CSMEDICA

WE ARE THE EFFECTIVE, OTC ALTERNATIVE

ANNUAL REPORT

21/22

CS MEDICA in brief

At CS MEDICA, our vision is to improve people's quality of life by merging innovation, science, and nature within healthcare.

We are the efficient, safe OTC (over-the-counter) alternative, as we **manufacture** and **sell** medical devices with therapeutic values of cannabinoids, with the mission to bring change and relief to patients' lives worldwide.

With a scientific approach based on biochemistry and decades of experience within the global medical industry, we use modern technology to **research** different compounds found in the cannabis plant to prevent and fight autoimmune diseases and stress-related disorders effectively and safely. From science-based development to high-quality world-changing products and partnerships, we commit to improving people's lives with products that make a difference.

Revenue
10.6 MDKK
+233% vs LY

10 products on international markets	**11** patent pending	**11** products in pipeline	**>300.000** tried our products the first year
>160 Free sales certificates for countries outside Europe	**15** markets	**4** factories/CMOs	**Reach >5M** users by 2025
18 regulatory registration	**10** clinical studies	**6** in MDR transition	**7 to 12** employees and freelancers

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INTRODUCTION

About CS MEDICA

We revolutionize the medical industry – naturally

CS MEDICA is a Danish-based MedTech combining science and nature with the purpose of creating products for a better every day. By using modern technology to research and utilize different compounds found in the cannabis plant, we create world-changing products that offer efficient and safe treatment of autoimmune and stress-related disorders.

Founded in 2016, we discovered an untapped potential for the use of cannabinoids in the healthcare treatment sector and in 2021, after extensive research and development, we launched medical device[1] products across international markets, supplying people worldwide with an efficient, safe OTC alternative. As we continue to research, develop, manufacture, commercialize and build brands, we aim to revolutionize the medical and cannabis industries, with science and nature in our hearts.

We pursue growth - aggressively

As an industry first mover and with a product portfolio registered as Medical Devices, CS MEDICA holds a profound competitive advantage, potentially leaving the company alone in the market of medical treatment with cannabinoids for at least 2-4 years[2]. Our OTC portfolio surpasses competitive products as we are selling registered medical devices with cannabidiol under the Medical Device Regulations. While having done extensive research and development, obtaining outstanding clinical trials, and placing more than 300.000 of our products in people's hands during 2021/2022, we aim at a rapid global rollout of our unique formula through branded and own label products to maximize the company's first-mover advantages, securing substantial market share within a short range of time.

We become a trusted MedTech company - hopefully

Having successful proof of concept, CS MEDICA is within a phase of upscaling the business with the aim of becoming a trusted MedTech company, where R&D plays a crucial part in our core business, and where trust is earned by delivering clinically tested and effective product reviews in the market. We aim to share and learn to continuously optimize our growth journey by delivering our purpose, goals, and operational excellence. Growth, adaptability, and quality must go hand in hand, for us to be the trusted partner of both investors, shareholders, and users.

> "As we continue to research, develop, manufacture, commercialize and build brands, we aim to revolutionize the medical and cannabis industries, with science and nature in our hearts

1. In the world, the definition of a medical device can vary depending on the country or region. However, a medical device is any instrument, implant, topicals or other similar or related article that is used in the diagnosis, treatment, or prevention of disease or other medical conditions. The regulation of medical devices also varies around the world, with different countries having their own regulatory agencies and laws governing the manufacturing, distribution, and use of medical devices. In the United States, for example, the Food and Drug Administration (FDA) is responsible for regulating medical devices, while in Europe the European Medicines Agency (EMA) is responsible. Other countries may have different regulatory bodies and laws, like the UK that due to Brexit has its own regulatory framework for medical devices, and the MHRA will be the competent authority for medical devices in the UK.
2. As Medical Device Directive (MDD), is currently under transition to Medical Device Regulation (MDR), and our product portfolio was CE registered as per EU MDD on May 2021, we have a 4-year grace period to fully comply with the new EU MDR requirements. This period can potentially extend to 2028, whereas new competitive products are to enter directly into MDR (similar to FDA) and start last in the queue of 23.000 pending medical devices on the market at Notified Body. See full description of the Government Regulations, page 25

INTRODUCTION

Comments from the CEO

It is with great joy that I am summarizing this first full year as a public company for CS MEDICA.

This past year has provided both growth, challenges, and valuable learnings that will strengthen us in our continued goal to revolutionize the medical and cannabis industries by combining science and nature.

During 2022 we achieved a net revenue growth of 233% with an acceleration of 728% MoM in the last quarters. We launched products within Pain, Skin, Hair, Protect, and Night and we succeeded in placing more than 300.000 of our products in the hands of users. Global hands, that is. Hence, we consolidated our global focus by shifting from primarily Danish revenue to 96% export revenue. But most importantly our clinical trials and user feedback have provided us with outstanding proof of concept, laying the foundation for us to fulfill our mission of improving people's lives with world-changing products that make a difference.

CS MEDICA holds a unique competitive advantage in a fast-growing industry by being a first mover on the European and Asian markets with products containing cannabinoids regulated under medical device legislation MDD, transitioning to MDR[3]. By combining science, nature, and innovation in our products, we make a difference for individuals seeking efficient, safe, and clean treatment over the counter. We feel confident, that our innovative products and technology within both the cannabis and medical industry will revolutionize and pioneer the market while improving people's lives around the world, and I am honored to spearhead this journey.

> "We launched products within Pain, Skin, Hair, Protect, and Night and we succeeded in placing more than 300.000 of our products in the hands of users

This first full year as a public company also calls for reflection and the past year has also brought me the realization, that transparency and facts are essential – for all public companies but especially being a start-up in

Lone Henriksen
CEO, CS MEDICA A/S

3 Legal over-the-counter cannabinoid products only include cosmetics and medical devices delivered Topically and Intranasally. The European Medicines Agency EMA, the UK and Hong Kong have initiated a withdrawal of all oral CBD oils and other CBD supplements. This directly results in a large portion of the current CBD products being removed from the markets leaving only authorized Medical Devices and cosmetics products. As these two segments are the main focuses of the CANNASEN® brand, we believe that the change in the law is in our favor.

MedTech. We have been moving in unknown territory while facing adverse macroeconomic challenges, and we have made presumptions that did not always match up with reality, but we did so with the best of intentions. While we fought to deliver on promised revenue results and give our shareholders a good return on investment, we also made important learnings that will make us better equipped for the many years to come.

While 2022 was a year of learning, 2023 will be the year of implementing and impacting. We have listened to advisors, peer experts, and shareholders and advanced our core business model and strategies. We approach the coming year with a newly found focus allowing us to transform learnings into impactful actions, and we will continue to push for outstanding results for all our shareholders and effective treatment for our customers.

We have yet to achieve the target for CS MEDICA and based on the knowledge we now have; we will be challenged to meet the budget for the coming years, and we will be revisiting this. However, we believe that we have laid the foundation for a stronger growth journey based on qualified knowledge, better presumptions, and fewer guesses.

We are entering the next generation of CS MEDICA and moving forward, we have better data, clinical trials, and reviews to provide proof of concept. We will continue to educate end heighten the level of knowledge on CBD and underline that we are an efficient alternative to traditional OTC products when it comes to preventing and fighting autoimmune diseases and stress-related disorders effectively and safely, hence delivering on our purpose of a better every day.

We aim at evolving into a significant listed company, and our organization will keep optimizing and transforming to deliver true and powerful value creation. Looking back at the last two quarters, my consolidated team of different cultures, professional backgrounds, ideas, and beliefs has set the tone for a new and better CS MEDICA. I am proud of what we have achieved, and I feel confident for the future.

INTRODUCTION

Comments from the chair

The financial year of 2021/22 has been an exciting, and insightful year for CS MEDICA, as we launched an IPO to enter Spotlight Stock Market in September 2021 with a valuation at 61,6 MDKK.

To our satisfaction, CS MEDICA successfully managed to achieve our TO1 and TO2 warrants with an exercise of respectively 92% and 73%, securing new funding for CS MEDICA of approx. MDKK 12,5, with a larger part of the funding covered by a complimented bridge loan of 6 MDKK made in May 2022 due to a delay in clinical trials and revenue caused by COVID-19.

Despite a successful IPO and increasing the revenue from 3,6 MDKK to 10,6 MDKK in current financial year,

> “ The ambition is to do a rapid rollout to maximize the company’s first-mover advantages by securing additional funding

CS MEDICA did not meet the expected topline revenue growth. This is primarily caused by unrealistic presumptions of lead time to market for products under the medical device regulations, resulting in liquidity challenges and production delays while also facing adverse macro events. Present factors and learnings have naturally affected both short-term and long-term budgets of CS MEDICA, we are revising the budget for 2022/2023 to match current year’s growth rate with the aim to, as a minimum, double the revenue in the coming financial year. Furthermore, we are optimistic that we will reach additional funding to support our growth and a more stable liquidity situation in the future.

Second half of the financial year has therefore been spent focusing on building a solid engine that is optimized for maximum efficiency and growth. CS MEDICA has consolidated the company, implemented new processes and strategies while a repositioning of the company is set to launch primo 2023. To optimize the sales pipeline and speed to market the sales strategy has been reframed based on a realistic lead time to market, while we aim at prioritizing countries with shorter registration processes and gaining distributional partnerships to grow reach and volume faster than our own organization can deliver, having new partners provide new territories. This strategy resulted in net revenue growth of 728% MoM in

Jørgen Fleming
Chairman, Board of Directors

the last quarters of the financial year of 2021/22, and this validates the great thrust I have in the new management team and consolidated organization.

While we tackle the coming year, the global demand for cannabis product is rapidly increasing, and as CS MEDICA holds registrations in Europe, the UK, and free sales certificates in 160 countries outside the EU, **the ambition is to do a rapid rollout to maximize the company's first-mover advantages by securing additional funding.**

In September 2022, CS MEDICA initiated negotiations on a Direct Issue, with Inner Mongolia Rong Shi Hi-Tech Co., Ltd in connection with the company's entering the Asian market, but as of January 2023 the negotiations have been terminated as the LOI is not to be converted to a signed investment contract as the terms outlined in the contract proposal were not agreeable and in the best interests of CS MEDICA and its shareholders.

While CS MEDICA receives a loan from the main shareholder at 3,5 MDKK as of January 2023, and signs with SVEA Finans A/S for operational support, we will be looking for additional funding, aided by a new financial advisor to ensure the company´s ability to utilize its competitive advantage in the market and deliver on shareholder promises.

The year 2021/2022 has been spent creating a solid foundation for future growth, and we would like to thank our shareholders that enable this exciting journey.

INTRODUCTION

Highlights 2021/2022

Evolving as a listed company

The first year after the IPO was challenging due to unfortunate macroeconomic events and wrong positioning. As a Medtech operating in stages III to V, we learned the importance of proper communication, presumptions, and focus. Consequently, based on these learnings, we reviewed our positioning and goals to cement our leading position with a New Generation CS MEDICA.

Consolidating the organization

To adapt to the expected growth and control our burn rate in the coming years, we reorganized and reduced headcounts to build a core growth team. In addition, we insourced branding and marketing to scale with interims and external partners covering requested skills short-term.

Strengthening through technology

We secured a scalable platform to maintain a superior position with our science, clinical trials, IPR technology, and patents. We digitalized for operational excellence, insights, and data. Finally, we implemented Greenlight ISO13485 quality system to upgrade our PIM and CIM systems to support our customers and MDR processes.

Transitioning to MDR legislation

As a Danish-based MedTech company, we research, develop, manufacture, commercialize and build brands. Our OTC portfolio surpasses competitive products as we selling registered medical devices with cannabidiol under the medical regulation, Medical Device Directive (MDD), currently under transition to Medical Device Regulation (MDR). As the portfolio was CE registered as per EU MDD on May 2021, we have a 4-year grace period to comply with the new EU MDR requirements fully. This period potentially extends to 2028 due to a long queue of on-market medical devices like ours waiting for a transition processing at Notified Body. Regardless, we are prepared to transition if the EU does not approve the prolongation proposal.

Expanding to new markets

In 2021/22, we grew the Danish market by partnering with the pharmacy channel and securing a presence in the digital channels. In addition, we explored new markets and opportunities, only to convert our revenue to a strong Export position.

Reaching new customers

More than 300.000 units reached the markets and consumers last year, with the main weight of trials over the last two quarters of the financial year. It is a milestone for us, as we see the repurchase rate and number of reviews growing, supporting the perception of our products' efficiency.

Developing a new Brand hierarchy

To make it easier for customers to navigate and shop for a better every day, we established a color-coded category strategy, growing our brand portfolio with market insights and consumer behavior, besides the unique science behind it.

Harmonizing production

As part of our Responsibility strategy and with stricter environmental, social, financial, and transparency criteria, we have introduced a new product design to simplify production. We have harmonized and reduced the number of pack sizes and different materials in packaging.

Launch of the Sharing is Caring concept

During 2021/22, we learned our products often are perceived as either drugs or cosmetics. Additionally, we experienced that the safety of many CBD products on the market is questioned and that we need better clarification on what exactly CBD is. As a result, we established the Sharing is Caring concept to facilitate education and share insights from clinical studies, our disease database, and post-clinical trials.

INTRODUCTION

Business Performance

Key Performance Indicators

Successful product launch
By accelerating our Go-to-Market strategy and MDR Transitioning, our key performance indicators developed positively during the financial year of 2021/22. Our newly launched CANNASEN® products Pain Patch, Wound Gel, Protective Nasal Gel, Nasal Spray Night, and Psor+Atopic Lotion were well-received globally, reaching a portfolio of 9 finished products on the markets (6 medical devices and 3 cosmetic products, all science-backed topical or intranasal).

Proof of concept
While bringing more than 300.000 units into the market, customers were and are still actively buying into the concept and recognizing CS MEDICA as the effective, safe OTC alternative for treatment and relief of autoimmune and stress-related disorders. As a result, we see an increase in user reviews and Trustpilot scores, showing proof of concept.

Growing customer base and pipeline
Our trade customer base grew in the last two quarters of the year, due to a lead pipeline from Vitafoods in May 2022, with distributors worldwide. Approx. 62% are in process with our support for local registrations, and 3,5% converted to orders and are in production. All while, order frequency grew among our Danish customers and own label partner in Germany.

Certified quality and compliance
We were successfully inspected by the Danish Medicines Agency, endorsing that our performance indicator for overall Quality System (QMS) effectiveness is in place. In 2022, our systems upgraded to Greenlight as a part of a quality process and all SOPs were updated according to the new Medical Device Regulation (MDR). In addition, we now comply with Post Market Surveillance, and are queuing at Notified Body for certified MDR products.

- Training and Level of Qualification of Personnel improved as the Marketing team and the Person Responsible for Regulatory Compliance (PRRC) fulfilled courses on Advertising medical devices products and packaging guidelines. As a result, product packaging, IFUs, content, and advertising were updated, and new processes and brand guidelines implemented.

Taking steps towards digitalization

As we aim to be a digital and data-driven company, we took the first steps in 2022 by launching the company website cannasen.dk and obtaining a presence on Amazon platforms in DE and SE, and preparing for UK, FR, IT, and ES in Q1 2023.

Financials

Net Sales for the year increased by 233% in Danish kroner compared to 2020/2021, driven by export sales.

The Operating profit decreased covering tDKK 1 546 alone for the company's cost related to its position as a public company. With R&D costs CS MEDICA initiated phase 3 development on all products, according to the new regulation MDR, biocompatibility tests, absorption tests and clinical trials on all medical device products. Additionally, cost increases were driven by the commercializing of the company by building a brand, new team, and scaling the business while entering new markets.

As of September 30, 2022 cash and cash equivalents in the company amounted to tDKK 2.933 (tDKK 9.996), and at the end of the period, CS MEDICA's equity/assets ratio was 90% (88%).

INTRODUCTION

4 year overview

Performance Highlights

- Net Sales for the year increased by 233% in Danish kroner compared to 2020/2021, driven by export sales to the EU.
- Within R&D, CS MEDICA initiated phase 3 development on all products, according to the new regulation MDR, biocompatibility tests, absorption tests and clinical trials on all medical device products.
- Operating profit decreased whereas tDKK 1.546 alone covers the company's cost related to its position as a public company. Additionally cost increases were driven by the commercializing of the company by building a brand, new team, and scaling the business while entering new markets.
- As of September 30, 2022 cash and cash equivalents in the company amounted to tDKK 2.933 (tDKK 9.996).
- At the end of the period, CS MEDICA's equity/assets ratio was 89% (88%)

	2021/2022 DKK	2020/2021 DKK	2019/2020 DKK	2018/2019 DKK
Net sales	10.583.029	3.179.557	2.110.729	1.425.936
Gross profit	4.620.636	1.676.176	682.654	825.643
Operating profit	-13.334.133	- 176.047	450.398	211.130
Depreciation and amoritsation	- 2.075.780	- 1.367.452	- 384.516	- 24.433
Net financials	- 828.456	- 231.738	- 143.253	- 138.194
Profit before taxes	-14.162.592	- 407.786	-77.371	48.503
Net profit	-10.802.971	647.629	- 54.579	-119.076
Cash and cash equivalents	2.933.783	9.996.085	296.884	4.169
Addition Research and development costs	2.813.316	4.162.220	1.732.137	1.043.151
Cash flow	- 7.062.301	9.699.200	691.217	86.195
Total Assets	27.905.519	27.411.163	5.436.210	3.279.071
Equity	24.926.543	24.147.367	87.241	- 1.759.061
Financial Ratios				
Gross margin	44%	53%	32%	58%
Operating margin	-126%	-6%	21%	15%
Addition research and development in % of sales	27%	131%	82%	73%
Net profit margin	-102%	20%	-3%	-8%
Equity ratio	89%	88%	2%	-54%
Share performance				
Basic earnings per share	-0,88	0,06	- 682,24	- 1.488,45
Total number of shares, 30 september	12.322.635	10.902.000	80	80
Closing share price	10,9	6,2		

BUSINESS

PURPOSE

World-changing products for a better every day.

VISION

Improve people's quality of life by merging innovation, science, and nature within healthcare.

MISSION

At CS MEDICA, our mission is to bring change and relief to patients' lives worldwide with the therapeutic values of cannabinoids. We have a scientific approach based on biochemistry and decades of experience within the global medical industry. We use modern technology to research different compounds found in the cannabis plant to prevent and fight autoimmune diseases and stress-related disorders effectively and safely. From science-based development to high-quality world-changing products and partnerships, we commit to improving people's lives with products that make a difference.

VALUE PROPOSITIONING

Science is in our nature.
Balance and Recover. Relief and Confidence. Quality and Safety. Responsibility & Commitment.

BUSINESS

Primary activities

CS MEDICA is a Danish-based MedTech combining science and nature with the purpose of creating products for a better every day. By using modern technology to research and utilize different compounds found in the cannabis plant, we create world-changing products that offer efficient, safe treatment of autoimmune and stress-related disorders.

