CSMEDICA

ANNUAL REPORT 2020/2021

CS MEDICA A/S | 33871643 | www.cs-medica.com

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INTRODUCTION CS MEDICA

Performance Highlights

Fiscal Year (DKK)	2020/2021	2019/2020	2018/2019
Net Sales	3.179.557	2.110.729	1.425.936
Gross profit	1.363.857	682.654	825.643
Operating profit	1.191.406	450.398	211.130
Depreciation and amortisation	- 1.367.452	- 384.516	- 24.433
Net financials	- 231.742	- 143.253	- 138.194
Profit before taxes	407.788	- 77.371	48.503
Net profit	647.627	- 54.579	- 119.076
Cash and cash equivalents	9.996.085	296.884	4.169
Research and development costs	5.906.369	1.732.137	1.043.151
Cash flow of the year	9.699.201	691.217	86.195
Total Assets	27.411.166	5.436.210	3.279.071
Equity	24.147.361	87.241	- 1.759.061
Financial Ratios			
Gross margin	43%	32%	58%
Operating margin	37%	21%	15%
Research and development in % of sales	186%	82%	73%
Net profit margin	20%	-3%	-8%
Equity ratio	88%	2%	-54%
Share performance			
Basic earnings per share	0,05940		
Total number of shares, 30 September	10.902.000		
Closing share price	6,20		

Highlights during the fiscal year

- July 30, 2021, CS MEDICA announced its intention to launch an IPO and list its shares on Spotlight Stock Market in Q3 2021. The offering included issue of units of DKK 22,3 million and an additional approx. DKK 10.8 million at a later stage if all warrants of series TO 1 are exercised. First day of trading was September 14th. The initial part of the IPO of units was subscribed to a total of approximately DKK 35.2 million, corresponding to a subscription ratio of approximately 158 percent.
- August 13, 2021 CS MEDICA announced that the Company has been approved for listing at Spotlight Stock Market.
- August 19, 2021 CS MEDICA announced good results in two tests performed at the Dermatology Clinic of the Medical University of Gdansk, an application test and a dermatological test on the Company's Psoriasis lotion.
- September 10, 2021, CS MEDICA announced clinical trial Phase III results from the intermediate report on NGA-01 (CANNASEN®CBD Arthritis Gel) against placebo. Analysis of the data indicates that CANNASEN®CBD Arthritis Gel (NGA-01) has an efficacy rate of 89 percent in reduction of pain in joints of participants with Osteoarthritis with joint pain in any of the joints; knee, hip, ankle, elbow, and shoulder.
- September 14, 2021 was the first day of trading in CS MEDICA A/S's shares and warrants at Spotlight Stock Market.
- September 14, 2021, CS MEDICA announced that the Company has signed an agreement with Alsitan GmbH ("Alsitan") in Germany. The order, which concerns arthritis gel under a private label agreement, amounts to 40,000 units, corresponding to DKK 1.240.000 million in revenue. The order is expected to be delivered in September and December 2021.
- September 27, 2021, CS MEDICA announced that the Company will adjust its financial targets for the fiscal year 2020/2021. The previously communicated financial target of DKK 7 million will be adjusted to approx. DKK 3.6 million. The completion of the process of testing and getting approval by the ethics committee in India was prolonged due to Covid-19, in turn impacting and postponing the finalization of an agreement.

Highlights after the period

- October 5, 2021, CS MEDICA announced extended product availability together with Kronan Apotek in Sweden. In accordance with the purchase agreement, the products are entering the shelf of the 326 local pharmacies of Kronans Apotek as of October 4, 2021
- November 5, 2021, CS MEDICA announced entering a reseller agreement for CANNASEN® CBD product portfolio with DirectSalud in Spain.

Lone Henriksen has the floor

It is with great joy that I am summarizing the past year for CS MEDICA. We have worked hard and have made good progress in developing our business. In September we were listed on Spotlight Stock Market and it will forever be a milestone in the history of CS MEDICA. As a listed company, we can lift the therapeutic potential of Cannabinoids together with our new shareholders. Therefore, I am grateful for the support we have been given and glad to welcome our new shareholders.

Cannabis-derived compounds have the potential to disrupt the medical industry and meet the modern consumer trend in health and wellness. CS MEDICA has a competitive advantage in this fast-growing industry by being the first mover when it comes to medical-technical[1] products treatments containing cannabinoids. As a listed company we hope to acquire the financial means and validate our business so we can offer life-changing treatments to people in the future. Going forward we will focus on accelerating our business by entering new markets and expanding our product portfolio.

Being a first-mover in a new market requires that we can achieve positive test results connected to our products. During the last year, we have announced several positive test results. In August, our psoriasis lotion was tested in the hypoallergenic program carried out at the Dermatology Clinic of the Medical University of Gdańsk. The test results confirmed that Psoriasis lotion displayed positive effects when used as an adjunctive treatment product. Also, the results showed that the product can be categorized as non-irritation/non-allergenic.

Another important aspect of our product offering is to provide safe and efficient products for our patients. In September, we were happy to announce positive results for CANNASEN®CBD Arthritis Gel (NGA-01). After conducting the final efficacy analysis in the ongoing Phase III trial, the results indicated that we met all the trial's primary efficacy endpoints. The results marked an important step for CS MEDICA as we could keep up a positive momentum as we continued our strong track record for delivering impactful products and system technical treatment solutions.

Looking back at our operational objectives, we set out to finalize distributor agreements outside of Denmark. We are continuously looking for new possibilities to enter new markets and expand the ones we have already established on. Following this expanding strategy, we were glad to announce extended product availability together with Kronans Apotek in Sweden. In extension to selling products in their webshop, our products entered the shelf of 326 local pharmacies of Kronans Apotek. The completion of our purchase agreement will result in increased sales and distribution, in addition to helping CS MEDICA expand its market shares and brand visibility in Sweden. Our great efforts in Sweden will be valuable as we continue to focus on scaling our business, entering new strategic partnerships and launching our products on the global market.

We will continue to help and support our patients in their struggles against disease and the pain they are experiencing. We are driven by the fact that we can change the daily life of patients that are suffering from autoimmune inflammatory disorders, such as arthritis and psoriasis. We truly believe in the impact we can make, and that is what drives us.

I sincerely want to thank everyone that is on this journey with us. Now we look forward to advancing across more markets to help as many people as possible. Thanks to all of our shareholders that are with us on this exciting journey.

Lone Henriksen – CEO, CS MEDICA A/S

[1] medical device (MD)

About CS MEDICA

Background and business overview

CS MEDICA is a Danish-based medical company, exploring and harnessing the potential of compounds found in the Cannabis sativa L. plant. The Company was founded in 2011, has its headquarters in Copenhagen, Denmark, and operates within the medical device, cosmetic and food supplement industry, focusing on pain treatment across Europe. CS MEDICA runs its business through two fully-owned subsidiaries, Galaxa Pharma A/S, based in Greve, Denmark, and CanNordic A/S, based in Copenhagen, Denmark.

The strategic focus of the Company is placed on pioneering the cannabis market, due to the fact that the properties of CBD and other cannabinoids are thoroughly documented and show unquestionable efficiency in the treatment of, among others, auto-immune and inflammatory diseases.[2] Because of their healing properties, CBD and other cannabinoids are the key ingredients in the Company's topical and intranasal products (CBD is currently not allowed as food supplements in Europe).

Vision
CS MEDICA's vision is to be in constant development, exploring the ways in which the Company can support patients in their battle against disease, the pain and the sorrow it brings. We want a targeted approach that makes it easier for the patient to navigate between the solutions.

Mission
CS MEDICA's mission is to explore the healing potential of cannabinoids and to develop efficient and optimized products with a high safety profile. Every day, the Company strive to fulfil this mission by increasing the understanding of the endocannabinoid system and the cannabinoids. The Company use this knowledge to develop and market products that enable people to live with less pain and increase their overall life quality.

[2] See any of the below regarding overall effects of CBD on the immune system and inflammation:
Burstein, S. (2015). *Cannabidiol (CBD) and its analogs: A review of their effects on inflammation.* Bioorganic and Medicinal Chemistry.
Nagarkatti, P., Pandey, R., Rieder, S. A., Hegde, V. L., and Nagarkatti, M. (2009). *Cannabinoids as novel anti-inflammatory drugs.* Future medicinal chemistry.
Nichols, J. M., and Kaplan, B. (2020). *Immune Responses Regulated by Cannabidiol.* Cannabis and cannabinoid research.
See any of the below regarding psoriasis and arthritis specifically:
Derakhshan, N., and Kazemi, M. (2016). *Cannabis for Refractory Psoriasis-High Hopes for a Novel Treatment and a Literature Review.* Current clinical pharmacology.
(Wilkinson, J. D., and Williamson, E. M. (2007). *Cannabinoids inhibit human keratinocyte proliferation through a non-CB1/CB2 mechanism and have a potential therapeutic value in the treatmen of psoriasis.* Journal of dermatological science.
Hammell, D. C., Zhang, L. P., Ma, F., Abshire, S. M., McIlwrath, S. L., Stinchcomb, A. L., and Westlund, K. N. (2016*). Transdermal cannabidiol reduces inflammation and pain-related behaviours in a rat model of arthritis.* European journal of pain (London, England).

Product portfolio

At present, The Company's product portfolio featured under the trademark of CANNASEN® consists of two product lines;

- CANNASEN® CBD Treatment line, available on the market in more than 500 stores in the EU
- CANNASEN® CBD Skincare Restoring and Calm line, to be introduced to the market in 2022.

On top of that, the Company works as a distributor of natural cosmetics under Galaxa Pharma A/S, which provides an additional source of revenue. The products of the Company are branded under the trademark of CANNASEN® and the treatment line is categorized in 4 main areas.

All treatment products are focused within autoimmune- or stress related disorders. The following products are available in each category:

Skin disorders

- Psoriasis Gel - immediately stops the itch and reduce the redness and scaling.
- PSOR+ATOPIC lotion – moisturize and soften the skin.
- Wound Gel – gives optimal wound healing environment and reduce the healing time.

Musculoskeletal disorders

- Pain Patch – long lasting pain relief – local treatment.
- Arthritis Gel – immediately cooling effect and pain relief.

Respiratory disorders

- Protective Nasal Gel – Protects against environmental antigens.
- Nasal Spray Night – Improves breathing and sleep quality.

Dermaceuticals

- Anti-Hair loss Serum – increase the hair density, thickness and reduce the hair loss.
- Cosmetic line – calm the skin and reduce rosacea flare ups – redness (imflammation) of the skin.

