Annual Report
2023

1 January — 31 December 2023

DanCann Pharma

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DISCLAIMER:
Forward looking statements.

Some statements in this release may contain forward-looking information. All statements, other than of historical fact, that address activities, events, or developments that the Company believes, expects, or anticipates will or may occur in the future (including, without limitation, statements regarding potential acquisitions and financings) are forward-looking statements. Forward-looking statements are generally identifiable by use of the words "may", "will", "should", "continue", "expect", "anticipate", "estimate", "believe", "intend", "plan" or "project" or the negative of these words or other variations on these words or comparable terminology.

Forward-looking statements are subject to several risks and uncertainties, many of which are beyond the Company's ability to control or predict, that may cause the actual results of the Company to differ materially from those discussed in the forward-looking statements. Factors that could cause actual results or events to differ materially from current expectations include, among other things, without limitation, the inability of the Company, to obtain sufficient financing to execute the Company's business plan; competition; regulation and anticipated and unanticipated costs and delays, the success of the Company's research strategies, the applicability of the discoveries made therein, the successful and timely completion and uncertainties related to the regulatory process, the timing and outcomes of regulatory or intellectual property decisions and other risks disclosed in the Company's public disclosure record on file with the relevant securities regulatory authorities.

Although the Company has attempted to identify important factors that could cause actual results or events to differ materially from those described in forward-looking statements, there may be other factors that cause results or events not to be as anticipated, estimated or intended. Readers should not place undue reliance on forward-looking statements. The forward-looking statements included in this presentation are made as of the date of this presentation and the Company does not undertake an obligation to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise unless required by applicable securities legislation.

About DanCann Pharma A/S

DanCann Pharma A/S ("DanCann Pharma", the "DCP", the "Group" or the "Company") was founded in 2018 and is a Danish biopharmaceutical company powered by cannabinoids. DanCann Pharma is a sourcing and distribution Company based in Denmark. The Company focuses on commercializing new therapeutic cannabinoids in various disease areas.

DanCann Pharma is EU-GMP-approved by the Danish Medicines Agency under the Danish Pilot Programme for medicinal cannabis. The DanCann Pharma group also owns the subsidiary CannGros ApS, which is the market leader in Denmark with the import and distribution of the products Bedrocan®, Bedica®, and Bediol® to all the Danish pharmacies.

Primary activities

DanCann Pharma distributes prescription (Rx) cannabinoid-based medicines primarily as of today focused on pain patients with alternative needs concerning the treatment of their illness.

History

DanCann Pharma was established to revolutionize healthcare for pain patients and relatives to ensure no one gets left behind. Due to the limited access to cannabinoid-based medicines, people currently search for products on the uncontrolled, illegal market. Therefore, DanCann Pharma strives to secure treatment access to quality-assured cannabinoid substances.

DanCann Pharma sources and distributes solutions for tomorrow's tough challenges using cannabis- and cannabinoids for therapeutic purposes. DanCann Pharma is built from a foundation of care, with a passion for improving health and the quality of life for patients with challenges. The products are an alternative for those who have not achieved the desired quality of life with conventional medicine.

DanCann Pharma's work revolves around giving new hope to patients and relatives left behind by the conventional healthcare industry.

We are here
to make **tomorrow**
better than yesterday.

Driven by a Passion for Relief

DanCann Pharma's mission is to improve the well-being of patients and their relatives.

The Company wants to revolutionize health care for everyone and ensure that no one experiencing pain or trauma gets left behind. DanCann Pharma is all about challenging the status quo, seeing an issue in the health care system, and now working with determination to challenge it. Based on knowledge, insight, and innovation, DanCann Pharma drives life-changing science, going face-to-face with traditional conventions with an approach built on cannabinoid therapeutics. Cannabinoids are active substances that affect brain and human body receptors when consumed. DanCann Pharma wants to democratize the use of these cannabinoids by discovering, sourcing, and commercializing novel cannabinoid therapeutics in various disease areas. cannabinoid therapeutics in various disease areas.

Built from a foundation of care

DanCann Pharma's reason to be lies in what was previously poor and limited access to cannabinoid-based medicines. Patients were forced to search for products in uncontrolled, illegal markets. For such reason, DanCann Pharma today works to improve accessibility to treatments with quality-assured cannabinoid substances.

OUR VISION

We want to revolutionize health and quality of life for patients with challenges

OUR MISSION

We enhance access to medicines inspired by nature for the benefit of patients and relatives

OUR CORPORATE VALUES

Inspired by patients

- Improve quality of life
- Deliver best-in-class innovation
- Supply medicines inspired by nature

Acting with empathy

- Perform as a team
- Stay trustworthy and fair
- Embrace different opinions

Executing with passion

- Work with resolute determination
- Maintain the highest standards of excellence
- Grow our business responsibly

An Introduction to the DanCann Pharma (DCP) Group

DanCann Pharma Group is a fully licensed commercial niche EU-GxP regulatory distribution company focusing on market access, sourcing and distribution, specialized in cannabinoids, with the subsidiary CannGros ApS.

Strategic Focus on Profitability and Capital Efficiency

Markets

- +1,600 unique patients
- +4,700 prescriptions
- +12.7 million mg active substance
- More than 500 doctors have prescribed cannabinoid treatment
- Stable market, low competition and solid profitability

Commercial Focus

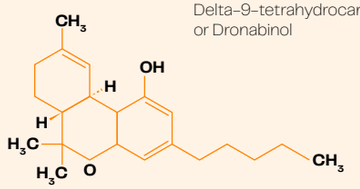
- Business Development and Sales
- Supply chain (sourcing and distribution)
- Regulatory and Medical Affairs
- Market access and data

Activities

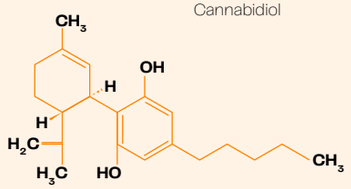
- Import of medicinal products and narcotics
- Secondary re-packaging
- Warehouse, logistics and shipping
- Labeling and batch release

Cannabinoids

THC
Delta-9-tetrahydrocannabinol
or Dronabinol



CBD
Cannabidiol



Medicinal Cannabis

Medical Devices

Under the Danish Pilot Programme with Medicinal Cannabis (Danish Medicines Agency)

Revolutionize health and quality of life for patients with challenges

Our Customer Base:
Wholesalers (pharmacies, hospitals/healthcare facilities) and Manufacturers/Intermediate Manufacturers

DCP Group:

More than **14,000 packages of medicines** sold in 2023.

Cannabinoid treatment:

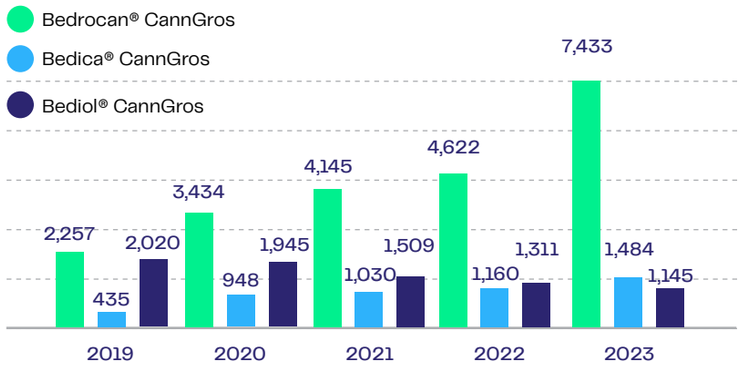
In 2023, over **1,600 unique patients** in Denmark were treated with cannabinoids.

DCP Group: 2023 Performance at a Glance

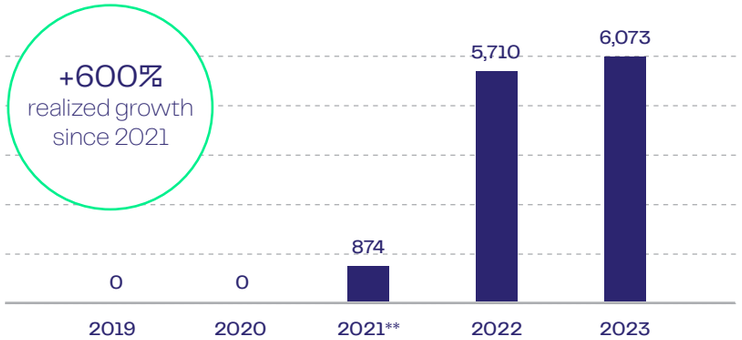
Source: E-sundhed

Reflecting on the year 2023, DanCann Pharma Group has successfully managed to restructure its business during the year, with a future focus on profitability. This is already beginning to show positive results, while the trends in sales of the Company's approved prescription (Rx) product portfolio are steadily becoming more popular among patients in Denmark. All of this, combined with new product launches planned for 2024 and 2025, sets the foundation for the Company's future guidance for 2024 and 2025. These launches of new products (for more information, please refer to page 9 – "Product Portfolio and Pipeline") are anticipated to be major value drivers for the Company, contributing positively to both the Company's revenue and EBITDA.

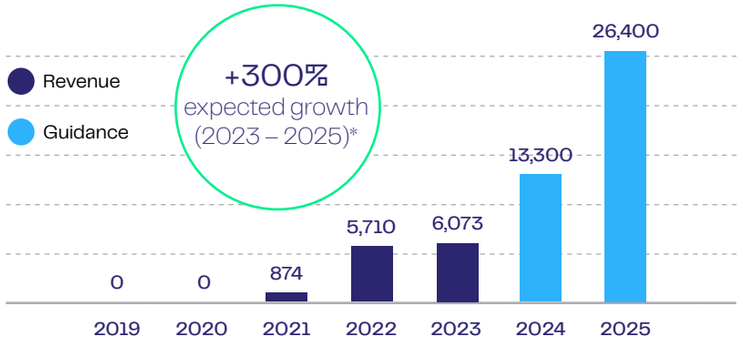
DCP Sales per SKU in Danish Pharmacies in 1,000 DKK (VAT included)



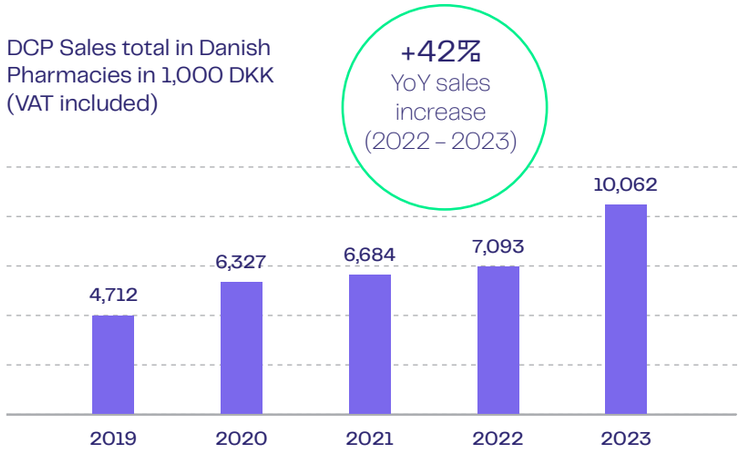
Revenue (YoY) in 1,000 DKK



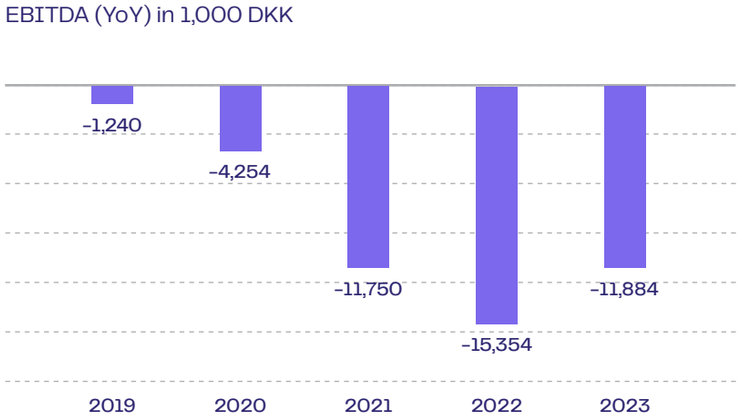
Revenue (YoY) + Guidance in 1,000 DKK



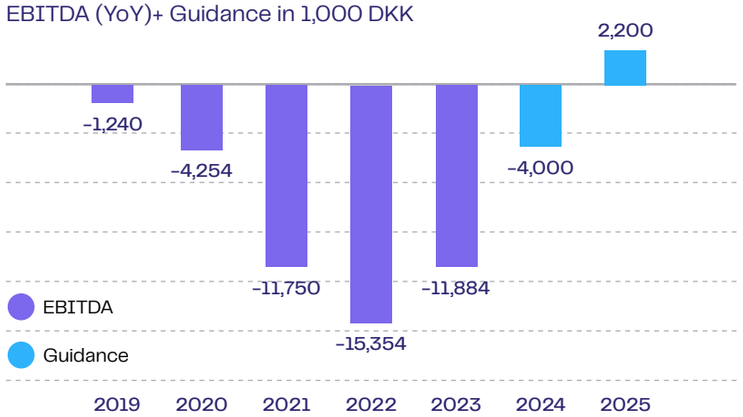
DCP Sales total in Danish Pharmacies in 1,000 DKK (VAT included)



