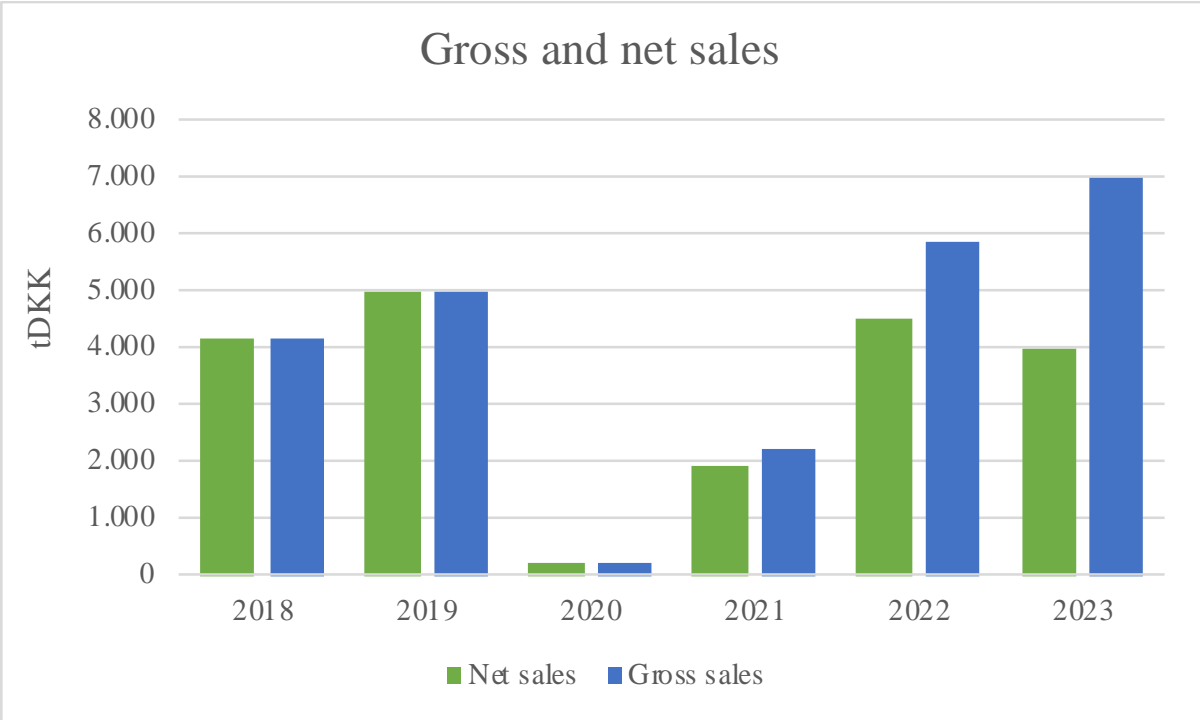
Stenocare remains fully committed to establish its own manufacturing capability at its site. A significant share of the company investments have been allocated towards this ambition and we are optimistic that the site is quickly approaching readiness for process validation and authority review.

During the financial year Stenocare worked intensively with medicine agencies in several countries including Denmark to have products approved for sales to patients. The result of this work is that Stenocare now have 10 products approved for sale in 5 countries - Denmark, Germany, UK, Norway, and Australia.

For the year an operating loss of DKK -15,946,643 includes cost related to activity in commercial, regulatory and supply chain activities. The number of employees is unchanged 9 as the company has been cautious in controlling cost due to later approved products and hence lower sales than expected. Gross sales defined as sales before returned products increased by 18% from DKK 5,857,660 in 2022 to DKK 6,922,751 in 2023.