Business and market overview

Background

In 2016, CS MEDICA found untapped potential in substances contained in Cannabis sativa L. that were not exploited in the treatment sector. A big part of the neglected potential was caused by a lack of confidence in the existing CBD products' effectiveness, and safety. However, through extensive research leading to greater knowledge on the differences between CBD (cannabidiol), THC (tetrahydrocannabinol), and other cannabinoids, the demand for products containing the substance and their respective prosperities has increased dramatically over the last years.

CS MEDICA envisions playing an integral part in the processes of identifying and ensuring the best possible treatments within healthcare and wellness for patients, healthcare professionals, and consumers around the world. CS MEDICA fulfills this purpose by introducing and providing some of the most effective and innovative OTC cannabinoid products. The products are developed based on optimized combinations from cannabinoids, the newest technology within other active ingredients, the newest research- and trends within the pharmaceutical industry in cooperation with their global partners and experts within CBD usage, MD, and food supplements.

CS MEDICA's current focus area is the treatment of autoimmune disorders, such as arthritis and psoriasis. The consequences for people suffering from arthritis are high levels of pain combined with impaired mobility – while psoriasis manifests itself in the skin, replacing skin cells every three to five days instead of the normal 30 days, causing pain, itching, and discomfort. In addition to existing products, the Company expects to increase the number of product categories, especially within autoimmune and stress-related disorders, because it is where cannabinoids have shown the greatest efficacy due to Phyto cannabinoids balancing the body's endocannabinoid system and thereby target the source of disease, not just the symptoms, that is typical of traditional pharma products.

Research technologies

The deep understanding of cannabinoids, the Endocannabinoid System, and the biology behind it allows CS MEDICA to identify 'targets'. A target is a pathway in the body, that contributes to the development of a disease or its symptoms, and that can be addressed by a Phyto cannabinoid (or combination of those) to produce a desired therapeutic effect.

Once a target has been identified and validated, the next step is to find the right cannabinoid or composition of cannabinoids that can inhibit or enhance the target's activity. Current techniques and technology platforms make it possible to screen all performed clinical studies and tests within the defined target and disease and thereby identify the right cannabinoid, compounds, and active ingredients. Compounds that show the wanted effect are called 'hits'. CS MEDICA refine hits by testing their effectiveness and safety in many different ways, and only the most fitting cannabinoids, cannabinoid compositions, and active ingredients will make it through the research and development pipeline to become a treatment product - only formulations that have an effective effect on a disease, and which do not show significant negative side effects and are safe to use. It is a comprehensive and rigorous process that can take several years, from the original idea to progress through clinical development and final approval within the drug legislation.

Production process

The cultivation of the cannabis plant, the extraction of CBD, and the crystallization of CBD isolate for medical use are made in Italy or the Czech Republic with one of the Company's subcontractors. The CBD crystals are in a later stage sent to the Company's production site to be included in the manufacturing of CANNASEN® CBD products at the Company's partners in Germany and Poland.

To secure the capability of upscaling the production of the Company's products and minimize the potential damage if a partner risk losing a needed license or certification; CS MEDICA has secured two subcontractors within each field of their production.

Business model and strategy

The product portfolio of the Company is featured under the trademark of CANNASEN®; which consists of the two following product lines:

- CANNASEN® CBD Treatment line.
- CANNASEN® CBD Skincare Restoring and Calm line.

The products under the trademark are in turn manufactured via CanNordic A/S (registered MD product developer) and sold through Galaxa Pharma A/S (distributor and representative of foreign manufacturers in the Nordic) and other global distributors (outside of the Nordic countries). In 2023, the Company expects to extend the current number of product lines by adding products, also based on cannabinoids/cannabis, but within animal treatments.

CANNORDIC

CanNordic is a registered MD product developer and the manufacturer of CANNASEN®. CanNordic is specialized in creating medical products with CBD, innovative treatment solutions, and skincare products with natural Cannabidiol (CBD). The three cores of CanNordic: Intellectual property, Proven Delivery System Technology, and Regulatory Approvals & Certification.

Vision Statement	Mission Statement
CanNordic's vision is to become the world's most trusted brand of CBD based, medical devices. CanNordic's foundation in research, development and marketing of medical devices containing medically approved cannabinoid ingredients, target to specific treatments. CanNordic wants to strengthen the patient's benefits through the combined effects of systematic treatment.	Through innovative research and by understanding the biology of the human body's endocannabinoid CanNordic will educate health care professionals, society and patients about the potential in using and combine natural CBD products to help patients with safe treatments for their disease.

GALAXA PHARMA

Galaxa Pharma *is an innovation-driven and independent pharmaceutical distribution company representing* foreign manufacturers of finished pharmaceuticals and cosmetics on the Nordic market. Galaxa Pharma focuses on high-quality products with proven efficiency at a competitive price with distribution to drugstores and pharmacies.

Vision Statement	Mission Statement
Galaxa Pharma's vision is to simplify the process of getting the right access to the Nordic pharmaceutical retail and e-tail market for manufactures and suppliers of unique high-quality OTC and cosmetic products.	As an independent expert in the Nordic pharmaceutical market, Galaxa Pharma can help our clients with access to the right sales channels Galaxa Pharma does this by knowing the right stakeholders, having an efficient organization that knows the market regulations and having the experience in connecting the right channels with the right products and signing reliable agreements.

Outside the region of the Nordic countries, the sales run through two export sellers with extensive experience in global rollout within the MedTech distribution network and several collaborations with local distributors with established sales channels including pharmacies and drugstores. CS MEDICA believes that the use of local distributors and online growth hacking strategies ensures rapid growth and a high level of market penetration.

As a part of CS MEDICA's business strategies, the Company has several ongoing clinical trials on their broad range of products, and one completed study on hair growth efficacy. Further, the Company has five planned studies.

Clinical Trials & MDR tests

Performed clinical trial

- Anti-hair loss Serum versus placebo
- PSOR+ATOPIC lotion (application test)

Ongoing clinical trials

- NGA-01 gel; Arthritis Gel versus placebo - ongoing
- NGA-02; Arthritis Gel & Oral supplement versus Arthritis Gel & Placebo oral - ongoing
- NGP-01; gel Psoriasis Gel versus placebo - ongoing
- NGP-02; Psoriasis Gel & Oral supplement versus Psoriasis Gel & Placebo oral – ongoing
- NGPG–01; Protective Nasal Gel versus Placebo – ongoing
- NGPP-01; Pain Patch versus Placebo – ongoing
- NGW-01; Wound Gel versus Placebo – ongoing
- NGS–01; Nasal Spray Night versus Placebo - ongoing

MDR Tests

Within R&D, CS MEDICA initiated phase 3 development according to the new regulation MDR & for reclassification of the medical devices:

New biocompatibility test according MDR

- Arthritis gel – performed
- Psoriasis Gel – performed
- Wound Gel; Cytoxicity, Sensitization, Irritation
- Pain Patch; Cytoxicity, Sensitization, Irritation
- Protective Nasal gel: Cytoxicity, Sensitization, Irritation, Acute systemic tox, Subacute systemic tox
- Nasal Spray Night; Cytoxicity, Sensitization, Irritation, Acute systemic tox, Subacute systemic tox

Absorption test on

- Psoriasis Gel – performed
- Arthritis Gel – ongoing
- Pain Patch – ongoing

Product Pipeline

CS MEDICA aims to launch the psoriasis lotion and food supplements before the end of 2021, followed by the launch of the CANNASEN® CBD treatment line in 2022.

DEVELOPMENT STAGE

PRODUCT REGISTRATION	DISEASE INDICATION	I	II	III	IV
Food For Special Medical Purpose/Food Sup.	Arthritis				H1 2021/2022
	Psoriasis				H1 2021/2022
	Hair regrowth				H1 2021/2022
	Immune Booster				H2 2021/2022
Cosmetic	Psoriasis Lotion				H1 2021/2022
	CANNASEN®CBD Skincare Restoring and Calm line:				
	– Repair & Calm Body Milk				H1 2022/2023
	– Deep Clean & Calm Facial Cleanser				H1 2022/2023
	– Deep Moisturising Cream				H1 2022/2023
	– Recovery & Calm Cream				H1 2022/2023
	– Repair Lip Balm				H1 2022/2023

I: FORMULATION II: FINAL FORMULATION III: LAB. TESTS, INVITRO, IN VIVO TEST & CLINICAL STUDIES IV: MARKET LAUNCH

Inspection by the Danish Medical Agency

Cannordic was in march 2021 inspected by the Danish Medical Agency to secure and evaluate if the CANNASEN products are following the Medical device legislation (MDD). This include a comprehensive investigation and evaluation of the following areas within the MDD legislation;

- Technical files lives up to the requirements
- Clinical evaluation of each medical device product are performed according to the detailed requirements under MDD
- Pre-clinical test are performed, evaluated and documented correctly
- Packaging, that means the tube, box and instructions for use (IFU) follows the regulations and requirements under MDD
- All production protocols are documented in accordance with standards under MDD.
- All processes are quality assured from field to shelf
- The quality management system in a complete and effective way describe and includes all processes in the handling of Medical device products under MDD.
- Marketing around the products are following the strict requirements under MDD especially within product description and claims.

The Danish Medical Agency finalized the inspection with only findings of minors and remarks. Generally, they found our documentation above average. The next inspection from the Danish Medical Agency is not expected before 3 - 5 years.

The result of the inspection means that CanNordic can continue their business as the, currently, only company on the market with OTC medical Devices with CBD and other cannabinoids from cannabis.

Market overview

With USD 1.9 billion in CBD sales globally during 2018, the estimated market growth is expected to match a 49 percent compound annual growth rate (CAGR) until 2024.3 In general, cannabis-derived compounds are claimed to have market disrupting potential. Due to hemp's composition, the disruption is supposed to cover multiple industries, including medical and cosmetic. The disruption is ongoing and supposed to last for about a decade depending on the region. By estimates from 2018, the size of the prize of all the global markets disrupted by cannabis is 5 USD trillion[4].

Below follows a more detailed overview of the symptoms/diseases and their respective markets in which the Company primarily intends to operate.