EBITDA (YoY) in 1,000 DKK



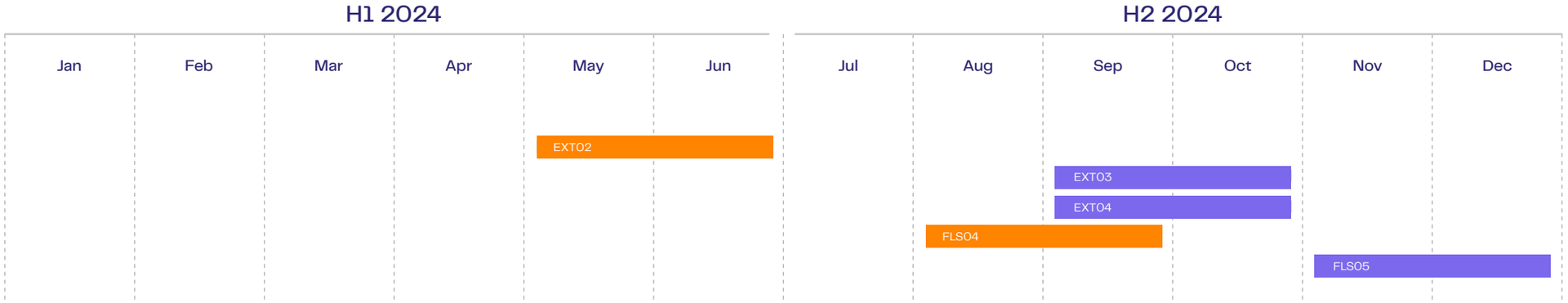
EBITDA (YoY)+ Guidance in 1,000 DKK



* Based on the organic growth of the Company's existing prescription (Rx) product portfolio and the planned product launches during 2024 and 2025. Hereby, the Company is expected to capture approx. 30% of the total market for cannabinoid treatment by the end of 2025. Please be aware of the risks encompassing the Company's operations. For more information, refer to page 18 – "Particular Risks."
** DanCann Pharma A/S acquired CannGros ApS in October 2021.

DCP Group Product Portfolio and Pipeline (2024):

Pipeline	Submission
Extracts	
EXT02	Dec 2023
EXT03	End Q2 2024
EXT04	End Q2 2024
FLS04	May 2024
FLS05	Start Q3 2024



Development (3)

EXT03 CannGros
Oral extract based on Bediol®
Dronabinol (THC) and Cannabidiol (CBD)
10, 20 and 30 mL

EXT04 CannGros
Oral extract based on Bedrolite®
Mainly Cannabidiol (CBD)
10, 20 and 30 mL

FLS05 CannGros
Flos
Mainly Dronabinol (THC)

Registration (2)

EXT02 CannGros
Oral extract based on Bedrocan®
Mainly Dronabinol (THC)
10, 20 and 30 mL

FLS04 CannGros
Granulate
Mainly Cannabidiol (CBD)

Approval

Launched (3)

Bedrocan® CannGros
Flos
Dronabinol ("THC") 22%
Cannabidiol ("CBD") <1.0%

Bediol® CannGros
Granulate
Dronabinol ("THC") 6.3%
Cannabidiol ("CBD") 8.0%

Bedica® CannGros
Granulate
Dronabinol ("THC") 14%
Cannabidiol ("CBD") <1.0%

Exclusive product offerings developed in collaboration with partners

Partner-created products incorporating DanCann Pharma's commercial assests

Please be aware of the risks encompassing the Company's operations. For more information, refer to page 19 – "Particular Risks."

DCP Group Pipeline Education

Why is the DanCann Pharma Group poised for success in launching new products and driving revenue growth?

Upstream (input material)

bedrocan®

Already approved:

Bedrocan® CannGros	Bediol® CannGros	Bedica® CannGros

- Flos and granulars
- 5-gram cans and 400-gram bulk bags
- Already approved in Denmark under the Pilot Programme with medicinal cannabis

To be submitted:

Bedrolite®	Bedrobinol®

GACP/GMP
GACP = Good Agricultural and Collection Practice

Downstream (processing)

MYCB1® Intelligence in Medicine

Bedrocan B.V.'s approved products will serve as the input material for subsequent extract processing.

- Extracts for oral use
- High bioavailability
- Already developed and marketed in Germany
- 10, 20, 30 and 40 mL
- 16 formulations (THC/CBD)

MYCB1's German-made extract from Bedrocan will be made into soft gel capsules.

- Soft gel capsules
- Fixed dosage
- Under development
- 30 and 60 pcs. (THC/CBD)

GMP
GMP = Good Manufacturing Practice

Distribution (regulatory)

CannGros
a DanCann Pharma company

- **Infrastructure:** Regulatory knowledge, sales, and distribution
- **Medical affairs efforts** (political advocacy, reimbursement, regulations)
- **Education** for key opinion leaders on product use and insights
- **Approval** as a limited market participant for importing, repacking, and distributing medicinal cannabis in Denmark

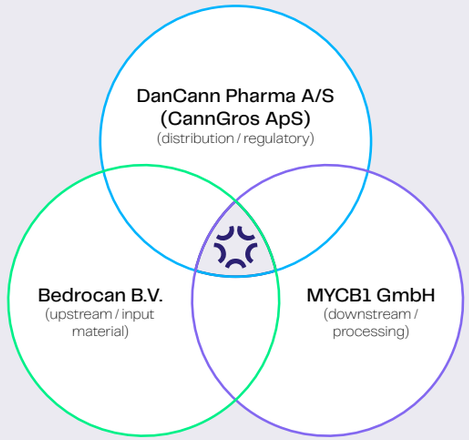
Utilize DanCann Pharma's distribution and regulatory expertise in the DK-market.

tmj tjellesen max jenne

Nomeco
a PHOENIX company

GMP/GDP
GDP = Good Distribution Practice

Our portfolio



Establishing a comprehensive and transparent product portfolio: Incorporating existing well-known products into a range of new delivery methods and enhanced strengths/formulations.

Approx. 500 unique patients are already using DanCann Pharma Group's approved flos and granular products today (Bedrocan®, Bediol® and Bedica®). Through data and dialogue with doctors, the Company understand that new delivery formats will enhance the business. The Company intends to meet this need by introducing extracts and soft capsules, both of which are based on the **same foundation as the already approved flos and granular products** in the Danish market under the Pilot Programme with medicinal cannabis.

This will establish a **fully compliant value chain with infrastructure within the EU, ensuring high transparency** for the Danish Medicines Agency and the submission and approval process. This is further **supported by a completed audit** in November 2023, which concluded with great satisfaction and without any critical findings.

Words from the Chairman of the Board

2023 has marked a significant year in DanCann Pharma.

We embarked on a bold journey of strategic redirection, decisively transitioning from in-house production to a focused strategy on sourcing, importing, and distributing high-quality medicines in the Danish market.

This shift underlines our unwavering commitment to the needs of patients and their families, ensuring access to essential treatments while enhancing our financial resilience.

This transition capitalizes on our strengths in this area. It also reflects our proactive approach to navigating market shifts, optimizing asset utilization, and reinforcing our market position.

As part of our ongoing strategic assessment, the financial result for 2023 has been significantly affected by the write-down of the asset associated with historical investments in our BP1 production facilities. After a thorough review and in consultation with our financial advisors, the decision was made to write down the asset.

This substantial write-down, though impactful on the financial results for the year, is deemed prudent and necessary within the context of our revised strategic direction. It is important for investors to recognize that this write-down is a non-recurring event that aligns the book value of the asset with its current economic value and does not indicate underlying issues with our operational viability or future performance potential.

We believe this adjustment will enable clearer financial projections, and hereby, enhance investor confidence by providing a more accurate representation of our asset values and future profitability, all in alignment with our long-term strategic goals.

As we reflect on the year, I extend my profound gratitude to our employees, whose passion and commitment have been instrumental in making it a smooth transition.

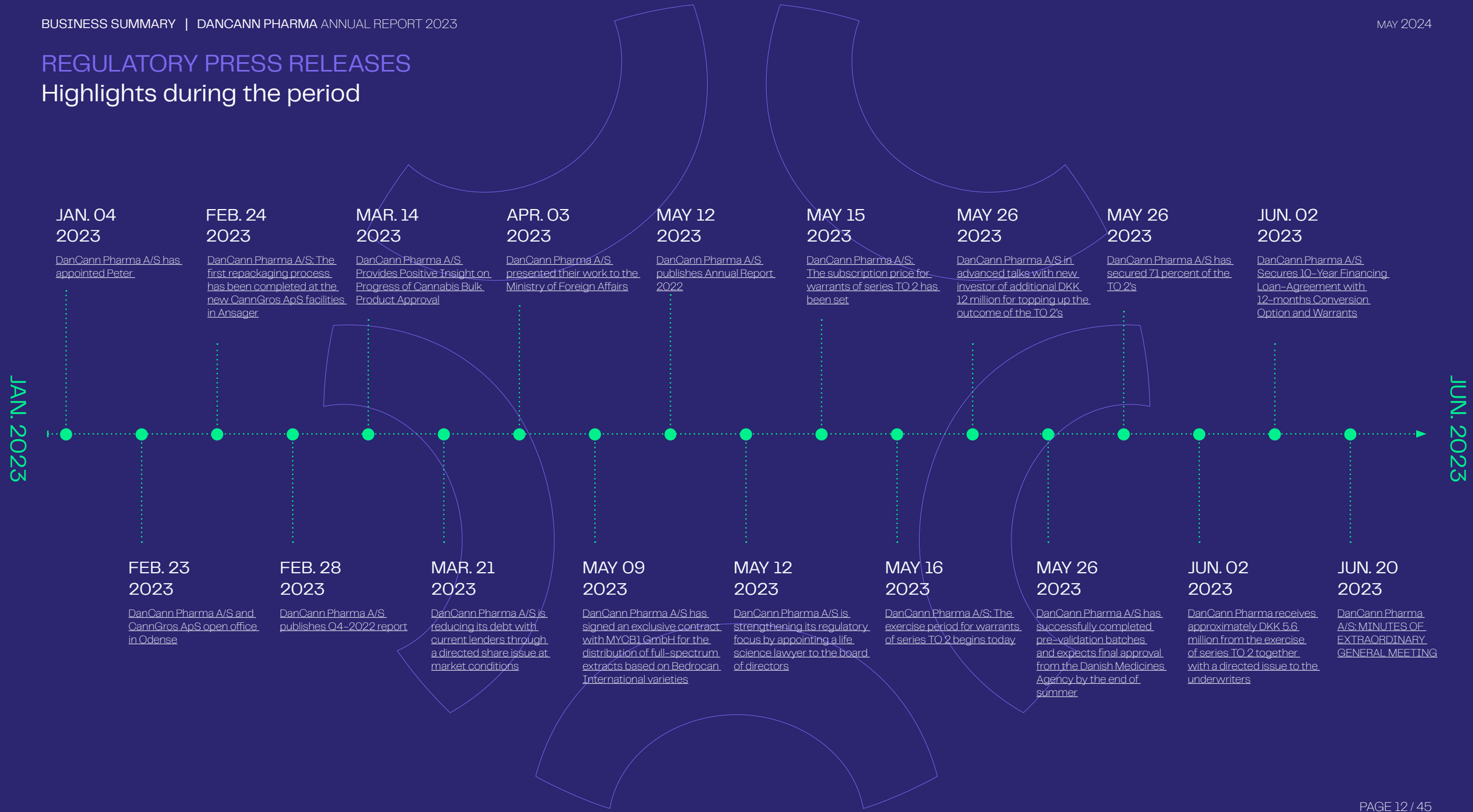
I also want to thank our investors and board members, whose trust and support have been vital in steering DanCann Pharma toward this exciting new chapter.

With a more streamlined and efficient business model, we are enthusiastic about our strategic pivot, leaving DanCann Pharma poised for sustained growth in 2024.