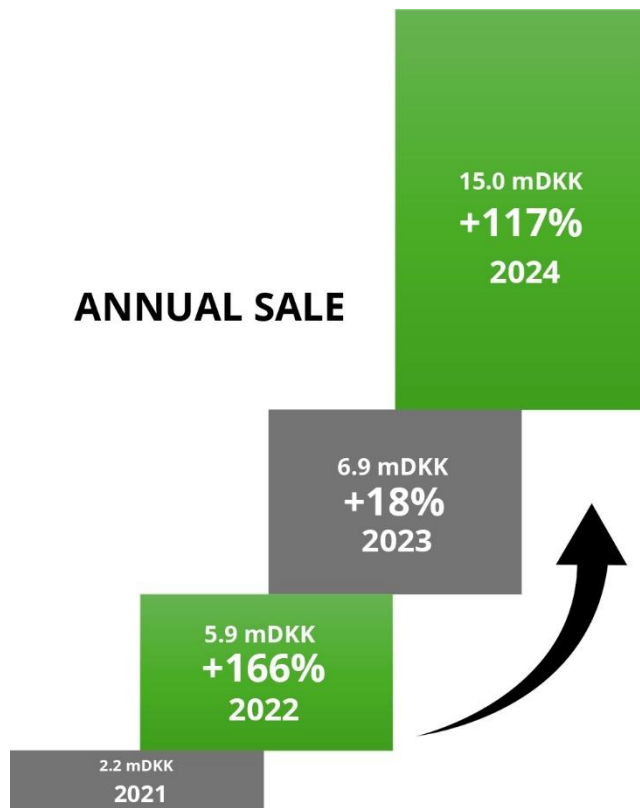
Stenocare realised an EBITDA for the financial year of DKK -12,562,472 and a net profit at DKK -17,569,552. The result is a loss larger than expectations due to products approved later in the calendar year and hence lower sales than expected in alignment with the revised outlook announced to the market in Q4 2023. .

The balance sheet shows an equity of DKK 25,822,001 and total assets of DKK 37,895,376.





## OUTLOOK 2024



The products approved in Denmark, Germany, UK, Norway and Australia, and the learnings from these approval processes – including adding more products and markets during 2024 gives confidence in increased sales for 2024. Stenocare has received approval for one new THC/CBD product in Denmark in February 2024 and the strong product pipeline is expected to facilitate applications for 1-2 new medical cannabis products with the Medicine Agencies in 2024.

Stenocare also expects to file an application with the Danish Medicine Agency for producing and selling medical cannabis bulk products from the production facility during 2024. The timing of the approval depends on the process time at the Danish Medicine Agency.

Therefore, expectations to EBITDA in 2024 is a loss lower than realised in 2023 and a break-even towards the end of 2024. Stenocare expects the gross sales to reach a level of up to 15mDKK in 2024.

Stenocare has in January 2024 reached a refinancing agreement covering all existing debt of 8.3 mDKK as per 31. December 2023. As a result, total debt remaining on the balance sheet will be reduced to 5.4 mDKK all being convertible loans. The loans can be converted to equity as described in note 2 or repaid by Stenocare at any time. Stenocare expect the cash and the financing agreement to secure sufficient liquidity until expected break-even in the end of 2024. In addition, the TO2 Warrant to be exercised in June 2024 can add additional liquidity.

## KNOWLEDGE RESOURCES

STENOCARE's operations are managed by highly trained and experienced employees in various areas and knowledge, covering managing of start-up companies, local and international sales and production in the bio-tech and horticultural industry.

## SPECIAL RISKS

STENOCARE is operating under a four-year pilot-programme in the Danish market, enabling all Danish physicians to prescribe cannabis for medical use. The programme was initialised January 1<sup>st</sup>, 2018 and was in December 2021 extended with additional four years to December 31<sup>st</sup>, 2025. Stenocare mitigates the risk of the program not being extended or made permanent by increasing the number of markets to 10 countries in 2025. Also, in December 2021 the parliament confirmed the permanent legalization of Danish cultivation and production of medical cannabis.

There is a risk allocated to the suppliers of the Company regarding their ability for continuation of product supply to Stenocare. The Company has established procedures to minimize these risks. In addition to ordinary risks related to the industry e.g., regulatory changes in which the Company is operating, the Company is exposed to currencies as finished products from suppliers are purchased in CAD, EUR and AUD, and sold in DKK, SEK, NOK, GBP, EUR and AUD.

## GOVERNANCE

Stenocare focuses on good governance practices, including a two-tiered management structure consisting of a Board of Directors and Management. The Board of Directors is responsible for the company's overall strategy. The entire Board of Directors includes one of the founders of Stenocare and is seen as independent of the company. Management has the responsibility to carry out the strategy approved by the Board of Directors. The Board of Directors and Management work closely together and have approximately six formal meetings during the year plus virtual meetings when needed.

In December 2022, the Association of Listed Danish Growth Companies issued its corporate governance recommendations. The recommendations are to ensure trust in the companies from shareholders, investors and other stakeholders, and thus ensure long-term value creation. The recommendations have been prepared under comply or explain principles, which are published on the company's website. Within the three sections, Stenocare has identified the most important ones for Stenocare and commented on those in the annual report as follows:

### Recommendation no. 1.7 Guidance

Stenocare has included guidance on sales in 2024 in section Outlook 2024.