We research, develop, manufacture, commercialize and build brands to strengthen treatment options using the therapeutic value of cannabinoids and we are currently in the market with a product portfolio, featured under the trademark CANNASEN®. Covering product categories of Pain, Skin, Hair, Protect, and Night, we offer relief and treatment for Psoriasis, Arthritis, Pain, Wound, Protection (allergy and anti-virus), Hair loss, and Sleeping disorders.

Our OTC portfolio surpasses competitive products as we are selling CE registered medical devices with cannabidiol under medical device regislations in Europe[4]. Thereby we revolutionize both the cannabis and medical industry, bringing innovative products and technology to the market while improving people's lives with products that make a difference.

Commercial operations
During 2021/22, we consolidated and reorganized our commercial operations through a new structure consisting of our group company and 3 divisions:

CS MEDICA A/S - Research and development

CS MEDICA aims to be a trusted MedTech company, and our vision is to improve people's quality of life by merging innovation, science, and nature within healthcare. R&D, therefore, plays a crucial role in the company's activities, both in securing effective, safe treatment options for autoimmune diseases and stress-related disorders, but also in exploring new innovative compounds of the cannabis plant and its potential life-improving capabilities.

CS MEDICA A/S is our innovative and science-based business unit.

CANNORDIC A/S - Manufacturing

CANNORDIC is our manufacturing organization with development of global business contracts, supply of CBD ingredients and production of finished products.

GALAXAPAHARMA - Commercializing and brand building
GALAXA PHARMA is our distribution operation for marketing and sales direct-to-consumer, to retailers, and e-commerce.

4. See full description of the legislaton window under xxxx

BUSINESS

Product portfolio

Our MedTech business includes the following therapeutic areas and key products available or in late clinical trial phase in each category. All registered products CE have been launched before the 26th of May 2021 before the change of legislation from MDD to MDR.

SKIN DISORDERS

1. Psoriasis Gel CE - immediately stops the itch and reduces the redness and scaling.
2. PSOR+ATOPIC lotion – moisturizes and softens the skin.
3. Wound Gel CE – gives the optimal wound healing environment and reduces the healing time.

MUSCULOSKELETAL DISORDERS

4. Pain Patch CE – long-lasting pain relief – local treatment.
5. Arthritis Gel CE – immediate cooling effect and pain relief.

RESPIRATORY DISORDERS

6. Protective Nasal Gel CE – protects against environmental antigens.
7. Nasal Spray Night CE – improves breathing and sleep quality.
8. Infect Protect Lozenges (COVID-19 protection) in production

DERMACEUTICALS

9. Anti-Hair Loss Serum – increases hair density, thickness and reduces hair loss.
10. Anti-Hair Loss shampoo & mask (2 products) in production
11. Anti-Bacterial hand cream.

For our future pipeline we will:

- Leverage our portfolio to drive greater market exposure.
- Push forward NPDs with shorter legislation windows, for faster G2M and revenue.
- Create line extensions for additional categories and segments, with the same formula (i.e., the medical device product Arthritis gel moves to a cosmetic Sport gel, under the same patent, and clinical trials but under different legal registrations and target group).
- The VET product line is moved forward due to a high customer request from different regions. It will additionally provide a faster G2M and revenue with low investment, as the products are already on the market. Hence, the product line will only need new packaging and clinical test for the new segment. All marketing will be through distributors or professionals.
- Aim to cover all delivery methods for Cannabinoids (topical, nasal, inhalation), hence target inhalation under Medicine long-term.
- Postpone the food supplement line.

Product Registration	Desease indications	Development Stage: I	II	III	IV
Medical device Veterinary	Hotspot Gel - Dogs				Q3 2023
	Muck Gel - Horses				Q3 2023
	Pain Patch - Horses				Q3 2023
	Pain Gel – Dogs & Horses				Q3 2023
Cosmetic	Sport Gel 650				Q3 2023
	Sport Gel 1000				Q3 2023
	Anti-Hair loss Shampoo				Q3 2023
	Anti-Hair loss Mask				Q3 2023
	Psoriasis Shampoo				Q4 2023
	Skin Care line				Q4 2023
Medicine	Inhalator – CBD				
	Inhalator – CBD + THC				
	Inhalator – CBD + Other Cannabinoid				

I: Formulation - **II**: Final Formulation - **III:** Lab. tests, invitro, invivo test & clinical studies - **IV:** Market launch

BUSINESS

Industry & Markets

The market environment continued to show high challenges, unpredictability, and volatility in 2021/2022. The war in Ukraine impacted the pricing and resources of materials and ingredients as well as the lead time of production and relabeling. Furthermore, the COVID-19 pandemic continued to have a significant affect in one of our largest markets, China, delaying negotiations and registration.

However, the growing trend for products with fewer ingredients, also known as “minimalist” or “clean” products, and the trend for seeking alternatives to OTC (over-the-counter) products have been increasing in recent years. This is due to several factors, such as the growing awareness of natural and holistic health solutions, the desire for more sustainable, natural, and eco-friendly options, and the increasing availability of alternative products. Additionally, consumers are becoming more aware of the ingredients in the products they use and potential side effects, while seeking alternatives with fewer ingredients, chemicals, and preservatives. Hence, the trend for OTC products containing cannabidiol (CBD) has been rapidly increasing in recent years due to the growing awareness and acceptance of the potential health benefits of CBD, as well as the legalization of hemp-derived CBD in several countries.

SKIN DISORDERS	MUSCULOSKELETAL DISORDERS	RESPIRATORY DISORDERS	DERMACEUTICALS
PSORIASIS	ARTHRITIS	SLEEPING DISORDERS	HAIR LOSS
125M	**350M**	**1000M**	**147M**
People have **PSORIASIS** globally.[6.1]	People have **ARTHRITIS** globally.[6.3]	People suffer from **SLEEPING** disorders globally.[6.5]	People suffer from **HAIR LOSS** disorders globally.[6.7]
50% Of all Psoriasis patients are actively seeking for alternative treatment	**75%** Of all Arthritis patients are actively seeking for alternative treatment	The **global INSOMNIA drugs market** was valued at	The **global HAIR CARE market** was valued at
The **global PSORIASIS drugs market** was valued at **USD 24 Billion** in 2021 and have a predicted CAGR of **8,7%** up to 2026.[6.2]	The **global ARTHRITIS drugs market** was valued at **USD 26 Million** in 2021 with a predicted CAGR of **8,6%** up to 2023.[6.4]	**USD 60 Trillion** in 2020 with a predicted CAGR of **6,9%** up to 2023.[6.6]	**USD 78 billion** in 2020 with a predicted CAGR of **4,6%** up to 2027.[6.8]
WOUND CARE	PAIN	POLLEN, VIRUS & BACTERIAL	SKIN PROBLEMS
78M	**1460M**	**50M**	**900M**
People suffer with **WOUNDS** globally.[6.9]	People suffer from **PAIN** globally.[6.11]	People suffer from **ALLERGY** globally.[6.13]	People suffer from **SKIN PROBLEMS** globally.[6.15]
The **global WOUND care market** equaled to approx. **USD 17 Billion** In 2021 with a predicted CAGR of **6,2%** up to 2019.[6.10]	The **global PAIN care market** equaled to approx. **USD 71 Billion** In 2020 with a predicted CAGR of **3,8%** up to 2019.[6.12]	The **global ALLERGIC treatment market** equaled to approx. **USD 25 Billion** In 2017 with a predicted CAGR of **6,3%** up to 2025.[6.14]	The **global SKIN DISEASE treatment market** was valued at **USD 20 Billion** in 2020 and has predicted a CAGR of **3,6%** up to 2030. [6.16]

Source:

6.1 https://www.psoriasis.org/psoriasis-statistics/ - 6.2 https://www.fortunebusinessinsights.com/industry-reports/psoriasis-treatment-market-100600 - 6.3 https://globalranetwork.org/project/disease-info/- 6.4 Rheumatoid Arthritis marked- https://www.globenewswire.com/news-release/2022/01/28/2374912/28124/en/The-Worldwide-Rheumatoid-Arthritis-Drugs-Industry-is-Expected-to-Reach-34-3-Billion-by-2027.html -6.5 https://onlinelibrary.wiley.com/doi/full/10.1111/resp.13838 -6.6 https://www.alliedmarketresearch.com/sleep-aids-market - 6.7 https://www.prnewswire.com/news-releases/global-alopecia-market-size-to-reach-usd-13-80-billion-in-2028--says-reports-and-data-301500078.html- 6.8 https://www.blueweaveconsulting.com/report/global-hair-care-products-market-bwc19130 -6.9 https://soft-ox.com/chronic-wounds/- 6.10 https://www.fortunebusinessinsights.com/wound-care-market-103268 -6.11 https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3201926/ -6.12 https://www.alliedmarketresearch.com/pain-management-therapeutics-market6.13 https://www.aafa.org/allergy-facts/- 6.14 https://www.alliedmarketresearch.com/allergy-treatment-market -6.15 https://www.who.int/news/item/08-06-2018-recognizing-neglected-skin-diseases-who-publishes-pictorial-training-guide -6.16 https://www.bccresearch.com/market-research/pharmaceuticals/skin-disease-treatment-technologies-markets-report.html

OTC CBD products come in various forms, such as oils, capsules, creams, and lotions, and can be used for a wide range of conditions, such as anxiety, pain, skincare, haircare, and insomnia. However, it's important to note that the regulation of these products is still evolving, and more research is needed to fully understand their safety and effectiveness, which is why CS MEDICA has invested in heavy R&D to create a CBD technology that delivers safety and high efficacy.

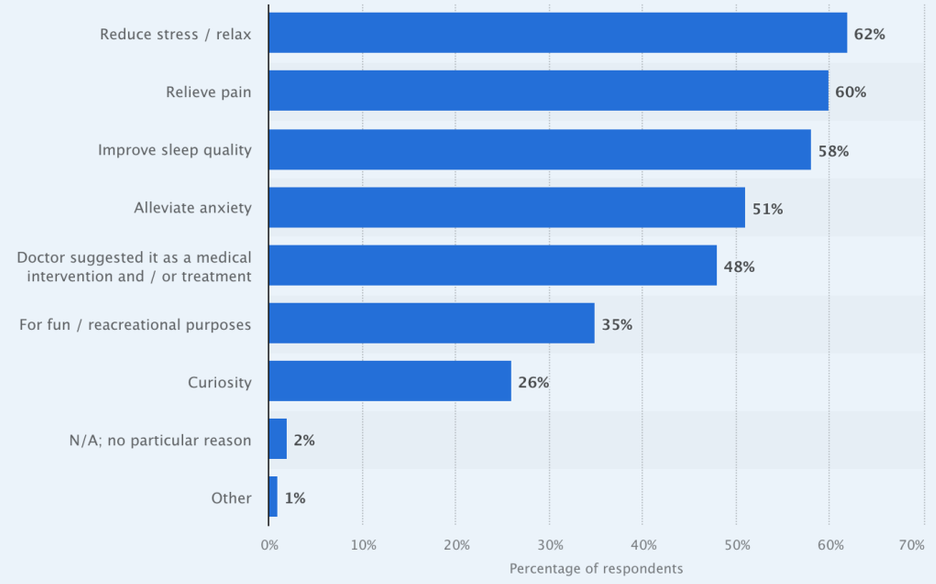
With USD 1.9 billion in CBD sales globally during 2018, the estimated market growth is expected to match a 49% compound annual growth rate (CAGR) until 2024[5]. In general, cannabis-derived compounds are claimed to have market-disrupting potential. Due to hemp's composition, the disruption is supposed to cover multiple industries, including medical and cosmetic. The disruption is expected to last for about a decade. The global markets disrupted by cannabis amounts to 5 USD trillion[6], which together with a large unmet market, within alternative treatment, across all therapies in scope cannot be overlooked[7];

In 2022, 60% of US adults used cannabidiol for relieving pain and 58% for improving sleep quality, which is 16 pp up versus in 2020.

For CS MEDICA, it is all about helping people who seek alternative, safe, and effective products to fight autoimmune diseases and stress-related disorders. Therefore, we prioritize the categories Pain, Skin, Hair, Protect, and Night for our product portfolio with the therapeutical values of cannabidiol.

Legal over-the-counter (OTC) cannabinoid products only include Cosmetics and Medical Devices delivered Topically and Intranasally. The European Medicines Agency EMA, the UK and Hong Kong have initiated a withdrawal of oral CBD oils and other CBD supplements. This directly results in a large portion of the current CBD products being removed from the market leaving only authorized medical devices and cosmetics products. As all CS MEDICA products are either Topical or Intranasal, we believe that the change in the law is in our favor and **we are one of few registered at MDR in Europe and MHRA in the UK, we have 160 free sales certificates outside Europe, and possess a certificate from an authorized laboratory with proof of non-THC on a 1ppb level**, needed for sports people and racehorses (anti-doping) and for the Asian markets.

Leading reasons why U.S. adults use cannabidiol as of 2022



Additional Information:
United States: One Poll: April 8-9, 2022: 2,000 responders: 18 years and older

Sources: Forbes; OnePoll © Statista 2022

5. BDSA (2021) BDS Analytics: The Global Cannabinoids Market, Will CBD Overtake THC.
6. "Cannabis market disruptor I" (2019) Cannabis Market Disruptor Handbook part I: An Introduction. Euromonitor International
7. See notes for figure below the figure.

Competition

Our business operates in a highly competitive environment and often regulated markets. From a customer-centric approach, many of our products face competition within both the medical and cannabis industry. However, looking solely at the segment for CE-registered medical devices with cannabidiol under the MDR regulations, there is zero to few competitiors.

A critical success factor is that we can compete with other companies that manufacture and sell products that treat or help prevent symptoms for those fighting mainly autoimmune diseases or stress-related disorders. The principles for unique selling points are efficacy, safety, ease of use, costs, and “minimalist” or “clean”.

We address competitive trends by constantly evolving our offerings and innovating with R&D. We educate patients, opinion leaders, professionals, authorities, and business partners about the science behind and benefits of our efficient, safe alternative products with CBD. In addition, we strive for operational excellence, using insights and data for better market expansion, advanced processes, and a seamless value chain and culture.

The operating conditions have changed based on increasing patient awareness of alternative options, global competition, industry regulations, cost structure, and the capacity to acquire the needed resources for production. Therefore, we regularly evaluate, adapt, and improve the areas within the value chain to ensure better terms to meet customer needs and expectations of a unique experience.

	CS MEDICA Topical, nasal spray and patch products for autoimmune diseases, and stress-related disorders as well as cosmetics	**PHARMA/MEDICO** Topical, sprays, oral, etc. treatments	**CANNABIS INDUSTRY** Oils, cosmetics for hair & skin care, patches, supplements, gums etc.	**BEAUTY** Cosmetics for mainly hair & skin care
Direct to Consumers	■		■	■
Business to Business	■	■	■	■
Medical Device	■	■		
Non-prescription	■	■	■	■
OTC	■	■		
Prescription		■	■	
R&D Innovation	■	■	■	■
Efficacy & Safety	■	■	■	■
Low level of side effects	■		■	■
Few, cleaner ingredients	■		■	■
Compliant w/regulatory complexity	■	■		

BUSINESS

Research & Development

R&D is essential to deliver on our purpose of creating world-changing products for a better every day. CS MEDICA combines research, technology, and nature within healthcare to revolutionize with the most innovative products and technology within the cannabis and medical industries.

Pioneers of scientific breakthroughs

CS MEDICA has pioneered scientific breakthroughs within cannabinoid medical treatments for autoimmune diseases and stress-related disorders. To ensure that we deliver value to society, R&D continuously pursues even higher levels of innovation across more therapy areas and technology platforms and with more patients and partners. In 2016, we found untapped potential in substances contained in Cannabis sativa L. that were not exploited in the treatment sector. A big part of the neglected potential was caused by a lack of confidence in the existing CBD products' effectiveness and safety. However, through extensive research leading to greater knowledge on the differences between CBD (cannabidiol), THC (tetrahydrocannabinol), and other cannabinoids, the demand for products containing the substance and their respective prosperities has increased dramatically over the last years.

Discovering new potential

The discovery and development of our medical device products are time-consuming, expensive in clinical trials, and dependent on the latest regulatory changes. To compensate for the long time to market, our R&D strives to advance our existing products by discovering potential new segments, indications, and reformulations into cosmetics, still science-backed and safe.

Our R&D strategy

- Will deliver a pipeline of innovative medical devices with cannabidiol to help bring change and relief to patients' lives worldwide with the therapeutic values of cannabinoids.
- Will source the best ingredients and partnerships for safe, efficient, and accessible results for those that need a better every day
- Will advance our capabilities to position us for long-term R&D and trusted CBD leadership

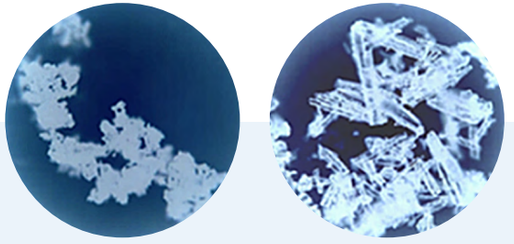
While a considerable amount of our R&D is internal, we strive for know-how and innovative technologies developed by others to integrate into our discovery and development processes or products. We collaborate with universities, companies, and other partners, allowing us to share knowledge, and optimize operations.

Current results

To ensure future success, CS MEDICA developed a cannabinoid therapeutic strategy and continuously invests in new and ground-breaking technologies. Today, CS MEDICA has technology platforms that cover several core areas that are important for driving innovation across the target diseases and facilitating the scale-up of the company. Since 2016, CS MEDICA has been using and refining these technologies and exploring the endocannabinoid system and the more than 140 currently known Phyto cannabinoids (from cannabis) to provide solutions for conditions in which those compounds offer treatment possibilities.

In 2021/22, we strengthened our R&D operations to improve R&D productivity, focusing on delivering value short-term as well as long-term.

- We modified the pipeline to prioritize launching products with shorter legislation windows for faster revenue streams. Additionally, we postponed products with heavier costs attached in development, ensuring an optimal capital allocation across the innovative R&D portfolio.
- Our organization contains a team for clinical development and regulatory activities responsible for the clinical development strategy and operational execution of clinical trials as the MDR transition. In addition, the team provides technical expertise and service to R&D as to Marketing & Sales.



TOPICAL/ TRANSDERMAL CBD	NASAL CBD	ORAL CBD
BIOAVAILABILITY ~ 45%	BIOAVAILABILITY ~ 34-46%	BIOAVAILABILITY ~ 6-19%
Does not enter the bloodstream. The bioavailability is higher as the liver's first pass effect is avoided, therefore there is no medicinal interaction.	Enters the bloodstream. The bioavailability is higher as the liver's first pass effect is avoided, therefore there is no medicinal interaction.	Enters the bloodstream. The bioavailability is lower due to the first pass effect in the liver, therefore there is no medicinal interaction.