All the best,
Carsten Trads
Chairman of the Board at DanCann Pharma A/S

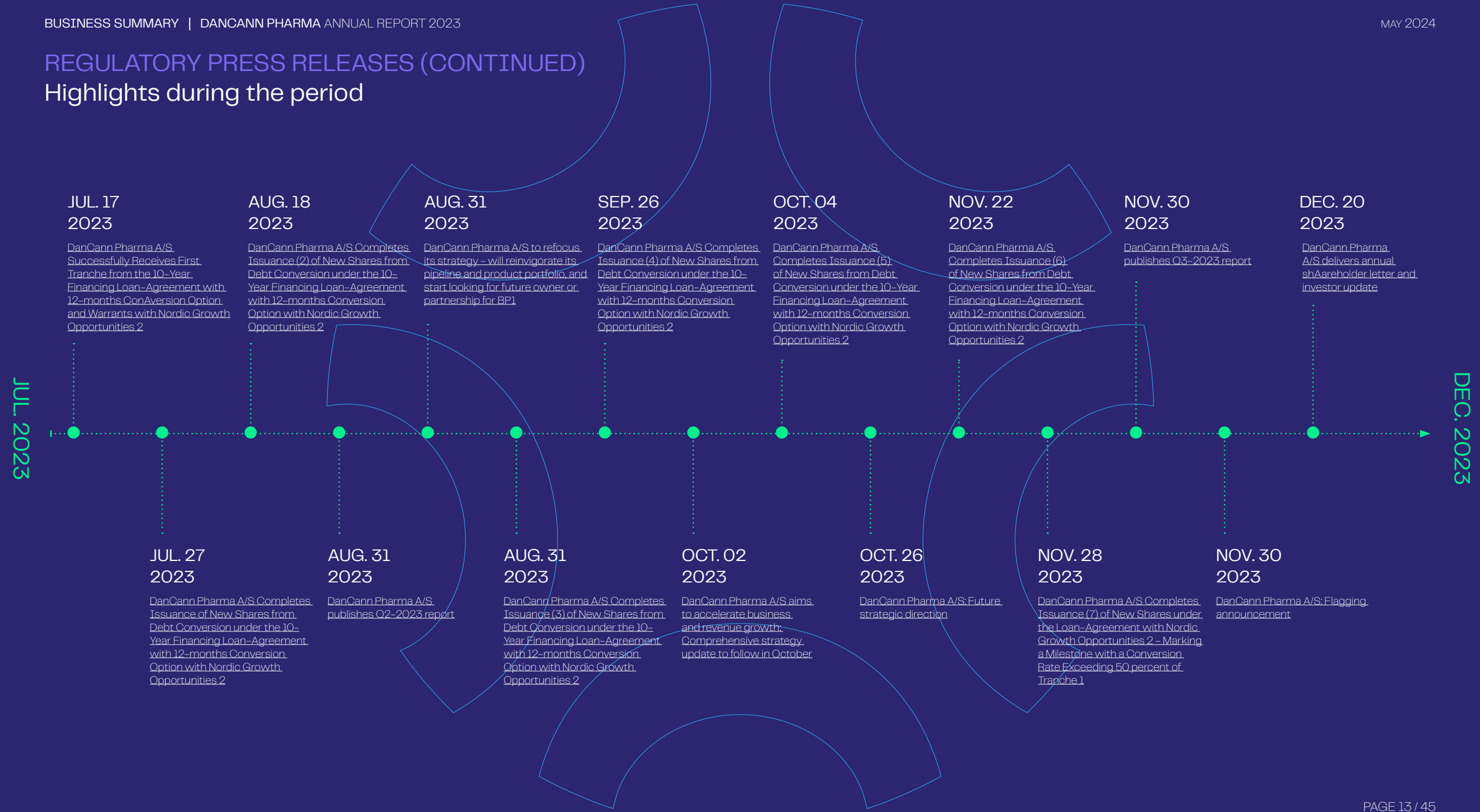
REGULATORY PRESS RELEASES

Highlights during the period



REGULATORY PRESS RELEASES (CONTINUED)

Highlights during the period



Management Commentary

DanCann Pharma

Group Financial Highlights

Income statement	2023 DKK '000	2022 DKK '000	2021 DKK '000	2020 DKK '000	2019 DKK '000
Net revenue	**6,073**	**5,708**	**874**	**0**	**0**
Gross profit/loss	-3,443	-5,670	-6,494	-2,835	527
Operating profit/loss before depreciation and amortisation (EBITDA)	-12,894	-14,187	-13,618	-5,777	-619
Operating profit/loss of main activities	-60,115	-16,418	-14,508	-5,871	-627
Financial income and expenses, net	-2,124	-1,832	-677	-116	-11
Profit/loss for the year before tax	-62,239	-18,250	-15,185	-5,987	-638
Profit/loss for the year	-62,260	-16,064	-11,750	-4,255	-500
Results for the year without minority interests	-62,260	-16,064	-11,750	-4,255	-500
Balance sheet					
Total assets	17,347	73,695	68,994	49,551	1,475
Equity	9,506	62,792	53,370	44,325	-625
Cash flows					
Cash flows from operating activities	-9,980	-11,730	-11,985	-7,662	-256
Cash flows from investing activities	-4,041	-8,269	-32,248	-19,072	-1,010
Cash flows from financing activities	5,275	23,014	30,637	47,887	-1,457
Total cash flows	-8,746	3,015	-13,596	21,153	190
Investment in property, plant and equipment	-7	-1,006	-6,370	-4,015	-62
Key ratios					
Equity ratio	54.7	85.2	77.4	89.5	Neg.
Return on equity	-172.2	-27.7	-24.0	-19.5	-133.3
Result per share, see note 12	-0,44	-0.25	-0.44	-0.21	-500,000

The group is established on 18 October 2021 at the time for DanCann Pharma A/S purchase of 100% shares in CannGros ApS.
The ratios stated in the list of key figures and ratios have been calculated as follows:

Equity ratio: Equity (ex. minorities), at year-end x 100 / Totalt assets, at year end

Return on equity: Profit/loss after tax x 100 / Average equity

Business Summary for the Development in 2023

DanCann Pharma has experienced an eventful year in 2023. It is no secret that this headline regarding the adjusted strategic direction has been a focal point, especially the elements concerning the decision temporarily to move away from in-house production and prioritise the part of the business that focuses on sourcing, importing, and distributing, particularly the regulatory aspects of the Danish market.

The adjusted strategy is founded on an asset-light business plan designed for optimal capital efficiency. It reflects the commitment to a sustainable future, one that benefits both the patients and the financial well-being of the Company.

However, the topic itself remains unchanged and will continue to revolve around cannabinoids and their associated treatments, initially under the Danish Pilot Programme with medicinal cannabis.

The rationale behind this decision has been driven by changes observed from a macro perspective. Combined with a decline in the Company's market value, these factors have imposed natural limits on its financial structure. Additionally, external factors such as rising interest rates have presented challenges for pharma and biotech companies in need of capital for further development.

The production business remains a development project and requires additional funding. Consequently, the decision was made to put this project on hold and short- and mid-term to focus solely on building the distribution business, which has consistently generated revenue and profit since its inception. The organisation has been right-sized and OPEX-adjusted with fully effect from the beginning of 2024.

As a result, the Company has executed this plan and expects to see the full impact in early 2024. The Company has a clear roadmap for 2024, with continued operation of its current portfolio of prescription medicines (Rx) in its distribution business in the Danish market, including Bedrocan®, Bediol®, and Bedica®. Additionally, the Company plans to launch 2-3 new products in 2024, with the first submission already made in December 2023. For more information, please refer to page 9 – "Product Portfolio and Pipeline".

The Company remains positive about its further development and aims for 2024 to be the year it achieves financial sustainability by executing its plan, ensuring a sustainable future for DanCann Pharma.

BP1: Aligning valuation with revised strategy

The Company has made a strategic decision to write down its asset called BP1 by DKK 43.84 million. This impairment reflects a necessary adjustment aligned with the revised strategic direction and an updated assessment of the asset's future economic benefits. This significant financial adjustment has been recorded to accurately represent the asset's reduced valuation on the balance sheet.

For investors, both current and prospective investors, this write-down is a critical factor to consider. It impacts the reported equity and results in a temporary decrease in earnings. However, it is important to emphasize that this decision was taken to align the asset base with the long-term strategic goals of the Company, focusing on optimizing future profitability and efficiency by distributing cannabinoid medicines developed by other manufacturers.. This adjustment is expected to stabilize the financial statements and support sustainable growth. The decision is aimed at repositioning the Company more favorably in its market segment, thereby enhancing and improving shareholder value in the long term.

The management team is committed to transparency in these adjustments and to providing stakeholders with a clear understanding of the reasons behind these decisions and their expected impact on the Company's financial health and strategic positioning.

Development in activities and finances

The income statement of the Company for 2023 shows a loss of DKK 62.2 million after tax, and on 31 December 2023, the balance sheet of the Company shows equity of DKK 9.5 million.

The management team consider the results based on the EBITDA slightly below expected. In 2023, the Company secured financing for approx. DKK 8.9 million. The Company ended the financial year with 141,627,960 shares and a nominal capital of DKK 5,311,049.

Pharmacy Sales

Below, you will find the most accurate sales data for Denmark.This data covers the actual sales at pharmacies and not just what is sold to wholesalers in the ecosystem around the supply of medicinal cannabis in Denmark under the Danish Pilot Programme.

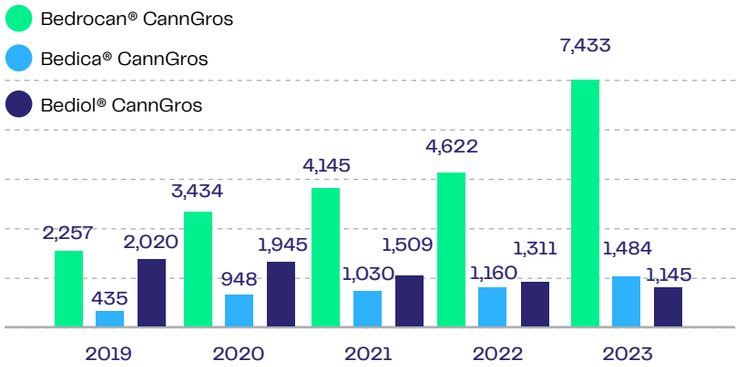
One thing is the sales to wholesalers, another is what the pharmacies dispense based on prescriptions from doctors to patients. The numbers and data therefore provide a good indication of whether the products are performing in the real world or not.

DanCann Pharma and its subsidiary, CannGros, are experiencing positive trends, as evidenced by the data below. There are also positive expectations for the new product launches in 2024 and their additional positive contributions to the product portfolio already launched by CannGros.

The prices include the margin structure for wholesalers, pharmacy fees, and VAT.

Pharmacy sales of medicinal cannabis under the Pilot Programme:

DCP Sales per SKU in Danish Pharmacies in 1,000 DKK (VAT included)



Submission of new dossier – and more to come

In December 2023, the Company applied for a new product inclusion under the Danish Pilot Programme for medicinal cannabis (EXT02). This application aims to introduce a new delivery format in the form of an extract (oral drops).

The anticipated processing timeline based on the guided product introduction of imported cannabis intermediate products from the Danish Medicines Agency (DKMA) includes an estimated validation period of approximately 14 days, followed by an evaluation period of around 50 days. The Company has also factored in some buffer to account for potential DKMA workload.

The Company anticipates that there may be some adjustments required during the application process, resulting in the issuance of a deficiency letter as part of the final assessment. After the submission of this deficiency letter to DKMA, the processing timeline is expected to involve an evaluation period of approximately 40 days.

In addition to this registration of EXT02, the Company is also working to complete its development for two more oral extracts, specifically EXT03 and EXT04, as well as a cannabidiol (CBD) granulate product (FLS04) and a dronabinol (THC) flos product (FLS05).

For more information, please refer to page 9 – “Product Portfolio and Pipeline”.

MYCB1 partnership to accelerate growth

DanCann Pharma proudly reports significant advancements through its exclusive distribution agreement with MYCB1 for Scandinavia. Intense preparation has led to the final stages of the first two applications to the DKMA (EXT02 and EXT03).

MYCB1 is highly skilled and fits the requirements set by the DKMA and the Danish Pilot Programme. There is enormous expertise to be found at MYCB1, all this based on their origins are rooted in the field of pharmacy, where they have gained experience in magistral preparation and similar processes. This expertise also meant that the final audit of MYCB1 conducted by DanCann Pharma was done in the beginning of November 2023 without any findings that gave cause to reassess the collaboration.

The collaboration is integral to the Company’s future, and likewise the expectations for this partnership’s success. DanCann Pharma distributes Bedrocan®, Bediol®, and Bedica® products, sourced from Bedrocan B.V (Bedrocan), to Danish wholesalers and pharmacies. These form the basis for MYCB1’s offerings, which the Company plan to introduce in oral formats under the Danish Pilot Programme.

MYCB1 GmbH in Germany, certified for Good Manufacturing Practice (GMP), manufactures these prescription-only medications, utilizing raw materials from Bedrocan. This ensures a seamless standardised product journey from inception to patient.

The Company is positive that the extracts will be well-received in the Danish Pilot Programme and further enhance patient access. This should ultimately result in a prescription increase. The familiarity with Bedrocan, reinforced by the DKMA’s recognition, fuels the confidence in this new product launch. Quality assurance from Bedrocan’s input material, processed at MYCB1’s GMP-certified German facility, promises a consistent and transparent product offering.

For more information, please refer to page 10 – “DanCann Pharma Pipeline education”.