### Recommendation no. 2.6 Cash flow outlook

The Board of Directors and Management continuously work on securing adequate funding for continued growth. Stenocare has, throughout the annual report for 2023, explained the company's current cash flow in the sections Outlook 2024.

### Recommendation no. 3.5 Remuneration of Board of Directors

The Board of directors have fixed fee and are all shareholders. Stenocare find this as the preferred model.

## EXTERNAL ENVIRONMENT

In 2024, Stenocare's operations included distribution of medical cannabis products from its suppliers. The Company is engaged in cultivation of Cannabis plants in the facility in Randers and has established procedures on limiting the impact of the environment from the cultivation.

## RESEARCH AND DEVELOPMENT ACTIVITIES

In 2023 Stenocare has been actively engaged in the qualification and development of protocols in relation to acceptance of new cannabis oil products. Also, the Company continued the research and develop the High-Tech Indoor Cultivation Facility aiming for a pharma-grade production facility and working with product approval processes in various countries. Based on the research and development activities with the Cultivation Facility Stenocare aims to begin cultivation and production of medical cannabis in the Company's premises in Randers and begin the approval process with the Danish Medicines Agency in the beginning of the second quarter of 2024.

In 2019 the Company signed a strategic partnership agreement to develop, test and commercialize advanced cannabis-based medical products called ASTRUM with a Danish pharma company. In 2022 the Company got positive results from a study of a new oil formulation for cannabis-based medical products showing that the new formulation dramatically enhances the bioavailability and thus uptake of cannabinoids, regardless of meal consumption and inter-individual biological differences. In 2023 the company started developing the ASTRUM product with an experienced partner and expects to start commercialising the product at the end of 2024.

## TREASURY SHARES

Treasury shares consists of:

	Acquisition value - DKK	No. of shares	Nominal value - DKK	Percentage of share capital
Treasury shares as at 01.01.23	8,128,343	254,807	20,384	2.18%
Shares transferred to employees as part of the option program	- 354,728	- 11,120	- 890	- 0.09%
Treasury shares as at 31.12.23	7,773,615	243,687	19,494	2.09%

## SUBSEQUENT EVENTS

Stenocare has in January 2024 reached a refinancing agreement covering all existing convertible loans of 8.3 mDKK. As a result, convertible loans remaining on the balance sheet will be reduced to 5.4 mDKK. The loans can be converted to equity as described in note 2 or repaid by Stenocare at any time. Should the loans not be repaid or converted, the loans continue as such accruing higher interest after 1. January 2025.

Also, Stenocare has received approval from The Danish Medicines Agency to sell a new THC/CBD medical cannabis oil product to Danish patients. This is considered an important milestone for Stenocare towards increased sales and achieving break-even in 2024.

## STATEMENT BY THE BOARD OF DIRECTORS AND MANAGEMENT ON THE ANNUAL REPORT

The Board of Directors and the Executive management have today considered and approved the annual report of Stenocare A/S for the financial year 01.01.2023 – 31.12.2023. The annual report is presented in accordance with the Danish Financial Statements Act. In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2023 and the results of its operations for the financial year 01.01.2023 - 31.12.2023. We believe that the management's review contains a fair review of the affairs and conditions referred to therein. We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 14 March 2024

### Executive Board

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Thomas Skovlund Schnegelsberg

*CEO*

### Board of Directors

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Marianne Wier

*Chairman of the Board*

---

Søren Melsing Frederiksen

*Member of the Board*

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Jeppe Bo Petersen

*Member of the Board*

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Søren Kjær

*Member of the Board*



# INDEPENDENT AUDITOR'S REPORT

ANNUAL REPORT 2023

## TO THE SHAREHOLDERS OF STENOCARE A/S

### Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2023, and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of STENOCARE A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of cash flows, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated. Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

### Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if,

individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Hellerup, 14 March 2024  
PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
CVR No 33 77 12 31

Allan Knudsen  
State Authorised Public Accountant  
mne29465

Pawel C. Michalak  
State Authorised Public Accountant  
mne48479

# FINANCIAL INFORMATION

ANNUAL REPORT 2023

## Income statement

Note		2023 DKK	2022 DKK '000
4	<b>Gross loss</b>	<b>-6,184,848</b>	<b>-6,410</b>
5	Staff costs	-6,377,624	-6,805
	<b>Loss before depreciation, amortisation, write-downs and impairment losses</b>	<b>-12,562,472</b>	<b>-13,215</b>
	Depreciation and impairments losses of property, plant and equipment	-3,384,171	-3,313
	<b>Operating loss</b>	<b>-15,946,643</b>	<b>-16,528</b>
6	Income from equity investments in group enterprises	0	-82
	Financial income	0	17
	Financial expenses	-2,875,901	-1,295
	<b>Loss before tax</b>	<b>-18,822,544</b>	<b>-17,888</b>
7	Tax on loss for the year	1,252,992	1,585
	<b>Loss for the year</b>	<b>-17,569,552</b>	<b>-16,303</b>
	<b>Proposed appropriation account</b>		
	Retained earnings	-17,569,552	-16,303
	<b>Total</b>	<b>-17,569,552</b>	<b>-16,303</b>



