

The Happy Seed Company ApS

Højbjergvej 29 B, 3200 Helsingør

CVR no. 40 02 36 66

**Annual report for the period
13 November 2018 to 31 December 2019**

(1st Financial year)

Adopted at the annual general meeting on 13 June
2020

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 13 November 2018 - 31 December 2019.

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 2019 and of the results of the company's operations for the financial year 13 November 2018 - 31 December 2019.

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, 13 June 2020

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 13 November 2018 - 31 December 2019 based on the company's bookkeeping records and other information made available by enterprise.

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

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, 13 June 2020

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 Helsinge

CVR no.: 40 02 36 66

Reporting period: 13 November 2018 - 31 December 2019

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 2019 shows a loss of DKK 53.992, and the balance sheet at 31 December 2019 shows negative equity of DKK 3.992.

The company is in possession of rights to production facilities in the Democratic Republic of Congo. It has prepared an application for the Danish Medicines Agency concerning these production rights. Their estimated value is around EUR 20 million.

Financing

The company shows a loss of capital at 31 December 2019. The company's management expects to restore its capital by future earnings in the company.

Significant events occurring after the end of the financial year

After year-end, there has been a spread of the coronavirus resulting in a Covid-19 pandemic. It is assumed by the management that the The Happy Seed Company ApS will not be affected due to the company's type of activity. On this basis the company is expected to continue its operation based on the going-concern principle in 2020.

Income statement
13 November 2018 - 31 December 2019

	<u>Note</u>	<u>2018/19</u> DKK
Gross profit		-53.865
Financial costs		-127
Profit/loss before tax		-53.992
Tax on profit/loss for the year		0
Profit/loss for the year		-53.992
 Recommended appropriation of profit/loss		
Retained earnings		-53.992
		-53.992

Balance sheet at 31 December 2019

	<u>Note</u>	<u>2019</u> DKK
Assets		
Cash at bank and in hand		<u>9.258</u>
Current assets total		<u>9.258</u>
Assets total		<u><u>9.258</u></u>

Balance sheet at 31 December 2019

	<u>Note</u>	<u>2019</u> DKK
Equity and liabilities		
Share capital		50.000
Retained earnings		-53.992
Total equity		<u>-3.992</u>
Other payables		13.250
Total current liabilities		<u>13.250</u>
Debt total		<u>13.250</u>
Liabilities and equity total		<u><u>9.258</u></u>

Statement of changes in equity

	<u>Share capital</u> DKK	<u>Retained earnings</u> DKK	<u>Total</u> DKK
Equity at 13 November	50.000	0	50.000
Net profit/loss for the year	0	-53.992	-53.992
Equity at 31 December	<u>50.000</u>	<u>-53.992</u>	<u>-3.992</u>

Notes

	<u>2018/19</u> DKK
1 Staff costs	
Average number of employees	<u>1</u>

Accounting policies

The annual report of The Happy Seed Company ApS for 2018/19 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected provisions as regards larger entities.

As 2018/19 is the company's first reporting period, no comparatives have been presented.

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.

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.

Accounting policies

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

Receivables

Receivables are measured at amortised cost, less impairment losses.

Provisions

Provisions comprise expected expenses relating to warranty commitments, losses on work in progress, restructuring, etc. Provisions are recognised when, as a result of a past event, the company has a legal or constructive obligation and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

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.

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.