BUSINESS

Patents and Other Intellectual Property Rights

CS MEDICA holds solid IPR protection, in a market with high barriers to entry, and a collaborative approach to innovation, while documenting efficacy and building trust through the Clinical Information Management system (CIM) collecting post-marketing clinical test results in collaboration with distributors in local markets.

Patents

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

The Company currently has seven proceeding patents that are filed and pending. The patents pending are summarized below. In the scenario where the patents above are granted, the Company will have a total of 16 patented products, including: the Psoriasis gel and the Psoriasis food supplement, the Arthritis gel and the Arthritis supplement, the Anti-hair loss serum and the Anti-hair loss supplement, the Sports Gel 650, the Sports Gel 1000, VET Pain Arthritis gel, the Wound gel, the VET HOT Spot Gel, the VET MUCK Gel, the Protective nasal gel, the Sleep nasal spray, the Pain patch and the VET Pain Patch.

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

Future possible patent on active CBD

CS MEDICA's R&D department has continued the research and have conducted several studies together with Leading European Research Laboratories and Special Laboratory Accredited for CBD research to identify the trigger in the natural CBD for being active or inactive for the body. The company have now concluded successfully one of the two last hypothesis and further studies and test and will be performed on the last hypothesis. The Company expects to have performed the final tests during spring of 2023. Once these studies and test have been concluded, and the hypothesis have been successfully proven, CS MEDICA will develop a new patent application, which will be filed to the patent office. As this know-how is based on basic research, this patent may impact the CBD market, as other Companies can utilize CS MEDICA's technology/know-how.

PRODUCT	DK PATENT APPLICATION YEAR	PCT* PATENT APPLICATION YEAR	NATIONAL** PATENT APPLICATION YEAR	IF PATENT GRANTED - EXPIRY YEAR
Arthritis Gel *Sports Gel 650* *Sports Gel 1000* *VET Pain Arthritis Gel*	**2019** *Same formulation as Arthritis Gel and therefore covered by this patent application* *do* *do*	**2020** *Same formulation as Arthritis Gel and therefore covered by this patent application* *do* *do*	**2022** *Same formulation as Arthritis Gel and therefore covered by this patent application* *do* *do*	**2039** *Same formulation as Arthritis Gel and therefore covered by this patent application* *do* *do*
Psoriasis Gel **Anti-Hair loss Serum** **Nasal Spray Night**	**2019** **2021** **2021**	**2020** **2022** **2022**	**2022**	**2039** **2041** **2041**
Wound Gel *VET HOT Spot Gel* *VET MUCH Gel*	**2021** *Same formulation as Wound Gel and therefore covered by this patent application* *do*	**2022** *Same formulation as Wound Gel and therefore covered by this patent application* *do*		**2041** *Same formulation as Wound Gel and therefore covered by this patent application* *do*
Protective Nasal Gel	**2021**	**2022**		**2041**
Pain Patch *VET Pain Patch*	**2021** *Same formulation as Pain Patch and therefore covered by this patent application*	**2022** *Same formulation as Pain Patch and therefore covered by this patent application*		**2041** *Same formulation as Pain Patch and therefore covered by this patent application*
Supplement Arthritis **Supplement Psoriasis** **Supplement Anti-Hair loss**	 **2021**	**2022** **2022** **2022**		**2042** **2042** **2041**

* PCT (Patent Cooperation Treaty), covering 153 nations across the globe
** National patent application in following countries: Australia, New Zealand, Canada, China, European Union, Isreal, India, Japan, Korea, USA

Trademarks

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

Mark	Country	Status	
CannaSen <w>	International Protocol	Registered	2018-11-19
CannaSen <w>	Norway	Registered	2018-11-19
CannaSen <w>	Switzerland	Registered	2018-11-19
CannaSen <w>	Canada	Pending	2020-01-20
CannaSen <w>	India	Registered	2020-01-20
CannaSen <w>	Indonesia	Registered	2020-01-20
CannaSen <w>	Japan	Registered	2020-01-20
CannaSen <w>	Malaysia	Registered	2020-01-20
CannaSen <w>	Malaysia	Registered	2020-01-20
CannaSen <w>	Malaysia	Registered	2020-01-20
CannaSen <w>	South Korea	Registered	2020-01-20
CannaSen <w>	Thailand	Pending	2020-01-20
CannaSen <w>	Thailand	Pending	2020-01-20
CannaSen <w>	Thailand	Pending	2020-01-20
CannaSen <w>	United States	Registered	2020-01-20
CannaSen <w>	Vietnam	Registered	2020-01-20
CannaSen <w>	United Kingdom	Registered	2018-10-24
CannaSen <w>	Hong Kong	Registered	2021-11-11
CannaSen <w>	Australia	Pending	2021-11-12
CannaSen <w>	New Zealand	Registered	2021-11-12
CannaSen <w>	Turkey	Registered	2021-11-12

BUSINESS

Government Regulations

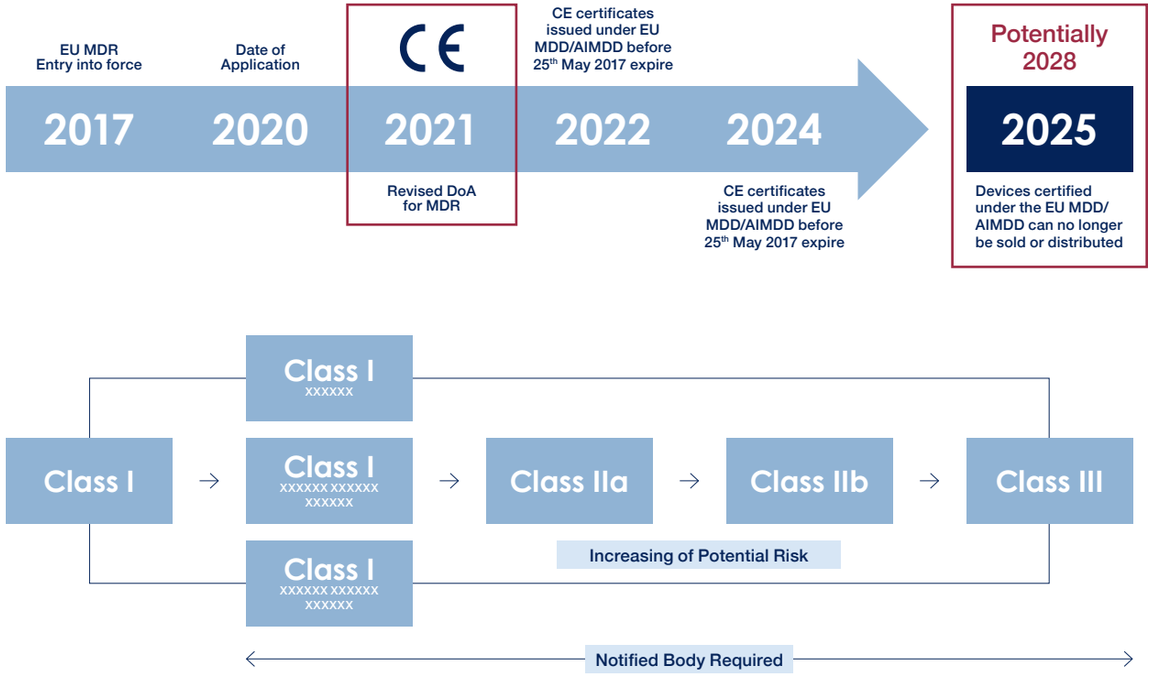
The product portfolio is regulated under the Danish Medical Agency, who secure and evaluate if the products follow the Medical Device legislation (MDD), in the process of updating to Medical Device Regulation (MDR)[9]. This includes a comprehensive investigation and evaluation of the following areas within the MDD legislation.

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

MDR transition

A new EU Medical Device Regulation (MDR) came into effect on 26th May 2021. The devices launched in the EU market under MDD, must comply with these regulations and shall be reclassified under the new EU MDR and the medical devices which falls under class II & III needs to be CE certified as per EU MDR by the Notified Bodies accredited under these regulations. The medical devices that have already been CE registered as per EU MDD have grace periods before fully complying with the EU MDR requirements. During this grace period, the devices are registered under both EU MDD and EU MDR will co-exist in the market with equal status and without being subjected to discrimination. The European Medical Device Regulation (MDR) will be fully effective in all the EU member states and the European Free Trade Association (EFTA) States from May 2021 and provides manufacturers a transition period of 4 years for complete EU MDR Certification. This timeline is now up for proposal to be prolonged to 2028 for class IIa in the EU as there are 23.000 medical devices queuing at Notified Body.

The MDR - Transition Timeline and New Device Classification



9. Please see below for more information about the transition period under MDR

On track

Our CANNASEN® products were filed and launched as Class I under the MDD (Medical Device Directive) before May 26, 2021, the date on which the MDD was replaced by the more restrictive MDR (Medical Device Regulation) (EU) 2017/745.35. With the new MDR, four of our treatment products are to be lifted to a Class IIa. As we are already adopting the requirements following MDR and preparing the classification lift, our products are allowed to stay at the market during the transition period and after the transition period provided that the extended requirements and the classification lift are finalized. We are presently a first mover company in Europe with medical devices containing cannabinoids regulated under MDD, transitioning to MDR. With the proposed extension of the MDR transition period, we gain additional years on the market which is a significant competitive advantage.

Despite the discussion about potentially prolonging the MDR transition period, we plan to meet the current deadline of May 2024 for assessment at the Notify Body, and we are currently in the queue to become a client at/assessed by the Notify Body. We expect to be ready to send the applications in H1 2023, for those medical device products moving to class IIa according to the new MDR classification system:

1. **CANNASEN® Arthritis Gel**
2. **CANNASEN® Wound Gel**
3. **CANNASEN® Protective Nasal Gel**
4. **CANNASEN® Nasal Spray Night**

The **CANNASEN® Pain Patch** and **CANNASEN® Psoriasis Gel** will stay under class I according to the new MDR classification system, and these two products are subject to a self-notification. However, the technical files will be updated according to MDR on both products incl. clinical trials, clinical evaluation, and safety data.

> “ With the proposed extension of the MDR transition period, we gain additional years on the market which is a significant competitive advantage

BUSINESS

Raw materials & Pricing

We work with four different CMOs (Contract Manufacturing Organization) and source the CBD component as we monitor and implement our unique CBD technology in our formulas.

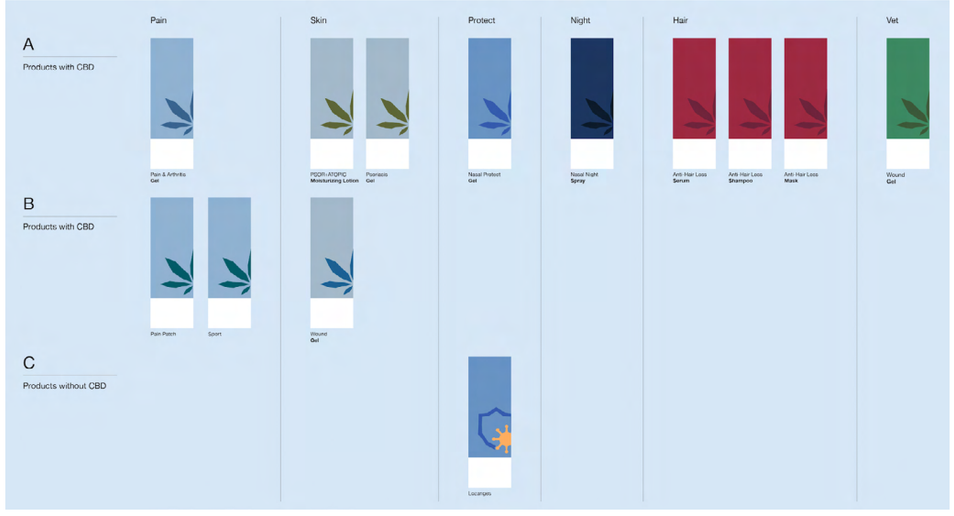
We see an increase in demand for CBD, creating higher volumes and impacting the price positively with a slight decrease. However, specific components and raw materials may have a future negative impact on our business due to a lack of sourcing or price increase.

We are monitoring and implementing mitigation strategies to reduce any potential risk or impact on our competitiveness. We work with a contingency plan for product packaging to avoid a slowdown in our production or added price increases. Finally, we have temporarily shifted strategy to push for own label volumes to reach economies of scale faster, providing lower unit prices on the portfolio, no matter brand.

BUSINESS

International Operations & Marketing

CS MEDICA merge the best from both industries (medical & cannabis) to revolutionize with world-changing products. We developed insight-driven, category-based treatments and solutions that match users' needs.



PHARMA CONS
Inside-out focus, lack of user insights and experience.
No to few medical treatments with cannabidiol.
Often side-effects.

LIFESTYLE CONS
Poor non-prescription solutions.
Trend for natural treatments.
Lack of quality & safety within CBD products.
Lack of education and trust.

CSMEDICA

Combining the best of two worlds

DEVELOPED IN DENMARK
PRODUCED IN EUROPE

- HIGH QUALITY
- NATURAL
- ISOLATED
- CRYSTALIZED CBD
- TESTED UNDER A QUALITY ASSURANCE SYSTEM

PRODUCTS DEVELOPED AND TARGETED FOR SPECIFIC CONDITIONS AND/OR SYMPTOMS

OUR MEDICAL DEVICES ARE MADE IN GMP CERTIFIED PRODUCTION & FOLLOW ISO13485 QUALITY ASSURANCE SYSTEM

OUR MEDICAL DEVICE PRODUCTES ARE CE MARKED AND CLASSIFIED CLASS I UNDER MDD, WAITING FOR A CLASS IIA UNDER MDR

CBD PRODUCTS OF TOPICAL AND INTRANASAL APPLICATION OFFER AN INCREASED BIOAVAILABILITY (UP TO 40%) IN COMPARISON TO ORAL APPLICATION

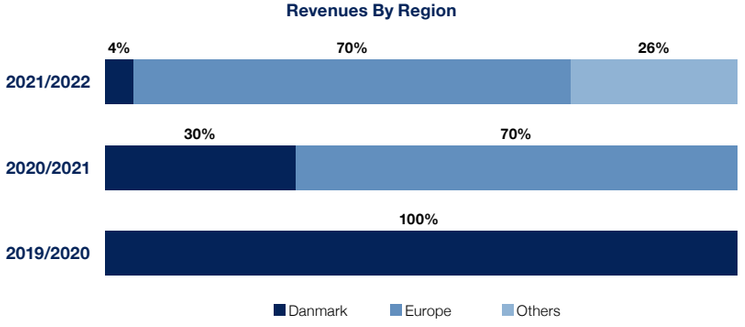
EXTENSIVE TESTS AND CONTROL IN ACCORDANCE WITH MEDICAL DEVICE, FOOD SUPPLEMENT & COSMETIC LEGISLATION.

OPTIMIZED CONCENTRATION OF NATURAL CBD COMBINED WITH OTHER EXCIPIENTS ENSURES EFFECTIVENESS

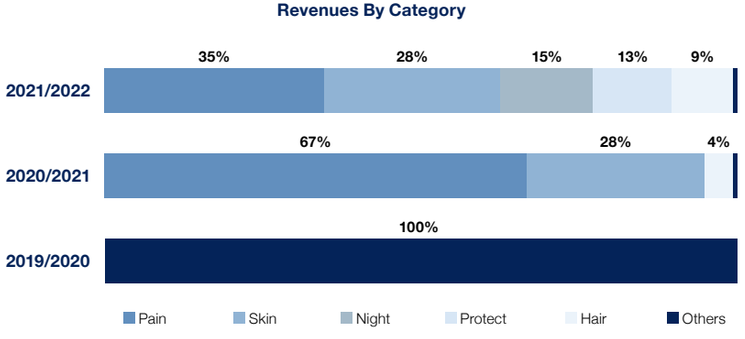
CLINICALLY DOCUMENTED, WITH PENDING PATENTS

CS MEDICA operates from the Danish headquarter and has contracts covering over 15 countries. The Nordics are essential markets for brand awareness, testing new products, and building best practises for expansion. In addition, fast-growing markets with shorter legislation windows are important for our market expansion strategy for global leadership. Our commercial team analyzes the demographics, competition, and level of CBD know-how to optimize the Go-to-Market strategy and choice of potential distributing partners.

CS MEDICA is certified for sale in the EU and with Free Sales Certificates outside the EU, resulting in revenue of operations outside Denmark accounting for 70% in 2021 driven only by one own-label in Germany, and 96% in 2022 with the increase in the number of new countries and customers.



The categories PAIN and SKIN dominated the first year of sales, whereas HAIR, NIGHT, and PROTECT have grown sales in 2022.



Go-to-market

CS MEDICA still holds the position as first mover, and the effect of the transformation from an R&D-oriented company to a commercial-driven company has started to deliver results. The company's dual distribution strategy is approaching both direct-to-consumers and business-to-business as distribution channels which build volume and market awareness with the CANNASEN® brand as well as own-label solutions for advanced and major big pharma collaborations.

We don't believe in linear growth. We target a customer pool of users having that first trial - as we know they'll repurchase and recommend. We penetrate markets based on potential, legislation window, competitive situation, demand for alternative treatments, and level of CBD insights. We create partnerships on a 2-3 tier G2M strategy to optimize growth options and reach.

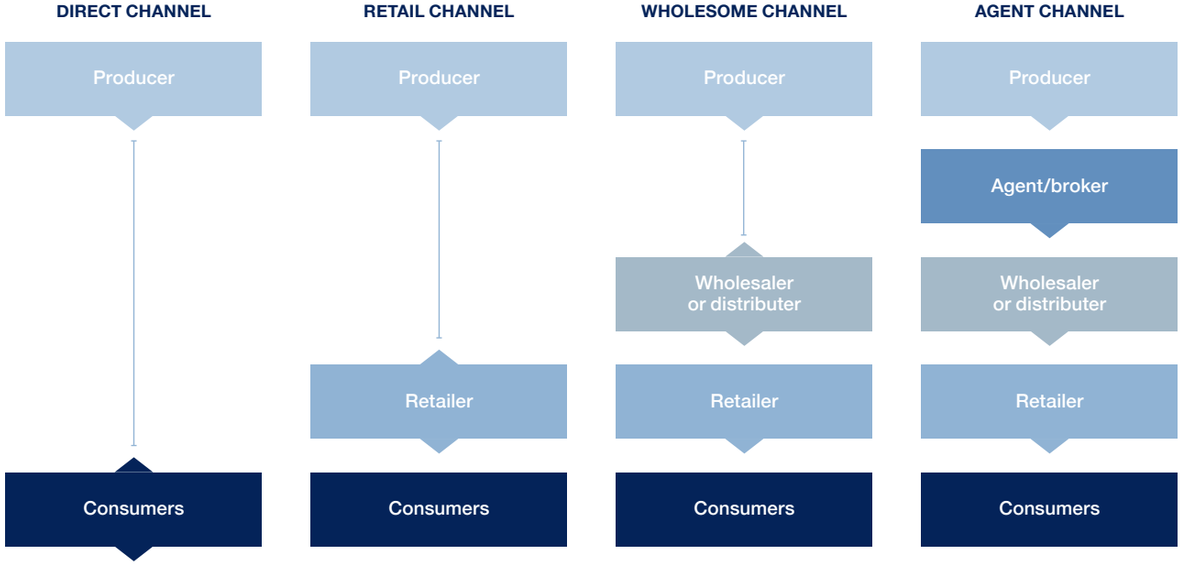
Choosing the right partners is very important at this stage are to ensure the right start go-to-market strategy in new markets, as partners to ensure they can leverage the CANNASEN® brand or their brand with the portfolio from CS MEDICA. Hence, reaching synergies in the portfolio, market, concepts, and distribution strategies with global partners in a dynamic and ever-changing global environment is why CS MEDICA tailor-make the best solutions for our partners to win markets and consumers.