<b>ASSETS</b>		31.12.23	31.12.22
		DKK	DKK '000
Note			
	Leasehold improvements	1,025,045	1,394
	Plant and machinery	21,213,391	24,025
	Other fixtures and fittings, tools and equipment	534,103	562
	<b>9 Total property, plant and equipment</b>	<b>22,772,539</b>	<b>25,981</b>
10	Equity investments in group enterprises	0	0
10	Equity investments in associates	4	0
11	Deposits	494,350	494
	<b>Total investments</b>	<b>494,354</b>	<b>494</b>
	<b>Total non-current assets</b>	<b>23,266,893</b>	<b>26,475</b>
	Manufactured goods and goods for resale	45,569	728
	<b>Total inventories</b>	<b>45,569</b>	<b>728</b>
	Trade receivables	2,371,970	3,625
	Receivables from associates	2,023	0
12	Deferred tax asset	1,336,769	1,357
	Income tax receivable	1,273,299	1,605
	Other receivables	268,890	1,077
13	Prepayments	57,581	309
	<b>Total receivables</b>	<b>5,310,532</b>	<b>7,973</b>
	<b>Cash</b>	<b>9,498,419</b>	<b>4,430</b>
	<b>Total current assets</b>	<b>14,854,520</b>	<b>13,131</b>
	<b>Total assets</b>	<b>38,121,413</b>	<b>39,606</b>

<b>EQUITY AND LIABILITIES</b>		31.12.23	31.12.22
Note		DKK	DKK '000
14	Share capital	1,470,745	934
	Retained earnings	24,351,255	23,209
	<b>Total equity</b>	<b>25,822,000</b>	<b>24,143</b>
15	Other provisions	108,000	1,053
	<b>Total provisions</b>	<b>108,000</b>	<b>1,053</b>
16	Convertible loans	0	3,531
16	Lease commitments	936,243	1,267
	<b>Total long-term payables</b>	<b>936,243</b>	<b>4,798</b>
16	Short-term part of long-term payables	438,161	415
17	Convertible loans	8,308,183	0
	Trade payables	1,479,380	3,011
18	Other payables	1,029,446	6,186
	<b>Total short-term payables</b>	<b>11,255,170</b>	<b>9,612</b>
	<b>Total payables</b>	<b>12,191,413</b>	<b>14,410</b>
	<b>Total equity and liabilities</b>	<b>38,121,413</b>	<b>39,606</b>

19 Contingent liabilities

20 Related parties

## Statement of changes in equity

Figures in DKK	Share capital	Share premium	Retained earnings	Total equity
Statement of changes in equity for 01.01.22 - 31.12.22				
Balance as at 01.01.22	934,090	0	39,308,480	40,242,570
Share-based payments	0	0	203,343	203,343
Net profit/loss for the year	0	0	-16,303,170	-16,303,170
Balance as at 31.12.22	934,090	0	23,208,653	24,142,743
Statement of changes in equity for 01.01.23 - 31.12.23				
Balance as at 01.01.23	934,090	0	23,208,653	24,142,743
Capital increase	449,393	17,446,958	0	17,896,351
Debt conversion	87,262	4,908,483	0	4,995,745
Expenses related to changes in capital	0	0	-3,757,255	-3,757,255
Sale of warrants	0	0	21,316	21,316
Share-based payments	0	0	92,652	92,652
Transfers to/from other reserves	0	-22,355,441	22,355,441	0
Net profit/loss for the year	0	0	-17,569,552	-17,569,552
Balance as at 31.12.23	1,470,745	0	24,351,255	25,822,000