Uncertainty related to recognition and measurement

The Company has capitalized the goodwill amounting to DKK 9.9 million related to the acquisition of CannGros. The capitalization is based on the management’s assessment that continuous development of the existing business through strategic diversification of the product portfolio from partnerships will increase the cash flow from the operations

For further information regarding uncertainty related to recognition and measurement, reference is made to Note 2 in the financial statements..

Significant events after the end of the financial year

After the end of the financial year, the Company has initiated a new rights issue and submitted an application to the Danish Medicines Agency for the approval of a cannabidiol (CBD) granulate product (FLS04).

Besides this, no other significant evenst has occurred after the end of the financial year.

For more information, please refer to page 18 – “Outlook for 2024: Future Expectation”.

Outlook for 2024: Future Expectation

The adjusted strategy and direction are based on the ability to deliver best-in-class results through operational excellence. This implies prioritising the regulatory efforts, raising the bar on financial performance, and driving value for patients, relatives, and shareholders.

To measure the success, the Company have set up a series of key performance indicators (KPIs) for the period of the upcoming years:

1. **Revenue growth:** The goal is to achieve revenue growth exceeding 300% within the specified period.

2. **Product expansion:** This growth will be primarily driven by introducing 4-6 new products as part of the Pilot Programme with medicinal cannabis.

3. **Breakeven target:** The strategic plan assumes that the Company will attain the breakeven year by 2025 – with the first profitable month during Q4-2024.

The Company is targeting a revenue growth exceeding 300% within the period, and with that, attain the breakeven point by the year 2025. For a more detailed overview of the Company's pipeline and information about it, please refer to page 8 – "Product Portfolio and Pipeline" and page 9 – "DanCann Pharma Pipeline education".

Capital requirements for implementing the adjusted strategy

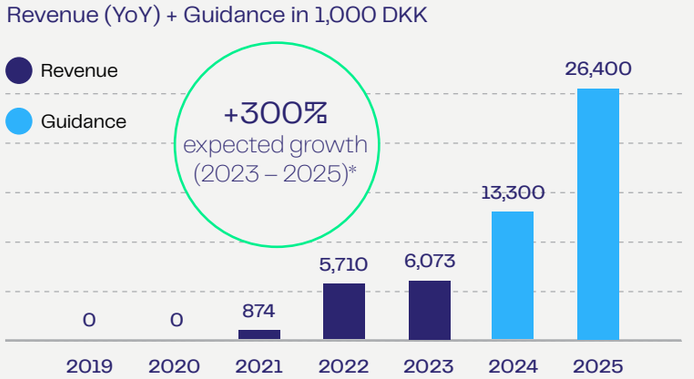
To execute the Company's plan to reach a financially sustainable position in accordance with the principles of going concern, approximately DKK 6.5 million gross is required for the runway towards the Company's first month(s) of positive cash flow.

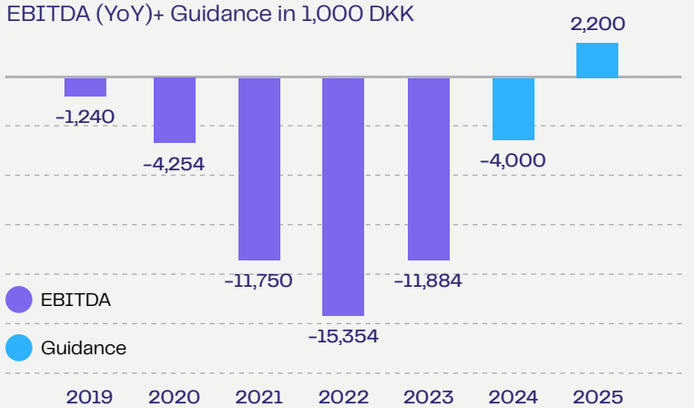
The avenues for obtaining this financing in 2024 are under process, and the Company communicated its intentions to conduct a rights issue for its current shareholders in late March 2024 (29 March 2024), which has since been addressed at an extraordinary general meeting of the Company (17 April 2024), where the Board of Directors received the necessary mandates to carry out the issue.

The Company intends to conduct an issue of the size of DKK 18.5 million (before transaction costs), of which the Company has secured bottom-up underwriters for DKK 5.5 million, and top-down underwriters for approximately DKK 6.8 million, the latter being the Company's current two lenders.

For the Company to be able to execute its plans, in accordance with the principles of going concern, the transaction needs to be subscribed to at least approximately DKK 6.5 million, based on which the necessary implementations can be made and thus bring the Company to a stage where it reaches breakeven in 2025.

Historic performance and guidance for 2024 and 2025.





* Based on the organic growth of the Company's existing prescription (Rx) product portfolio and the planned product launches during 2024 and 2025. Hereby, the Company is expected to capture approx. 30% of the total market for cannabinoid treatment by the end of 2025. Please be aware of the risks encompassing the Company's operations. For more information, refer to page 18 – "Particular Risks."

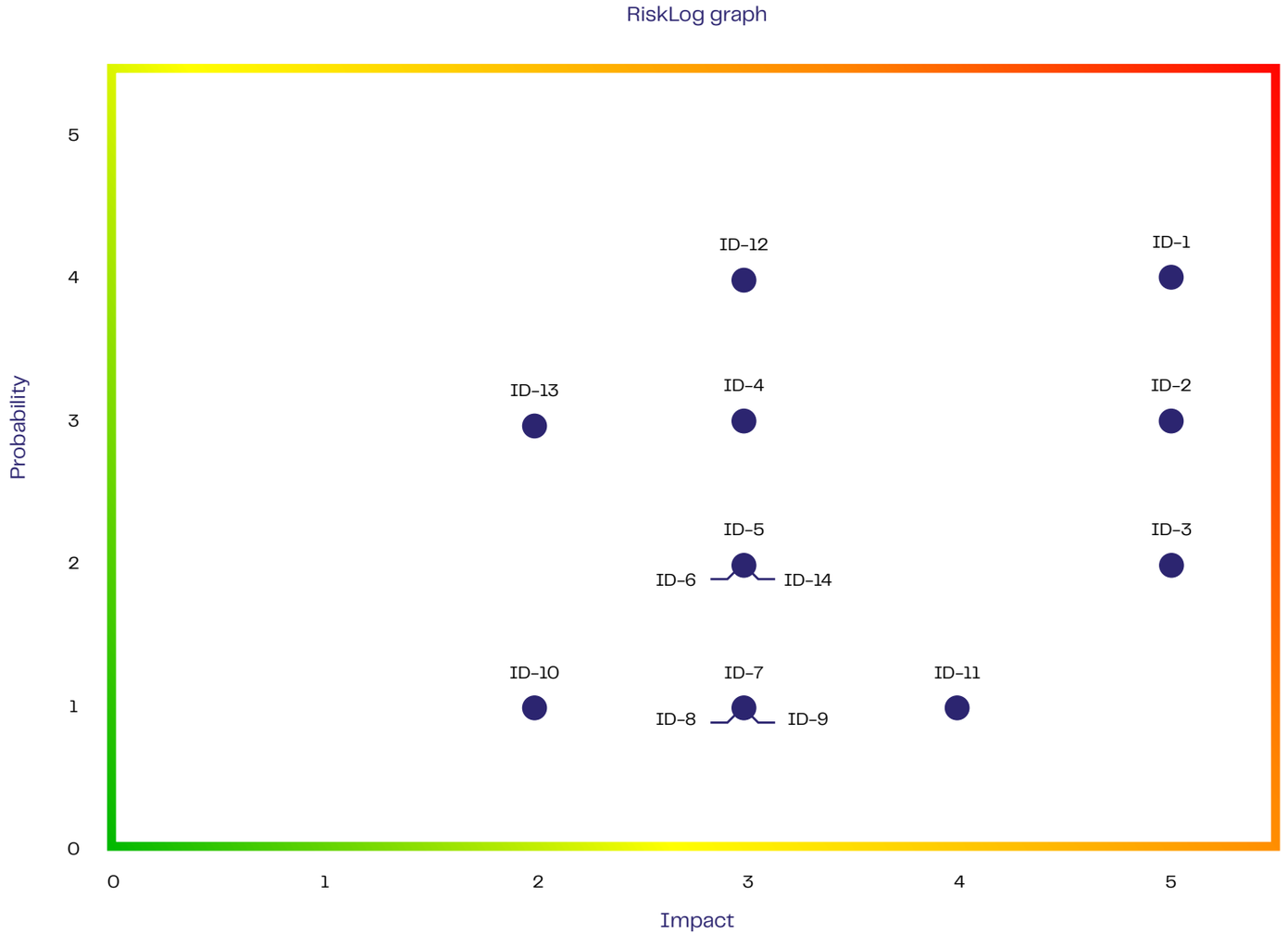
Particular Risks

Several risk factors can have a potential effect on the operations of DanCann Pharma. There are risks pertaining to the specific, as well as risks with no specific connection with DanCann Pharma, 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. Material risk factors are described below without claiming to be exhaustive. For natural reasons, it is not possible to assess all risk factors without a combined evaluation of other information in the Memorandum, along with a general assessment. The risk factors include an assessment of the probability of the occurrence of the risk and the extent of its negative impact on the Company listed on a scale from 0 – 5.

The risks described below are not the only risks to which DanCann Pharma or its shareholders may be exposed. There are other risks currently unknown to DanCann Pharma or which DanCann Pharma currently does not regard as significant but could also adversely affect DanCann Pharma's operations, financial position, or operating profit.

If any of the described risks or another unknown risk were to materialize, DanCann Pharma's business operations, financial position, and earnings could be materially adversely affected. This could also result in a significant decline in the price of DanCann Pharma shares and in an investor losing part or all of their investment.

A prospective investor should carefully consider the risk factors set forth below before making an investment decision and should consult his or her own expert advisers as to the suitability of an investment in the shares of DanCann Pharma. An investment in DanCann Pharma shares is suitable only for investors who understand the risk factors associated with this type of investment and who can afford a loss of all or part of the investment



RISKS SPECIFIC AND MATERIAL TO THE COMPANY'S OPERATIONS

ID–1: Approval(s) from the Danish Medicine Agency – Processing of submissions (External)

DanCann Pharma does not have all the necessary permissions needed to realize its business and pipeline. To be able to sell new medicinal cannabis medicines, new product permissions must be obtained from the Danish Medicine Agency (DKMA).

Viewed in the light of history, the Danish Medicine Agency has taken longer than indicated according to their own guidelines, which state that the estimated assessment times for the admission of imported cannabis products for complete applications are 14 days for validation and 50 days for the assessment.

There is a risk that the Danish Medicine Agency will experience delays in this process. This poses a risk to Company's ability to generate revenue, which would adversely affect the Company's earnings and financial position.

DanCann Pharma assesses the likelihood of the risk occurring as 4 on the matrix. Should the risk materialize, DanCann Pharma considers the potential negative impact to be 5 on the matrix.

ID–2: Financing and capital needs

DanCann Pharma is not profitable and has incurred losses every year since its formation and the financial year 2021 was the first year the Company had revenue. If DanCann Pharma does not receive at least approximately DKK 11 million (before costs) in the rights issue (approx. 60% of the offer) and all alternative financing opportunities fail, there is a risk that DanCann Pharma will have to revise the development plans significantly, which consequently may delay or temporarily halt the developments of DanCann Pharma's operation.

There is a risk that delays in DanCann Pharma's product developments will result in a delayed market breakthrough and consequently cash flow being generated later than expected. Delaying market breakthroughs could result in lower revenue for the Company, which may mean that the Company's breakeven will be generated later than planned.

Consequently, there is a risk that DanCann Pharma's targets regarding the sales will not be achieved within the determined timeframe and that it takes longer than planned to reach the determined milestones.

DanCann Pharma may have a need for additional capital in the future and there is a risk that such capital cannot be raised. In the long run, there is a risk that, if all financing options fail, the Company goes bankrupt. Thus, there is a risk that investors lose their entire investment in the Company in the event that the Company goes bankrupt.

DanCann Pharma assesses the likelihood of the risk occurring as 3 on the matrix. Should the risk materialize, DanCann Pharma considers the potential negative impact to be 5 on the matrix.

ID–3: Approval(s) from the Danish Medicine Agency – Preparation of submissions (Internal)

DanCann Pharma does not have all the necessary permissions needed to realize its business and pipeline. To be able to sell new medicinal cannabis medicines, new product permissions must be obtained from the Danish Medicine Agency (DKMA).

If adjustments are needed, it will mean that the permit process will be delayed and become more expensive. This poses a risk to Company's ability to generate revenue, which would adversely affect the Company's earnings and financial position. In a worst–case scenario, the Company may not receive the necessary permissions for its pipeline, which would have material negative effect on the Company's ability to generate revenue and could lead to the Company being unable to conduct its planned operations.

DanCann Pharma assesses the likelihood of the risk occurring as 2 on the matrix. Should the risk materialize, DanCann Pharma considers the potential negative impact to be 5 on the matrix.