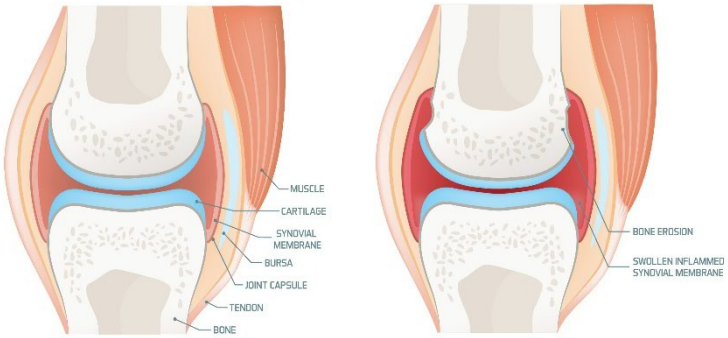
The forecasted market value of medical cannabis for the respective target market by 2028.*

- **Denmark:** 1.1 B €
- **Germany:** 7.7 B €
- **UK:** 8.8 B €
- **Sweden:** 0.5 B €
- **Norway:** 0.5 B €
- **Finland:** 1.1 B €

Rheumatoid Arthritis

Arthritis is a chronic inflammatory, a joint disease that affects joints in the body. There are more than 100 different types of arthritis. Part of those is auto-immune-related, which means that the immune system attacks the tissue surrounding the joint as if it was fighting an infection. Rheumatoid Arthritis is an autoimmune type of arthritis that first can target the lining of joints. This means that healthy cells in the body can be mistakenly attacked by the immune system, leading to inflammation (painful swelling) The main symptoms of arthritis include joint pain and stiffness, which typically worsen with age.

Rheumatoid arthritis belongs to the group of rheumatic and musculoskeletal diseases, which, according to EULAR are among the most common disabling and costly chronic conditions in Europe.[5] The main symptoms of arthritis include joint pain and stiffness, which typically worsen with age.



HEALTHY JOINT RHEUMATOID ARTHRITIS

An increasing number of people suffering from rheumatoid arthritis choose alternative treatments to manage their symptoms. For this reason, there is an increasing market demand for more effective treatments with reduced side effects.[6] Research has shown that cannabinoids may play a beneficial role in the treatment of rheumatoid arthritis,[7] thus cannabinoid-based treatment for rheumatoid arthritis can potentially satisfy the rheumatoid arthritis market demand.

[3] BDSA (2021). *BDS Analytics: The Global Cannabinoids Market, Will CBD Overtake THC.*

[4] "Cannabis market disruptor I" (2019) Cannabis Market Disruptor Handbook part I: An Introduction. Euromonitor International

[12] EULAR (2020) *EU Horizon 2020 Framework Program.* Horizon 2020 Framework Programme. EULAR's position and recommendations https://www.eular.org/myUploadData/files/EU_Horizon_2020_EULAR_position_paper_brief.pdf

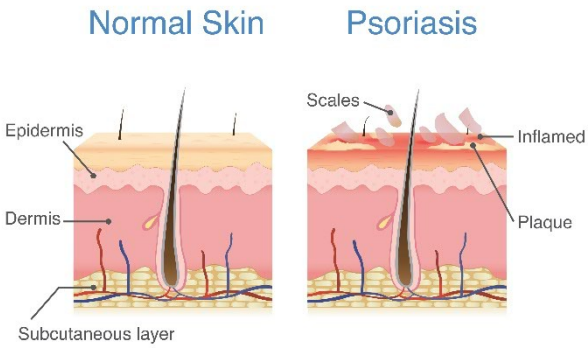
[6] Medical Cannabis Patient Survey 2020 - Detailed Results (2020) medical Cannabis Canada, Abacus Data.

[7] Lowin T, Schneider M, Pongratz G. Joints for joints: cannabinoids in the treatment of rheumatoid arthritis. Curr Opin Rheumatol. 2019 May;31(3):271-278. doi: 10.1097/BOR.0000000000000590. PMID: 30920973.

* Prohibition Partners (2019). Projected market value of medicinal cannabis in Europe in 2028, by country (in billion euros) [Graph]. In Statista.

Psoriasis

Psoriasis is a chronic inflammatory, autoimmune-related, skin disease. Autoimmune related means the immune system treats the body's own and healthy cells as if it was fighting an external threat. Psoriatic skin can be characterized by the overly rapid growth of the epidermis, which results in silvery-white scales, inflammation-related redness, dryness, and itchiness. In simple terms, people suffering from psoriasis have elevated production of skin cells, whereby normally skin cell replacement occurs every 30 days, psoriatic skin has a cell replacement cycle every three to five days.[8] Several studies show that CBD may be beneficial in psoriasis treatment as cannabinoids can interact with receptors in the endocannabinoid system, and thus balance the immune system.[9]



The global psoriasis drugs market was valued at USD 13.4 billion in 2020 and have a compound annual growth rate (CAGR) of 9.89 percent. It is expected to reach USD 23.6 billion in 2026.[10]

Skincare

Cannabis-based skincare is popular and lucrative in North America, but still new in European markets. This poses a potential for growth and the creation of a new consumer base if combined with customer education. When it comes to the usage of cannabis in the beauty sector, skincare provides the greatest opportunity for growth, followed by cannabis-based hair care.[11] As of 2018, skincare makes up 50 percent of cannabis beauty and personal care products. The skincare segment includes cosmetic products designed specifically for the care and protection of the skin. Skincare is the second largest segment of the beauty and personal care market.[12] The skincare segment itself composed 27 percent of the Beauty and Personal Care market, with revenue of USD 136.1 billion, as of 2019. The worldwide skincare segment revenue (adjusted after 2020) is predicted to increase at a compound annual growth rate (CAGR) of 3.5 percent from 2012 to 2025.[13] Due to COVID-19, the 2020 forecast for the Skin Care segment is 6.8 percent lower than the original forecast.[14] Facial skincare generates the highest revenue in the segment (69 percent in 2019)[15], potentially due to its relationship with identity and ego-defensive functions.[16]

Hair Regrowth

The potential of cannabinoids in the hair care segment is still under exploration. Cannabis sativa L. attributes often function as an additional ingredient of product formulations, but the potential of cannabinoids is largely untapped. The global Hair Care market size equaled USD 93 billion in 2020 and is predicted to grow to USD 105 billion by 2025.[17] Haircare is a part of the Personal Care segment, which equated to revenue of USD 483 billion in 2020 and has predicted a CAGR of 3.4 percent (adjusted for COVID-19, the new forecast for the Personal Care segment is seven percent lower than the original forecast from before 2020).[18] Within the Personal Care segment, hair care generates the highest revenue equal to 37 percent in 2019.[19]

Wound healing

Wound healing gel can be categorized as both a wound care product and a wound closure product. Usage of gels and dermal films is a recent innovation in acute and chronic wounds. The market is composed of by-products that are developed to facilitate and accelerate the healing process, as well as protect the wound from contaminations and loss of moisture, which could prolong or impair wound healing. Among others, the used

[8] WHO (2016). Global report on PSORIASIS. WHO Library Cataloguing-in-Publication Data Global report on psoriasis.
[9] E.g. Derakhshan, N., and Kazemi, M. (2016). *Cannabis for Refractory Psoriasis-High Hopes for a Novel Treatment and a Literature Review.* Current clinical pharmacology.
[10] Mordor Intellignce (2020). *Psoriasis Drugs Market* (2018 -2026).
[11] Euromonitor International (2019) Cannabis in beauty and personal care: Prospects, opportunities, and challenges.
[12] Statista Consumer Market Outlook (2020). *Skin Care Report.*
[13] Statista Consumer Market Outlook (2020) *Skin Care Report, November 2020.*
[14] Ibid.
[15] Ibid
[16] Szmigin, I., and Piacentini, M. (2015). *Consumer behaviour.* Oxford University Press.
[17] Statista Consumer Market Outlook (2020). *Personal Care Report, November 2020.*
[18] Ibid.
[19] Ibid.

materials in wound dressings include films, sponges, fibers, or hydrogels from natural and synthetic polymers, as well as their combinations.[20] The global advanced wound care market equaled to approx. USD 8.9 billion and is predicted to reach approx. USD 11 billion by 2024.[21] A recent study reported a 90 percent success rate for healing chronic wounds when using experimental cannabinoid-based topical medicine[22]. Thus, cannabinoids offer a potential source of innovation in this market.

INSOMNIA

Insomnia is a growing problem in society - according to global studies, 10-30 percent of the total 447 million Europeans suffer from insomnia.[23] Sleep disorders are most often caused by stress and manifest themselves through problems in sleep-wake cycles, breathing problems, difficulty sleeping, or fatigue. The world market is estimated at USD 78.7 trillion in 2019 with an est. growth of 7.1 percent by 2019.[24] Globally, there is a growing trend to favor OTC products due to easy availability, price, and fewer side effects than prescription drugs.

Competitive landscape

The main difference between the competition and CS MEDICA is the already obtained OTC MD status of CS MEDICA's treatment products, all with patent pending. Due to the OTC MD status, the Company is governed by tighter regulations and needs to comply with specific requirements, which in turn lowers the associated risk and generates a higher sense of trust for the customer. To the knowledge of the Board of Directors, no other OTC MD products on the market contain CBD for the treatment of arthritis or psoriasis, nor any other diseases.

Up to May 26, 2021, Medical Devices were regulated under MDD, but today follows the MDR (Medical Device Regulation) (EU) 2017/745.[25] Products filed under MDD as a class I will, with the new MDR, be lifted to a class IIa. For a transitional period of four years, permission has been granted for products certified as an MD class I before the 26th of May 2021, to remain on the market, provided that the extended requirements for the classification lift are initiated.[26] The Products are allowed to stay at the mark after the transition period provided that the extended requirements and the classification lift for class IIa are finalized.

All CANNASEN® CBD MD products were launched as a Class I under the MDD before the 26th of May 2021, and are thus allowed to remain marked, as a Class I under the MDR. To the knowledge of the Board of Directors, CS

[20] Okur, M. and Karantas, I. and Ay, Z. and Üstündağ O. and Siafaka, P. (2020). *Recent trends on wound management: New therapeutic choices based on polymeric carriers.* Asian Journal of Pharmaceutical Sciences.
[21] BIS Research (2019) *Global advanced wound care market size 2024.*
[22] Rosner, A. Cannabis-Based Medicine : A Breakthrough For Healing Intractable Chronic Wounds. (2019).
[23] Bhaskar S., Hemavathy D., and Prasad S. (2016). *Prevalence of chronic insomnia in adult patients and its correlation with medical comorbidities.* Journal of Family Medicine and Primary Care.
[24] Research and Markets (2017). *U.S. Insomnia Market by Non-Pharmacological Therapy (CBTI, Hypnotherapy), Prescription Sleep Aids (Benzodiazepines, Non-Benzodiazepines (Zaleplon), Orexin Antagonist) and OTC Treatment (Antihistamine, Melatonin, Valerian Root)) - Forecasts to 2021.*
[25] Medical Device Coordination Group (2020). *Guidance on significant changes regarding the transitional provision under Article 120 of the MDR with regard to devices covered by certificates according to MDD or AIMDD.*
[26] Ibid.