## Cash flow statement

Note	2023 DKK	2022 DKK '000
<b>Loss for the year</b>	<b>-17,569,552</b>	<b>-16,303</b>
21 Adjustments	4,154,732	4,030
Change in working capital:		
Inventories	682,340	-728
Receivables	2,300,084	-4,665
Trade payables	-1,531,129	1,822
Other payables relating to operating activities	529,843	-448
<b>Cash flows from operating activities before net financials</b>	<b>-11,433,682</b>	<b>-16,292</b>
Interest expenses and similar expenses paid	-211,806	-103
Income tax received	1,604,624	1,363
<b>Cash flows from operating activities</b>	<b>-10,040,864</b>	<b>-15,032</b>
Purchase of property, plant and equipment	-176,390	-936
Purchase of securities and equity investments	-4	0
Deposit	-246	-1
<b>Cash flows from investing activities</b>	<b>-176,640</b>	<b>-937</b>
Raising of additional capital	17,896,351	0
Expenses related to changes in capital	-3,757,255	0
Sale of warrants	21,316	0
Arrangement of bridge loan	0	5,202
Arrangement of convertible loans	1,433,502	3,038
Arrangement of financial lease commitments	130,000	859
Repayment of financial lease commitments	-437,380	-420
<b>Cash flows from financing activities</b>	<b>15,286,534</b>	<b>8,679</b>
<b>Total cash flows for the year</b>	<b>5,069,030</b>	<b>-7,290</b>
Cash, beginning of year	4,429,389	11,720
<b>Cash, end of year</b>	<b>9,498,419</b>	<b>4,430</b>
Cash, end of year, comprises:		
Cash	9,498,419	4,430
<b>Total</b>	<b>9,498,419</b>	<b>4,430</b>

## 1. Uncertainty concerning recognition and measurement

In the financial statements for 2023, it is important to note the following uncertainty as regards recognition and measurement as it has had a significant influence on the assets and liabilities recognised in the financial statements:

STENOCARE A/S is operating under a four-year trial program, enabling all Danish physicians to prescribe cannabis for medical use. The trial program has been prolonged by the Danish Parliament for an additional 4 years to 31 December 2025. Furthermore, the Danish Parliament passed a law to permanently legalise the cultivation and production of prescription-based medical cannabis in Denmark starting 2022.

The recognition and measurement of assets, liabilities, expenses, depreciation and impairments is in all material aspects under the assumption that the necessary approvals of products and production will be obtained and that the Company's licenses will not be revoked and will be upheld by relevant government bodies. Management expects such approvals to be in place in the coming years.

## 2. Subsequent events

After the end of the financial year, Stenocare has reached a refinancing agreement (partial repayment, renegotiation and/or prolongation) covering all of the existing convertible loans of 8.4 mDKK. As a result, total debt remaining on the balance sheet will be reduced to 5.4 mDKK.

The prolonged and reduced convertible loans approved on the extraordinary general meeting on February 5, 2024 entitle the lenders to convert the loans into shares in the company, each share with a nominal value of DKK 0.08, at the average share price during the 10 most recent trading days prior to the conversion with an addition of 25%. The loans as of February 5, 2024 can be converted at a price of DKK 3.15 per share. Until the exercise of the TO2 in June 2024, the lender is entitled to trigger conversion of remaining debt in full or in part ahead of TO2 on TO2 terms with 10% premium added to amount owned. After the exercise of TO2, the lender is entitled to demand conversion of any outstanding loan amounts, including accrued interests, in whole or in part to shares in the company in the event of capital increases with arms-length participation. Conversion in connection with a capital increase after TO2 shall take place on the same terms as offered in the capital increase. The loans can be repaid by Stenocare at any time. After January 1, 2025 the interest rate will increase and the lenders are entitled to claim a rights issue or directed issue at any time.

Other than this, no significant events have occurred after the end of the financial year, which have a significant impact on the financial statements.



	2023	2022
	DKK	DKK '000

### 3. Fees to auditors appointed by the general meeting

Statutory audit of the financial statements	140,000	200
Total	140,000	200

No non-audit services have been provided by the auditors appointed by the general meeting.

	2023	2022
	DKK	DKK '000

### 4. Net revenue

Gross revenue	6,922,751	5,858
Returned products	-3,164,923	-1,368
Net revenue	3,757,828	4,490

	2023	2022
	DKK	DKK '000

### 5. Staff costs

Wages and salaries	6,044,842	6,422
Pensions	163,248	145
Other social security costs	20,259	21
Other staff costs	149,275	217

Total	6,377,624	6,805
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Average number of employees during the year	9	9
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Remuneration for the management:

Total remuneration for the Executive Board	804,000	804
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Remuneration for the Board of Directors	350,000	350
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Remuneration for the Executive Board and Board of Directors	1,154,000	1,154
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Expense arising from equity-settled share-based payment transactions amount in 2023 to DKK 92,652 (2022: DKK 203k).