ID–4: Competitors

Some of DanCann Pharma's global competitors and potential future competitors are multinational companies with large financial resources. There is a risk that there is widespread investment and product development from one or more competitors, which could result in a deterioration in sales or a deterioration in revenue opportunities for DanCann Pharma, as competitors can develop products that outperform the Company's products and thereby gain market share. In addition, companies with global activities currently operating in nearby areas may decide to establish businesses within DanCann Pharma's business area.

Companies that compete with DanCann Pharma as of today is, among others, StenoCare A/S and Scanleaf ApS. These competitors are licensed under the Pilot Programme. The competitors are comparable to DanCann Pharma, since they source, import and distribute medicinal cannabis products to the Danish market.

An increase in demand for products containing cannabinoids can also generate a greater number of market players, i.e., future competitors for the Company. There is a risk that increased competition will lead to negative sales and revenue as well as consequences for DanCann Pharma.

DanCann Pharma assesses the likelihood of the risk occurring as 3 on the matrix. Should the risk materialize, DanCann Pharma considers the potential negative impact to be 3 on the matrix.

ID-5: Market growth and market penetration

DanCann Pharma is planning to expand its business over the coming years, by increasing market shares in the Company's domestic country (Denmark).

In order to achieve these ambitions, the Company is relying on generating an increase in demand for the Company's products. The increase in demand is connected to a successful strategy. However, there is no guarantee that any of the Company's activities will generate an increase in demand and if the achieved market shares are not in line with the Company's expectations, this may result in a lower degree of market penetration, which in turn can result in lower revenues than expected.

Growth may also mean that DanCann Pharma makes acquisitions of other companies. Lack of synergies and less successful integration work of acquired companies can adversely affect DanCann Pharma's operations and profit.

DanCann Pharma assesses the likelihood of the risk occurring as 2 on the matrix. Should the risk materialize, DanCann Pharma considers the potential negative impact to be 3 on the matrix.

ID-6: Prices

DanCann Pharma's products are based on cannabis and cannabinoids and the price of these is determined based on supply and demand in a fluctuating market and the price of such affects the Company's product margins. If the demand for these products increases, or the supply decreases, there is a risk that DanCann Pharma's margins will decrease if the Company is not able to compensate through adjustment of prices towards purchasers of the Company's products.

Market prices of medicinal cannabis are expected to fall over time as the supply increases due to, for example, (i) the legalization of the manufacturing process or (ii) sale and/or export of medicinal cannabis in other countries, especially in countries where it would be less expensive to produce medicinal cannabis.

There is risk that this development is realized faster than anticipated with decreasing margins for DanCann Pharma as a result. Ultimately, this might negatively affect DanCann Pharma's profitability and revenues. Since DanCann Pharma operates in a new and emerging new market (medicinal cannabis), there is a risk that initial higher margins cannot be sustained over time.

DanCann Pharma assesses the likelihood of the risk occurring as 2 on the matrix. Should the risk materialize, DanCann Pharma considers the potential negative impact to be 3 on the matrix.

ID-7: Changes in the regulations and the political climate

DanCann Pharma operates within the new area of cannabis and cannabinoids, which may be considered unknown and controversial. The potential controversial aspects of this business area come with a constant risk of changes in the political climate and associated regulations. In recent years, the acceptance of cannabis and cannabinoids within the prescription area has increased in Europe and other parts of the world, but this could change.

In Denmark there is currently a legal and political acceptance of cannabis and cannabinoids within the prescription area, given the Development Scheme and the Pilot Programme. However, there is a risk that such acceptance significantly decreases due to various reasons, e.g., swings in the public opinion causing a demand for political interference. This could result in the Development Scheme and the Pilot Programme being abandoned or the requirements for such being substantially increased. A similar risk aspect could be applied to the market worldwide.

Furthermore, the Pilot Programme for prescription is once again on a 4-year trial period and is still to be made permanent. If the Pilot Programme for prescription are not extended or made permanent, DanCann Pharma's possibility of continuing/initiating parts of its business will decrease materially, and there is a material risk that DanCann Pharma's earnings and financial position will be adversely affected.

Regulatory reforms or changes in the political situation and standpoint regarding cannabinoids, either in Denmark, within the EU, or globally, may therefore affect the operations of the Company. In a worst-case scenario, the manufacturing, sale and/or export of medicinal cannabis is prohibited due to changed political views. This could in its turn lead to the Company not being able to continue its operations.

Since cannabis and cannabinoids is new medicinal field, there may be changes to the regulatory requirements placed on the Company and its partners as the field develops and more research is conducted. Such changes will likely affect the Company's ability to meet regulatory requirements in the future. Thus, there is also a risk that DanCann Pharma, directly or via its collaborative partners, will not receive the necessary permits and registrations with the governmental authorities due to changed regulatory requirements. Thus, there is a risk that DanCann Pharma, directly or through partners, will need to adjust its business to meet new requirements, which will entail costs for the Company.

In the event DanCann Pharma, directly or via collaborative partners, fails to obtain the requisite permits and registrations from the governmental authorities, there is a risk that the Company's ability to generate revenue will be inhibited and its financial position be adversely affected. DanCann Pharma assesses the likelihood of the risk occurring as 1 on the matrix. Should the risk materialize, DanCann Pharma considers the potential negative impact to be 3 on the matrix.

ID-8: Key employees and employees

DanCann Pharma relies on key people to execute its business plan and maintain permits. There is a risk that a loss of one or more key

employees would have adverse consequences for DanCann Pharma's business operations and its financial results.

There is a risk that DanCann Pharma will need to recruit staff to replace key employees, which could be a costly process, both in terms of time and finance. There is a risk that DanCann Pharma's costs will increase as a result hereof.

There is also a risk that DanCann Pharma will not be able to replace staff, since the area of medicinal cannabis requires a particular set of skills and knowledge, which would affect the Company's business operations. DanCann Pharma assesses the likelihood of the risk occurring as 1 on the matrix. Should the risk materialize, DanCann Pharma considers the potential negative impact to be 3 on the matrix.

ID–9: Partners

DanCann Pharma currently has, and will in the future have, the intention to enter into additional partnerships. Partnerships are essential for DanCann Pharma, as well as in the medicinal cannabis industry generally, in terms of sales, new products, pipeline, market penetration, etc. There is a risk that one or more partners will choose to end their partnership with DanCann Pharma, which could have a negative impact on the Company's business.

There is also a risk that partners of DanCann Pharma do not fully meet the quality or regulatory requirements imposed by DanCann Pharma or the legislator. Lack of quality in service information to customers could lead to decreased trust in the Company and thus lost opportunities for selling the products and generating revenues. In addition, the establishment of new partnerships can be more expensive and/or may take longer than DanCann Pharma estimates.

DanCann Pharma assesses the likelihood of the risk occurring as 1 on the matrix. Should the risk materialize, DanCann Pharma considers the potential negative impact to be 3 on the matrix.

ID–10: Unauthorized disclosure of know–how

The risk of unauthorized disclosure of information is present in the medicinal industry, which involve a risk that competitors may receive information about DanCann Pharma's developed know–how. There is a risk that DanCann Pharma's competitors could use such information to further develop their own products and DanCann Pharma could therefore face increased competition, which may adversely affect DanCann Pharma's business activities, financial position, and results. DanCann Pharma assesses the likelihood of the risk occurring as 1 on the matrix. Should the risk materialize, DanCann Pharma considers the potential negative impact to be 2 on the matrix.

ID–11: Recognition and measurement of tax credits

DanCann Pharma has utilized the tax credit scheme. It should be noted that the recognition and measurement of such tax credits are subject to some uncertainty. This uncertainty arises from the interpretation of tax law regarding the content and use of the tax credit system. As a result, the recognized amounts for 2022, DKK 1.492 million, and 2021, DKK 2.919 million, are subject to some uncertainty.

The Company faces the possibility that the Danish Tax Authority (SKAT) may have a different view of the development costs, leading to further uncertainty. This could contrasts with a previous stance and statement in 2020, where the Company received confirmation of their position from SKAT.

DanCann Pharma assesses the likelihood of the risk occurring as 1 on the matrix. Should the risk materialize, DanCann Pharma considers the potential negative impact to be 4 on the matrix.

ID–12: Share price development, volatility, and liquidity

Shareholders should consider that an investment in DanCann Pharma is associated with risks and that it cannot be predicted whether the share price will have a positive development. This entails a risk that an investor may lose all or part of their invested capital in the Company.

DanCann Pharma's share price has historically been volatile and may continue to fluctuate as a result of, among other things, revenues variations in the Company's quarterly reports, the general economic situation, and changes in the stock market's interest in DanCann Pharma and its shares. Limited liquidity in the shares can also contribute to amplify such fluctuations in the share price.

The share price may be affected by factors that are wholly or partly outside DanCann Pharma's control. An investment in DanCann Pharma should therefore be preceded by a careful analysis of the Company, its competitors, general information about the industry, the general economic situation, and other relevant information. There is a risk that shares in the Company cannot be sold to a price acceptable to the shareholder at any given time.

DanCann Pharma assesses the likelihood of the risk occurring as 4 on the matrix. Should the risk materialize, DanCann Pharma considers the potential negative impact to be 3 on the matrix.

ID–13: Psychological factors

There is a risk that the securities market is affected by physical factors, such as trends, rumours, and reactions to news and events, which are not directly related to the business of the Company. Since DanCann Pharma is operating in the field of medicinal cannabis, that, in some cases, are affected by relatively large number of factors, such as political, ethical, and regulatory, the Company may be exposed to a greater degree of risk and thus becoming a victim of trends and rumours that may potentially generate greater psychological vulnerability for the Company. In other words, there is a risk that DanCann Pharma is more exposed to peoples' general line of opinion, trends, and rumours than companies operating in more traditional business areas.

There is a risk that psychological factors and its subsequent effects on price developments will adversely affect the market price of the DanCann Pharma's Shares. A lower share price may cause difficulties for

the Company to raise additional capital on favourable terms in the future. The Company's share price may thus be increasingly affected to a greater extent due psychological factors than securities in companies that are also admitted to trading but operates in more traditional business areas.

DanCann Pharma assesses the likelihood of the risk occurring as 3 on the matrix. Should the risk materialize, DanCann Pharma considers the potential negative impact to be 2 on the matrix.

ID-14: Future issues of new shares and stock dilution

In the future, DanCann Pharma may raise additional capital by deciding on an issue of new shares or other securities. Issues of new shares may have a negative effect on the shares' market price. Additional issues may also risk decrease the shareholders' ownership percentage in the Company (stock dilution).

In the event that an issue is carried out with preferential rights for existing shareholders, shareholders are given the opportunity to defend themselves against stock dilution by subscribing for additional securities, which, however, presupposes additional investment in the Company. However, there is a risk that an issue is made without preferential rights for existing shareholders, which means that the shareholders have no opportunity to protect themselves against stock dilution.

The Company may finance its planned expansion with issues of new shares, either carried out with or without preferential rights for existing shareholder. This entails a risk of stock dilution in the same way as described above.

DanCann Pharma assesses the likelihood of the risk occurring as 2 on the matrix. Should the risk materialize, DanCann Pharma considers the potential negative impact to be 3 on the matrix.

Corporate Governance

Company	DanCann Pharma A/S Rugvænget 5 6823 Ansager CVR No.: 39 42 60 05 Established: 20 March 2018 Municipality: Varde Financial Year: 1 January – 31 December
Board of Directors	Carsten Trads, chairman Jeppe Krog Rasmussen Christian Carlsen
Executive Board	Jeppe Krog Rasmussen
Auditor	Deloitte Værkmestergade 2, 8000 Aarhus
Law Firm	Mazanti–Andersen Amaliegade 10, 1256 København

BOARD OF DIRECTORS

Carsten Trads

Born 1955. Chairman since 2022, board member since 2020.

Carsten Trads holds a Master of Science from Copenhagen Business School, complemented by management training from INSEAD and Harvard Business School. Carsten Trads has more than 30 years international experience within sales, marketing, operations, strategic planning and general management. Executive positions in companies such as Bang & Olufsen A/S, GN ReSound A/S and Plantronics Inc. From 2015 he has been the CEO and owner of C-Plus Consult, assisting smaller business start-ups. Carsten Trads has previously been chairman of the Board of Directors of Vestmedia A/S as well as board member of Brainreader A/S and Profil Optik A/S.

Other ongoing assignments: Founder and Chief Executive Officer of C-Plus Consult.

Shareholding in the Company: 409,031 shares through a wholly owned company.

Warrants in the Company: 75,000 warrants.

Christian Carlsen

Born 1984. Vice-chairman since 2021.

Christian Carlsen holds an executive Master of Business Administration from Henley Business School and have attended the Executive Board Programme and the Advance Board Programme at INSEAD. Christian Carlsen has previously worked for companies such as Bavarian Nordic A/S, Labflex A/S and Novo Nordisk Engineering A/S (NNE). At NNE Christian Carlsen led several strategic projects and activities, including leading an initiative to establish a corporate venture business and establishing a unit with a focus on business model innovation, venture incubation and partnerships. Christian has a long track record of starting, developing and transforming life science and tech companies both in a start-up and corporate environment.