MEDICA is currently the only one on the market with products that contain cannabinoids regulated under MDR. This immediately gives a competitive advantage, as new products introduced to the market under MDR with cannabinoids must undergo the process applicable to MDR class IIa, corresponding to an application process period of two-three years. CS MEDICA will thus have a competitive advantage during this period.

Furthermore, legal CBD products only include cosmetics and Medical Devices delivered topically and intra nasally. The European Medicines Agency EMA and the UK have currently initiated a withdrawal of all oral CBD oils and other CBD supplements.[27] This currently results in a large portion of the current CBD products being removed from the market leaving only authorized Medical Devices and cosmetics products. As these two segments are the main focuses of the CANNASEN® brand, CS MEDICA believes that the change in the law is in the company's favor.

The Company has assessed and identified a market need for new OTC products for insomnia. This can be observed by the current motivation for usage in different geographic markets. For instance, it was the 3rd most common reason for use of CBD products in the UK and the US in 2019[28,29] and the second most common reason for the usage of such products in Germany.[30]

Patents

CS MEDICA strives towards granting patent acceptance on all present and future treatment products. All CS MEDICA's treatment products (topical and oral products) as of today are patented in accordance with PCT (Patent Cooperation Treaty) covering 153 nations across the globe. The Company currently has seven proceeding patents that are filed and pending. The patents pending are summarized below.

Case #	Patent Application Number	Title	Registration Date
P24002PCDK	PA 2019 70497	Topical Formulations Comprising Cannabidiol, Method of Preparing the Composition and Use Thereof	2019 Aug.
P25365DK00	PA 2021 70056	Supplement For Arthritis and Psoriasis	2021 Feb.
P24003DK00	PA 2021 70171	Hair Serum and Supplement	2021 Apr.
P25009DK00	PA 2021 70213	Wound Treatment Composition	2021 May
P25075DK00	PA 2021 70269	Pain Relief Patch	2021 May
P25076DK00	PA 2021 70207	Nasal Sleep Formulation	2021 May
P25364DK00	PA 2021 70268	Body Cavity Gel	2021 May

In the scenario where the patents above are granted, the Company will have a total of eleven patented products, including: the Psoriasis gel and the Psoriasis food supplement, the Arthritis gel and the Arthritis supplement, the Anti-hair loss serum and the Anti-hair loss supplement, the Wound gel, the Protective nasal gel, the Sleep nasal spray, and the Pain patch. Immune booster supplements will be included in the patent update for the Protective Intranasal gel.

The patents are intended to strengthen the protection of the Company's products. If granted, the patents will protect the technology to 2039 (patent filed in 2019) and 2041 (patents filed in 2021). The timelines state that before August 2025 for Arthritis and Psoriasis gel and 2027 for the last products, a national process should be in place, meaning the Company needs to determine in which countries and/or regions CS MEDICA intend to file the patent including all formalities. It is the current strategy to extend this protection worldwide, such as in the US, China, Europe, and the rest of the world.

Trademark

The Company protects its IPR by the mentioned patents and global trademarks registration in class 03, 05, and 10 – covering the following territories;

Trademark	Country	Status	Registration date
CANNASEN	EU	Registered	2019-02-21
CANNASEN	International Protocol	Registered	2018-11-19
CANNASEN	Norway	Registered	2019-12-20
CANNASEN	Switzerland	Registered	2019-11-05
CANNASEN	Canada	Pending	
CANNASEN	India	Registered	2020-11-09

[27] The Grocer (2020). *CBD will be removed from shelves next year, are you prepared?*

[28] *Statista (2019). Reasons for CBD usage in Great Britain. Reasons U.S. adults had tried CBD as of 2019. Published by John Elflein, Oct 11, 2019.*

[29] *Statista (2019). Percentage of U.S. adults who stated they had tried CBD for select reasons as of 2019.*

[30] *Statista (2019). Cannabidiol CDB by age – Germany.*

Trademark	Country	Status	Registration date
CANNASEN	Indonesia	Registered	2021-03-26
CANNASEN	Malaysia	Registered	2021-07-28
CANNASEN	Japan	Registered	2021-09-02
CANNASEN	Hong Kong	Pending	
CANNASEN	China	Pending	
CANNASEN	South Korea	Registered	2021-08-19
CANNASEN	Thailand	Pending	
CANNASEN	United States	Pending	
CANNASEN	Vietnam	Registered	2021-08-19
CANNASEN	United Kingdom	Registered	2019-02-21
CANNASEN	Brazil	Pending	
CANNASEN	Turkey	Pending	
CANNASEN	Australia	Pending	
CANNASEN	New Zealand	Pending	
CANNASEN	The United Arab Emirates	Pending	

The share and shareholders

Shareholders

The table below presents the largest shareholders in CS Medica as per September 30, 2021.

Name	Number of shares	Votes & capital (%)
Gitte Henriksen	4.000.000,00	36,69
Lone Henriksen	4.000.000,00	36,69
Finn-Ove Henriksen and Nina Henriksen	364.126,80	3,34
Ylber Rexhapi	252.926,40	2,32
Tonoy Sayeed	159.169,20	1,46
Kent Eklund	112.290,60	1,03
Taulant Bara	112.290,60	1,03
Thomas Gidlund	98.118,00	0,90
Andreas Kjær	97.027,80	0,89
Nils-Holger Olsson	83.945,40	0,77
Others	1.622.105,60	14,88
Total	**10,902,000**	**100.00**

The share

The shares of CS MEDICA A/S were listed on Spotlight Stock Market on September 14, 2021. CS MEDICA's shares are traded under the ticker "CSMED" with ISIN code is DK0061668225. As per September 30, 2021, the number of shares was 10,902,000. In addition, there are a total of 1,160,800 outstanding warrants of series TO 1. The exercise period of the warrants is planned to take place between August 18th - September 1st, 2022. Each warrant entitles the holder to subscribe for one new share in the Company at a price of DKK 9.30 per share.

Corporate governance

Board of directors

Jørgen Flemming Ladefoged (1970) – Chairman of the Board

Jørgen Flemming Ladefoged holds an M.Sc. in Finance from Duke University and has more than ten years of experience in the pharmaceutical industry, as well as the robotics and automation industry. Jørgen is the founder and CEO at EffiMat Storage Technologies A/S and former CEO at Handler A/S before the company was acquired by SSI Schäfer. Moreover, he is a founder of Dematic in Scandinavian countries.

Gitte Henriksen (1967) – CFO, COO, and Member of the Board

Gitte Henriksen holds an M.Sc. in Business Administration and Finance. Gitte has experience as an auditor from KPMG with more than 20 years of experience in business development within "Big 4" companies including business divestiture, acquisition, and retention. She is a chairman of a board at Wirefree service (Orange Denmark). In addition, Gitte has valuable experience in strategy development, implementation, and execution, as well as project management, marketing, human resources, system, and process design and optimization in international projects.

Stein Løkstad (1955) – Member of the Board

Stein Løkstad holds a Cand. Mag within political science at Universitetet I Bergen (UiB). Stein is experienced in leading companies in periods of change, meeting and exceeding high expectations of result achievement. Stein also has previous experience from various leadership positions such as his roles within the Brenntag Group, as a facilitator for the development and implementation of their European strategy. Stein's previous business experience comes from highly regulated sectors – the food, the vaccines, and the pharmaceutical industries.

Anders Permin (1963) – Member of the Board

Anders Permin holds a Ph.D. in Veterinary Microbiology and an MMBA in Business Administration. Permin is also the CEO and founder of Unibrains.dk, helping companies with life science documentation, market analysis, and IT solutions. Previously, he worked as Deputy Director at the National Food Institute of the Technical University of Denmark.

Bo Unéus (1960) – Member of the board

Bo has held senior positions at Nordstjernan and Skåne-Gripen, where he worked on an international level. Bo also has extensive experience with change management within larger companies and groups, including Fiat in Turin, Italy. Additionally, Bo is former Sales Manager of BTS and Celemi, Marketing Director at Skåne-Gripen AB, and Export Manager at The Swedish Trade Council in Berlin.

Executive management

Lone Henriksen (1970) – CEO, and CSO

Lone Henriksen holds a B.Sc. in Biochemistry and a B.Sc. in Business and Strategic Marketing. She has more than 20 years of experience in the pharmaceutical industry. Lone has valuable experience with sourcing and securing GMP and GDP in the value chain; R&D in ingredients, health food, cosmetics, and pharmaceuticals; as well as a stakeholder- and project management and logistics.

Gitte Henriksen (1967) – CFO, COO, and Member of the Board of Directors

See described above in chapter "Board of Directors".

Cathy Bendix Jolibois (1971) - CSM

Cathy Bendix Jolibois holds a BTS in International trade, a LIF (lægemiddelkonsulent) and a mini-MBA. She has more than 20 years of experience in international business, working with different business models like direct sales, distributors/agents, networks, and subsidiaries within the pharmaceutical industry.

We are currently reorganising the organisational structure within sales and have made arrangements with a headhunter agency to recruit a new CSM supplementet with a sales assistant. Once the right candidate for the CSM position is in place, Cathy will be replaced.

Hanne Søgaard Røhe (1966) - CMO

Hanne Søgaard Røhe holds a B.Sc. in International Trade and exports, a B.Sc. in Business Administration, "First Mover", Blue Ocean strategies - and Digital Marketing Diploma. She has more than 20 years of experience in international business, working with different business models B2B and B2C within the pharmaceutical industry. She is a strong marketing professional with extensive experience in launching new brands and technologies based on solid commercial programs with a customer-centric mindset.