	2023	2022
	DKK	DKK '000

### 6. Income from equity investments in group enterprises

Share of profit or loss of group enterprises	0	-82
Total	0	-82

### 7. Tax on loss for the year

Current tax for the year	-1,273,299	-1,605
Adjustment of deferred tax for the year	20,351	20
Adjustment of tax in respect of previous years	-44	0
Total	-1,252,992	-1,585

### 8. Proposed appropriation account

Retained earnings	-17,569,552	-16,303
Total	-17,569,552	-16,303

## 9. Property, plant and equipment

Figures in DKK	Leasehold improvements	Plant and machinery	Other fixtures and fittings, tools and equipment
Cost as at 01.01.23	1,826,394	27,688,322	915,318
Additions during the year	0	0	176,390
Cost as at 31.12.23	1,826,394	27,688,322	1,091,708
Depreciation and impairment losses as at 01.01.23	-432,684	-3,663,478	-353,553
Depreciation during the year	-368,665	-2,811,453	-204,052
Depreciation and impairment losses as at 31.12.23	-801,349	-6,474,931	-557,605
Carrying amount as at 31.12.23	1,025,045	21,213,391	534,103
Carrying amount of assets held under finance leases as at 31.12.23	938,232	0	418,654

**10. Equity investments**

Figures in DKK	Equity invest- ments in group enterprises	Equity invest- ments in asso- ciates
Cost as at 01.01.23	7	0
Additions during the year	0	4
Disposals during the year	-7	0
Cost as at 31.12.23	0	4
Depreciation and impairment losses as at 01.01.23	-7	0
Reversal of depreciation of and impairment losses on disposed assets	7	0
Depreciation and impairment losses as at 31.12.23	0	0
Carrying amount as at 31.12.23	0	4
Name and registered office:		Ownership interest
Associates:		
Your Relief Limited, England		49%

**11. Other non-current financial assets**

Figures in DKK	Deposits
Cost as at 01.01.23	494,104
Additions during the year	246
Cost as at 31.12.23	494,350
Carrying amount as at 31.12.23	494,350



	31.12.23	31.12.22
	DKK	DKK '000

## 12. Deferred tax

Provisions for deferred tax as at 01.01.23	1,357,120	1,377
Deferred tax recognised in the income statement	-20,351	-20
Provisions for deferred tax as at 31.12.23	1,336,769	1,357

Deferred tax is distributed as below:

Property, plant and equipment	-2,374,478	-2,219
Receivables	2,377	10
Provisions	23,760	232
Liabilities	302,369	493
Tax losses	3,382,741	2,841
Total	1,336,769	1,357

As at 31.12.23, the company has recognised a deferred tax asset of DKK 1,337k. The total tax losses carried forward amounts to DKK 58,378k, corresponding to a deferred tax asset value of DKK 12,843k. The recognised deferred tax asset related to tax losses carried forward amounts to DKK 3,383k, corresponding to 26% of the total tax losses carried forward and is recognised on the basis of expectations of positive operating results for the coming 3-5 years. The deferred tax asset related to tax losses carried forward is furthermore recognised on the basis of the significant assumption that the necessary approvals of products and production facilities will be obtained as described in note 1.

	31.12.23	31.12.22
	DKK	DKK '000

## 13. Prepayments

Prepaid expenses	57,581	309
Total	57,581	309

#### 14. Share capital

The share capital consists of:

	Quantity	Total nominal value DKK
Share capital	18,384,313	1,470,745
Total		1,470,745
Capital increase during the financial year	6,708,188	536,655

The Company has an option programme for individual employees who, based on the opinion of the board of directors, make a special effort for the Company or who possess very special qualities that the Company benefits from. The employees will be entitled to Treasury Shares free of charge after the end of each year over a period of up to 5 years. The shares are delivered from the balance of Treasury Shares kept by the Company.

At the date of this annual report, options for a total of 46,960 shares have been granted. 29,040 of the options have been vested leaving a balance of options of 17,920. On vesting, the shares are transferred to the employee from treasury shares and the movement in 2023 therefore reduces the number of treasury shares to 243,687.

In addition there are outstanding warrants, where each warrant gives the right to subscribe for one new share in the Company. A total of 1,712,999 warrants (TO2) have been issued. TO2 warrants can be exercised in the period 10 to 21 June 2024 with a price per share calculated as VWAP (Volume Weighted Average Price) 10 days prior to the beginning of the exercise period with a reduction of 30%.