Currently CS MEDICA have signed distribution agreements in Denmark, Sweden, Netherlands, Belgium, Germany, Spain, Slovenia, Serbia, Croatia, Israel, Palestine, Romania, and Amazon for Germany and Sweden.

We look at the individual market potential

ASIA
AFRICA
NORTH AMERICA
SOUTH AMERICA
EUROPE
OCEANIA

Individual strategies & Distribution plans



Marketing and Branding

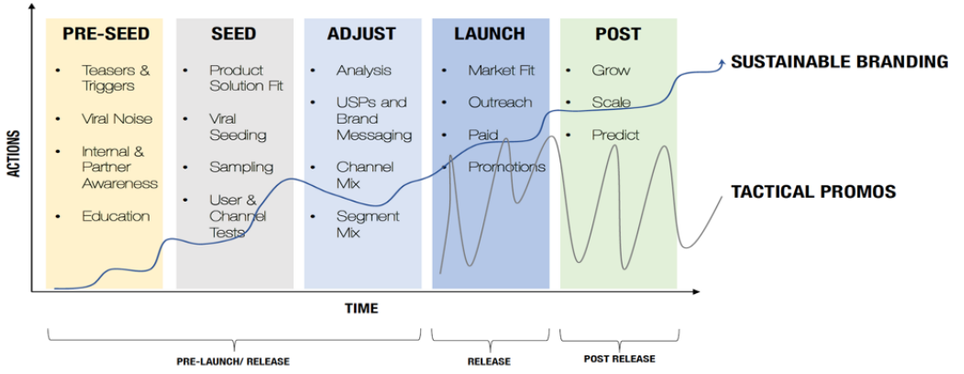
We don't think in a conventional way, as we know it's all about the user experience. We build in loops constantly ensuring the brand journey matches the customers' intent & journey to ensure sustainable brand growth as well as tactical takeoff. We aim for digital earned media more than paid, and for frequency & loyal voices as much as acquisition & awareness.

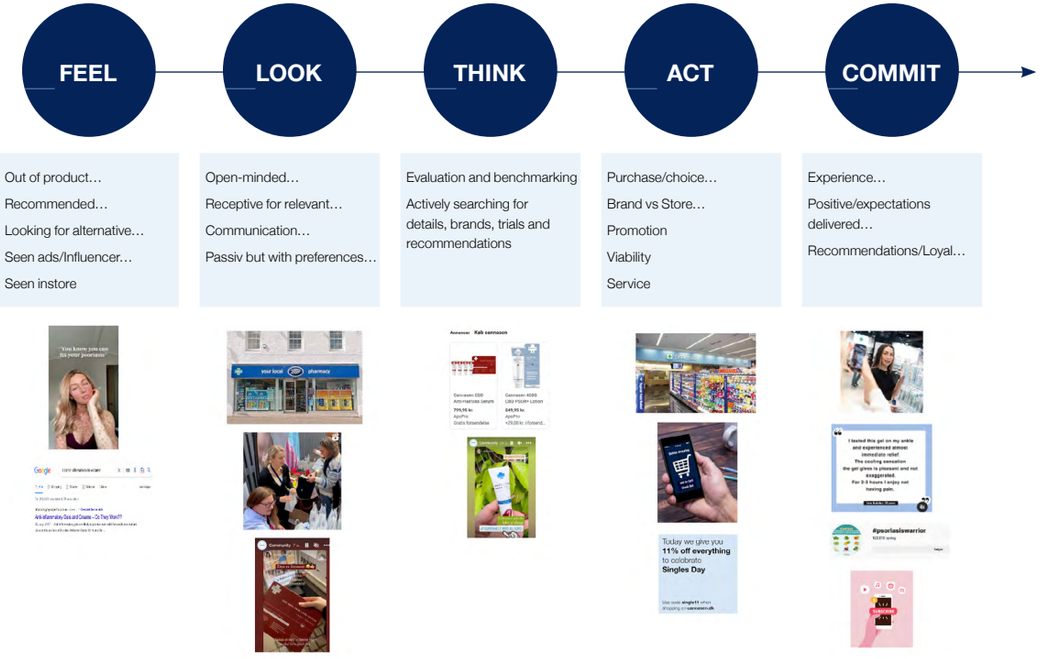
We focus on building a strong CANNASEN® brand, with the core customer group typically women and men between the ages of 35-65, who seek efficient, safe and cleaner treatments over the counter.

Our core segment enables us to capitalize on the growing market for alternative treatments by building a distinct market position based on trends, nature and science, not to forget passion.

We promote our products to match the customer journey touchpoints and experience to drive the brand journey as efficiently and cost-effective as possible.

We communicate directly with consumers and via influencers/ ambassadors, where education, trials, and reviews are the most important tactics. In addition, we provide brand guidelines, playbooks, SoMe and e-commerce platform support, and legal insights to partners who are to help us build CANNESEN® in their local territories.





Successful proof of concept

With a scientific approach based on biochemistry, combined with decades of experience within the global medical industry, our clinical trials, customer repurchase rate, and recommendations underline that our products work with high efficacy and deliver our purpose for a better every day.

CANNASEN

4,5

15. dec. 2022

Smerteplaster som FAKTISK tager smerterne...

Super søde mennesker bag telefonerne hos cannansen, da min pakke forsvandt hos GLS, og fik lynhurtigt oplysninger fra dem og kunne derfor hente min pakke fra posthuset i ro og mag.Smerteplastrene er vidunderlige! Jeg her INGEN smerter! og er smertefri i op til 12 timer om dagen - også om natten. (Der gik en time før plastret virked på mig, og så smertefri bagefter) bare hold lidt ved huden når river plastret af (avsi!) var ikke ikke forberedt at de sad SÅ godt fast... (griner) plastert sidder godt fast

8. nov. 2022

Gelen er exceptionelt god

Gelen er exceptionelt god. Jeg bruger den inden træning og hver aften inden sengetid. Jeg har begyndende slidgigt i hoften, men er allergisk over for traditionelle gigtmediciner. Så canasen artiritis gel er et rent vidundermiddel for mig. Har varmt anbefalet det til venner og familie.

7. nov. 2022

Lækker @Cannasen CBD Lotion

Lækker salt gel og Atopic lotion, der har hjulpet på min psoriasis, efter 3 dage var kløe væk og begyndende healing.
Nem at bruge, fedter ikke. Nem brugsanvisning
Kan virkelig anbefales

16. nov. 2022

psoriasis vidundermiddel

Jeg døjer rigtig meget med psoriasis på hænder og albuer. Prøvede gelen og atopic lotion. Og allerede indenfor en uge forsvandt min kløe og hurtigt efter så jeg tydelige resultater.
Kan helt klart anbefales.
Mvh Bianca.

7. nov. 2022

Verdens bedste smertestillende creme

Jeg må indrømme at jeg havde en sund portion skepsis inden jeg benyttede min arthritis cdb creme fra cannesen. Men alt skepsis blev fejet af vejen. Jeg har ikke prøvet noget andet produkt der har hjulpet mig lige så godt og i så mange timer af gangen

BUSINESS

Corporate Responsibility

We commit to improving people's lives by bringing change and relief to patients worldwide with the therapeutic values of cannabinoids.

Patients, being two or four-legged users, that struggle with pain, autoimmune diseases, and stress-related disorders, and seek efficient, safe alternatives to traditional healthcare treatments. In this pursuit, sustainability is essential and a part of our DNA and long-term business success. We work with natural ingredients as science and aim to ensure we meet our customers, community, and planet's needs.

We strengthen our efforts, education and share best practices to influence our value chain and industry. Strong partnerships, data insights, and technology, together with our R&D, help us innovate and evolve further. Current external factors challenge the supply chain and new opportunities, ensuring we keep agile and adaptive for better decisions and partnerships.

> "Strong partnerships, data insights, and technology, together with our R&D, help us innovate and evolve further

BUSINESS

People & Culture

> With backgrounds in various industries, we each bring unique competencies and valuable insights, enabling us to compliment and challenge each other to strive for innovation, execution, and great results daily

Our results are created by a diverse and passionate team who support, develop, and execute on our purpose of creating world-changing products.

Our team holds top tier specialists within pharma, biochemistry, finance, quality, sales, marketing, tech, retail, e-commerce, and transformation. All motivated by improving people's quality of life by merging innovation, science, and nature within healthcare.

With backgrounds in various industries, we each bring unique competencies and valuable insights, enabling us to compliment and challenge each other to strive for innovation, execution, and great results daily. We strive to create a culture where different perspectives are heard, respected and value equally, and it is an absolute must for us to have a fun and energetic environment.

The core team consists of 7 passionate people, covering the two-level operation of being a Research and Commercial company. Furthermore, we team up with 4 interns and up to 6 external staff members as we work with freelancers and expert partners where needed to control costs and secure agility.

Our values

Unleash disruptive souls

Respect each others mindsets and work

Equally recognize performance and will

Challenge comfort zones to drive growth

Have fun while doing it

Nurture top tier science

Merge medical and CBD with safe efficient results

Grow innovations for success

Source the best ingredients and partnerships

Make products accessible to all that need a better every day

Advance our business model

Multiple channels and revenue streams

Match brand and customer journey

Reduce legislation windows by starting smarter

Engage and educate to grow

Win with technology

Drive company strength with IPR technology

Digitalize and share via PIM, CIM and greenlight systems

Grow insights and experience for better health outcom

Boost operational excellence

Most trusted partner

Be customer-centric

Best knowhow and formulas with CBD industry

Based on science, market insight and user demands

Sharing is caring

BUSINESS

Diversity policy

CS MEDICA is dedicated to encouraging a supportive and inclusive culture amongst the entire workforce. It is in our best interest to promote diversity and eliminate any kind of discrimination in the workplace.

This policy is reviewed and approved annually by the Board of Directors to ensure that equality and diversity are continually promoted in the workplace.

This policy reinforces our commitment to providing equality and fairness to all in our employment and not provide less favorable facilities or treatment on the grounds of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, ethnic origin, color, nationality, national origin, religion or belief, or sex and sexual orientation. We are opposed to all forms of unlawful and unfair discrimination.

All employees, no matter whether they are part-time, full-time, or temporary, will be treated fairly and with respect. When CS MEDICA selects candidates for employment, promotion, training, or any other benefit, it will be based on their aptitude and ability.

Objectives

The objectives of this policy are to ensure that:

- CS MEDICA complies with section 139 c of the Danish Companies Act
- CS MEDICA follows the recommendations on Corporate Governance
- CS MEDICA follows the Danish Business Authority's guidelines on equal gender distribution on the Board of Directors
- CS MEDICA protects our most valuable asset, our human capital
- All employees and job applicants are given equal opportunity
- To have an equal distribution of men and women on the Board of Directors, hence the least represented gender on the Board should comprise no less than 40% in accordance with the Danish Business Authority's guidelines on equal gender distribution on the Board of Directors. Currently the Board is under self-evaluation to map the need for optimal adaptive resources and to ensure a match to the 40% gender distribution rule.

CS MEDICA will inform all employees that a diversity policy is in operation and that they are obligated to comply with its requirements and promote fairness in the workplace. Further, this policy will be publicly available on the company website.

“ All employees, no matter whether they are part-time, full-time, or temporary, will be treated fairly and with respect

DIRECTOR'S REPORT

DIRECTOR'S REPORT

The financial year 2022

HIGHLIGHTS DURING THE FISCAL YEAR

Q1

- **October 4, 2021,** CS MEDICA announced extended product availability together with Kronan Apotek in Sweden. In accordance with the purchase agreement, the products are entering the shelf of the 326 local pharmacies of Kronans Apotek as of October 4, 2021.
- **November 5, 2021,** CS MEDICA announced entering a reseller agreement for CANNASEN® CBD products.
- **December 3, 2021,** CS MEDICA announced that the Company has obtained Free Sales Certificate (FSC) from the Danish Medicines Agency and The Danish Chamber of Commerce for medical devices and cosmetics products respectively. The FSC is valid until November 2023 and allows CS MEDICA to sell and distribute products to countries outside of the EU.
- **December 9, 2021,** CS MEDICA held its annual general meeting and approved the annual report presented and reelected the Board members.
- **December 23, 2021,** CS MEDICA A/S announced that an additional five Intellectual Property Rights (IPR) registrations have been made for CANNASEN, and the Company hereby provides an update on the Company's IPR and trademark.

Q2

- **January 6, 2022,** CS MEDICA A/S recruited 4 new employees to strengthen the sales department.
- **January 26, 2022,** CS MEDICA A/S: Chairman of the Board bought shares in CS MEDICA.
- **February 3, 2022,** CS MEDICA A/S held an extraordinary general meeting ("EGM"). The EGM resolved in accordance with the Board of Directors' proposal to approve the issue of up to 798,000 incentive/bonus warrants to newly hired sales employees, the issue of up to 600,000 incentive warrants to Diaz Capital Invest AB or companies/persons related to Diaz Capital Invest AB and the proposal to make a cash capital increase to be subscribed by Diaz (direct issue) of 100,000 shares at a price of DKK 8.50 per share.
- **February 3, 2022,** CS MEDICA A/S signed a partnership with Ampilio AB, a subsidiary of SpectrumOne. Amplio will assist CS MEDICA as a business strategist, growth specialist as CS MEDICA prepares to execute global expansion on Amazon. The partnership is a running agreement with a fixed annual fee of 270 000 SEK.
- **February 17, 2022,** CS MEDICA A/S announced that their CANNANSEN® CBD Anti-Hair Loss serum has been successfully approved in the United Arab Emirates and enables CS MEDICA to market and sell the product in the United Arab Emirates.
- **February 21, 2022,** CS MEDICA A/S announced that the directed share issue of 100 000 shares to Diaz Capital Invest AB has been registered. Through the resolutions, the number of outstanding shares and votes increased by 100.000 shares, from 10.902.000 shares to 11.002.000 shares. The share capital increases by DKK 6.500 from DKK 708.630 to DKK 715.130, corresponding to a dilution of approximately 0,9 percent of the number of shares and votes in the Company.
- **March 22, 2022,** CS MEDICA A/S announced that the products CANNASEN® CBD Pain Patch, Protective Nasal Gel and CBD PSOR+ATOPIC Lotion have been launched on Matas webshop and are now available for online sales.
- **March 23, 2022,** CS MEDICA A/S announced that the United States Patent and Trademark Office has approved CS MEDICA's trademark CANNASEN®, registration no. 6,624,142. The trademark for CANNASEN® is valid until November 19, 2028.

Q3

- **April 6, 2022,** CS MEDICA A/S announces that Heidi Ahlefeldt-Laurvig will take over as Chief Growth Officer (CGO) and Chief Marketing Officer (CMO) from May 1, 2022.
- **April 11, 2022,** CS MEDICA announces that the Company has now finalized the Parts-per-billion (PBB) level THC test on their CANNASEN® CBD products, showing no trace of THC. Hong Kong, Thailand and Japan are

the countries that have legalized CBD products, and with the PPB THC test results, CS MEDICA is now able to sell CANNASEN® CBD products in these countries.

- **April 13, 2022,** CS MEDICA announces that the Company has completed one national and two PCT continuation patents, out of the 7 total patent applications covering 11 products.

- **April 21, 2022,** CS MEDICA announces that the Company has been approved by the Hong Kong customs and is now able to sell its CANNASEN® CBD products in Hong Kong. The Company has just received its first trial order from its sponsor/importer in Hong Kong.

- **April 27, 2022,** CS MEDICA announces that the CANNASEN® CBD products Pain Patch, Protective Nasal gel, and PSOR + ATOPIC lotion have been launched on Apopro's Webshop and are now available for online sales. The Company also announces the launch of CANNASEN® CBD Protective Nasal gel has been launched in Matas, now available on shelves in 186 Medicare stores. Previous product availability in Matas includes the medical devices CANNASEN® CBD Arthritis Gel, Psoriasis Gel, Anti-Hair Loss Serum and Hand Cream.

- **April 28, 2022,** CS MEDICA announces that the Company has signed an agreement with the Asian distributor and Chinese-based CBF SciTech Ltd. The contract follows the test order announced on April the 21st and will ensure the first presence of the CANNASEN® CBD products in Asia, specifically Hong Kong. The agreement's value in minimum orders for the first three years amounts to DKK 134,4 million if the terms and conditions of the agreement are fulfilled.

- **May 2, 2022,** CS MEDICA announces that the Company is expanding its sales channels by launching products through Amazon Sweden. The products CANNASEN® CBD Pain Patch, Protective Nasal Gel and CBD PSOR+ATOPIC Lotion, Anti-Hair Loss Serum, and Hand Cream are now available on Amazon Sweden's webshop.

- **May 2, 2022,** CS MEDICA announces that due to delays from the COVID-19 lockdown, the Company's revenue goal for the coming three financial years has been revised. The revenue goal for 2021/2022 is reduced to DKK 12 million from DKK 50 million forecasted prior COVID-19 lockdown. The revenue goal for the following financial year, 2022/2023, will be adjusted to DKK 65 million from DKK 150 million previously. The revenue goal of DKK 150 million is sought to be accomplished in the financial year 2023/2024.

- **May 10, 2022,** CS MEDICA announces that the Company has signed a distributor agreement with Alsitan GmbH ("Alsitan"). The agreement regards the sales of CS MEDICA's Arthritis gel under a private label in the German and Austria territory. The order amounts to 140,000 units and corresponds to an order value of DKK 4,4 million in revenue.

- **May 20, 2022,** CS MEDICA announces that the CFO Gitte Lund Henriksen has today acquired 26 841 shares in CS MEDICA at a price of 5,95, amounting to a total value of 160 012,94 DKK.