Advisory board

Eske Dyva (1966)

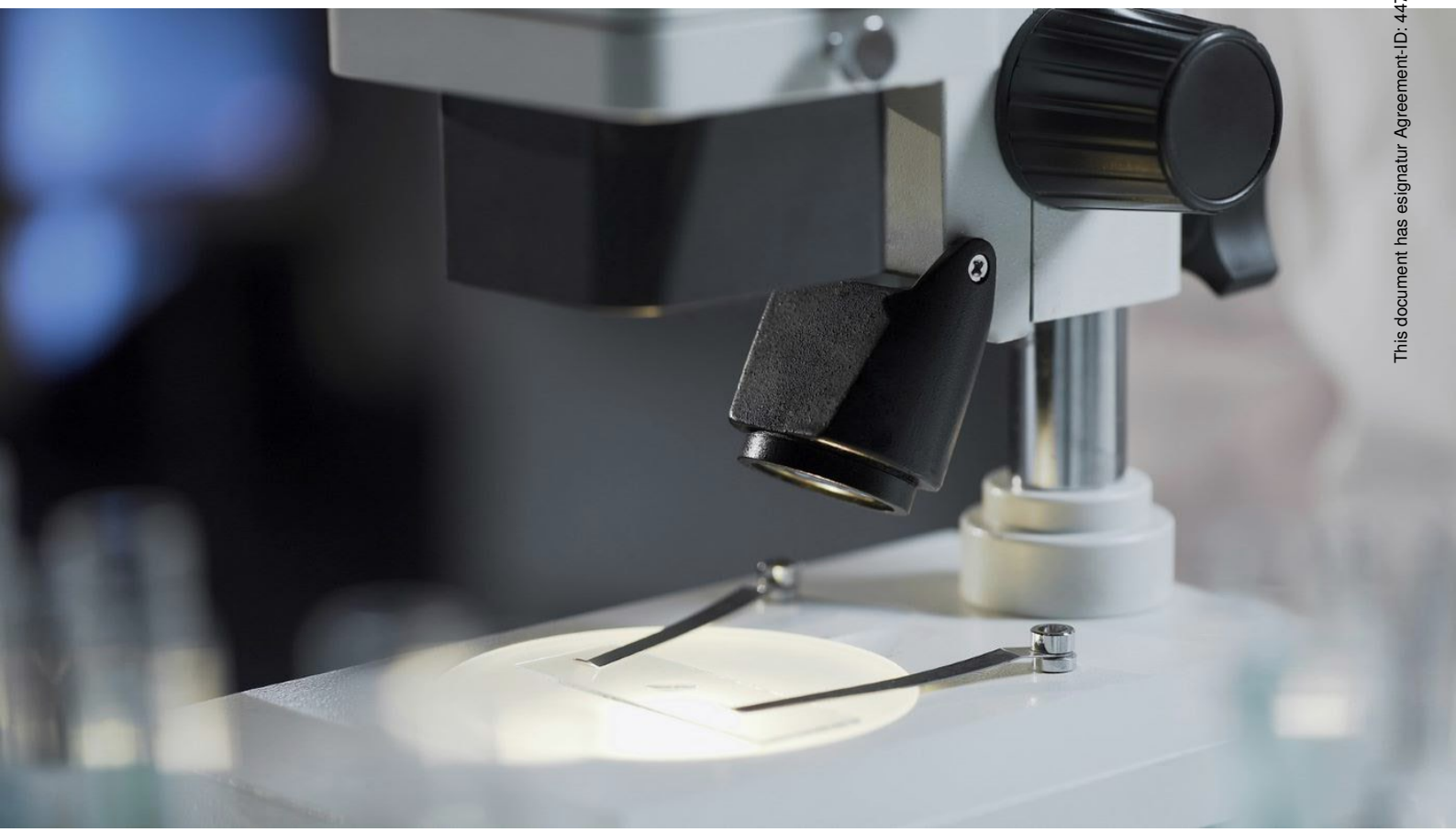
Eske Dyva is an expert in sales strategy, management, and implementation. Eske Dyva has Strong trading skills and a thorough understanding of the entire value chain of pharmacy, retail, and customers within OTC, MD, and cosmetics. Eske also has experience with several startups.

Steen Søndergaard (1964)

Steen Søndergaard is a senior advisor in B2B and B2C sales and marketing and the founder of several marketing and advertising agencies. For the last 25 years, Steen has been honored and known for a strong track record in ROI cases in the Pharma industry. Besides his marketing skills, Steen is an experienced entrepreneur through his roles as owner, board member, and CEO in a diverse range of companies.

The Board of Directors has reviewed the governance structure for CS MEDICA in relation to the Company's listing at Spotlight Stock Market and the compliance with the listing agreement. The Board of Directors has adapted the following policies:

- Rules of Procedure for the Board of Directors
- Instructions for the CEO
- Information and Communication Policy
- Insider Policy



FINANCIAL STATEMENTS, REVIEW & REPORTS

Board of Directors' report

Primary activities

CS MEDICA's mission is to explore the healing potential of cannabinoids and to develop efficient and optimized products with a high safety profile. Every day, the Company strive to fulfil this mission by increasing the understanding of the endocannabinoid system and the cannabinoids. The Company use this knowledge to develop products that enable people to live with less pain and increase their overall life quality.

Product portfolio

To the knowledge of the Board of Directors, CS MEDICA is the only company in the world with registered medical devices available on the OTC market, which contains cannabinoids, has optimal bioavailability and low medical interaction. None of the products contain traces of THC, the psychoactive constituent of cannabis. In the period, the development of the first 7 CBD products, introduced under the brand name CANNASEN® CBD, have been finalized, classified as a class I MD waiting for a class IIa approval.

CBD medical Devices'

1. Arthritis gel
2. Psoriasis gel
3. Nasal Spray Night
4. Protective nasal gel
5. Wound Gel
6. Pain patch

CBD Cosmetics

7. CBD Anti-Hair loss serum

In the financial year CANNASEN® Arthritis and Psoriasis Gel was launched and sold into Matas Online and is on shelf in their 186 medico stores. Furthermore, agreements have been made with the two pharmacy whole sellers in Denmark, Nomeco, and TMJ, and CANNASEN is sold into all online pharmacy channels in Denmark as well as to the Swedish pharmacy chain Kronans Apotek, in their webshop and 326 local pharmacies in Sweden.

CANNASEN® Anti-Hair loss serum has just been launched and are already sold into several pharmacy web shop's in DK and Matas web shop, waiting for approval to go on shelf. The rest of the products have been launched in May 2021, under the MDD, with a smaller production and sold out and are now in production in a bigger scale with expected launch at the end of 2021 and beginning of 2022.

In the future, we also foresee great possibilities in systemic treatments, combining gels/serum and complementing it with food supplements to enhance the efficacy of the treatment. Additionally, the development of a CBD skincare line will be initiated in 2021/2022, with a focus on a need-oriented perspective and outcome-based products.

The brand name CANNASEN® is trademark registered and all treatment products are patent pending (altogether 11 products).

Due to COVID-19, the launch of CANNASEN® Psoriasis and Arthritis gel, originally scheduled for marked introduction in March 2020, was postponed to October/November 2020. In 2019/2020 CS MEDICA converted the production capacity booked for CANNASEN Arthritis and Psoriasis Gel to COVID-19 protective agents joining the danish public arrangement under COVID-19 "Danmark hjælper Danmark", with the following products launched and still being sold:

- CANNASEN and disinfection
- CANNASEN surface disinfection
- CANNASEN Antibacterial hand cream.

Altogether, the current product portfolio accounts for a total of 20 products.

Markets

We are currently working within a legislation window of 4 years under the new MDR, where we, to the knowledge of the board, are alone on the market with Medical devise products containing CBD[31]. A window we intend to exploit to the maximum.

With a growing demand for products containing cannabinoids on the European and overseas market, CS MEDICA is within a phase of upscaling the business. Until now the focus of CS MEDICA has been on product development and expanding its operations within the Nordic countries and Europe. CS MEDICA's ambition is to continue working on organizational and product development, to enter new strategic partnerships and launch their products on the larger global market.

Currently CS MEDICA have signed distribution or reseller agreements in Denmark, Sweden, Netherland, Belgium, Germany (private label) and Spain and are in the process of finalizing agreements in the following countries.

- Ireland – distributor identified, but on hold due to Covid-19.
- France, Germany and Schweiz – distributor agreement still in negotiation, due to the regulatory landscape and the delay in the clinical trials ongoing in India, which have been delayed due to the Covid19.
- Norway – pharmacy chain (Apotek1) ready to go but waiting on final approval from authorities stating that CBD is not classified as a narcotic according to the regulations of EU.

While currently focusing on the expansion at the European market, we also keep an outlook on openings in overseas markets. We already have free sales permission throughout the European countries through our registration at the the danish medical agency. Furthermore, we are now in a process applying for Free Sales Certificates outside of the European union, in those countries that accept an European Free Sales Certificate.

Financial matters

To finance the company's planned growth, the company has completed an IPO at Spotlight in September 2021. The Company has conducted an Issue of Units of approx. DKK 33.1 million. Of the total Issued volume approx. DKK 22.3[32] mill was acquired through New Shares in the initial Issue, and another approx. DKK 10.8 million through Warrants with an exercise period of approx. 12 months after the IPO. The Company believes that an IPO and listing at Spotlight will increase the opportunities of proceeding with the high pace of launching products, expanding the scope of operations, and thus gaining valuable market shares.

The operations in the period have up to the IPO been financed by grants of approx. DKK 2 million and additional DKK 1.5 million was added in loans from family, which then amounted to a total of DKK 2.8 million. Additionally, DKK 3.9 million was added as bridge loan in April. Both loans are offset in units in connection with the IPO. The Company is constantly applying for grants and have after the financial year received a subsidy schemes through Innobooster of approx. DKK 0,5 million and DKK 0,150 million from SMV pro.

Organisation

CS MEDICA's highest priority in 2021 is an uninterrupted supply of our life-saving medical technical products for patients all over the world. To ensure this we are now crossing the chasm to move from being a R&D centric company to become sales focused. We seek to achieve this, while also focusing on developing new innovative treatment products.

CS MEDICA is an early-stage R&D centric development company with the potential to be a hyper-growth start-up. We want to make the most out of this unique position and are now working hard to become strong at enterprise sales, with a proper enterprise-ready sales organization.

One of the main challenges in this transition lies within the legal approval processes up to a closed distributor agreement. It is easy to get the potential distributors interested in the CANNASEN® CBD products, but the challenge starts when the products must pass the legal department. The knowledge of medical technical products containing CBD, is still fairly low in the EU marked, causing a lot of confusion and time from a legal perspective in the transition from the initial sales processes up to a closed distributor agreement.

