

NordicCan A/S

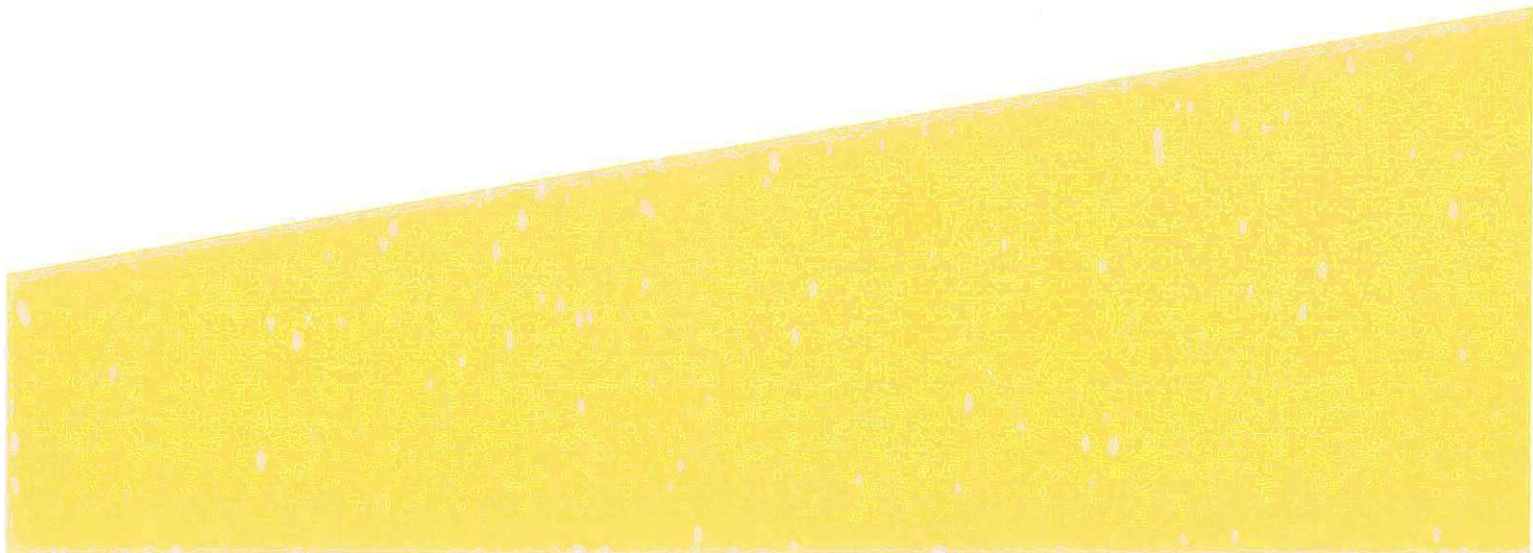
Dandyvej 19, 7100 Vejle

CVR no. 37 63 39 25

Annual report 2020

Approved at the Company's annual general meeting on 11 February 2021

Chairman:





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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of NordicCan A/S for the financial year 1 January - 31 December 2020.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Vejle, 11 February 2021
Executive Board:



Peter Halling

Board of Directors:



Michael Henrik Thomsen
Chairman



Peter Halling



Christopher Beck Lambert

Independent auditor's report

To the shareholders of NordicCan A/S

Opinion

We have audited the financial statements of NordicCan A/S for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Independent auditor's report

- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the Management's review

Management is responsible for the Management's review.

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

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

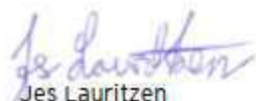
Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Report on other legal and regulatory requirements

Non-compliance with the provisions of the Danish Companies Act regarding capital loss

The Company has lost more than half of its share capital. Management has not ensured that a general meeting was held within the deadlines stipulated by the Danish Companies Act where the shareholders were given an account of the Company's financial position and any measures to address the situation were proposed. Management may incur liability in this respect.

Aarhus, 11 February 2021
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Jes Lauritzen
State Authorised Public Accountant
mne10121



Tom B. Lassen
State Authorised Public Accountant
mne24820



Management's review

Company details

Name	NordicCan A/S
Address, Postal code, City	Dandyvej 19, 7100 Vejle
CVR no.	37 63 39 25
Registered office	Vejle
Financial year	1 January - 31 December
Board of Directors	Michael Henrik Thomsen, Chairman Peter Halling Christopher Beck Lambert
Executive Board	Peter Halling
Auditors	EY Godkendt Revisionspartnerselskab Værkmestergade 25, P.O. Box 330, 8100 Aarhus C, Denmark

Management's review

Business review

The Company's purpose is to develop, produce and sell innovative cannabinoid products within food supplements and pharmaceutical products and to own and manage related IP (patents, trademarks, etc.) as well as directly og indirectly related business activitites based on the Board of Director's assessment.