- **May 31, 2022,** CS MEDICA announces that the Company has secured loan financing of a total of approximately 6 M DKK from Bizcap AB, Gerhard Dal, and Råsunda Förvaltning AB. This financing will enable CS MEDICA to pursue additional collaboration negotiations and enter into more agreements with international customers, thus maintaining its momentum and scaling the business on international markets.

- **June 3, 2022,** CS MEDICA announces that the CFO of the Company, Gitte Lund Henriksen, has today acquired 10 159 shares in CS MEDICA at a price of 5,88, amounting to a total value of 59 824,52 DKK including commission.

- **June 22, 2022,** CS MEDICA A/S announces that the CEO of the Company, Lone Henriksen, has today acquired 6 328 shares in CS MEDICA at a price of 5,80, amounting to a total value of 36 702,4 DKK including commission.

- **June 23, 2022,** CS MEDICA announces that the final efficacy analysis in their clinical trial of CANNASEN® CBD Arthritis Gel (NGA-01) met all the trial's primary efficacy endpoints. Analysis of the data indicates that CANNASEN® CBD Arthritis Gel (NGA-01) has efficacy in reducing pain in joints, swelling, stiffness, and pain during flexion of joints of participants with osteoarthritis with joint pain in the joints; knee, hip, ankle, elbow, and shoulder. The final objective analysis is based on 60 cases of osteoarthritis, as specified in the study protocol.

- **June 28, 2022,** CS MEDICA announces that the Company has signed a distributor agreement with Forbe Healthcare Ltd. The agreement covers the territory of Israel and Palestine and includes CS MEDICA's entire portfolio of medical devices under the CANNASEN® CBD brand. The order, which concerns the portfolio of medical devices, amounts to 852,000 units, corresponding to DKK 37,1 million in revenue which will be distributed over 3.5 years if the terms and conditions are met. The terms include that the products will be introduced to the market if they are approved by local authorities.

- **June 28, 2022,** CS MEDICA announces that the Company has signed a distributor agreement with NaturaMedica. The agreement covers the territory of Slovenia and includes 4 of CS MEDICA's medical device products under the CANNASEN® CBD brand. The order amounts to 20,700 units, corresponding to DKK 0,9 million in revenue which will be distributed over a 3.5-year period.

Q4

- **Jul 12, 2022,** CS MEDICA announces that the Company has expanded its presence on Amazon sales platform and is now also distributed on the German Amazon site.

- **Jul 12, 2022,** CS MEDICA announces that, after conducting the final efficacy analysis in their clinical trial, their CANNASEN®CBD Arthritis Gel & CANNASEN®CBD ARTH Supplement (NGA-01 gel and NSA-01 capsule), met all the trial's primary and secondary efficacy, tolerability & safety endpoints. The final analysis was based on 60 cases of osteoarthritis. The trial data showed that both NGA-01 and NSA-01 were well tolerated, no adverse event was reported, and no significant changes were observed in the urinalysis. The results strengthen our product offering and improve our competitive advantage in the Medical CBD product market.

- **Jul 26, 2022,** CS MEDICA announces that the Company has received certificates of registration for trademark CANNASEN® in Hong Kong and New Zealand. This marks an important step for securing the brand in the Company's expansion on the global market.

- **Aug 05, 2022,** CS MEDICA announces that CEO Lone Henriksen as well as CFO Gitte Lund Henriksen have extended their lock-up agreements for their shares in the Company until August 2023. In total, the lock-up agreements correspond to approximately 74 percent of the votes and capital in CS MEDICA.

- **Aug 15, 2022,** CS MEDICA announces that the Company has made a groundbreaking discovery in the natural activity of cannabinoid CBD in the human body. The discovery shows that the efficacy of the cannabinoid CBD, not only depends on the raw material of CBD but also on the different production methods. With this new data, CS MEDICA will review its current business model to incorporate the discovery and how to capitalize on it in the future.

- **Aug 18, 2022,** CS MEDICA inform the market that they aim to secure and capitalize on their first mover advantages by securing the necessary capital, hence they are intensifying their effort to close a Direct Issue, on a share price goal of 31,50 DKK with new investors.

- **Aug 19, 2022,** CS MEDICA announces that the Company have entered in dialog with a European based veterinarian company, with a long track record, branding their products to veterinary practices throughout Europe. The Company is hereby looking into entering the veterinarian market with the Company's Veterinary Medical CBD Products before schedule.

- **Aug 22, 2022,** CS MEDICA announces that the Company has extended its cooperation with its partner Nutrin, manufacture and R&D partner. Nutrin has developed a lozenge that protects against COVID-19 infection. This lozenge in combination with CS MEDICA's Protective Nasal Gel forms a shield that protects against COVID-19 virus infection.

- **Aug 23, 2022,** CS MEDICA announces that the Company has just received the first order from their partner Forbe HealthCare Ltd in Israel. This first order amounts to DKK 2.6 million, out of the agreed order minimum, of DKK 37,1 million, covering the next 3.5 years. CS MEDICA'S CBD product line will be the first CBD products launched at the Israeli market.

- **Aug 24, 2022,** CS MEDICA's incentive program with Diaz Capital Invest AB is now vested with the first portion of the warrants in series TO2 being exercised with 255,300 shares at the strike price of 10.30 DKK per share. The remaing TO3 series warrants, 250,000 shares, can be exercised at a strike price of 31.50 DKK per share if they vest.

- **Aug 24, 2022,** CS MEDICA A/S's long-awaited breakthrough in the Danish pharmacy world is now a reality, as they close agreements with two out of the three leading pharmacy chains in Denmark. With this agreement the Company get access to 400 pharmacies in Denmark, with shelf space as well as online availability for the full CANNASEN® CBD product line.

- **Aug 25, 2022,** CS MEDICA A/S signs Letter Of Intent (LoI) with Heilongjiang FuYu ShengKun Textile Industry Co., Ltd regarding a directed issue of 60 MDKK at a share price of 31.50 DKK.

- **Aug 29, 2022,** CS MEDICA announces that the final efficacy analysis in their clinical trial of CANNASEN®CBD Psoriasis Gel (NGP-01) met all the trial's primary and secondary efficacy endpoints. Analysis of the data confirms that CANNASEN®CBD Psoriasis Gel (NGP-01) has efficacy in reducing skin pain, Itch, redness, scaling, and the reduction of psoriasis attack of participants with mild-to-moderate psoriasis.

- **Sep 06, 2022,** During the period 18 August 2022 – 1 September 2022, holders of warrants of series TO 1 have been entitled to subscribe for shares with warrants. A total of 1,065,335 warrants of series TO 1 were exercised, corresponding to an exercise rate of approx. 92 percent. CS MEDICA will receive approx. DKK 9.9 million before deduction of transaction related costs of approx. DKK 0.8 million.

- **Sep 07, 2022,** CS MEDICA announces that their 6 CANNANSEN® CBD Medical Products has been successfully registered at Medicines and Healthcare products Regulatory Agency ("MHRA") in United Kingdom. The 6 CANNANSEN® CBD Medical Products has been through a registration procedure at MHRA – the process is finalized and the products are now ready for Sale in United Kingdom.

- **Sep 16, 2022,** CS MEDICA announces that the Company has received an order from Alsitan GmbH ("Alsitan"). The order includes a new advanced arthritis pain gel under a private label for the German territory. The order amounts to 15,000 units and corresponds to an order value of DKK 0,56 million in revenue.

- **Sep 19, 2022,** After becoming one of the six first Danish companies to list its shares at Spotlight Denmark, CS MEDICA ("CS MEDICA" or the "Company") prepares to move to the Nasdaq Main Market in Denmark. Listing on the Main Market (NASDAQ) can increase further visibility and may allow CS MEDICA to be included in both Danish and International indexes.

- **Sep 22, 2022,** CS MEDICA announces that the Company has completed all PCT continuation patents, in total 7 patents applications covering 11 products.

- **Sep 27, 2022,** CS MEDICA sells their CANNASEN® CBD product line on Amazon Germany and Amazon Sweden, but is not experiencing the uplift in sales as expected. Henceforward CS Medica is intensifying their presence on Amazon platforms and has entered a cooperation with Incubeta, an Amazon service provider specialized within CBD products.

- **Sep 29, 2022,** CS MEDICA announces that the Company has received orders for several Balkan countries. The full CANNASEN® portfolio will be shipped to the countries to kick start the sales immediately.

- **Sep 29, 2022,** CS MEDICA signs Letter Of Intent (LoI) with Inner Mongolia Rong Shi Hi-Tech Co., Ltd regarding a directed issue of 60 MDKK shares at a price of 31.50 DKK.

HIGHLIGHTS AFTER THE PERIOD

- **Oct 10, 2022,** CS MEDICA announces that the Company will close the year with a revenue of 10,6M DKK delivered with well-known partners within the industry. Alliance Healthcare Romania, part of the Alliance Healthcare, one of the largest wholesalers in Europe, will market the Cannasen® brand and all SKUs. Whereas, the Spanish Aldo-Union will bring the unique formulas and products in their own brand to patients in Spain.

- **Oct 25, 2022,** Board member Bo Unéus notified CS MEDICA A/S that he resigns as a member of the board of directors of CS MEDICA.

- **Dec 16, 2022,** CS MEDICA A/S announces that the company has signed a deal with Cleanpure Scandinavia AB & Cleanpure UK Ltd, who will distribute the entire CANNASEN® portfolio on the Swedish market and the Amazon channels in the United Kingdom as Sweden.

- **Dec 19, 2022,** CS MEDICA A/S announces today that The European Union Health Commissioner has proposed delaying enforcement of the Medical Devices Regulation (MDR) by three to four years, which is promising news for the company. It can give the company an additional four years ahead of competition. With patents and trademark protecting the company, a potential extension of the MDR transition will strengthen the company's market position.

- **Dec 28, 2022,** CS MEDICA A/S announces that additional three clinical trials and several in-vitro tests have been initiated, and the Company hereby provides an update on the Company's clinical trials and in-vitro test.

DIRECTOR'S REPORT

Changes to Management and Board of Directors

In 2022, board member Bo Unéus resigned as a board member of CS MEDICA. The resignation was an expected action. CS MEDICA was looking for a new Strategic Financial Advisor to optimally guide the company's journey as a Medtech company. Bo Unéus was an appointed board member from our previous advisor relationship with Sedermera.

The Chairman of the Board afterward initiated a self-evaluation of the Board profiles and competencies during 2022 to ensure the best match with our growth journey.

New C-profiles in the management team
In February 2022, two new C-level profiles were signed to grow revenue and market expansion. Both with backgrounds in the medical industry and pharmacy channels.

- **Mikkel Raahauge Nielsen** as Head of International Sales for CANNORDIC a/s

- **Anne-Marie Bro Vedstesen** as Head of Scandinavian Sales for Galaxa Pharma a/s. Unfortunately, the management and Anne-Marie disagreed on the strategies and performance level, resulting in Anne-Marie leaving in April 2022.

In May 2022, a new profile for marketing and growth was onboarded to optimize the value chain and digitalization additionally.

- **Heidi Ahlefeldt-Laurvig** as Chief Marketing Officer and Chief Growth Officer, replacing Hanne Søgaard in the management team. Heidi was positioned in CS MEDICA for overall operational impact.

In June, Sales & Marketing were merged into one unit, with the marketing manager being accountable for the revenue growth on own btc platforms, retail channels, e-commerce, and Amazon as well. In August 2022, Mikkel repositioned as Chief Commercial Officer with global sales and business development responsibility. Heidi repositioned to support CANNORDIC and GALAXA PHARMA operations, transformation, and digitalization as Chief Operating Officer while maintaining the role of CMO.

The co-founders, Gitte Henriksen and Lone Henriksen, who have used time and resources to cover multiple tasks within the value chain over the last years, are with the new management team now able to focus on the core tasks of guiding the company in the right direction in regard to R&D and Financial superiority.

DIRECTOR'S REPORT

Proposed appropriation of profits

Employees

At the end of 2022, the number of employees accounted 7 full-time employees, 4 interns, and up to 6 freelancers/ interims flexing hours depending on need instead of fixed headcounts. It all means we had to say goodbye to 7 headcounts in 2021/22. The mix of team, incl external partner, is 69% women and 31% men. More information about CS MEDICA employees and culture is presented on pages 34.

Outlook for 2022/2023

Based on learnings from last year, CS MEDICA is revising the budget for 2022/23 based on new presumptions. We believe in maintaining the growth rate from 2021/22, and we will double the revenue again in 2022/2023 as a minimum.

Medium-term financial ambitions

CS MEDICA targets expansion in global markets and categories and to strengthen its sales resources. The priority is to invest in growth and customer experience while ensuring as smooth MDR transition as possible.

DIRECTOR'S REPORT

Risk Management

To secure a sustainable business we anticipate and adapt our environment to create new strategic opportunities.

This includes both external factors, such as changes in market conditions or technological advances, and internal factors, such as changes in the business's operations or strategy. By a rigorous and systematic risk management, we identify potential challenges and take steps to mitigate or eliminate them, for us to protect and create value.

In our risk management we apply a dual lensed approach to risk management, by considering both operational and strategic risks. This means that we identify and address both operational risks, as well as strategic risks that could reduce our ability to achieve our corporate strategy over the long-term.,

Operational risks are those that can affect the day-to-day operations of the business, such as supply chain disruptions, IT failures, or regulatory compliance issues. By identifying and mitigating these risks, a business can maintain continuity and avoid costly disruptions.

Strategic risks, on the other hand, are those that can affect the overall direction and success of the business over the long-term. These can include market shifts, technological changes, or changes in consumer preferences. By considering these risks, a business can anticipate and adapt to change, and proactively develop strategies to stay ahead of the competition.

Addressing risks in our strategic planning

The Executive Management and the Board of Directors is annually analyzing our risk profile, by evaluating any risks that could potentially impact our organization. The identified risks are analyzed in terms of likelihood and impact to prioritize the risks in need of attention. With this knowledge a risk management plan is outlined addressing each risk, including strategies for mitigating, transferring, accepting, or avoiding the risks. The risk management plan is implemented and measured in an action plan, which is reviewed and monitored on an ongoing basis to ensure that it is effective and up to date.

Access and affordability

Access to affordable care and the burden of chronic disease continues to rise. Ensuring access and affordability is a risk and responsibility that CS MEDICA shares with everyone involved in the healthcare sector. We recognize that we cannot defeat chronic diseases alone, but to reduce risk we can accelerate our actions to find solutions in collaboration with relevant stakeholders.

Innovation and competition

We are a MedTech company whose future is based on raising the level of innovation. To remain competitive in the future and thereby reduce innovation risk, we invest significantly in internal and external pipeline capabilities to ensure patients receive improved treatments.

We may become subject to delays due to competition in the medical and cannabis industries challenging our registrations, positioning and marketing.

Digital disruption

New digital technologies can bring new competitors into the pharmaceutical industry, but at the same time open up the opportunity to deliver more value to our stakeholders and help them live a life without the limitations of their disease. Digital health solutions bring new risks, especially related to data regulation and privacy, as well as potential quality risks. We endeavor to monitor and mitigate these risks in close cooperation with relevant partners.

> "In our risk management we apply a dual lensed approach to risk management, by considering both operational and strategic risks

Cannabis disruption

The huge focus and more clinical findings in a disrupted cannabis market can bring new competitors into the industry, but at the same time gives the possibility of delivering more value to our stakeholders, in the form of new combination products and forms of delivery.

Production capacity and supply chain risks

Demand fluctuations, resource shortages, trade disputes, quality assurance and local manufacturing requirements Fluctuations in demand, resource shortages, trade conflicts, quality assurance and local production requirements can put pressure on global supply chains. Furthermore, our ongoing expansion of production capacity is complex and associated with long delivery times. Planning and managing our supply chain and production is key to mitigating this risk.

Operational risk management process

In the short to medium term, we are exposed to risks throughout our value chain. Some risks are inherent in the MedTech industry, such as delays or failures of potential ingredients, packaging, or approvals at a late stage in the R&D pipeline. Other external, macro-related risks, such as supply disruptions and competitive threats, and similar factors familiar to any manufacturing company with global production.

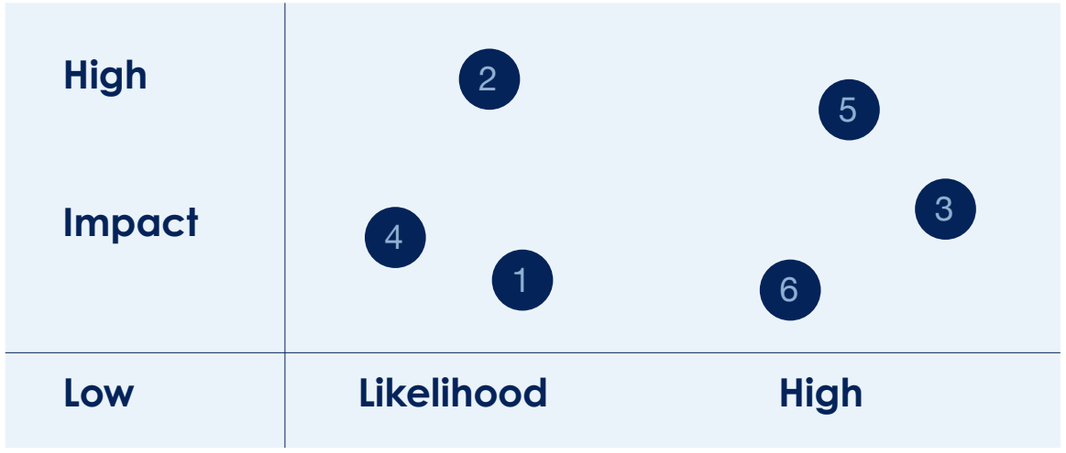
In order not to compromise on product quality, patient safety and business ethics, every six months the management and the board review a 'heat map' of our greatest operational risks. This map is based on insights from management teams across the organization and includes risks that could cause significant disruption to the business over a three-year horizon.

The following summary provides more detail on our key risks

Key operational risks

An aggregated illustration of our key operational risks is outlined below with associated descriptions on the following page.