**15. Other provisions**

Figures in DKK	Other provisions
Provisions as at 01.01.23	1,053,000
Applied during the year	-1,053,000
Provisions during the year	108,000
Provisions as at 31.12.23	108,000
	31.12.23      31.12.22
	DKK            DKK '000

Other provisions are expected to be distributed as follows:

Current liabilities	108,000	1,053
Total	108,000	1,053

Other provisions comprise provisions to return of expired products.

**16. Long-term payables**

	Repayment first year DKK	Outstanding debt after 5 years DKK	Total payables at 31.12.23 DKK	Total payables at 31.12.22 DKK '000
Convertible and profit-sharing debt instruments	0	0	0	3,531
Lease commitments	438,161	0	1,374,404	1,682
Total	438,161	0	1,374,404	5,213

### 17. Information on convertible loans

The company has raised loans of DKK 8,408k, including accrued interests and excluding capitalized loan costs, in return for the issue of convertible debt instruments which entitle the lenders to convert the loans into shares in the company, each share with a nominal value of DKK 0,08, at the average share price during the 10 most recent trading days prior to the signing of the convertible loan agreements with an addition of 25%. The as of 31 December 2023 issued convertible loans can be converted at a price of DKK 11.89 - 12.13 per share. The right of conversion expires when the loan is repaid and the lenders have not exercised their right to convert into shares.

The loans as of the balance sheet date has been prolonged at different terms as described in note 2.

	31.12.23	31.12.22
	DKK	DKK '000
<hr/>		
<b>18. Other payables</b>		
Bridge loan	0	5,686
Other payables	1,029,446	500
<hr/>		
Total	1,029,446	6,186
<hr/>		

## 19. Contingent liabilities

### *Lease commitments*

The company has concluded lease agreements with terms to maturity of up to 85 months and lease payments of DKK 143k. The total lease commitment amounts to DKK 12,127k.

## 20. Related parties

The company has not entered into other related party transactions than remuneration for the management and as such no transactions has been disclosed.

Remuneration for the management is specified in note 5. Staff costs.

	2023 DKK	2022 DKK '000
<b>21. Adjustments for the cash flow statement</b>		
Depreciation and impairments losses of property, plant and equipment	3,384,171	3,313
Other provisions	-945,000	738
Income from equity investments in group enterprises	0	82
Financial income	0	-17
Financial expenses	2,875,901	1,295
Tax on profit or loss for the year	-1,252,992	-1,584
Share-based payments	92,652	203
<b>Total</b>	<b>4,154,732</b>	<b>4,030</b>



## 22. Accounting policies

### GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for enterprises in reporting class B as well as selected rules applying to reporting class C.

The accounting policies have been applied consistently with previous years.

### Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

### CURRENCY

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets, inventories and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

**22. Accounting policies** - continued -**LEASES**

Leases relating to assets where the company has substantially all the risks and benefits incidental to the ownership of the asset (finance leases) are recognised in the balance sheet. On initial recognition, assets held under finance leases and related lease commitments are measured at the lower of the fair value of the leased asset and the present value of future lease payments. Subsequently, assets held under finance leases are treated like other similar assets.

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as payables. Subsequent to initial recognition, lease commitments are measured at amortised cost according to which the interest element of the lease payment is recognised in the income statement over the lease term.

Lease payments relating to operating leases are recognised in the income statement on a straight-line basis over the lease term.

**INCOME STATEMENT****Gross loss**

Gross loss comprises revenue and cost of sales and other external expenses.

**Revenue**

Income from the sale of goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid. Revenue is measured at fair value and is determined exclusive of VAT and other taxes collected on behalf of third parties and less discounts. Revenue is furthermore recognised less of returned products and provisions to take back expired products.

**Cost of sales**

Cost of sales comprises cost of sales for the year measured at cost plus any changes in inventories, including write-downs to the extent that these do not exceed normal write-downs.

**22. Accounting policies** - continued -**Other external expenses**

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

**Staff costs**

Staff costs comprise wages and salaries as well as other staff-related costs.

**Share-based payments**

Employees receive remuneration in the form of share-based payments, whereby employees render services as consideration for shares (equity-settled transactions). The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised in employee benefits expense, together with a corresponding increase in equity, over the period in which the service are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the best estimate of the number of equity instruments that will ultimately vest.