Other ongoing assignments: Chairman of the Board of Directors of QNTM Ventures ApS, QNTM Labs ApS, ProSave ApS, and Knowledge Gate Group ApS. Member of the Board of Directors of Høyrup & Clemmensen A/S, Fibona Accustics ApS, TeamsToWork ApS, and Techvolver ApS. Managing Partner of Volvér ApS.

Shareholding in the Company: 241,834 shares.

Warrants in the Company: 75,000 warrants.

Jeppe Krog Rasmussen

Born 1995. Board member since 2022.

Jeppe Krog Rasmussen, in his role as the Group CEO of both DanCann Pharma and its subsidiary CannGros, is responsible for overseeing the overall strategic direction and operational execution of all processes relevant to the DanCann Pharma group.

Jeppe Krog Rasmussen possesses expertise in various areas including corporate finance, investor relations, regulatory affairs, business development and strategy.

Other ongoing assignments: Vice-chairman of the Board of Directors in Medicinsk Cannabis Industri (MCI) and member of the Board of Directors in Foreningen af Børsnoterede Vækstvirkomheder (FBV). Chief Executive Officer at XIGNOTUS CAPITAL ApS.

Shareholding in the Company: 3,500,000 shares through a wholly owned company (inculding shares loaned to NORDIC GROWTH OPPORTUNITIES 2).

Warrants in the Company: 254,286 warrants.

BOARD COMPOSITION

Once a year, the Board of Directors will conduct a self-evaluation to ensure that the Board promotes the Company's purpose and serves the culture and values of the Company. As of 31 December 2023, the Board of Directors consists of three members. To ensure constructive and value-creating discussions, the Board of Directors aims to ensure the right composition and balance of competencies.

Executive Management Team

Jeppe Krog Rasmussen

Born 1995. Chief Executive Officer (CEO) since 2018.

Jeppe Krog Rasmussen is also a member of the Board of Directors of DanCann Pharma and the presentation of Jeppe Krog Rasmussen can be found in the section “Board of Directors” above.

Peter Hauberg Søndergaard

Born 1972. Chief Financial Officer (CFO) since 2023.

Peter Søndergaard holds a M.Sc. in Business Strategy and Management (Cand. Oecon). He has been the Chief Financial Officer (CFO) of DanCann Pharma A/S since January 2023. For over 15 years, he has worked in all aspects of strategy, finance, management, processes, organizational development, and business development. Among others, he has held positions at Codan and SEAS-NVE.

Other ongoing assignments: Peter Hauberg Søndergaard has no other ongoing assignments.

Shareholding in the Company: Peter Hauberg Søndergaard has no shareholding in the Company.

Warrants in the Company: 0 warrants.

Group Structure

DanCann Pharma A/S

CannGros ApS (100%)

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of DanCann Pharma A/S for the financial year 1 January – 31 December 2023.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion the Consolidated Financial Statements and the Annual Financial Statements of the Companygive a true and fair view of Group's and the Company's assets, liabilities and financial position at 31 December 2023 and of the results of Group's and the Company's operations and cash flows for the financial year 1 January – 31 December 2023.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

We recommend the Annual Report be approved at the Annual General Meeting.

Ansager, 15 May, 2024

EXECUTIVE BOARD

Jeppe Krog Rasmussen

BOARD OF DIRECTORS

Carsten Trads, Chairman

Jeppe Krog Rasmussen

Christian Carlsen

Independent Auditor's Report

To the shareholders of Dancann Pharma A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Dancann Pharma A/S for the financial year 01.01.2023–31.12.2023, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2023 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2023–31.12.2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group 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.

Material uncertainty related to going concern

We draw attention to note 1 in the financial statements which highlight that sufficient funding for the remaining part of the financial year 2024 is not secured at the time of approval of the financial statements. Management have described the plans for obtaining sufficient financing and is of the opinion that it is possible to accomplish these successfully. Our conclusion is not qualified in this respect, but emphasis is made due to the uncertainty related this matter.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent 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 Group's and the Entity'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 parent 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 Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or 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 internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary

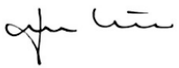
Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, 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 conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

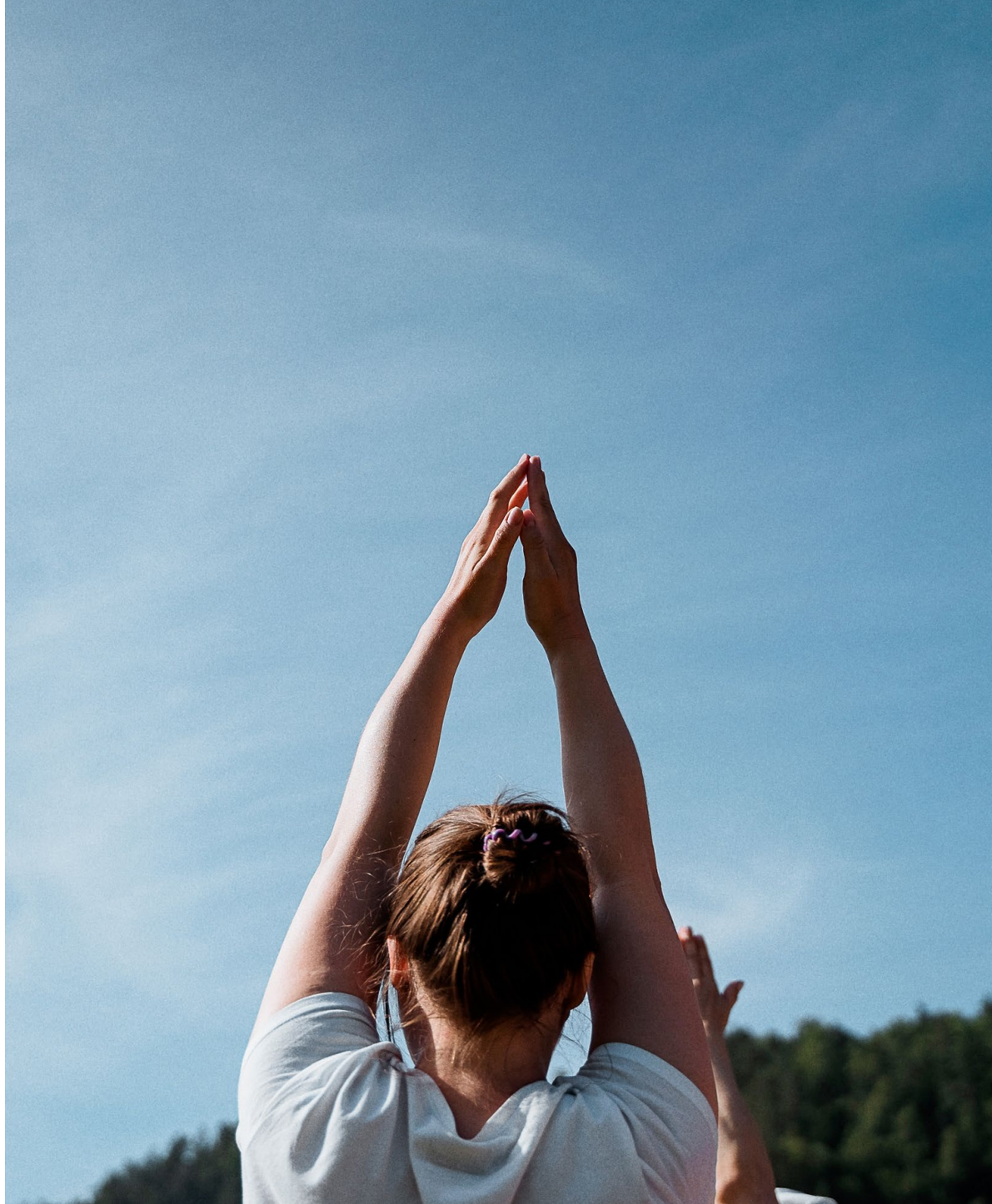
Deloitte Statsautoriseret Revisionspartnerselskab
CVR No.33963556



Jens Lauridsen
State Authorised Public Accountant
mne34323

Income Statement 1. jan. – 31. dec.

		Group		Parent	
Income statement	Note	2023 DKK '000	2022 DKK '000	2023 DKK '000	2022 DKK '000
NET REVENUE		6,073	5,708	0	0
Raw materials and consumables used		-4,108	-3,334	-783	-233
Own work, recognised under assets		1,080	1,481	1,080	1,481
Other operating income		279	41	923	41
Other external expenses		-6,767	-9,566	-6,519	-8,864
GROSS PROFIT/LOSS		-3,443	-5,670	-5,299	-7,575
Staff costs	3	-9,451	-8,517	-8,109	-7,496
Depreciation, amortisation and impairment losses	4	-47,221	-2,231	-45,945	-955
OPERATING LOSS		-60,115	-16,418	-59,353	-16,026
Income from investments in subsidiaries		0	0	-886	-606
Other financial income		204	1,191	203	1,189
Other financial expenses		-2,328	-3,023	-2,313	-3,000
LOSS BEFORE TAX		-62,239	-18,250	-62,349	-18,443
Tax on profit/loss for the year	5	-21	2,186	89	2,379
LOSS FOR THE YEAR	6	-62,260	-16,064	-62,260	-16,064



Balance Sheet at 31. December

ASSETS	Note	Group 2023 DKK '000	Group 2022 DKK '000	Parent 2023 DKK '000	Parent 2022 DKK '000
Intangible fixed assets acquired		0	821	0	821
Goodwill		9,945	11,221	0	0
Development projects in progress and prepayments		0	35,736	0	35,736
Intangible assets	7	**9,945**	**47,778**	**0**	**36,557**
Other plant, machinery tools and equipment		1,101	2,714	1,101	2,714
Leasehold improvements		2,738	3,222	2,738	3,222
Tangible fixed assets in progress and prepayment		97	3,345	97	3,345
Property, plant and equipment	8	**3,936**	**9,281**	**3,936**	**9,281**
Investments in subsidiaries		0	0	11,432	12,318
Rent deposit and other receivables		322	322	322	322
Financial non-current assets	9	**322**	**322**	**11,754**	**12,640**
NON-CURRENT ASSETS		**14,203**	**57,381**	**15,690**	**58,478**
Finished goods and goods for resale		0	339	0	0
Prepayments		341	3	0	0
Inventories		**341**	**342**	**0**	**0**
Trade receivables		0	1,611	0	0
Receivables from group enterprises		0	0	0	44
Other receivables		300	1,538	474	2,352
Corporation tax receivable		106	1,598	106	1,598
Joint tax contribution receivable		0	0	110	193
Prepayments	10	440	474	440	474
Receivables		**846**	**5,221**	**1,130**	**4,661**
Cash and cash equivalents		2,006	10,751	890	10,137
CURRENT ASSETS		**3,191**	**16,314**	**2,020**	**14,798**
ASSETS		**17,394**	**73,695**	**17,710**	**73,276**

EQUITY AND LIABILITIES	Note	Group 2023 DKK '000	Group 2022 DKK '000	Parent 2023 DKK '000	Parent 2022 DKK '000
Share capital	11	5,311	2,438	5,311	2,438
Reserve for development costs		0	27,874	0	27,874
Retained earnings		4,195	32,481	4,195	32,481
EQUITY		**9,506**	**62,793**	**9,506**	**62,793**
Trade payables		1,093	2,749	951	2,425
Payables to group enterprise		0	0	861	0
Loans	13	5,913	7,557	5,913	7,557
Other liabilities		882	596	479	501
Current liabilities		**7,888**	**10,902**	**8,204**	**10,486**
LIABILITIES		**7,888**	**10,902**	**8,204**	**10,486**
EQUITY AND LIABILITIES		**17,394**	**73,695**	**17,710**	**73,276**

Group Equity Statement

Group

EQUITY	GROUP				
	Share capital	Share Premium	Reserve for development costs	Retained earnings	Total
Equity at 1 January 2023	**2,438**	**0**	**27,874**	**32,481**	**62,793**
Proposed profit allocation, note 6	0		0	-62,260	-62,260
Transactions with owners					
Capital increase from cash	583	5,017	0	0	5,600
Capital increase from conversion	2,290	2,691	0	0	4,981
Cost of capital increase	0	0	0	-1,608	-1,608
Other legal bindings					
Capitalized development costs	0		-27,874	27,874	0
Transfer					
Allowed equalization	0	-7,708	0	7,708	0
Equity at 31 December 2023	**5,311**	**0**	**0**	**4,195**	**9,506**

Parent Equity Statement

Parent

EQUITY	PARENT COMPANY				
	Share capital	Share Premium	Reserve for development costs	Retained earnings	Total
Equity at 1 January 2023	**2,438**	**0**	**27,874**	**32,481**	**62,793**
Proposed profit allocation, note 6	0	0	0	-62,260	-62,260
Transactions with owners					
Capital increase from cash	583	5,017	0	0	5,600
Capital increase from conversion	2,290	2,691	0	0	4,981
Cost of capital increase	0	0	0	-1,608	-1,608
Other legal bindings					
Capitalized development costs	0	0	-27,874	27,874	0
Transfer					
Allowed equalization	0	-7,708	0	7,708	0
Equity at 31 December 2023	**5,311**	**0**	**0**	**4,195**	**9,506**

During the financial year, 76,613,351 new shares were subscribed new investments with a nominal value of DKK 0.0375 with a total share capital of 2,873,001 DKK.