1. Clinical Pipeline Risks
2. Product Supply, Quality and Safety Risk
3. Commercialization Risks
4. IT Security Risks
5. Financial Risks
6. Legal, Patents and Compliance Risks



	Risk area	Description	Impact	Mitigating actions
1	Clinical Pipeline Risks	Findings in clinical activities, regulatory processes or misunderstanding of commercial potential leading to delays or failure of products in the pipeline	– Patients would not benefit from innovative treatments – Could have an adverse impact on sales, profits and market position	– Pre-clinical and clinical activities to demonstrate safety and efficacy – Consultations with regulators to review pre-clinical and clinical findings and obtain guidance on development path
2	Product Supply, Quality and Safety Risks	Disruption of product supply or quality failures may compromise the availability of products, ultimately impacting the health of patients and a lost commercial opportunity	– Product shortages could have potential implications for patients – Could put patients' health and lives at risk and jeopardize reputation and license to operate if regulatory compliance is not ensured – Could have an adverse impact on sales, profits and market position	– Establishing global production with multiple facilities and safety stock to reduce supply risk – Regular quality audits of internal units and suppliers and Regular quality audits of internal units and suppliers and documented ISO 13485 compliance – Identification and correction of root causes when issues are identified. If necessary, products are recalled
3	Commercialization Risks	Market dynamics and geopolitical, macroeconomic or healthcare crises (e.g., pandemics) leading to reduced payer ability and willingness to pay	– Market dynamics could impact price levels and patient access – Could have an adverse impact on sales, profits and market position	– Innovation of novel products, clinical trial data and real-world evidence demonstrate added value of new products – Payer negotiations to ensure improved patients' access – Increased and new access and affordability initiatives
4	IT Security Risks	Disruption to IT systems, such as cyber-attacks or infrastructure failure resulting in business disruption or breach of data confidentiality	– Could limit our ability to produce and safeguard product quality – Could compromise patients' or other individuals' privacy – Could limit our ability to maintain operations or limit future business opportunities if proprietary information is lost – Could have an adverse impact on sales, profits and market position	– Company-wide information security awareness activities – Continuity plans for non-availability of IT systems – Company-wide internal audit of IT security controls – Detection and protection mechanisms in IT systems and business processes
5	Financial Risks	– Delays in clinical trials and/or controlled studies, or product developments, will result in cash flow being generated later than expected. – There is a risk that our targets regarding the market penetration and sales will not be achieved within the timeframe determined.	– Could lead to significant adjustments in funding needs. – Development, manufacturing, market penetration, etc. are temporarily halted causing business operations at a slower pace than desired, – Delays in commercialization and revenue. – Could have an adverse impact on sales, profits and market position in general	– Spreading our investments across a variety of different assets and industries. – Minimizing risk by regularly reviewing and assessing potential risks faced by the organization. – Establish policies and procedures to mitigate financial risks, such as setting limits on the amount of capital that can be invested in a single asset.
6	Legal, Patents and Compliance Risks	Breach of legislation, industry codes or company policies. Competitors asserting patents against CS MEDICA or challenging patents critical for protection of commercial product and pipeline candidates	– Potential exposure to investigations, criminal and civil sanctions and other penalties – Could compromise our reputation and the rights and integrity of individuals involved – Unexpected loss of exclusivity for or injunctions against existing and pipeline products could have an adverse impact on future sales – Could have an adverse impact on sales, profits and market position	– Legal review of key activities – Business Ethics Code of Conduct integrated in our business, Compliance hotline in place and Internal Audit of compliance with business ethics standards – Internal controls to minimise vulnerability to patent infringement and invalidity actions

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

Board of Directors

Jørgen Flemming Ladefoged (1970)
– Chairman of the Board

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

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

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

Stein Løkstad (1955)
– Member of the Board

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

Anders Permin (1963)
– Member of the Board

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

Alexandre Fevre (1966)
– Member of the Board

Alexandre Fevre is an Specialty pharma / biotech executive with combined scientific background and 20+ years of experience in leading Global and Local Marketing teams and processes, delivering results across international and national assignments (Global, USA, EU).

Advisory Board

Michael Mathiesen (1969)
- Advisory Board member

Michael Mathiesen holds an B.Sc. in Foreign Economic from Copenhagen Business School (CBS). Michael is an experienced Board Member, investor/VC and entrepreneur with more than 400 international, hands on, investments, strategic trade sales and IPO´s. Have worked in Scandinavia, UK, US, Canada, Russia, China and West Africa.

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 30 September 2022, the Board of Directors consists of five members.

To ensure constructive and value-creating discussions, the Board of Directors aims at ensuring the right composition and balance of competencies in the Board. Consequently, it is the mission of the Board of Directors to argue the competencies within scaling and internationalization of MedTech businesses while also looking to organize itself with Board members that hold solid experience and a strong track record from large, listed companies. As the structure needs to fulfill the gender split, see p. 36

Process and conclusions on the Board evaluation

The Board evaluation includes all members of the Board of Directors and the Executive Board, and the Chairman of the Board is responsible for conducting the Board evaluation. The Board of Directors adjusts the composition of the Board based on the results of the Board evaluation and in accordance with the competency profile mentioned above. The Board agreed to continue to focus on contributing to the long-term and strategic value-creation of the Company.

The Board of Directors has adapted the following policies:

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

CORPORATE GOVERNANCE

Executive management

Management Team CS-MEDICA A/S
From left Mikkel R. Nielsen (CCO), Lone Henriksen (CEO & CSO),
Gitte Henriksen (CFO & CIO), Heidi Ahlefeldt-Laurvig (COO & CMO)

Lone Henriksen (1970) – CEO, CSO and Founder
Lone Henriksen holds a B.Sc. in Biochemistry and a B.Sc. in Business and Strategic Marketing. She has more than 20 years of experience in the pharmaceutical industry. Lone has valuable experience with sourcing and securing GMP and GDP in the value chain; R&D in ingredients, health food, cosmetics, and pharmaceuticals; as well as a quality and project management. In her previous work, she was, amongst others, behind the global cooperation between Brenntag and Astra Zeneca. On a management level, she has experience with the following:

- R&D and QA together with customers & suppliers
- Product Development with customers and vendors within Big Pharma, e.g., Novo, Astra Zeneca, Leo, Pharma Cosmos, Pitzer, etc.
- Sourcing new producers with new niche products
- Contract and price negotiations
- Ensuring GMP & GDP in the value chain
- Networking and corporation with global CMOs and labs

Gitte Henriksen (1967) – CFO, CIO, Founder and Board member
See described above in chapter “Board of Directors”.

Heidi Ahlefeldt-Laurvig (1973) – COO, CMO
Heidi Ahlefeldt-Laurvig holds an MBA from Henley Business School. She is today an external examiner (censor) at CBS and other DK Universities, a Jury Board member at the Ecommerce Awards with the Danish Chamber of Commerce, and chairman at Økonomisk Ugebrev. Heidi has experience delivering growth, transformations, internationalization, branding, and digitalization. Over the last 20 years, she has successfully worked with different industries and reframed business models and strategies to grow brands and companies. Heidi worked in larger companies like L’Oreal, P&G, Cloetta, Coop, Dagrofa, and in smaller family-owned companies as when she transformed the company Life Extension Europe from a basic webshop into a pan-European e-commerce company.

Mikkel Raahauge Nielsen (1985) - CCO
Mikkel Raahauge Nielsen holds an M.Sc. in International Business. Mikkel has 10+ years of experience in the pharmaceutical industry in various positions. The focus has been on sales and strategy since 2014 and the latest position included the commercial responsibility for 900+ pharmaceuticals in Scandinavia. The main drivers for Mikkel, in the current position, is to create long-lasting partnerships that build on trust, mutual understanding for strategic positioning of the CANNASEN® portfolio, and product awareness by end consumers. “The goal is to bring our fantastic portfolio to as many patients as possible, through our great network of experienced partners”.

SUSTAINABILITY REPORT

Sustainability report

Many industries face challenges when implementing more sustainable practices, and our situation is no less. Based on our size and experience, we can't change the industry with power and muscles. Still, we can maneuver more agile and actionable to push for making sustainable choices easy for our partners and customers.

About the report

Based on our materiality assessment, a Sustainability Report will be ready for 2022/23, focusing on the essential material topics for CS MEDICA. It will include disclosures on material topics structured on three core areas: Environmental, Governance, and Social.

In brief - headlines for upcoming Sustainability Report:

Our material topics relate to the UN's Sustainable Development Goals with a focus on the following:

We actively support six SDGs and aim to implement them as DNA footprints in our organization and partnerships and will be implementing a strategy and plan during 2023 to fulfil the following goals:

- We wish to change the industry through innovation, improving patients' health and well-being worldwide.
- We share and publish our studies, educate where we can, and offer our technology and scientific learning to the industry.
- We wish to be CO2 neutral, optimize the effect on nature and climate in our processes, and work only with certified partners interested in the same goals.

Environment

As a fast-growing MedTech company that includes R&D, manufacturing, sales & distribution, we work within supply chains where climate change can directly affect us but also where we leave an environmental footprint.

It is, therefore, a priority to measure and optimize impact areas for CO2, energy, etc. For some of the changes we have implemented in 2021/22:

- We optimized distribution efficiency by creating a Hub with a wholesaler in central Europe to minimize the shipping distance.
- We harmonized the secondary packaging of our portfolio, and the amount of different box sizes are to be reduced for more efficient production and less paper waste.

Governance

CS MEDICA is committed to operating responsibly, with the best possible standards of ethics, trust, safety, and transparency. Our sustainability work is to be an integrated part of our DNA, business, and processes.

Social

Being in a fast-growing company, and additionally in a startup with more presumptions, building blocks, fewer resources, and funding than in a mature company, can be challenging for most employees. However, with multiple skills and the right mindset, tools, and support, it can be great fun with lots of learning.

The onboarding of the best-matching people and the growth and well-being of our employees are top priorities for CS MEDICA. Therefore, we strive to create a work environment that provides a healthy balance for development, responsibility, and satisfaction. We are a small core team of 7 full-time employees, with support from interns and external partners that act as an integrated team. We have different nationalities, backgrounds, and beliefs that work seamlessly together.

For some of the changes we have implemented in 2021/22:

- We test a 4-workday week, coordinating the days at the office together.
- We merged sales & marketing to work more seamlessly, and, i.e. when our marketing manager took over the sales for the pharmacy channel, she got listings in almost all chains within 4-5 months due to heavy consumer focus and brand insights.

Additional information and next step

CS MEDICA weighs input from our stakeholders heavily. We have identified key stakeholders, from shareholders, customers, influencers, professionals, partners and peers in the industry, and of course, authorities. For the upcoming report, we will also define a process for how we interact and on which topics. It is crucial as we will prioritize working mainly with profiles that understand and wish for a successful CS MEDICA long-term.

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS

Financial statements & review

STATEMENT FROM THE CFO - GITTE LUND HENRIKSEN

Adopting IFRS: Professionalizing CS MEDICA
CS MEDICA has changed accounting policies and is now adopting the IFRS standard to, firstly, professionalize and augment the financial structure and backbone of CS MEDICA and, secondly, to promote financial transparency and analysing CS MEDICA in an international context. Furthermore, the IFRS adoption is the company's first step in our long-term goal of admission to trading on the Main Market.

As this is the first time adopting IFRS in our financial statements, please find more information about the changes in the section Accounting Policies below.

Operating profit: Investing in long-term revenue growth
The financial year 2021/2022, resulted in a negative operation profit of tDKK 13.334, compared to tDKK -176 in 2020/2021. The result aligns with Management's expectations and in accordance with the growth strategy put forth in the IPO document of September 2021, which is now in execution. The strategy prescribes investing into product development and commercial activities to build a globally scalable business. CS MEDICA has increased its revenue growth rate to 233% in 2021/2022 versus 51% in 2020/2021 and 48% in 2019/2020, investing further in product development and commercial activities to build a globally scalable business. The revenue growth is a testament to the initial success and results of the execution on the internationalization strategy, through which CS MEDICA focuses on long term revenue growth and shareholder value. Investing in growing the team and an international distribution channel, will on the short term generate a negative operation profit, but long term strengthens the profitability and position in the market.

Financial review

During 2021/2022, CS MEDICA's financial position has been strengthened with warrants exercises and direct issues. The capitalization supports CS MEDICA's ambition to invest in scaling the business, entering new markets, launching new products, fulfilling the legal requirements moving from MDD to MDR.

Income Statement

Revenue
Revenue for the fiscal year amounted to tDKK10.583, an increase of 233% against a revenue of tDKK 3.180 in 2020/2021. The Net sales didn't fully reach the financial revenue target of DKK 12 million but are compensated by a big order pipeline.

CS MEDICA is still operating in an early phase of the company's market launch and internationalization. As new distributors are established and local approvals obtained, the company secure a foundation that can advance the company's future strategic objectives. The company are currently receiving re-orders from brand distributors as well as distributors within Private label and White label.

Gross profit for the fiscal year amounted to tDKK 4.621, against tDKK 1.676 in 2020/2021, an increase of 92%.

During the financial year, we launched CANNASEN®'s Pain Patch, Wound Gel, Protective Nasal Gel, Nasal Spray Night, and Psor+Atopic Lotion on a global scale, reaching a relatively broad range of 9 finished products on the markets (6 medical devices and 3 cosmetic products, all topical and intranasal). On Amazon the company is currently present in Germany and Sweden, and in the process of launching at Amazon France and Italy and in Spain with selected products. Furthermore, all products are launched at a brand store on Amazon UK together with our SE and UK partner.

Currently CS MEDICA has signed distribution or reseller agreements in Denmark, Sweden, Netherlands, Belgium, Germany (own label), Spain (own label), Austria, Slovenia, Serbia, Croatia, Israel, Palestine. Furthermore, a multichannel distribution system is agreed in the Swedish market, including distribution for the UK Amazon sales channel. Our partner in Austria will also cover the Swiss and German (own label) market. During 2021/2022 our own-label partner in Germany placed 2 reorders and added a line extension under the distributor agreement. The Slovenian distributor placed a re-order within the first 5 months. CS MEDICA is presently in the process of finalizing agreements in several countries, cf.

While currently focusing on the expansion for the European market, we also keep an outlook on openings in overseas markets, especially in Oceania and Asia/MENA, while central America seems like an obvious option at this moment. We already have free sales permission throughout the European countries through our registration at the Danish medical agency. Furthermore, we have now achieved Free Sales Certificates in 160 countries outside of the European Union.

Sales and distribution cost

Aligned with the use of proceeds from the IPO document, CS MEDICA invested heavily in sale, which is reflected in the increase in Sales and distribution cost in 2021/2022, of totally tDKK 2.536 (2021/2022 tDKK 3.507 compared to 2020/2021 tDKK 971), of which costs for exhibitions alone make up tDKK 425.

Administrative costs

To secure an agile, optimized, and flexible organization CS MEDICA has combined its workforce with freelance assistance within logistics, marketing, and sale, totally tDKK 1.641. Furthermore, administrative costs include tDKK 1.546 covering the company's cost related to their position as a public company. The last quarters, we insourced marketing and merged with sales to obtain a seamless value chain within the company and reduce the cost of agencies for the new year.

Hence the administrative costs in 2021/2022, has increased to tDKK 5.648, compared to tDKK 763 in 2020/2021.

Staff costs

Aligned with the use of proceeds from the IPO document, CS MEDICA invested heavily in hirings related a board of directors, to sales, marketing- and product development. The expansion of the workforce ensures the company's first-mover position and rapid internationalization through multilevel distribution channels.

Consequently, CS MEDICA has been in a transition period, going from being a mainly R&D-driven company to also entails the sales and distribution on an international level. During 2020/2021 most employees was involved within product development, hence the cost was capitalized as development cost. Consequently, staff costs have grown from tdkk 739 in 2020/2021 to tDKK 7.460 in 2021/2022. In the last quarter, we slowed down the costs by converting head counts to variable costs by utilizing freelance and interim positions.

Financial costs net

The Net Financials for the fiscal year amounted to tDKK -828, compared to tDKK -232 in 2020/2021. The higher interest expenses in 2021/2022 are mainly caused by interest related to the bridge loan now paid out, totally tDKK 454.

Income tax benefit

Income tax benefit totally tDKK 3.359 in 2021/2022 and tDKK 1.055 in 2020/2021, mainly relates to future benefits from tax loss incorporated as a deferred tax asset.

In 2020/2021 CS MEDICA received a tax credit related to it's research and development expenses at the applicable tax rate under the Danish Corporate Income Tax Act.

Statement of financial position

During 2021/2022, CS MEDICA's financial position has been strengthened with warrants exercises and direct issues. CS MEDICA listing at Spotlight in September 2021 provided the Company with approximately DKK 22.3[1] mill. Since the IPO, CS MEDICA secured one direct Issue of 850 TDKK in February 2022 at a share price of 8.5 DKK, followed by two warrants exercises in August and September 2022, of total 12.5[2] MDKK , at share prices of respectively 9.3 DKK (TO1) and 10.3 DKK (TO2). The TO1 was accomplished, with a 92% succession. A larger part of the funding covered a complimented bridge loan of 6 MDKK made in May 2022 due to a delay in clinical trials hence revenue, caused by COVID-19. CS MEDICA is currently in the process of evaluating different financial advisors to secure the funding as well as risk management, and valuable financial insights in general.

Assets

Intangible assets

As of September 30, 2022, CS MEDICA had development projects and IPR rights and rights of tDKK 13.515 compared to tDKK 12.777 as of September 30, 2021. The increase is caused by investments in clinical trials and extended requirements to product documentation following the company's adoption of the increased requires under the new MDR.

Trade receivables

As of September 30, 2022, CS MEDICA had trade receivables assets of tDKK 6.494 compared to tDKK 1.636 as September 30, 2021. The invoicing in Q4 2021/2022 has been 311% higher than Q4 2020/2021 in addition to that, CS MEDICA has granted an extension of the payment deadline for distributors with extended approval time at local markets.

Cash and Cash equivalents

As of September 30, 2022, CS MEDICA had cash and cash equivalents of tDKK 2.934 compared to tDKK 9.996 as of September 30, 2021. The decrease is primarily due to the cost following the IPO in 2020/2021, direct issue and warrant exercise in 2021/2022, totally tDKK 7.356, included with tDKK 1.546 under administrative cost and tDKK 5.811 (2021/2022 tDKK 2.091 and in 2020/2021 tDKK 3.720) under free reserves at the equity.

Equity and liabilities

Equity

As of September 30, 2022, equity amounted to tDKK 24.927 compared to tDKK 24.147 on September 30, 2021. The increase is primarily due to the share premium from Direct Issue and the warrant exercises.

At the end of the period, CS MEDICA's equity/asset ratio was 89% (88%).

[1] At the IPO, the company followed the Swedish method, offering units instead of shares, where one unit consisted of 5 shares at a share price of 7,70 DKK, combined with two warrants one year after the IPO, with an exercise price of +20% (9,30 DKK). The IPO of units was oversubscribed with a subscription ratio of 158%, securing 22.3 MDKK in funding. Net DKK 19.5 mill, with DKK 12.8 mill in payout after the IPO plus DKK 3.9 mill in bridge financing and DKK 2.8 mill in loan from family offset I shares in the IPO

[2] Before costs.

Equity investments in group enterprises (Parent)
As of September 30, 2022, CS MEDICA's subsidiary Galaxa Pharma equity amounted to tDKK 814, while CANNORDIC A/S's equity, amounted to tDKK 641. The parent company has made a capital injection in Galaxa Pharma A/S of tDKK 2.500 and in CANNORDIC A/S of tDKK 3.000.