31 See full description of the legislaton window under Market overview/ Competitive landscape

32 Net DKK 19.5 mill, with DKK 12.8 mill in payout after the IPO plus DKK 3.9 mill in bridge financing and DKK 2.8 mill in loan from family offset I shares in the IPO

Aligning bottoms-up, and tops-down enterprise sales strategies is a complex organizational problem to solve and we now have all our focus on building a holistic enterprise sales strategy, with the potential distributors different approval stages in mind adjusting our sales strategy to our customers/ distributors approval processes.

Btc our starting point is clear as our best sales tactic is organic growth through word-of-mouth product-fit marketing as product insights as well as knowledge about the cannabinoids therapeutic value is crucial in penetrating the global market systematically. To help address this strategy we are using our comprehensive technology platforms.

Development in technology platforms

During the past year CS MEDICA launched a redesign of the brand site, www.cannasen.com, currently available in English, Danish, Swedish and German. The local translation follows as CS MEDICA penetrates each country, supporting local distributors with the Company's CANNASEN® store locator, linking to local online and physical stores. The brand site also includes a Disease Database (OARS), an extensive searchable database for educational use; with currently 60 diseases reviewed and documented regarding the therapeutic value of treatment with cannabinoids; including recent clinical trial data, research results, journal publications etc.

The brand site is currently available in English, Danish, Swedish and German. The local translation follows as CS MEDICA penetrates each country, supporting local distributors with the Company's CANNASEN® store locator, linking to local online and physical stores.

The Product Information Management (PIM) system has been completed and implemented in version 2, securing quickly and timely launch and sharing of product information, related clinical trials, and studies with partners and sales channels.

Risks

Several risk factors can have a potential effect on the operations of CS MEDICA. There are risks pertaining to the specific, as well as risks with no specific connection with CS MEDICA, but that may impact the industry and market in which the Company operates. Therefore, it is of great importance to consider the material risks associated with the future development of the Company and its shares.

The main risks according to the company can be found within COVID- 19 and in the Demand, price, and competition.

COVID-19

As a result of the spread of Covid-19, several countries around the world have imposed restrictions on and off. There is a risk that possible new shutdowns may affect the Company's expected order backlog and circumvent the Company's plans of establishing itself in new markets. There is also a risk connected to the Company's ambition to initiate dialogues with potential partners and thus enter agreements. One may also be aware of the risks associated with Covid-19's effect on the logistics of the Company's products or raw materials needed to assemble the Company's products. There is a risk that the ongoing or future clinical trials, development, and/or production of already existing and future products may not be possible or will be delayed, which may lead to a failure in achieving the Company's financial and operational objectives. Any delays, effect on product demands, and/or social interference may result in increased costs for the Company, loss of revenue, which by extension may adversely affect the Company's earnings, capital, and financial position. CS MEDICA assesses the likelihood of the risk occurring as moderate.

Demand, price, and competition

To the acknowledgment of the Board of CS MEDICA, there will be an increasing demand for products containing cannabinoids from cannabis in the future. An increase in demand is expected to generate a greater number of market players – newly established as well as multinational companies that have entered the market and have significant financial resources. One may also consider the risk of a greater number of market players resulting in a higher demand for raw materials. Given a constant supply, there is a risk of price increase in the Company's raw materials and thus harming the earnings of the Company. On the other hand; a decrease of the CBD price would affect the price setting of CBD products in general, whereas CS MEDICA will have to lower their prices of their products, and thus harming the Company's revenue There too is a risk that, in order to stay competitive within the market, CS MEDICA will have to lower their prices or margins on all or some of their products, and thus harming the Company's revenue, earnings and financial position. CS MEDICA assesses the likelihood of these risks occurring as moderate to high.

For a detailed description of other risks attributable to the Company and its shares is referred to the prospectus published by the Board in 2021.

Financial Review

Consolidated Statements

During 2020/2021, CS MEDICA's financial position has been strengthened with the rights issues of units performed in connection to the listing on Spotlight Stock Market. CS MEDICA was listed in September 2021 and provided the Company with approximately DKK 22.3[33] mill. The capitalization supports CS MEDICA's ambition to invest in scaling the business, entering new markets, fulfilling the legal requirements moving from MDD to MDR and growing the product portfolio.

Income Statement

Net Sales for the fiscal year amounted to DKK 3 179 557 (2 110 729). We didn't meeting the revenue goal of DKK 7 million for the year as a finalization of an important distributor agreement, still ongoing, are delayed due to previous delays in the clinical process in India due to COVID-19. However, this does not impact the company´s financial target for 2021/2022, even that we expect the but with the majority in the latter half of the year.

We managed to supplement revenue income with grants, of DKK 1,987,950 during the year (676,232), included under Other operating income.

Despite this extra income flow from grants, with 100% in GM, the net result of the year, DKK 647.627 (-54 579) is not satisfactory and should be seen in the light of significant delays and delivery problems by subcontractors due to COVID-19. On top of this, extensive cost has been involved with the introduction of CANNASEN® CBD Arthritis and CANNASEN® CBD Psoriasis gel in the period. Furthermore, extensive depreciation on amortization and impairment of intangible assets, a total of DKK 1,367,452 in (384,516) has negatively affected the net result.

In general, the entire COVID-19 situation significantly affects the Company's rollout in Europe, as distributors, pharmacy chains as CS MEDICA as individual drugstores, and pharmacists are delayed in the range of committee meetings, on-boarding of new products, and sales meetings. Furthermore, the Company's clinical trials in India have been temporarily on hold, due to the closure of hospitals and laboratories. CS MEDICA tries to compensate for this by focusing on online e-commerce platforms.

Costs

The operating profit for the fiscal year amounted to DKK 1.191.406 (450 398). The costs mainly consisted of costs for goods sold, administrative cost, staff costs and extensive marketing cost involved with the launch of the products in 2020/2021.

In addition, there is included DKK 1 367 452 (384 516) in amortisation and impairment of intangible assets.

Balance Sheet

Total assets as of September 30, 2021, were DKK 27 411 166 (5 436 210). Cash and cash equivalents amounted to DKK 9 996 085 (296 884).

Total liabilities as of September 30, 2021, are DKK 2 933 905 (4 094 806) consisting primarily of other mortgage loans, totally DKK 1 718 806 (3 227 335).

Equity as of September 30, 2020/2021, is DKK 24 147 361 (87 241).

Cash Flow

The cash flow from operating activities for 2020/2021 is a cash outflow of DKK -1 488 199 (666 607).

Cash flow from financing activities in 2020/2021 equals DKK 17 093 768 (1 756 747).

Cash as of September 30, 2021, is DKK 9 996 085 (296 884).

[33] Net DKK 19.5 mill, with DKK 12.8 mill in payout after the IPO plus DKK 3.9 mill in bridge financing and DKK 2.8 mill in loan from family offset I shares in the IPO

Financing and financial position

Cash and cash equivalents as of 30 September 2021 amounted to DKK 9.996.085 (296.884). With the proceeds from the unit issue and the expected proceeds from the exercise of outstanding warrants, the Board's assessment is that the planned operations are financed for the next twelve months.

Equity

At the end of the period, CS MEDICA's equity/asset ratio was 88% % (2%).

Income Statement

Note		Group 2020/21	Group 2019/20	Parent 2020/21	Parent 2019/20
	Net Sales	3.179.557	2.110.727	-	-
	Costs of goods sold	-1.815.700	-1.428.074	-	-
	Gross profit	**1.363.857**	**682.654**	**-**	**--**
	Other operating income	1.987.950	676.232	-	-
	Sales and distribution Costs	-653.431	-313.856	-	-
	Administrative costs	-768.135	-323.246	-11.050	-2.013
1	Staff costs	-738.835	-271.386	-111.471	-
	Operating profit	**1.191.406**	**450.398**	**-11.050**	**-2.013**
2	Amortisation and impairment of intangible assets	-1.367.452	-384.516	-	-
	Profit before net financials	**-176.046**	**65.881**	**-122.521**	**-2.013**
	Income from equity investments in group enterprises	-	-	705.535	40.658
	Other financial income	-	1.297	-	-
3	Other financial costs	-231.742	-144.550	-4.861	-
	Profit or loss before tax	**-407.788**	**-77.372**	**578.153**	**38.645**
	Tax on net profit or loss for the year	1.055.415	22.793	69.473	-
	Net profit or loss for the year	**647.627**	**-54.579**	**647.626**	**38.645**
	Proposed appropriation of net profit:				
	Reserves for net revaluation according to the equity method			1.387.251	-
	Transferred to retained earnings			-	38.645
	Allocated from retained earnings			-739.625	-
	Total allocations and transfers			**647.626**	**38.645**

Statement of financial position

Note		Group 2021	Group 2020	Parent 2021	Parent 2020
	Assets				
	Non-current assets				
4	Completed development projects, including patents and similar rights arising from development projects	8.346.148	3.451.421	616.514	-
5	Goodwill	4.431.174	-	-	-
	Total intangible assets	12.777.322	3.451.421	616.514	-
6	Equity investments in group enterprises	-	-	6.446.175	540.658
7	Deposits	82.186	-	-	-
	Total investments	82.186	-	6.446.175	540.658
	Total non-current assets	**12.859.508**	**3.451.421**	**7.062.689**	**540.658**
	Current assets				
	Work in progress	64.428	-	-	-
	Manufactured goods and goods for resale	1.164.688	1.120.781	-	-
	Total inventories	1.229.116	1.120.781	-	-
	Trade receivables	1.635.557	46.287	-	-
	Receivables from group enterprises	-	-	7.891.940	45.959
	Deferred tax assets	226.543	451.637	70.068	-
	Other receivables	1.454.358	69.200	124.600	-
	Total receivables	3.326.458	567.124	8.086.608	45.959
	Cash on hand and demand deposits	9.996.085	296.884	9.149.276	624
	Total current assets	**14.551.659**	**1.984.789**	**17.235.884**	**46.583**
	Total assets	**27.411.167**	**5.436.210**	**24.298.573**	**587.241**

