

The Happy Seed Company ApS

Højbjergvej 29 B, 3200 Helsingør

CVR no. 40 02 36 66

**Annual report for the period
1 January to 31 December 2020**

Adopted at the annual general meeting on 6 July
2021

Michael Vesthardt
chairman



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Statement by management on the annual report

The executive board has today discussed and approved the annual report of The Happy Seed Company ApS for the financial year 1 January - 31 December 2020.

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

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

In my opinion, management's review includes a fair review of the matters dealt with in the management's review.

The financial statements have not been audited. Management considers the criteria for not auditing the financial statements to be met.

Management recommends that the annual report should be approved by the company in general meeting.

Helsingør, 6 July 2021

Executive board

Michael Vesthardt

Auditor's report on compilation of the financial statements

To the shareholders of The Happy Seed Company ApS

We have compiled the financial statements of The Happy Seed Company ApS for the financial year 1 January - 31 December 2020 based on the company's bookkeeping records and other information made available by enterprise.

The financial statements comprises a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes.

We performed the engagement in accordance with ISRS 4410, Compilation Engagements.

We have applied our professional expertise to assist the enterprise in the preparation and presentation of the financial statements in accordance with the Danish Financial Statements Act. We complied with the relevant provisions of the Danish Act on Approved Auditors and Audit Firms and FSR - Danish Auditors' Code of Ethics for Professional Accountants, including principles relating to integrity, objectivity, professional competence and due care.

The financial statements and the accuracy and completeness of the information used to compile the financial statements are the enterprise's responsibility.

As a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information provided by enterprise for our compilation of the financial statements. Accordingly, we do not express an audit or a review conclusion on whether the financial statements have been prepared in accordance with the Danish Financial Statements Act.

Copenhagen, 6 July 2021

Baker Tilly Denmark
Godkendt Revisionspartnerselskab
CVR no. 35 25 76 91

Morten Schwensen
statsautoriseret revisor
MNE no. mne32172

Company details

The company

The Happy Seed Company ApS
Højbjergvej 29 B
3200 Helsingør

CVR no.: 40 02 36 66

Reporting period: 1 January - 31 December 2020

Incorporated: 13 november 2018

Domicile: Gribskov

Executive board

Michael Vesthardt

Auditors

Baker Tilly Denmark
Godkendt Revisionspartnerselskab
Poul Bundgaards Vej 1, 1.
2500 Valby

Management's review

Business review

The company's main activity is aimed at building a world class facility in order to farm medical grade Cannabis plants which will be processed into high quality seeds.

Financial review

The company's income statement for the year ended 31. december 2020 shows a loss of DKK 3.753, and the balance sheet at 31 December 2020 shows equity of DKK 28.297.

Significant events occurring after the end of the financial year

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

Income statement

1 January 2020 - 31 December 2020

	Note	2020	2019
		DKK	DKK
Gross profit		-11.597	-18.865
Financial income		10.007	2.069
Financial costs		-2.163	-1.154
Profit/loss before tax		-3.753	-17.950
Tax on profit/loss for the year		0	0
Profit/loss for the year		-3.753	-17.950
Recommended appropriation of profit/loss			
Retained earnings		-3.753	-17.950
		-3.753	-17.950

Balance sheet at 31 December 2020

	Note	2019 DKK	2019 DKK
Assets			
Receivable from shareholders and Management	1	105.076	87.069
Receivables		105.076	87.069
Cash at bank and in hand		407	9.258
Total current assets		105.483	96.327
Total assets		105.483	96.327

Balance sheet at 31 December 2020

Note	2019 DKK	2019 DKK
Equity and liabilities		
Share capital	50.000	50.000
Retained earnings	-21.703	-17.950
Equity	28.297	32.050
Trade payables	12.000	0
Payables to subsidiaries	65.186	51.027
Other payables	0	13.250
Total current liabilities	77.186	64.277
Total liabilities	77.186	64.277
Total equity and liabilities	105.483	96.327

Statement of changes in equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January	50.000	-51.923	-1.923
Net effect from adjustment of fundamental error	0	33.973	33.973
Adjusted equity at 1 January	50.000	-17.950	32.050
Net profit/loss for the year	0	-3.753	-3.753
Equity at 31 December	50.000	-21.703	28.297

Notes

	<u>2019</u> DKK	<u>2019</u> DKK
1 Receivable from shareholders and Management		
Receivable from shareholders and Management	<u>105.076</u>	<u>87.069</u>
Tilgodehavender hos medlemmer af ledelsen		
Repræsentantskab		
Udestående gæld	105.076	87.069
Rentefod (%)	10,05%	10,05%

Accounting policies

The annual report of The Happy Seed Company ApS for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B, as well as provisions applying to reporting class C entities.

The accounting policies applied are consistent with those of last year.

Significant misstatements in the annual report 2019

The annual report 2019 contains significant misstatements in relation to receivables from shareholders and Management and other external costs. The misstatements effect the equity by DKK 33,973, assets by 87,069 and payables to subsidiaries by DKK 51,027.

Basis of recognition and measurement

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

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Other external costs

Other external costs include expenses related to administration, payments under operating leases, etc.

Accounting policies

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, allowances under the advance-payment-of-tax scheme, etc.

Tax on profit/loss for the year

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Deferred tax is measured at net realisable value.

Liabilities

Liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.