Total non-current liabilities
As of September 30, 2022, Total non-current liabilities amounted to tDKK 759 compared to tDKK 1.644 as of September 30, 2021. Non-current liabilities in 2021/2022 mainly consist of loan to Vaekstfonden of tDKK 1.042, tDKK 594 non-current and tDKK 448 current.

Total current liabilities
As of September 30, 2022, Total current liabilities amounted to tDKK 2.219 compared to tDKK 1.619 on September 30, 2021. The increase is mainly caused by increase in trade payables.

Cashflows

Cash flow from operating activities
Net cash flow from operating activities for 2021/2022 showed an outflow of tDKK 14.042 compared to an outflow of tDKK 6.019 in 2020/2021. The decrease in net cash flow from operating activities in 2021/2022 is related to the increase in the operations-related costs (e.g. staff costs, cost to freelancers, agencies and increased sales- and marketing activities) that are being invested in the international expansion of CS MEDICA in accordance with the announced strategy in the IPO document of September 2021.

Cash flow from Investing activities
Net cash flow from investing activities amounted to an outflow of tDKK 2.813 in 2021/2022 compared to an outflow of tDKK 4.162 in 2020/2021. The decrease is caused by less investment in development projects in 2021/2022 compared to 2020/2021. In 2020/2021 the company had a heavy outflow caused by the need for finalizing all medical products before the change in legislation from MDD to MDR in May 2021.

Cash flow from Financing activities
Net cash flow from financing activities amounted to an inflow of tDKK 9.793 in 2021/2022 compared to an inflow of tDKK 19.880 in 2020/2021. The inflow in 2020/2021 follows the IPO, whereas the inflow in 2021/2022 relates to the warrants and direct Issue exercise.

CONSOLIDATED STATEMENTS

Income statements

	Note	2021/2022 DKK	2020/2021 DKK
Income Statement			
Net Sales	1	10.583.029	3.179.557
Costs of goods sold		-5.962.393	-1.503.381
Gross Profit		**4.620.636**	**1.676.176**
Other operating income	2	736.265	1.987.950
Sales and distribution cost		-3.507.266	-971.182
Administrative costs		-5.648.016	-762.704
Staff costs	3	-7.459.971	-738.835
Depreciation and amoritsation	4	-2.075.780	-1.367.452
Operating profit		**-13.334.133**	**-176.047**
Financial costs net	5	-828.459	-231.738
Profit or loss before tax		**-14.162.592**	**-407.786**
Tax on net profit or loss for the year	6	3.359.620	1.055.415
Net profit or loss for the year		**-10.802.971**	**647.629**

	Note	2021/2022 DKK	2020/2021 DKK
Comprehensive income			
Net profit or loss for the year		-10.802.971	647.629
Other comprehensive income:			
Cost Diret Issue & IPO		-2.090.661	-3.719.889
Total comprehensive income for the year		**-12.893.633**	**-3.072.260**
Attributable to:			
Shareholders of CS MEDICA A/S			
Earnings per share, basic (DKK)	12	-0,85	0,12
Earnings per share, basic (DKK) Earnings per share, diluted (DKK)	12	-0,78	0,12

CONSOLIDATED STATEMENTS

Statement of financial position

	Note	2021/2022 DKK	2020/2021 DKK	2019/2020 DKK
Balance Sheet				
Assets				
Development projects & IPR rights	7	9.561.982	8.346.148	3.451.421
Rights	7	3.952.876	4.431.174	0
Deferred tax assets	6	3.505.709	226.543	451.637
Deposits	8	109.012	82.187	0
Total non-current assets		**17.129.579**	**13.086.052**	**3.903.058**
Current assets				
Inventories				
Work in progress		0	64.428	0
Manufactered goods and goods for resale	9	1.348.534	1.164.684	1.120.781
Trade receivables	10	6.493.623	1.635.557	46.287
Other receivables	11	0	1.464.357	69.200
Cash on hand and demand deposits		2.933.783	9.996.085	296.885
Total current assets		**10.775.941**	**14.325.111**	**1.533.152**
Total assets		**27.905.519**	**27.411.163**	**5.436.210**

	Note	2021/2022 DKK	2020/2021 DKK	2019/2020 DKK
Equity and liabilities				
Share Capital	12	800.971	708.630	80.000
Reserve for net revaluation according to the equity method		0	1.387.251	0
Reserve for development costs		7.435.878	5.763.914	0
Retained earnings		16.689.693	16.287.572	7.241
Other Capital reserves	13	0	0	0
Total equity		**24.926.543**	**24.147.367**	**87.241**
Provissions for deferred tax		0	0	759.313
Other privisions	16	164.948	329.900	494.850
Subordinate loan capital		0	0	1.724.380
Interest bearing liabilities	14	594.924	1.314.112	1.356.973
Total non-current liabilities		**759.872**	**1.644.012**	**4.335.516**
Interest bearing liabilities	14	448.025	404.695	145.981
Trade payables		1.186.419	504.157	466.665
Other payables		584.660	710.932	400.807
Total current liabilities		**2.219.105**	**1.619.784**	**1.013.453**
Total liabilities		**27.905.519**	**27.411.163**	**5.436.210**

Statement of changes in equity

	2021/2022 DKK	2020/2021 DKK
Balance at 1. October 2021	708.630	80.000
Change	92.341	628.630
Contributed capital, at 30. September 2022	**800.971**	**708.630**
Balance at 1. October 2021	1.387.251	0
Change	-1.387.251	1.387.251
Reserve for net revaluation, at 30. September 2022	**0**	**1.387.251**
Balance at 1. October 2021	5.763.914	2.692.108
Change	1.671.964	3.071.806
Reserve for development costs, at 30. September 2022	**7.435.878**	**5.763.914**
Balance at 1. October 2021	16.287.572	-2.385.748
Share premium	13.295.224	26.503.756
Reserve for net revaluation according to the equity method	1.387.251	-1.387.251
Deferred tax	285.241	-299.121
IPO cost	-2.090.661	-3.719.887
Reserve for development costs	-1.671.964	-3.071.806
Retained earnings for the period	-10.802.971	647.629
Retained earnings, at 30. September 2022	**16.689.693**	**16.287.572**
Total Equity , at 30. September 2022	**24.926.543**	**24.147.367**

Cashflow statement

	Note	2021/2022 DKK	2020/2021 DKK
Cash Flow statement			
Profit/loss before tax		-10.802.971	647.629
Financial expenses, reversed		828.459	231.738
Depreciation, reversed		2.075.780	1.367.452
Changes in working capital	11	-6.142.838	-8.265.784
Cash flows from operating activities		**-14.041.570**	**-6.018.964**
Investing in Development projects		-2.813.316	-4.162.220
Cash flow from investment activities		**-2.813.316**	**-4.162.220**
Share capital		92.341	628.630
Share premium		13.295.224	26.943.756
Financial expenses paid		-828.459	-231.738
Cost IPO		-2.090.659	-3.719.689
Loan converted to capital & share exchange		0	-5.427.000
Credit institutions		-719.188	1.427.712
Credit institutions - short		43.325	258.713
Cash flow from financing activities		**9.792.585**	**19.880.384**
Total cashflows end of period		**-7.062.301**	**9.699.200**
Cash, beginning of period		9.996.085	296.885
Cash, end of period		**2.933.783**	**9.996.085**

NOTES

CONSOLIDATED STATEMENTS

Notes

1. Net Sales

	2021/2022	2020/2021
Brand Sale. CANNASEN BtB	9.368.888	1.028.406
Brand Sale. CANNASEN BtC	124.881	89.128
Private & White Label	1.537.157	1.239.680
COVID 19 products	-447.897	822.343
	10.583.029	3.179.557

Segments

	TOTAL		CANNORDIC (Global BtB)		Galaxa Pharma (Nordic BtC, BtB)	
	2021/2022	2020/2021	2021/2022	2020/2021	2021/2022	2020/2021
Net Sales, total	12.644.274	4.123.207	10.164.888	3.156.907	2.479.387	666.300
Net Sales, ext.	10.583.029	3.179.557	10.055.847	2.513.257	527.182	666.300
Net Profit			-4.299.256	-	-2.042.843	133.658
Assets			17.377.294	9.909.344	2.012.487	2.872.930
Equity			640.717	1.940.024	814.384	360.227

In 2021/2022 there has been sale from Galaxa Pharma A/S to CANNORDIC A/S due to lack of products to fulfil a distributor order in CANNORDIC.

2. Other Operating income

Consists mainly of employee grants and grants from the Innovation Fund and other various public funding schemes.

	2021/2022 DKK	2020/2021 DKK
3 Staff Costs		
Salaries and wages	-6.503.183	-712.611
Other cost for social security	-956.788	-26.224
	-7.459.971	**-738.835**
Average number of employees	14	4
Board of Directors and Key management Personel		
Remuneration	402.197	80.439

Remuneration to Board of director amounts to tDKK 150 in 2021/2022, which was the first year with remuneration to the board.

Employment contracts for members of the Key Management Personnel contain terms and conditions that are common to those of their peers in similar companies including terms of notice and non-competitive clauses. CS MEDICA provides a pension scheme with 10% on top of the payroll.

Warrant program

In 2021 and 2022, the newly employed board and management team were offered to participate in an Incentive warrants Share Scheme. At the employment they were offered Incentive warrants, where each warrant confers the right to subscribe for one share in the Company of a nominal value of DKK 0.065 against payment of DKK 7.70 with an annual increase of 10%, each year from the Date of Grant. The increase in the exercise price shall be compounded as per the expiry of each calendar year, the first time on 31 December 2022. The vesting occurs with 1/36 per month up to 31. January 2025. Warrants which has vested can be exercised during the period 1 January 2024 – 31 December 2027.

Furthermore, the Company has granted warrants to the management teams as a replacement for their bonus which, per request, can be chosen as a replacement for earned bonus (pre-tax salary) in a 3-year period. During a period of 3 weeks from the publication of the Company's annual report for the financial year 2021/2022, 2022/2023 and 2023/2024, the Warrant holder is entitled to exercise the annual Warrants that have vested.

Both warrants schemes follow given conditions, including continued employment. In accordance with the provisions of the warrant program the Board of Directors will require the warrant holders to sign lock-up agreements on terms equivalent to the terms of the Lock-Up Obligation applying to the Existing Shareholders (currently 2 years).

All board members and the management team were granted and accepted the offer.

The fair value of the shares on 30 September 2022 was MDKK 134.317 The total value of the benefit element for the subscription rights was DKK 98.316. When the warrants are vested the losses in relation to the current market share price will be included as staff costs.

Specification of outstanding warrants:

Number of warrants	Board of Directors	CEO and CFO	Employees	Advisors	Total
Outstanding at 01.10.2020	-	-	-	-	-
Granted - 2020/2021	187.500	156.250	187.500	1.160.800	1.692.050
Exercised 2020/2021	-	-	-	-	-
Lapsed 2020/2021	-	-	-	-	-
Outstanding at 01.10.2021	**187.500**	**156.250**	**187.500**	**1.160.800**	**1.692.050**
Granted - 2021/2022	-	-	1.283.806	600.000	1.883.806
Exercised - 2021/2022	-	-	-	1.416.100	1.416.100
Cancelled 2021/2022	31.250	-	734.069	94.700	860.019
Outstanding at 30.09.2022	**156.250**	**156.250**	**737.237**	**250.000**	**1.299.737**

Outstanding warrants have the following characteristics:

Warrants outstanding	Exercise price DKK	Vesting period	Exercise period	Number of warrants at 30.09.2022:
Warrants granted to the Board of Directors	7,7	1.7.21-30.6.24	1.1.2024 - 31.12.2027	156.250
Warrants granted to CEO and CFO	7,7	1.7.21-30.6.24	1.1.2024 - 31.12.2027	156.250
Incentive warrants granted to employees	7,7	1.2.22-31.1.25	1.1.2024 - 31.12.2027 + in connection with an Exit	173.000
Bonus warrants granted to employees	0,1	The financial years 2021/2022, 2022/2023 and 2023/2024	During a period of 3 (three) weeks from the publication of the annual report for the financial years 2021/2022, 2022/2023 and 2023/2024[3]	564.237
TO3 (DIAZ-warrants)	31,5	50,000 out of the 250,000 warrants vested upon issuance.[4]	21.8.2023-4.9.2023	250.000
Total				**1.299.737**

The fair value of the warrants issued is measured at calculated market price at the grant date based on the Black & Scholes option pricing model. The calculation is based on the following assumptions at the grant date:

	Warrant Program 2021/22
Average share Price (DKK)	10,9
Expected volatility rate (% p.a.)	50%
Risk-free interest rate (% p.a.)	0
Expected warrant life	5
Exercise price (DKK)	12,7
Exercise Price result-oriented (DKK)	0,1
Fair value all warrants (DKK)	98.316

Expected volatility rate is applied based on the annualized volatility on relevant peer groups derived from the standard deviation of daily observations over 2021/22.

		2021/2022 DKK	2020/2021 DKK
4	**Depreciation and amoritsation**		
	Amortisation of rights	478.298	355.810
	Amortisation of development projects	1.597.482	1.011.642
		2.075.780	**1.367.452**

		2021/2022 DKK	2020/2021 DKK
5	**Other financial costs, Net**		
	Other financial income	44.398	197
	Other financial costs	-872.857	-231.935
		-828.459	**-231.738**

[3] and in connection with an Exit with is completed before the publication of the annual report for the financial year 2023/2024

[4] The remaining 50,000 warrants vest if and when the share price reaches DKK 31.50 before 17 October 2023

		2021/2022 DKK	2020/2021 DKK
6	**Tax for the year**		
	Current tax for the year income	0	0
	Changes in deferred tax	3.359.620	1.055.415
		3.359.620	**1.055.415**
	Recognised as receivable tax credit		
	Tax calculated as 22% of profit/loss before tax	3.115.770	578.153
	Non-capitalised tax assets	239.486	584.935
	Non-deductible expenses	4.364	-107.673
	Effective tax	3.359.620	1.055.415
	Effective tax rate for the year (%)	24%	259%
	of financial position as follows:		
	Deferred tax (asset)	-3.505.709	-226.543
	Deferred tax (liability)	0	0
	Total	**-3.505.709**	**-226.543**
	Deferred tax concerns		
	Intangible assets	2.103.636	1.916.607
	equipment	-2.370	-3.160
	Tax loss carried forward	-5.606.975	-2.059.535
	Total	-3.505.709	-226.543

Management recognizes deferred tax assets relating to losses carried forward as they find it likely that it can be offset against taxable income in the foreseeable future, cf. more about the assessment under the section Critical accounting judgements and key sources of estimation uncertainty.

		2021/2022 DKK	2020/2021 DKK
7	**Development projects**		
	Cost beginning of period	9.742.306	5.580.086
	Additions during the period	2.813.316	4.162.220
	Cost end of period	**12.555.622**	**9.742.306**
	Amortisation & write down beginning of period	-1.396.158	-769.032
	Amortisation & depreciation during the period	-1.597.482	-627.126
	Amortisation & write down end of period	**-2.993.640**	**-1.396.158**
	Carrying amount end of period	**9.561.982**	**8.346.148**

Development projects include the product technology platforms (PIM[5] and CIM[6]), IPR and development cost related to CS MEDICA's medical treatment cannabis products regulated under the new MDR. The development project essentially consists of costs in the form of direct costs.
All development projects products are already launched on the market. The products are under continuous development adopting the new requirements under MDR and is sold to distributors globally BtB and in the Nordics BtB and BtC. With CS MEDICA's technology platforms (CIM and PIM), the Distributor has access to updated clinical trials, test and product related information, documents, and marketing during their contract period.
Development costs covers both development of new products launched, IPR rights and cost related to adopting the new requirements following the MDR. All parts to increase the efficacy and safety and functionalities of the products to increase CS MEDICA's revenue by maintaining existing distributors and sales channels and acquiring new ones.

[5] Product Information Management system
[6] Clinial Trial Information Management system

		2021/2022	2020/2021
		DKK	DKK
7	**Rights**		
	Cost beginning of period	4.786.984	0
	Additions during the period	0	4.786.984
	Cost end of period	**4.786.984**	**4.786.984**
	Amortisation & write down beginning of period	-355.810	0
	Amortisation & depreciation during the period	-478.298	-355.810
	Amortisation & write down end of period	**-834.108**	**-355.810**
	Carrying amount end of period	**3.952.876**	**4.431.174**

Rights relate to the value obtained by CS MEDICA during the share exchange between CS MEDICA's fully owned subsidiary and CS MEDICA. The rights relate to the value generated by CANNORDIC, and were valued equally during the IPO.

Management has carried out an impairment test of the accounting values of the recognized development costs and rights. On this basis, the project development process in the form of incurred costs and achieved results is assessed in relation to the approved project and business plans for the completed development projects, the value is maintained if sales are realized as expected in the coming years. On this basis, it is assessed that the recovery value exceeds the accounting value.

		2021/2022	2020/2021
		DKK	DKK
8	**Deposits**		
	Cost beginning of period	82.186	0
	Additions during the period	109.012	82.186
	Departure during the period	-82.186	0
	Cost end of period	**109.012**	**82.186**

		2021/2022	2020/2021
		DKK	DKK
9	**Manufactered goods and goods for resale**		
	Finished goods	1.348.534	1.164.685
	Total Inventories (net)	**1.348.534**	**1.164.685**

Write-downs in both 2020/2021 and 2021/2022 relate to fully impaired inventory.

		2021/2022 DKK	2020/2021 DKK
10	**Trade receivables**		
	Trade receivables	6.493.623	1.635.557
	Total Trade receivables (net)	**6.493.623**	**1.635.557**

As of 30. September 2022 tDKK 53 is in DKK and at 30. September 2021 tDKK 109. The remaining trade receivables is in EUR in both financial years.

The carrying amounts are equivalent to the fair value of the assets.

The following table details the risk profile of trade receivables based on CS MEDICA's expected loss on trade receivables.

	Not past due	Overdue by 0-45 days	Overdue by 49-90 days	Overdue by > 90 days	Write downs	Carrying amount receivables
20. September 2022	3.844.446	2.650.214	0	-1.037	0	6.493.623
20. September 2021	1.691.008	7.901	-63.352	0	0	1.635.557

		2021/2022 DKK	2021/2022 DKK
11	**Change in working capital**		
	Change in Finished goods	-183.850	-43.904
	Trade + other receivables	-3.299.592	-3.101.903
	Trade + other payables	526.294	29.994
	Other provisions	-164.952	-164.950
	Deferred tax	-3.279.166	239.946
	Rights, Share exchange	0	4.786.984
	Deposits	-26.825	-82.186
		-6.142.838	**-8.265.784**

12. Share capital and earnings per share

As of 30 September 2022, the share capital consisted of 12.322.635 (2019:10.902.000) shares with a nominal value of DKK 0.065 each. The shares are not divided into classes and carry no right to fixed income.