Statement of financial position

Note		Group 2021	Group 2020	Parent 2021	Parent 2020
	Equity				
	Contributed capital	708.630	80.000	708.630	80.000
	Reserve for net revaluation according to the equity method	1.387.251	-	1.387.251	-
	Reserve for development costs	5.763.914	2.692.109	480.881	-
	Retained earnings	16.287.566	-2.684.868	21.570.599	7.241
	Total equity	**24.147.361**	**87.241**	**24.147.361**	**87.241**
	Provisions				
	Provisions for deferred tax	-	759.313	-	-
	Other provisions	329.900	494.850	-	-
	Total provisions	**329.900**	**1.254.163**	**-**	**-**
	Liabilities other than provisions				
	Subordinate loan capital	-	1.724.380	-	-
	Other mortgage loans	1.718.807	1.502.955	-	-
	Payables to group enterprises	-	-	-	500.000
	Total long-term liabilities other than provisions	1.718.807	3.227.335	-	500.000
	Current portion of long-term payables	-	-	-50.000	-
	Trade payables	504.157	486.665	110.000	-
	Other payables	710.942	380.806	41.212	-
	Total short-term liabilities other than provisions	1.215.099	867.471	151.212	-
	Total liabilities other than provisions	**2.933.906**	**4.094.806**	**151.212**	**500.000**
	Total equity and liabilities	**27.411.167**	**5.436.210**	**24.298.573**	**587.241**

Statement of changes in equity

	Group 2021	2020	Parent 2021	2020
Beginning of the period	87.241	-1.759.061	87.241	48.596
Share capital	188.630	-	188.630	-
Share premium	26.943.753	2.193.000	26.943.753	-
Cost IPO	-3.719.889	-	-3.719.889	-
Retained earnings	-	- 292.119	-	-
Net profit/loss for the period	647.626	- 54.579	647.626	38.645
End of the period	24.147.361	87.241	24.147.361	87.241

Consolidated statement of changes in equity

	Contributed capital not paid	Share premium	Reserve for net revaluation according to the equity method	Reserve for development costs	Retained earnings	Total
Equity 1 October 2019	80.000	-	-	1.631.594	-3.470.655	-1.759.061
Cash capital increase	-	2.193.000	-	-	0	2.193.000
Profit or loss for the year	-	-	-	1.060.515	-1.407.213	-346.698
Transferred from results brought forward	-	-2.193.000	-	-	2.193.000	-
Equity 1 October 2020	80.000	-	-	2.692.109	-2.684.868	87.241
Cash capital increase	628.630	22.783.864	-	-	0	23.412.494
Profit or loss for the year	-	-	1.387.251	3.071.805	-3.811.430	647.626
Transferred to results brought forward	-	-22.783.864	-	-	22.783.864	-
	708.630	-	1.387.251	5.763.914	16.287.566	24.147.361

Statement of changes in equity of the parent

	Contributed capital	Share premium	Reserve for net revaluation according to the equity method	Reserve for development costs	Reserve for hedging transactions	Retained earnings	Total
Equity 1 October 2019	80.000	-	-	-	-	-31.404	48.596
Share of results	-	-	-	-	-	38.645	38.645
Equity 1 October 2020	80.000	-	-	-	-	7.241	87.241
Cash capital increase	628.630	22.783.864	-	-	-	-	23.412.494
Share of results	-	-	1.387.251	-	-	-739.625	647.626
Transferred to results brought forward	-	-22.783.864	-	-	-	22.783.864	-
Transferred from results brought forward	-	-	-	480.881	-	-480.881	-
	708.630	-	1.387.251	480.881	-	21.570.599	24.147.361

Cash flow statement

Note		Group 2021	Group 2020	Parent 2021	Parent 2020
	Profit/loss before tax	**-407.788**	**-77.371**	**578.153**	**38.645**
	Financial expenses, reversed	231.742	143.253	4.861	13
	Depreciation, reversed	1.367.452	384.516	0	
9	Change in working capital	-2.679.605	216.209	-9.438.497	2.041
	Cash flows from operating activities before net financials	**-1.488.199**	**666.607**	**-8.855.483**	**40.699**
	Investing in intangible assets	-5.906.369	-1.732.137	-616.514	
	Cashflow from investment activities	**-5.906.369**	**-1.732.137**	**-616.514**	**-13**
	Share capital	188.630	-	188.630	-40.658
	Share premium	26.943.753	2.193.000	26.943.753	-
	Financial expenses paid	-231.742	-143.253	-4.861	-
	Cost IPO	-3.719.889	-	-3.719.889	-
	Loan internal partners converted to capital & share exchange	-1.300.000	-293.000	-	-
	Goodwill share exchange CN to CS	-4.786.984	-	-4.786.984	-
	Cashflow from financing activities	**17.093.768**	**1.756.747**	**18.620.649**	**-40.658**
	Total cash flows for the year	**9.699.201**	**691.217**	**9.148.652**	**28**
	Cash, beginning of the period	296.884	-394.333	624	596
	Cash, end of year	**9.996.085**	**296.884**	**9.149.276**	**624**

Notes

		Group		Parent	
		2020/21	2019/20	2020/21	2019/20
1.	**Staff costs**				
	Salaries and wages	712.611	267.978	110.903	-
	Other costs for social security	26.224	3.408	568	-
		738.835	**271.386**	**111.471**	**-**
	Average number of employees	4	2	1	1
2.	**Amortisation and impairment of intangible assets**				
	Amortisation of group goodwill	355.810	-	-	-
	Amortisation of development projects	1.011.642	384.516	-	-
		1.367.452	**384.516**	**-**	**-**
3.	**Other financial costs**				
	Interests	231.742	144.550	4.861	-
		231.742	**144.550**	**4.861**	**-**
4.	**Completed development projects, including patents and similar rights arising from development projects**				
	Cost 1 October 2020	3.860.370	2.128.233	-	-
	Additions during the year	5.906.369	1.732.137	616.514	-
	Cost 30 September 2021	**9.766.739**	**3.860.370**	**616.514**	**-**
	Amortisation and write-down 1 October 2020	-408.949	-24.433	-	-
	Write-down for the year	-1.011.642	-384.516	-	-
	Amortisation and write-down 30 September 2021	**-1.420.591**	**-408.949**	**-**	**-**
	Carrying amount, 30 September 2021	**8.346.148**	**3.451.421**	**616.514**	**-**

		Group		Parent	
		2020/21	2019/20	2020/21	2019/20
5.	**Goodwill**				
	Additions during the year	4.786.984	-	-	-
	Cost 30 September 2021	**4.786.984**	**-**	**-**	**-**
	Write-down for the year	-355.810	-	-	-
	Amortisation and write-down 30 September 2021	**-355.810**	**-**	**-**	**-**
	Carrying amount, 30 September 2021	**4.431.174**	**0**	**0**	**0**

		Group		Parent	
		30/9 2021	30/9 2020	30/9 2021	30/9 2020
6.	**Equity investments in group enterprises**				
	Acquisition sum, opening balance 1 October 2020	-	-	214.752	-
	Additions during the year	-	-	5.199.982	500.000
	Cost 30 September 2021	**-**	**-**	**5.414.734**	**500.000**
	Revaluations, opening balance 1 October 2020	-	-	40.658	-
	Results for the year before goodwill amortisation	-	-	1.346.593	40.658
	Revaluation 30 September 2021	**-**	**-**	**1.387.251**	**40.658**
	Amortisation of goodwill for the year	-	-	-355.810	-
	Depreciation on goodwill 30 September 2021	**-**	**-**	**-355.810**	**-**
	Carrying amount, 30 September 2021	**-**	**-**	**6.446.175**	**540.658**
	The item includes goodwill with an amount of	-	-	4.431.174	-
	Goodwill is recognised under the item "Additions during the year" with an amount of	-	-	4.786.984	-

Group enterprises:

	Domicile	**Equity interest**
Galaxa Pharma A/S	Greve	100 %
CanNordic A/S	København	100 %

		Group		Parent	
		30/9 2021	30/9 2020	30/9 2021	30/9 2020
7.	**Deposits**				
	Additions during the year	82.186	-	-	-
	Cost 30 September 2021	**82.186**	**0**	**0**	**0**
	Carrying amount, 30 September 2021	**82.186**	**0**	**0**	**0**

8. Charges and security

For Other mortgage loans, DKK 1.538.606, the company has provided security in CS MEDICA'S share representing a nominal value of DKK 1.000.000 and in assets in CanNordic A/S, stating the carrying amounts:

Inventories	DKK 1.229.116
Trade receivables	DKK 1.635.557

Joint taxation

The company acts as administration company for the group of companies subject to the Danish scheme of joint taxation and is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, to pay the total corporation tax.

9. Other change in working capital

	Group		Parent	
	30/9 2021	30/9 2020	30/9 2021	30/9 2020
Change in				
Finished goods	-43.907	-659.279	-	-
Trade + other receivables	-3.048.856	44.642	-124.600	2.041
Trade + other payables	347.628	699.589	151.212	-
Other provisions	-164.950	-	-	-
Deferred tax	521.195	-	-595	-
Loan subsidiaries	-	-	-9.464.514	-
Other change in working capital	-290.715	131.257	-	-
Change in working capital	-2.679.605	216.209	-9.438.497	2.041

Accounting policies

The annual report for CS MEDICA A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The consolidated financial statements

The consolidated income statements comprise the parent company CS MEDICA A/S and those group enterprises of which CS MEDICA A/S directly or indirectly owns more than 50 % of the voting rights or in other ways exercise control.

Consolidation policies

The consolidated financial statements have been prepared as a summary of the parent company's and the group enterprises' financial statements by adding together uniform accounting records calculated in accordance with the group's accounting policies.

Investments in group enterprises are eliminated by the proportionate share of the group enterprises' market value of net assets and liabilities at the acquisition date.

In the consolidated financial statements, the accounting records of the group enterprises are recognised by 100%. The minority interests' share of the profit for the year and of the equity in the group enterprises, which are not 100% owned, is included in the group's profit and equity, but presented separately.

Purchases and sales of minority interests under continuing control are recognised directly in equity as a transaction between shareholders.

Investments in associates are measured in the statement of financial position at the proportionate share of the enterprises' equity value i calculated in accordance with the parent company's accounting policies and with proportionate elimination of unrealised intercompany gains and losses. In the income statement, the proportional share of the associates' results is recognised after elimination of the proportional share of intercompany gains and losses.

The group activities in joint operations are recognised in the consolidated financial statements record by record.

Income statement

Net Sales

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

Net Sales is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of goods sold

Cost of goods sold comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Sales and distribution costs

Sales and distribution costs comprises of costs related to distribution, warehousing, sales and marketing.

Other operating income

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets.

Administrative costs

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members. Staff costs are less government reimbursements.