Please see Note 11.

Cash Flow Statement 1. jan. – 31. dec.

	Group	
Cash flow statement	2023 DKK '000	2022 DKK '000
Profit/loss for the year	-62,260	-16,064
Depreciation and amortisation, reversed	47,221	2,231
Tax on profit/loss, reversed	21	-2,186
Corporation tax received	1,470	5,422
Change in inventories	1	-71
Change in receivables (ex tax)	2,883	-139
Change in current liabilities (ex bank, tax, instalments payable and overdraft facility)	-1,371	-923
CASH FLOWS FROM OPERATING ACTIVITY	**-12,034**	**-11,730**
Purchase of intangible assets	-4,034	-7,263
Purchase of property, plant and equipment	-7	-1,006
CASH FLOWS FROM INVESTING ACTIVITY	**-4,041**	**-8,269**
Increase in Loans	6,214	5,068
Decrease in Loans	-3,215	-7,538
Other capital items – capital raising costs (cash)	-1,269	-5,743
Sharecapital payments	5,600	31,227
CASH FLOWS FROM FINANCING ACTIVITY	**7,330**	**23,014**
CHANGE IN CASH AND CASH EQUIVALENTS	**-8,745**	**3,016**
Cash and cash equivalents at 1. januar	10,751	7,736
CASH AND CASH EQUIVALENTS AT 31. DECEMBER	2,006	10,751
Cash and cash equivalents at 31 December comprise:		
Cash and cash equivalents	2,006	10,751
CASH AND CASH EQUIVALENTS	**2,006**	**10,751**

Note 1 – Assumptions for going concern

Management have prepared the Annual Report based on the going concern assumption. To date, at the time of approving the annual report, the Company does not have the necessary capital to implement all the Company's initiatives and operations for the entire year (2024), but has initiated initiatives to do so, in order to raise the necessary capital.

In order to fund its future plans, the company plans to conduct a rights issue for its current shareholders, which was communicated in late March 2024 (29 March 2024), which has since then been addressed at an extraordinary general meeting of the Company (17 April 2024), where the Board of Directors received the necessary mandates to carry out the issue.

The Company intends to conduct an issue of the size of approx. DKK 18.5 million (before transaction costs), of which the Company has secured bottom-up underwriters for DKK 5.5 million, and top-down underwriters for approximately DKK 6.8 million, the latter being the Company's current two lenders.

To close the funding gap, and for the Company to successfully execute its plans for the upcoming year, the transaction must be subscribed to a minimum of approximately DKK 6.5 million, which is DKK 1 million away from the current secured bottom-up underwriters. This amount is critical for implementing the necessary operations. After accounting for transaction expenses, the net proceeds are expected to be around DKK 3.9 million.

Management is of the opinion that this financing will be obtained and therefore the annual accounts have been prepared in accordance with the going concern principle. Reference is made to Note 1 in financial statements.

There is an inherent uncertainty related to the budgeting and the successful completion of the rights issue, but the management consider it highly probable that it is possible to ensure sufficient financing through these measures.

Note 2 – Uncertainty related to recognition and measurement

The Company has capitalized the goodwill amounting to DKK 9.9 million related to the acquisition of CannGros.

The goodwill amount was tested using a discounted cash flow (DCF) model, with a weighted average cost of capital (WACC) of 20.9% and growth rates that closely approximate market growth.

The capitalization is based on the management's assessment that continuous development of the existing business through strategic diversification of the product portfolio from partnerships will increase the cash flow from the operations.

If this strategy is not succesful, future years might be affected by impairment losses.

Furthermore, it should be noted that the recognition and measurement of tax credits are subject to uncertainty. This uncertainty arises from the interpretation of the tax law regarding the content and use of the tax-credit system. As a result, the recognition amount for 2022, DKK 1.49 million, and 2021, DKK 2.92 million, is subject to some uncertainty.

The Company faces the possibility that SKAT may take a different view of the development costs, leading to further uncertainty.

Note 3 – Staff costs

	Group		Parent	
	2023 DKK '000	2022 DKK '000	2023 DKK '000	2022 DKK '000
Staff costs				
Average number of employees	12	10	11	10
Wages and salaries	8,323	7,540	7,129	6,579
Pensions	1,017	783	879	728
Social security costs	111	101	101	97
	9,451	**8,424**	**8,109**	**7,404**
Remuneration of Executive Board	**1,138**	**1,111**	**1,138**	**1,111**
Remuneration of Board of Directors	**465**	**423**	**465**	**423**
	1,603	**1,534**	**1,603**	**1,534**

Note 4 – Depreciation, amotisation and impariment

	Group		Parent	
	2023 DKK '000	2022 DKK '000	2023 DKK '000	2022 DKK '000
Ordinary depreciation and amotisation	3,380	2,231	2,104	955
Write-downs tangible fixed assets in progress	3,250	0	3,250	0
Write-down of intangible assets	40,591	0	40,591	0
	47,221	**2,231**	**45,945**	**955**

The development project, Biotech Pharm1 ("BP1"), has exceptionally been written down to DKK 0.00 as the Company's management has chosen a new strategic direction with a strong focus on achieving financial viability and independence from external capital. The Company will make the investment cuts in order to optimize future business conditions for the new reviewed strategy.

Note 5 – Tax on profit/loss for the year

	Group		Parent	
	2023 DKK '000	2022 DKK '000	2023 DKK '000	2022 DKK '000
Tax on profit/loss for the year				
Calculated tax on income of the year	0	-1,492	-110	-1,492
Caluculated Joint tax contribution	21	280	21	280
Adjustment of tax in previous years.	0	-974	0	-974
Adjustment of deferred tax	0	0	0	-193
	21	**-2,186**	**-89**	**-2,379**

Calculated tax on income is related to tax credit for research and development expenses at the applicable tax rate under the Danish Corporation Tax Act.

Note 6 – Proposed distribution of profit

	Group		Parent	
	2023 DKK '000	2022 DKK '000	2023 DKK '000	2022 DKK '000
Proposed distribution of profit				
Retained earnings	-62,260	-16,064	-62,260	-16,064
	-62,260	**-16,064**	**-62,260**	**-16,064**

Note 7 – Intangible assets

Group

Intangible assets DKK ('000)	Intangible fixed assets acquired	Goodwill	Development projects in progress and prepayments
Cost at 1 January 2023	821	12,763	35,736
Additions	0	0	4,034
Cost at 31 December 2023	**821**	**12,763**	**39,770**
Amortisation at 1 January 2023	0	1,542	0
Amortisation for the year	0	1,276	0
Impariment	821	0	39,770
Amortisation and impairment at 31 December 2023	**821**	**2,818**	**39,770**
Carrying amount at 31 December 2023	**0**	**9,945**	**0**

The group's activity from establishment have been to incurre development costs with the purpose of receiving authorisation from the Danish Medicines Agency to produce cannabis intermediate products from which a current netincome can be achieved.

Parent

Intangible fixed assets (continued) DKK ('000)	Intangible fixed assets acquired	Development projects in progress and prepayments
Cost at 1 January 2023	821	35,736
Additions	0	4,034
Cost at 31 December 2023	**821**	**39,770**
Impairment for the year	821	39,770
Amortisation and impairment at 31 December 2023	**821**	**39,770**
Carrying amount at 31 December 2023	**0**	**0**

The company's activity from establishment have been to incurre development costs with the purpose of receiving authorisation from the Danish Medicines Agency to produce cannabis intermediate products from which a current netincome can be achieved.

Note 8 – Property, plant, equipment

Group

Property, plant, equipment DKK ('000)	Other plant, machinery tools and equipment	Leasehold improvements	Tangible fixed assets in progress and prepayment
Cost at 1 January 2023	3,600	3,928	3,347
Additions	0	7	0
Cost at 31 December 2023	**3,600**	**3,935**	**3,347**
Depreciation and impairment losses at 1 January 2023	886	706	0
Depreciation and impairment for the year	1,613	491	3,250
Depreciation and impairment losses at 31 December 2023	**2,499**	**1,197**	**3,250**
Carrying amount at 31 December 2023	**1,101**	**2,738**	**97**

Parent

Property, plant and equipment DKK ('000)	Other plant, machinery tools and equipment	Leasehold improvements	Tangible fixed assets in progress and prepayment
Cost at 1 January 2023	3,600	3,928	3,347
Additions	0	7	0
Cost at 31 December 2023	**3,600**	**3,935**	**3,347**
Depreciation and impairment losses at 1 January 2023	886	706	0
Depreciation and impairment for the year	1,613	491	3,250
Depreciation and impairment losses at 31 December 2023	**2,499**	**1,197**	**3,250**
Carrying amount at 31 December 2023	**1,101**	**2,738**	**97**

Note 9 – Financial non-current assets

Group

Financial non-current assets DKK ('000)	Rent deposit and other receivables
Cost at 1 January 2023	322
Cost at 31 December 2023	322
Carrying amount at 31 December 2023	**322**

Parent

Parent Company DKK ('000)	Investments in subsidiaries	Rent deposit and other receivables
Cost at 1 January 2023	13,000	322
Cost at 31 December 2023	**13,000**	**322**
Revaluation at 1 January 2023	860	0
Revaluation and impairment losses for the year	390	0
Revaluation at 31 December 2023	**1,250**	**0**
Impairment losses and amortisation of goodwill at 1 January 2023	1,542	0
Amortisation of goodwill	1,276	0
Impairment losses and amortisation of goodwill at 31 December 2023	**2,818**	**0**
Carrying amount at 31 December 2023	**11,432**	**322**

Carrying amount of goodwill related to CannGros ApS amount to DKK 9.945 million at 31 December 2023.

Investments in subsidiaries (DKK '000)			
Name and domicil	Equity	Profit/loss for the year	Ownership
CannGros ApS, Varde	1,486	390	100 %

Note 10 – Prepayments

Group

Prepayments DKK ('000)	2023	2022
Costs	440	474
	440	**474**

Note 11 – Share capital

Share capital	2023 DKK '000	2022 DKK '000
Allocation of share capital: 1,0 unit in the denomination of 1 DKK	0	0
Capital raise, 14,060,770 unit in the denomination of 0 DKK	527	527
Capital raise, 6,670,000 unit in the denomination of 0 DKK	250	250
Capital raise, 1,702,339 unit in the denomination of 0 DKK	63	63
Capital raise, 1,910,480 unit in the denomination of 0 DKK	72	72
Capital raise, 2,207,399 unit in the denomination of 0 DKK	83	83
Capital raise, 1,254,248 unit in the denomination of 0 DKK	47	47
Capital raise, 663,023 unit in the denomination of 0 DKK	25	25
Capital raise, 36,546,350 unit in the denomination of 0 DKK	1,371	1,371
Capital raise, 2,130,606 unit in the denomination of 0 DKK *	80	0
Capital raise, 5,854,594 unit in the denomination of 0 DKK **	220	0
Capital raise, 9,700,961 unit in the denomination of 0 DKK **	364	0
Capital raise, 2,213,437 unit in the denomination of 0 DKK *	83	0
Capital raise, 2,297,618 unit in the denomination of 0 DKK *	86	0
Capital raise, 2,689,950 unit in the denomination of 0 DKK *	101	0
Capital raise, 2,142,856 unit in the denomination of 0 DKK *	80	0
Capital raise, 8,333,333 unit in the denomination of 0 DKK *	312	0
Capital raise, 7,916,664 unit in the denomination of 0 DKK *	297	0
Capital raise, 33,333,332 unit in the denomination of 0 DKK *	1,250	0
	5,311	**2,438**

* Debt conversion
** TO2 warrants (June 2023)

Note 12 – Result per share

	2023	2022
Profit for the period ('000 DKK)	-62,260	-16,064
Number of shares	141,627,990	65,014,638
Outstanding shares	8,594,286	1,242,147
Total number of shares and warrents	150,222,276	66,256,785
Earning per share (DKK)	-0.44	-0.25
Earning per share, diluted (DKK)	-0.41	-0.24

Note 13 – Loans

All outstanding loans (below) will be converted to equity in the rights issue proces in June 2024.

	2023 DKK '000	2022 DKK '000
Loan	2,998	7,557
Convertible loan	2,915	0
	5,913	**7,557**

About the convertible loan notes:
As set out in press release published on 2 June 2023, the Company entered into a financing agreement with NGO2, according to which the Company will receive up to DKK 18.9 million (3 tranches) over a period of 12 months against the Company's issue of loan notes from the first tranche received. To date, the Company has only received the first initial tranche. Subsequently, the Company has entered into a termination agreement regarding this financing arrangement, contingent on the successful completion of the planned rights issue in June 2024.