**Depreciation and impairment losses**

The depreciation of property, plant and equipment aim at systematic depreciation over the expected useful lives of the assets. Assets are depreciated according to the straight-line method based on the following expected useful lives and residual values:

	Useful lives, years	Residual value DKK '000
Leasehold improvements	5	0
Plant and machinery	5-10	0
Other plant, fixtures and fittings, tools and equipment	5	0

The basis of depreciation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

**22. Accounting policies** - continued -

Property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

**Income from equity investments in group enterprises and associates**

For equity investments in equity investments in subsidiaries and associates, measured using the equity method, the share of the enterprises' profit or loss is recognised in the income statement after elimination of unrealised intercompany profits and losses and less any goodwill amortisation and impairment losses. For associates only the proportionate share of intercompany gains and losses is eliminated.

Income from equity investments in equity investments in subsidiaries and associates also comprises gains and losses on the sale of equity investments.

**Other net financials**

Interest income and interest expenses, the interest element of finance lease payments, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

**Tax on profit/loss for the year**

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

**BALANCE SHEET****Property, plant and equipment**

Property, plant and equipment comprise leasehold improvements, plant and machinery as well as other fixtures and fittings, tools and equipment.

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

**22. Accounting policies** - continued -

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation and impairment losses' section.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

**Equity investments in group enterprises and associates***Equity investments in group enterprises*

Equity investments in subsidiaries are recognised and measured according to the equity method. For equity investments in subsidiaries, the equity method is considered a measurement method, and reference is made to the 'Equity method' section for further details.

*Equity investments in associates*

Equity investments in associates are recognised and measured according to the equity method. For equity investments in associates, the equity method is considered a measurement method, and reference is made to the 'Equity method' section for further details.

*Equity method*

On initial recognition, equity investments measured according to the equity method are measured at cost. Transaction costs directly attributable to the acquisition are recognised in the cost of equity investments.

Under subsequent recognition and measurement of equity investments according to the equity method, equity investments are measured at the proportionate share of the enterprises' equity value, determined according to the accounting policies of the parent, adjusted for the remaining value of goodwill and gains and losses on transactions with the enterprises in question. Equity investments, where information for recognition according to the equity method is not known, are measured at cost.

Equity investments with a negative carrying amount are measured at DKK 0. Receivables that are considered part of the combined investment in the enterprises in question are impaired by any remaining negative equity value. Other receivables from such enterprises are impaired to the extent that such receivables are considered uncollectible. Provisions to cover the remaining negative equity value are recognised to the extent that the company has a legal or constructive obligation to cover the liabilities of the enterprise in question.

**22. Accounting policies** - continued -

Gains or losses on disposal of equity investments are determined as the difference between the disposal consideration and the carrying amount of net assets at the time of sale, including non-amortised goodwill, as well as the expected costs of divestment or discontinuation. Gains and losses are recognised in the income statement under income from equity investments.

**Impairment losses on fixed assets**

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

**Inventories**

Inventories are measured at cost calculated according to the FIFO-method. Inventories are written down to the lower of cost and net realisable value.

The cost of raw materials and consumables as well as goods for resale is determined as purchase prices plus expenses resulting directly from the purchase.

The net realisable value of inventories is determined as the selling price less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and the expected development in the selling price.

**22. Accounting policies** - continued -**Receivables**

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

**Prepayments**

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

**Cash**

Cash includes deposits in bank account.

**Equity**

The net revaluation of equity investments measured according to the equity method is recognized in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds the cost.

**Provisions**

Other provisions comprise expected expenses incidental to taking back expired products and are recognised when the company has a legal or constructive obligation at the balance sheet date and it is probable that such obligation will draw on the financial resources of the company. Provisions are measured at net realisable value or fair value if the provision is expected to be settled over the longer term.

**Current and deferred tax**

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account. The tax credit scheme ("Skattekreditordningen") has been applied and the calculated tax credit on development costs has been recognised as a tax receivable.

**22. Accounting policies** - continued -

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

**Payables**

Convertible debt instruments are issued on terms that entitle the lender to convert the loan into equity interests in the company.

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.

**CASH FLOW STATEMENT**

The cash flow statement is prepared using the indirect method, showing cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities comprise the net profit or loss for the year, adjusted for non-cash operating items, income tax paid and changes in working capital.

Cash flows from investing activities comprise payments in connection with the acquisition and divestment of companies and financial assets as well as the purchase, development,



**22. Accounting policies** - continued -

improvement and sale of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the company's share capital and associated costs and financing from and dividends paid to shareholders as well as the arrangement and repayment of long-term payables. Cash flows from financing activities also comprise finance lease payments.

Cash and cash equivalents at the beginning and end of the year comprise cash.