Financial review

The income statement for 2020 shows a loss of DKK 1,987 thousand against a loss of DKK 52 thousand last year, and the balance sheet at 31 December 2020 shows a negative equity of DKK 175 thousand.

The company has not applied for the Danish COVID-19 Supporting Packages.

As the company has lost more than half of its share capital in 2020, the company is covered by the Danish Companies Act, section 119. The Management expects to restore the share capital by future earnings. To secure the company in the coming years, the parent company has made a Group contribution of DKK 5 million in January 2021.

Reference is made to note 2 for more details.

Events after the balance sheet date

After the balance sheet date, the company has recieved a Group contribution from the parent company of DKK 5 million.

No other events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2020	2019
	Gross profit	0	84
6	Administrative expenses	-2,417	-151
	Operating profit/loss	-2,417	-67
3	Financial expenses	-130	-2
	Profit/loss before tax	-2,547	-69
4	Tax for the year	560	17
	Profit/loss for the year	-1,987	-52
	Recommended appropriation of profit/loss		
	Retained earnings/accumulated loss	-1,987	-52
		-1,987	-52

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2020	2019
	ASSETS		
	Fixed assets		
5	Intangible assets		
	Acquired intangible assets	6,844	3,537
		<u>6,844</u>	<u>3,537</u>
	Total fixed assets	<u>6,844</u>	<u>3,537</u>
	Non-fixed assets		
	Receivables		
	Income taxes receivable	1,288	546
	Other receivables	682	412
		<u>1,970</u>	<u>958</u>
	Cash	104	2
	Total non-fixed assets	<u>2,074</u>	<u>960</u>
	TOTAL ASSETS	<u><u>8,918</u></u>	<u><u>4,497</u></u>
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	500	500
	Retained earnings	-675	1,312
	Total equity	<u>-175</u>	<u>1,812</u>
	Provisions		
	Deferred tax	1,311	583
	Total provisions	<u>1,311</u>	<u>583</u>
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Trade payables	477	517
	Payables to group entities	7,305	1,575
	Other payables	0	10
		<u>7,782</u>	<u>2,102</u>
	Total liabilities other than provisions	<u>7,782</u>	<u>2,102</u>
	TOTAL EQUITY AND LIABILITIES	<u><u>8,918</u></u>	<u><u>4,497</u></u>

- 1 Accounting policies
- 2 Going concern uncertainties
- 7 Collateral

Financial statements 1 January - 31 December

Statement of changes in equity

DKK'000	Share capital	Retained earnings	Total
Equity at 1 January 2020	500	1,312	1,812
Transfer through appropriation of loss	0	-1,987	-1,987
Equity at 31 December 2020	500	-675	-175

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of NordicCan A/S for 2020 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish kroner (DKK)

Income statement

Revenue

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Gross profit

The items revenue, production costs and other operating income have been aggregated into one item in the income statement called gross profit in accordance with section 32 of the Danish Financial Statements Act.

Production costs

Production costs comprise costs incurred in generating the revenue for the year. Such costs include direct and indirect costs of raw materials, consumables and production staff, rent and leases, as well as depreciation on production plant.

Production costs also comprise research and development costs that do not qualify for capitalisation and amortisation of capitalised development costs.

Also, provision for losses on construction contracts is recognised.

Administrative expenses

Administrative expenses include expenses incurred in the year for company management and administration, including expenses relating to administrative staff, Management, office premises and expenses as well as amortisation/depreciation of assets used for administrative purposes.

Financial expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Intangible assets

Patents are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight line basis over the remaining term of the patent.

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Financial statements 1 January - 31 December

Notes to the financial statements

2 Going concern uncertainties

As the company has a negative equity per 31 December 2020, the company is covered by the Danish Companies Act, section 119. The Management expects to restore the equity through future earnings. To secure the company for the following years the company has received a Group contribution of DKK 5 million in January 2021.

3 Financial expenses

Interest expenses, group entities	130	0
Other financial expenses	0	2
	<u>130</u>	<u>2</u>

4 Tax for the year

Estimated tax charge for the year	-1,288	-546
Deferred tax adjustments in the year	728	529
	<u>-560</u>	<u>-17</u>

5 Intangible assets

DKK'000	<u>Acquired intangible assets</u>
Cost at 1 January 2020	3,537
Additions in the year	<u>3,307</u>
Cost at 31 December 2020	6,844
Carrying amount at 31 December 2020	<u>6,844</u>

6 Staff costs

The Company has no employees in 2020.

7 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2020.