Depreciation, amortisation, and write-down for impairment

Depreciation, amortisation, and write-down for impairment comprise depreciation on, amortisation of, and write-down for impairment of intangible and tangible assets, respectively.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Results from equity investments in group enterprises

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the equity investment in the individual group enterprises are recognised in the income statement of the parent as a proportional share of the group enterprises' post tax profit or loss.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The parent and the Danish group enterprises are subject to Danish rules on compulsory joint taxation of Danish group enterprises. The parent acts as an administration company in relation to the joint taxation. This means that the total Danish income tax payable by the Danish group companies is paid to the tax authorities by the company.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Statement of financial position

Intangible assets

Development projects, patents, and licences
Development costs and internally generated rights are recognised in the income statement as costs in the acquisition year.

Patents and licenses are measured at cost less accrued amortisation. Patents are amortised on a straightline basis over the remaining patent period and licenses are amortised over the contract period, however, for a maximum of 10 years.

Goodwill

Acquired goodwill is measured at cost less accumulated amortisation. Given that it is impossible to make a reliable estimate of the useful life, the amortisation period is set at 10 years.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in group enterprises are subject to annual impairment tests to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Write-down for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Investments

Equity investments in group enterprises

Equity investments in group enterprises are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

Equity investments in group enterprises are recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

Consolidated goodwill is amortised over its estimated useful life, which is determined based on the management's experience with the individual business areas. Consolidated goodwill is amortised on a straight-line basis over the amortisation period, which represent 5 20 years. The depreciation period is determined based on an assessment that these are strategically acquired enterprises with a strong market position and a long-term earnings profile.

In relation to material assets and liabilities recognised in group enterprises, associates and equity interests but are not represented in the parent, the following accounting policies have been applied.

Equity investments in group enterprises with a negative equity value are measured at DKK 0, and any accounts receivable from these enterprises are written down to the extent that the account receivable is uncollectible. To the extent that the parent has a legal or constructive obligation to cover an negative balance that exceeds the account receivable, the remaining amount is recognised under provisions.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises transferred to the reserve under equity for net revaluation according to the equity method. Dividends from group enterprises expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in group enterprises.

Newly acquired or newly established companies are recognised in the financial statement as of the time of acquisition. Sold or liquidated companies are recognised until the date of disposal.

On the acquisition of enterprises, the acquisition method, the uniting of interest's method or the book value method is applied, cf. the above description under Business combinations.

Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

Inventories

Inventories are measured at cost on the basis of weighted measured average prices. In cases when the net realisable value is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

Costs of manufactured goods and work in progress comprise the cost of raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance and depreciation of machinery, factory buildings, and equipment used in the production process, and costs for factory administration and factory management. Borrowing expenses are not recognised in cost.

The net realisable value for inventories is recognised as the market price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an

account receivable or a portfolio of accounts receivable is impaired. If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Equity

Reserve for net revaluation according to the equity method

The reserve for net revaluation according to the equity method comprises net revaluation of equity investments in subsidiaries, associates and equity interests proportional to cost.

The reserve may be eliminated in the event of losses, realisation of equity investments, or changes in the accounting estimates.

The reserve cannot be recognised by a negative amount.

Reserve for development costs

The reserve for development costs comprises recognised development costs less related deferred tax liabilities.

The reserve cannot be used as dividends or for covering losses.

The reserve is reduced or dissolved if the recognised development costs are amortised or abandoned. This is done by direct transfer to the distributable reserves of the equity.

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity.

Income tax and deferred tax

As administration company, CS MEDICA A/S is liable to the tax authorities for the subsidiaries' corporate income taxes.

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as "Income tax receivable" or "Income tax payable".

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carry forward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Provisions

Provisions comprise expected costs of warranty commitments, loss on work in progress, restructuring, etc. Provisions are recognised when the group has a legal or actual commitment resulting from a previously occurred event and when it is probable that the settlement of the liability will result in consumption of the financial resources of the group.

Provisions are measured at net realisable value or at fair value. If the fulfilment of a liability is expected to take place far in the future, the liability is measured at fair value.

On the acquisition of entities, provisions for restructuring within the acquired entity are included in the acquisition cost, and thereby in the goodwill or the consolidated goodwill, to the extent that they have been recognised in the financial statements of the acquired entity in advance of the acquisition. Provisions for restructuring are included to the extent that they have been decided at the date of acquisition at the latest and that the process have been commenced.

When it is likely that the total costs will exceed the total income of contract work in progress, the total expected loss on the contract work in progress will be recognised as provisions for liabilities. The provision is recognised under production costs.

Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Mortgage loans and bank loans are thus measured at amortised cost which, for cash loans, corresponds to the outstanding payables. For bond loans, the amortised cost corresponds to an outstanding payable calculated as the underlying cash value at the date of borrowing, adjusted by amortisation of the market value on the date of the borrowing effectuated over the repayment period.

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

MANAGEMENT STATEMENT & AUDITOR'S REPORT

Statement by Management on the annual report

Today, the board of directors and the managing director have presented the annual report of CS MEDICA A/S for the financial year 1 October 2020 - 30 September 2021.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies appropriate and, in our opinion, the consolidated financial statements and the financial statements provide a fair presentation of the assets, equity and liabilities, and the financial position, consolidated and for the company, respectively, at 30 September 2021, and of the result of the activities, consolidated and of the company, respectively, during the financial year 1 October 2020 – 30 September 2021.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved by the general meeting.

Copenhagen, 18-11-2021

Managing Director

Lone Henriksen

Board of directors

Jørgen Flemming Ladefoged

Bo Erik Lennart Unéus

Stein Arve Løkstad

Anders Permin

Gitte Henriksen

Auditor's report

To the management of CS MEDICA A/S

We have audited the draft consolidated financial statements and financial statements of CS MEDICA A/S for the financial year 1 October 2020 – 30 September 2021. Provided that the annual report is approved by management in its present form, we will issue the following auditor's report:

Opinion

We have audited the consolidated financial statements and the financial statements of CS MEDICA A/S for the financial year 1 October 2020 to 30 September 2021, which comprise income statement, statement of financial position, statement of changes in equity, notes and accounting policies, consolidated and of the company, respectively. The consolidated financial statements and the financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the financial statements present a fair view of the assets, equity and liabilities, and financial position, consolidated and of the company, respectively, on 30 September 2021 and of the results of the company's activities, consolidated and of the company, respectively, for the financial year 1 October 2020 30 September 2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section "Auditor's responsibilities for the audit of the consolidated financial statements and the financial statements". 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.

Responsibilities of management and those charged with governance for the consolidated financial statements and the financial statements

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

In preparing the consolidated financial statements and the financial statements, management is responsible for assessing the group's and 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 unless management either intends to liquidate the group or the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated annual accounts and the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with international standards on auditing, 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 consolidated financial statements and financial statements.

As part of an audit conducted in accordance with international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and 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 the 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 groups and 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 preparation of the consolidated financial statements and the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from events or conditions that may cast significant doubt on the groups and 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 consolidated financial statements and 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 group and the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and contents of the consolidated financial statements and the financial statements, including disclosures in notes, and whether the consolidated financial statements and the financial statements reflect the underlying transactions and events in a manner that presents a fair view.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or the business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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 the internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

In connection with our audit of the consolidated financial statements and the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the consolidated financial statements or the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed; we believe that the management commentary is consistent with the consolidated financial statements and the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

This statement has been prepared solely for internal use by the management of the company.

Copenhagen,

Christensen Kjærulff

Company reg. no. 15 91 56 41

John Mikkelsen

State Authorised Public Accountant

mne26748

ADDITIONAL INFORMATION

Company Information

The company	CS MEDICA A/S Fruebjergvej 3 2100 Copenhagen	
	Company reg. no.	33 86 16 43
	Established:	17 August 2011
	Financial year:	1 October - 30 September
Board of directors	Jørgen Flemming Ladefoged Bo Erik Lennart Unéus Stein Arve Løkstad Anders Permin Gitte Henriksen	
Managing Director	Lone Henriksen	
Auditors	Christensen Kjærulff Statsautoriseret Revisionsaktieselskab Store Kongensgade 68 1264 København K	
Subsidiaries	Galaxa Pharma A/S, Greve CanNordic A/S, København	

Financial Calendar & Contact Information

Financial calendar

December 9, 2021,	Annual General Meeting
February 18, 2022,	Quarterly financial statements
May 20, 2022,	Quarterly financial statements
August 19, 2022,	Quarterly financial statements
November 18, 2022,	Quarterly financial statements
November 18, 2022,	Year-end report 2021/2022

Contact information

CS MEDICA A/S

Address:	Fruebjergvej 3, DK 2100 Copenhagen, Denmark
E-mail:	info@cs-medica.com
Telephone:	+45 70 70 73 37

Lone Henriksen

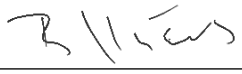
Som Direktør
PID: 9208-2002-2-820520926806
Tidspunkt for underskrift: 21-12-2021 kl.: 08:42:42
Underskrevet med NemID

NEM ID

Jørgen Flemming Ladefoged

Som Bestyrelsesformand
PID: 9208-2002-2-256485983670
Tidspunkt for underskrift: 21-12-2021 kl.: 11:43:26
Underskrevet med NemID

NEM ID



Bo Erik Lennart Unéus
Som Bestyrelsesmedlem
IP-adresse: 94.234.67.249:58717
Tidspunkt for underskrift: 21-12-2021 kl.: 12:06:27
Underskrevet med esignatur EasySign

Stein Arve Løkstad

Som Bestyrelsesmedlem
PID: 9208-2002-2-430169003480
Tidspunkt for underskrift: 23-12-2021 kl.: 07:28:46
Underskrevet med NemID

NEM ID

Anders Permin

Som Bestyrelsesmedlem
PID: 9208-2002-2-471496318750
Tidspunkt for underskrift: 22-12-2021 kl.: 09:33:23
Underskrevet med NemID

NEM ID

Gitte Lund Henriksen

Som Bestyrelsesmedlem
PID: 9208-2002-2-536897789222
Tidspunkt for underskrift: 21-12-2021 kl.: 12:48:58
Underskrevet med NemID

NEM ID

John Mikkelsen

Som Revisor
På vegne af Christensen Kjærulff Statsautoriseret Revisions...
PID: 9208-2002-2-443295356930
Tidspunkt for underskrift: 25-12-2021 kl.: 13:32:33
Underskrevet med NemID

NEM ID

Lone Henriksen

Som Dirigent
PID: 9208-2002-2-820520926806
Tidspunkt for underskrift: 27-12-2021 kl.: 09:51:12
Underskrevet med NemID

NEM ID