Note 14 – Warrents

	01.01.2023	New in 2023	Expired/lapsed	31.12.2023
Management*	1,017,147	0	837,861	254,286
BoD**	225,000	0	0	150,000
Nordic Growth Oppertunities 2***	0	8,190,000	0	8,190,000
	1,242,147	**8,190,000**	**837,861**	**8,594,286**

Excecise price on remaining warrants is 3.3327 DKK per share. Warrants expires in 2025*
Excecise price on remaining warrants is 3.8993 DKK per share. Warrants expires in 2025**
Excecise price on remaining warrants is 0.3300 DKK per share. Warrants expires in 2026***

About Nordic Growth Opportunities 2:

Nordic Growth Opportunities 2 ("NGO2") is an investment vehicle managed by a European family office. NGO2 invests via alternative credit solutions for publicly listed companies via private placements. NGO2 focuses on high growth sectors with significant upside potential.

Note 15 – Contingent liabilities

The Company has entered into a rental agreement with an annual rent of 279 tDKK. The agreement can be terminated by the Company with 12 month notice.

DanCann Pharma A/S has pre-emptive right to purchase of the property.

Another rental agreement have an annual rent of 134 tDKK and can be terminated by the Company with 6 month notice (at the earliest per October 2025).

The Company has entered into leasing obligations which at the balance sheet date amount to 84 tDKK during the notice period.

Note 16 – Deferred tax

Provision for deferred tax

The provision for deferred tax is related to differences between the carrying amount and tax value of securities, receivables, intangible and tangible fixed assets, including recognised finance lease contracts.

	Group		Parent	
Deferred tax assets	2023 DKK '000	2022 DKK '000	2023 DKK '000	2022 DKK '000
Deferred tax regarding Development projects in progress and prepayments	185	-7,862	185	-7,862
Production plant and machinery	567	204	567	204
Leasehold improvments	583	475	583	475
Prepayment and accrued income	-15	-27	-15	-27
Remaining unused tax losses	13,330	9,143	13,330	9,143
	14,651	1,933	14,651	1,933

The above calculated deferred tax asset is not recognized in the balance sheet as of 31.12.23.

Note 17 – Joint liabilities

The Danish companies of the group is jointly and severally liable for tax on the group's jointly taxed income and for certain possible withholding taxes such as dividend tax and royalty tax, and for the joint registration of VAT.

Tax payable of the group's jointly taxed income amounts to DKK 0 at the Balance Sheet date.

Note 18 – Charges and securities

Cash of DKK 0.65 million have been set as security in bank.

Note 19 – Transactions with related parties

The Company did not carry out any material transactions that were not concluded on market conditions. According to section 98c, subsection 7 of the Danish Financial Statements Act information is given only on transactions that were not performed on common market conditions.

Accounting Policies

The Annual Report of DanCann Pharma A/S for 2023 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting reporting conducted under Class B, with optional selections from Class C, for medium-sized enterprises.

The Annual Report is prepared consistently with the accounting principles applied last year.

Consolidated Financial Statements

The Consolidated Financial Statements include the Parent Company DanCann Pharma A/S and the subsidiaries in which DanCann Pharma A/S directly or indirectly holds more than 50% of the voting rights or in any other way has a controlling influence. Enterprises in which the Group holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are considered associates, see the Group structure.

Basis of consolidation

The Consolidated Financial Statements consolidate the Financial Statements of the Parent Company and the subsidiaries by combining uniform accounts items. Intercompany income and expenses, shareholdings, intercompany accounts and dividend, and realised and unrealized gains and losses arising from transactions between the consolidated enterprises are fully eliminated in the consolidation.

Business combinations

Newly acquired or established enterprises are recognised in the Consolidated Financial Statements from the date of acquisition. Sold or wound up enterprises are recognised in the Consolidated Income Statement up to the date of disposal. Comparative figures are not adjusted for newly acquired, sold or wound up enterprises.

The date of acquisition is the date at which the Group gains actual control over the acquired enterprises. Acquired enterprises are recognised in the Consolidated Financial Statements under the acquisition method, reassessing all identified assets and liabilities to fair value at the acquisition date. The fair value is calculated based on acquisitions made in an active market, alternatively calculated using generally accepted valuation methods. Deferred tax on the taken over reassessments is recognized with the exception of goodwill.

At calculation of the fair value of investment properties, a discounted cash flow model is applied based on discounted cash flow of future earnings. Operating equipment is recognised at fair value based on an assessor's opinion, using an overall assessment of the production equipment.

Positive differences (goodwill) between the acquisition valueand fair value of acquired and identified assets and liabilities are recognised in intangible fixed assets as goodwill andamortised systematically in the Income Statement under an individual assessment of the useful life.

Investments in associates are measured in the Balance Sheet at the proportional share of the equity value of the enterprises, calculated under the accounting policies of the Parent Company and eliminating proportionally any unrealised intercompany gains and losses. The proportional share of the results of the associates is recognised in the Income Statement after elimination of the proportional share of internal gains and losses.

Negative differences are recognised in the Income Statement at the date of acquisition. Transaction costs, incurred in connection with acquisition of enterprises, are recognized in the Income Statement in the year in which the costs are incurred.

Investments in subsidiary enterprises are set off by the proportional share of the subsidiaries' fair value of net assets and liabilities at the acquisition date.

INCOME STATEMENT

Net revenue

Net revenue from the sale of merchandise and finished goods is recognised in the Income Statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received.

Net revenue is recognised exclusive of VAT and less duties and discounts related to the sale.

Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

Own work capitalised

Own work capitalised comprises staff costs and other costs incurred in the financial year and recognised in cost for proprietary intangible assets and property, plant and equipment.

Other operating income

Other operating income includes items of a secondary nature in relation to the enterprises' principal activities, including salary refunds. Compensations are recognised when the income is estimated to be realisable.

Other external expenses

Other external expenses include other production, sales, delivery and administrative costs, including costs of energy, marketing, premises, loss on bad debts, lease expenses, etc

Staff costs
Staff costs comprise wages and salaries, including holiday pay and pensions, and other costs of social security etc.,for the Group and the Parent Company's employees.

Income from investments in subsidiaries
The proportional share of the results of subsidiaries, stated according to the Parent Company's accounting policies and with full elimination of unrealised intercompany profits/losses and deduction of amortisation of added value and goodwill resulting from purchase price allocation at the date of acquisition, is recognised in the Parent Company's Income Statement.

Financial income and expenses
Financial income and expenses include interest income and expenses, financial expenses debt and transactions in foreign currencies, as well as charges and allowances under the tax-on-account scheme, etc.

Financial income and expenses are recognised by the amounts that relate to the financial year. Interest income and expenses are calculated on amortised cost prices.

Tax
The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the Income Statement by the share that may be attributed to the profit for the year, and is recognised directly in equity by the share that may be attributed to entries directly to equity.

BALANCE SHEET

Intangible fixed assets

Licences are measured at the lower of cost less accumulated amortisation and the recoverable amount. Licences are amortised over the period of the agreement, however, no more than 10 years.

Acquired goodwill is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the expected useful life which is estimated to 10 years. The period of amortisation is determined based on an assessment of the acquired Company's position in the market and earnings profile, and the industry-specific conditions.

Development costs comprise costs, including wages and salaries, and amortisation, which directly or indirectly can be related to the company's development activities and which fulfil the criteria for recognition.

Capitalised development costs are measured at the lower of cost less accumulated amortisation or recoverable amount.

Capitalised development costs are amortised on a straight line basis over the estimated useful life after completion of the development work. The amortisation period is to begin after completion of the development work.

Intangible fixed assets are generally written down to the lower of recoverable value and carrying amount.

Profit or loss from sale of intangible fixed assets is calculated at the difference between the sales price and the carrying amount at the time of the sale. Profit and loss are recognized in the Income Statement under other operating income orother operating expenses.

Tangible fixed assets
Other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Other plant, fixtures and equipment	1-5 years	0-63 %
Leasehold improvement	5-10 years	0 %

Profit or loss on sale of tangible fixed assets is stated as the difference between the sales price less selling costs andthe carrying amount at the date of sale. Profit or loss is recognised in the Income Statement as other operating income or other operating expenses.

Fixed asset investments
Investments in Equity interests in subsidiaries are measured in the Parent Company Balance Sheet under the equity method, which is regarded as a method of measuring/consolidation.

Equity investments in subsidiaries are measured in the Balance Sheet at the proportional share of the enterprisesí carrying equity value, calculated in accordance with the Parent Companyís accounting policies with deduction or addition of unrealised intercompany profits or losses and with addition or deduction of the residual value of positive or negative goodwill calculated according to the acquisition method.

Negative goodwill is recognised in the Income Statementwhen the equity interest is acquired. Where the negative goodwill is related to acquired contingent liabilities, the negative goodwill will be recognised as income when the contingent liabilities have been settled or cease.

Acquired enterprises are subject to the acquisition method, reassessing all identified assets and liabilities to fair value at the acquisition date. The fair value is calculated based on acquisitions made in an active market, alternatively calculated using generally accepted valuation models.

A discounted cash flow model is used to calculate the fair value of investment properties based on a discounted cash flow of future earnings. Operating equipment is recognised at fair value based on an assessor's opinion, based on an overall assessment of the production equipment.

The acquisition date is the date on which the Company gains actual control over the acquired entity. Consolidated goodwill is amortised over the expected useful life, which is determined on the basis of Managementís experience within the individual lines of business.

Consolidated goodwill is amortised on a straightline basis over the amortisation period, which is 10 years. The amortisation period is determined on the basis of an assessment of the acquired entityís market position and earnings profile, and the industry specific condition.

Net revaluation of equity interests in subsidiaries is transferred under equity to reserve for net revaluation under the equity value method to the extent that the carrying amount exceeds the acquisition value.

Other receivables are measured at amortised cost which usually corresponds to the nominal amount. The amount is written down to meet expected losses.

Impairment of fixed assets

The carrying amount of intangible fixed and tangible assets together with fixed assets, which are not measured at fair value, are assessed annually for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the recoverable amount is lower than the carrying amount, the asset is written down to the recoverable amount.

The recoverable amount is calculated at the higher of the capital value and the sales value less expected costs of a sale.The capital value is determined as the Company's share in the current value of the net cash flows which the subsidiary is expected to generate through its activities and from sale of assets after the end of their useful lives. A discount rate is used which reflects the risk-free market rate and the owners' minimum return on interest requirements for similar assets. The growth rate in the terminal period is determined in accordance with the standards within the industry.

Inventories

Inventories are measured at cost using the FIFO-principle. If the net realisable amount is lower than cost, the inventories are written down to the lower amount.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

The net realisable value of inventories is stated at the expected sales price less direct completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price of the inventories.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down tomeet expected losses.

Prepayments

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the Balance Sheet as the calculated tax on thetaxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

The Company is subject to joint taxation with Danish Group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. Current joint taxation contributions payable or joint taxation contributions receivable are recognised in the balance sheet, calculated as tax computed on the taxable income for the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carryforwards, are measured at the amount at which the asset is expected to be used within a reasonable number of years, either by setoff against tax on future earnings or by setoff against deferred tax liabilities within the same legal tax entity. Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the Balance Sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less transaction costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statementover the loan period. The amortised cost of current liabilities corresponds usually to the nominal value.

Leasing services relating to operational leasing agreements are recognized on a straight-line basis in the income statement above the lease period.

Foreign currency translation

Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the Income Statement as a financial income or expense.

Receivables, payables and other monetary items in foreign currencies that are not settled on the Balance Sheet date are translated at the exchange rate on the Balance Sheet date. The difference between the exchange rate on the Balance Sheet date and the exchange rate at the date when the receivables or payables come into existence recognised in the Income Statement as financial income or expenses.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.

CASH FLOW STATEMENT

The cash flow statement shows the Company's cash flows for the year for operating activities, investing activities and financing activities in the year, the change in cash and cash equivalents of the year and cash and cash equivalents at beginning and end of the year.

Cash flows from operating activities:

Cash flows from operating activities are computed as the results for the year adjusted for non-cash operating items, changes in net working capital and corporation tax paid.

Cash flows from investing activities:

Cash flows from investing activities include payments in connection with purchase and sale of intangible and tangible fixed asset and fixed asset investments.

Cash flows from financing activities:

Cash flows from financing activities include changes in the size or composition of share capital and related costs, and borrowings and repayment of interest-bearing debt and payment of dividend to shareholders.

Cash and cash equivalents:

Cash and cash equivalents include bank overdraft and cash in hand.

Better than yesterday

We want to revolutionize health care for everyone and **ensure that no one experiencing pain or trauma gets left behind.**

DanCann Pharma is all about challenging the status quo. **We saw an issue in our healthcare system and are now working with determination to change it.**

DanCann Pharma A/S

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