Issued and fully paid shares:	
As of 1 October 2020, 80 shares of DKK 1.000 DKK each	80.000
Capital increase, loan in subsidiary converted to capital and exchanged	6.755
Capital increase transferred from reserves, conversion to a/s	433.245
Capital increase from IPO including changing of shares to 0,065 DKK	188.630
As of 1 October 2021,10.902.000 shares of DKK 0.065 each	708.630
Direct Issue, 100.000 shares at share price 8,50 DKK	6.500
Capital Increase TO1, 1,065,335 warrants exercised, at 9,30 DKK each	69.247
Capital Increase TO2, 255,300 warrants exercised at 10.30 DKK each	16.595
As of 30. September 2022, 12.322.635 of DKK 0,065 each	800.971

CS MEDICA		**2021/2022**	**2020/2021**
Earnings per share			
Profit (loss) for the year	-	10.802.971	647.629
Average number of ordindinary shares for calculation of earnings per share:		11.612.315	5.451.000
Average diluted effect of outstanding share options		1.049.737	-
Average number of shares for calculation fo diluted earning pe share:		12.662.052	5.451.000
Earnings per share (EPS)	-	0,93	0,12
Earnings per share , diulted (DEPS)	-	0,85	0,12

13. Other Capital reserve

Other capital reserve is used to recognize the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to Note 2 for further details of these plans.

	2021/2022	2020/2021
	DKK	DKK
14 Interest-bearing liabilities		
non-current borrowings		
Interest bearing liabilities	594.924	1.314.112
	594.924	**1.314.112**
Current borrowings		
Interest bearing liabilities	448.025	404.695
	448.025	**404.695**
Total	**1.042.949**	**1.718.807**

The carrying amount is by Management assessed as equivalent to the fair value of the liabilities.

15. Financial Risks

Capital Management

CS MEDICA manages its capital to ensure that it will be able to continue as a going concern while maximizing the growth in revenue through the optimization of the debt and equity balances. The capital structure of CS MEDICA consists of net debt and equity. Management reviews the capital structure continually to consider if the current capital structure is in accordance with the company and shareholders' interests. In September 2021, the company became listed on Spotlight in Denmark. The main purpose of the listing was to raise funds for the internationalization of the business, and to gain trust to the company image, working with cannabis as a technology and ingredient. In connection with the listing, CS MEDICA received proceeds of DKK 19,5[8] mill net of cost, with DKK 12.8 mill in pay-out after the IPO plus DKK 3.9 mill in bridge financing and DKK 2.8 mill in loan from family offset in shares at the IPO. Since the IPO, CS MEDICA secured one direct Issue of 850 TDKK in February 2022 at a share price of 8,5 DKK, followed by two warrants exercises in August and September 2022, of total 12.5 MDKK, at share prices of respectively 9.3 DKK (TO1) and 10.3 DKK (TO2). The TO1 was accomplished, with a 92% succession. A larger part of the funding covered a complimented bridge loan of 6 MDKK made in May 2022 due to a delay in clinical trials hence a decrease in revenue, caused by COVID-19.

As the lead time from signed contacts to paid invoices was extended due to the local legislation windows being longer than expected the management entered into an agreement with SVEA in January 2023, regarding sale of invoices and debtor administration. With this agreement CS MEDICA convert its accounts receivable from its customers, into immediate cash. It is the company's belief that with this agreement they will manage to meet its short-term financial obligations and avoid any potential financial difficulties.

Management is currently adjusting CS MEDICA'S funding strategy to embrace its budget structure, which deviates from the traditional linear and organic growth curve in its form and execution. A 2 to 3-tier funding strategy will be established to ensure momentum, utilize the competitive gap in the market, and deliver to their shareholders.

To secure optimal choices and adoption, management are currently evaluating different financial advisors to secure the necessary assistance. The financial advisor will also play a crucial role in ensuring CS MEDICA's long-term market lift goal, to secure higher liquidity[9] and visibility[10] in the CS MEDICA share[11]. Furthermore, the financial advisor will assist with the right network opportunities, risk management, and valuable financial insights in general. CS MEDICA has now included TOP-

8 At the IPO, the company followed the Swedish method, offering units instead of shares, where one unit consisted of 5 shares at a share price of 7,70 DKK, combined with two warrants one year after the IPO, with an exercise price of +20% (9,30 DKK). The IPO of units was oversubscribed with a subscription ratio of 158%, securing 22.3 MDKK in funding. Net DKK 19.5 mill, with DKK 12.8 mill in payout after the IPO plus DKK 3.9 mill in bridge financing and DKK 2.8 mill in loan from family offset I shares in the IPO

9 Liquidity : Main stock exchanges typically have higher liquidity than MTFs, which means that it is easier for investors to buy and sell shares of a company listed on a main exchange. This can make it easier for the company to raise capital and can also make the company's shares more attractive to investors.

10 Liquidity: Main stock exchanges typically have higher liquidity than MTFs, which means that it is easier for investors to buy and sell shares of a company listed on a main exchange. This can make it easier for the company to raise capital and can also make the company's shares more attractive to investors.

11 See PM for more information

tier assistance from the start-up industry in Denmark to secure the process. CS MEDICA expects to sign with new financial advisors in February 2023.

Financial risk management

Due to the nature of its operations, investments, and financing, CS MEDICA is exposed to several financial risks. It is company policy to operate with a low risk profile, so that currency risk, interest rate risk and credit risk only occur in commercial relations.

The scope and nature of the financial instruments appear from the income statement and statement of financial position in accordance with the accounting policies applied. Provided below is information about factors that may influence amounts, time of payment, or reliability of future payments, where such information is not provided directly in the financial statements. This note addresses only financial risks directly related to CS MEDICA's financial instruments.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations towards CS MEDICA, leading to a financial loss. CS MEDICA is exposed to credit risk primarily related to its trade and other receivables.

In general CS MEDICA obtains credit rating on all cooperation partners and potential distributors. Besides minimizing the risk and protecting CS MEDICA's financial interest, management also safeguards that the distributor has the financial resources to e.g. invest in marketing and sales efforts.

CS MEDICA assesses default when the accounts receivables are due more than 90 days and the outstanding amount is written off, when there is a court order of bankruptcy from the counterparty.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.

CS MEDICA issues most of its invoices in EUR. Historically, DKK has been the predominant invoiced currency, hence CS MEDICA only had a DKK bank account. In 2021/2022 CS MEDICA has also included a EUR and SEK bank account. CS MEDICA has in all material aspects only transactions in DKK and EUR. Going forward, Management expects higher frequency of foreign currencies in the incoming and outgoing cash flow. Consequently, management will at that time establish new bank accounts for these currencies when appropriate, to reduce costs and lower risk.

To minimize the risk of foreign currency fluctuation on new contracts, CS MEDICA's price list is fixed to EUR.

Liquidity risk

CS MEDICA ensures sufficient liquidity resources by liquidity management. To limit CS MEDICA's counterparty risk, deposits are only made in well-reputed banks. Hence, CS MEDICA moved from Sparekassen Sjælland to Danske Bank during 2021/2022. On 30 September 2022, CS MEDICA's cash and cash equivalents amounted to tDKK 2.933 (2021: tDKK 9.996). The cash reserve and expected cash flow for 2022/2023, together with CS MEDICA's financing efforts, are adequate to meet the obligations of CS MEDICA as they fall due. The table below summarizes the maturity profile of CS MEDICA's liabilities based on contractual undiscounted payments:

	6 month DKK	months DKK	1-5 years DKK	> 5 years DKK	Total DKK
30. September 2022					
Interest bearing liabilities		448.025	594.924	0	1.042.949
Trade and other payables	1.771.079				1.771.079
	1.771.079	448.025	594.924	0	2.814.028

	6 month DKK	6-12 month DKK	1-5 years DKK	> 5 years DKK	Total DKK
30. September 2021					
Interest bearing liabilities	0	404.695	1.314.112	0	1.718.807
Trade and other payables	1.215.089				1.215.089
	1.215.089	404.695	1.314.112	0	2.933.896

Interest rate risk

Interest rate risk arises in relation to interest-bearing assets and liabilities. CS MEDICA's interest-bearing debt to Vaekstfonden of tDKK 1.042 as per 30 September 2022 is subject to a variable rate of interest based on a 3-month CIBOR plus a premium. If market interest rates increased by one percentage point, the interest rate sensitivity as calculated based on the loan balance to credit institutions as per end of 2021/2022 would lead to a yearly increase in interest expenses of tDKK 8.8. A corresponding decrease in market interest rates would have the opposite impact.

	2021/2022 DKK	2020/2021 DKK
Financial assets measured at amortised cost		
Deposits	109.012	82.186
Other receivables	0	1.464.357
Current Cash	2.933.783	9.996.085
Total	**2.904.094**	**11.460.442**
Financial liabilities measured at amortised cost		
Interest bearing loan	1.042.949	1.718.807
Trade payables	1.186.419	504.157
Other payables	584.660	710.939
Total	**1.741.391**	**1.215.097**

Classification of financial assets measured at amortized cost

Since CS MEDICA's financial instruments are either short-term and/ or exposed to floating interest rates, Management has assessed that the carrying amount is a reasonable approximation of fair value.

[7] Liquidity: Main stock exchanges typically have higher liquidity than MTFs, which means that it is easier for investors to buy and sell shares of a company listed on a main exchange. This can make it easier for the company to raise capital and can also make the company's shares more attractive to investors.

[8] See PM for more information

16 Other provisions

Consists of VAT due and salary-related items.

17	2021/2022 DKK	2020/2021 DKK
Liabilities arising from financing activities		
Liabilities at 1 October	1.718.798	2.802.954
Loans raised	6.046.498	5.427.000
Repayments	-6.722.355	
Loan offset in shares at the IPO		-6.727.000
Interests	0	215.844
Liabilities at 30 September	**1.042.941**	**1.718.798**

Before the IPO in September 2021, CS MEDICA funded DKK 3.9 mill in bridge financing during 2020/2021, which together with a previous funded loan of DKK 2.8 mill (tDKK 1.300 in 2019/2020 and tDKK 1.500 in 2020/2021) from family was offset in shares in the IPO.

In 2021/2022 a bridge loan was established totally tDKK 6.046 which was paid out with the funding raised during TO1 in September 2022.

Loan from Vaekstfonden (tDKK 1.042) was established in 2015, and has 2021 been without installments. The loan is to be repaid with installments of tDKK 110 each quarter up to 2025. As of 30. September 2022 the interest bearing liabilities consist only of the loan to Vaekstfonden.

18. Related parties

CS MEDICA A/S main shareholders is Colund Aps and LHX Holding Aps, representing 78% of the total number of shares/votes. The remaining shares are widely held. Both entities are considered related parties.

CS MEDICA has, via two occasions prior to the IPO been granted loans through their subsidiary CANNORDIC A/S. The loans amounted to totally DKK 2.8 million, given by Finn-Ove and Nina Henriksen – parents of CEO/CSO Lone Henriksen and CFO/CIO and Member of the Board of Directors Gitte Lund Henriksen in the Company.

The loans were offset against units in connection with the IPO in CS MEDICA. The agreement was not entered at arm's length, with no interest.

As associated companies of CS MEDICA A/S, two 100% owned subsidiaries; Galaxa Pharma A/S and CANNORDIC A/S are considered related parties, as well as the Board of Directors, Executive Management of CS MEDICA A/S.

CANNORDIC A/S, had before the IPO, an minor part of the share capital owned by Colund Aps and LHX Holding Aps. These shares were exchanged for shares in CS MEDICA via tax-free share exchange before the IPO.

New shares have been issued in CS MEDICA, for the use in the exchange, and were adopted at the general meeting on the 16th of April 2021. The valuation of the shares is based on the IPO valuation, corresponding to a value of DKK 4.786.982.

Galaxa Pharma A/S represent foreign manufactures who want to enter the Nordic market, including CANNORDIC A/S, with their CANNASEN® product line. This constellation implies that Galaxa Pharma purchases products from CANNORDIC A/S. Pricing is based on the same principles as for other distributors under CANNORDIC A/S.

CS MEDICA acts as a shared service centre for Galaxa Pharma and CANNORDIC within accounting, administration, and project management. CS MEDICA invoice the two subsidiaries quarterly for this assistance.

As all funding takes place in CS MEDICA and the activities are situated in the two subsidiaries, CS MEDCIA provides loans to its subsidiaries. The loans bear an interest rate of 4% p.a. As of 30 September 2022, the loan to Galaxa Pharma amounted to tDKK 1.268 and tDKK 14.337 to CANNORDIC.

All internal transactions have been eliminated in the consolidated accounts in accordance with the consolidation principles announced in the accounting policies.

There have been no related party transactions other than the transaction described above, and normal remuneration of the Board of Directors and Executive Board are disclosed as part of note 2.

19. Commitments and contingencies

The company has pending legal proceedings against Laigaard Partners A/S and Laigaard Accounting Aps, in connection with their assistance with recruitment and accounting assistance respectively. In the case of Laigaard Partner, the discrepancy relates to a failed recruitment of a Scandinavian Sales Director. In the case against Laigaard accounting, the company stopped their payments for the assistance, as the delivery did not comply with the general conditions for good accounting practice. In both cases, full provisions have been made for the amounts due.

In January 2023 the management entered into an agreement with SVEA, regarding sale of invoices and debtor administration. With this agreement CS MEDICA convert its accounts receivable from its customers, into immediate cash. With this agreement SVEA has Pledge in the debtors of the two subsidiaries with cross-liabilities between the two subsidiaries and self-debts surety with CS MEDICA and the two founders.

No material Commitments and contingencies has been reported.

20. Events after the reporting period

Events after the reported period have been listed in section Highlights after the period, page 41.

No material events have happened after the reporting period, besides those referred to above.

ACCOUNTING POLICIES

Accounting policies

CS MEDICA's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and additional Danish dis- closure requirements for the financial statements of reporting class B enterprises with addition of certain provisions for reporting class C, cf. the Danish Executive Order on Adoption of IFRSs ("IFRS bekendtgørelsen ") issued in accordance with the Danish Financial Statements Act ("DFSA").

Basis of reparation

The financial statements are presented in Danish kroner (DKK). The financial statements have been prepared on a going concern basis and in accordance with the historical cost convention, except where IFRS explicitly requires use of other values.

For the purpose of clarity, the financial statements and the notes to the financial statements are prepared using the concepts of materiality and relevance. This means that line items not considered material in terms of quantitative and qualitative measures or relevant to financial statement users are aggregated and presented together with other items in the financial statements. Similarly, information not considered material is not presented in the notes.

The accounting policies, except as described below, have been applied consistently during the financial year and for the comparative figures.

First-time adoption of IRS

CS MEDICA's financial statements have for the first time been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish requirements for the presentation of financial statements. In previous years, the financial statements were prepared in accordance with the Danish Financial Statements Act for reporting class B. As a result of the transition to IFRS, IFRS 1 First-time Adoption of International Financial Reporting Standards has been applied.

In accordance with IFRS 1 the statement of financial position on 30 September 2021 and comparative figures for 2020/2021 have been prepared in accordance with IFRS/IAS and IFRIC/SIC applicable as per 30 September 2022. Statement of financial position on 1 October 2020 has been prepared in accordance with the same principles, cf. accounting policies for the parent company of CS MEDICA.

Exemptions applied

In the preparation of these first IFRS financial statements, the following exemptions have been applied: None.

Changes in accounting policies

As a result of first-time adoption of IFRS, CS MEDICA has changed its accounting policies for Goodwill. Development costs and recognition of share-based payments. CS MEDICA has adjusted for the changes in accounting policies, included adjustments in the opening balance of 2021/2022 and included extended information about sharebased payments in note 2.

Share-based payments

CS MEDICA has established shared-based incentive program comprising equity-settled programs (warrants) for Key Management Personnel and other key employees. The purpose of these programs is to ensure common goals for Management, key employees, and shareholders. According to Danish Financial Statements Act there is no requirement for recognition and measurement on equity-settled programs.

Following the adoption of IFRS, IFRS 2 requires that the warrant programs should be recognized at fair value of the equity instruments at the grant date. The fair value excludes the effect of non-market based vesting conditions. Details regarding the determination of the fair value of equity settled share-based transactions are set out in note 2.

There have been no share-based payments in the financial year 2021/2022, hence no regulation is incorporated.

Development cost and IPR rights, Rights and Goodwill

Under DFSA, share premium related to the share exchange in 2020/2021 between CS MEDICA's and it's 100% owned subsidiary, CANNORDIC A/S was include as Goodwill. Following IFRS this share premium are recognized as rights in the consolidated statements. In the Parent statements the recognitation is unchanged, recognised under Equity Investments in Group Enterprises.

The reclassification in the consolidated statement has been incorporated in both financial years, 2020/2021 and 2021/2022. The reclassification has no impact on the financial statement or Equity in the consolidated Statement.

Foreign currency translation

Transactions denominated in currencies other than the functional currency are considered transactions in foreign currency.

On initial recognition, transactions denominated in foreign currencies are translated to the functional currency at the exchange rates at the transaction date. Foreign exchange rate adjustments arising between the transaction date and at the date of payment are recognized in the income statement under financial income or financial expenses. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates at the reporting date. The difference between the exchange rates at the reporting date and at the date of transaction or the exchange rate in the latest financial statements is recognized in the income statement under financial income or financial expenses.

Clash flow statement

The cash flow statement is presented using the indirect method and shows cash flows from operating, investing and financing activities for the year as well as CS MEDICA's cash and cash equivalents at the beginning and end of the financial year.

Cash flows from operating activities are calculated based on operating profit/loss, adjusted for the cash flow effect of non-cash operating items, working capital changes, financial expenses paid and income tax paid.

Cash flows from investing activities comprise payments in connection with the acquisition and sale of non-current intangible assets, property, plant and equipment as well as financial assets.

Cash flows from financing activities comprise payments arising from changes in the size or composition of CS MEDICA's share capital and dividend paid.

The consolidated financial statements

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

Consolidation policies

The consolidated financial statements have been prepared as a summary of the parent company's and the group enterprises' financial statements by adding together uniform accounting records calculated in accordance with the group's accounting policies. Investments in group enterprises are eliminated by the proportionate share of the group enterprises' market value of net assets and liabilities at the acquisition date.

In the consolidated financial statements, the accounting records of the group enterprises are recognized by 100%. Purchases and sales of minority interests under continuing control are recognized directly in equity as a transaction between shareholders.

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

Income statement

Revenue

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue. Net Sales is recognized in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales

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

Other operating income

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

Sales and distribution costs

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

Administrative costs

Other external expenses include expenses relating to CS MEDICA's ordinary activities, including expenses for stationery and office supplies, premises, loss on receivables.

Staff costs

Staff costs consist of salaries and wage, including holiday allowances, pensions, and other social security costs, share-based payments, and benefits. Salaries, share-based payments, and other benefits are recognized in the year in which the associated services are rendered by the employees. Contributions to defined contribution plans are recognized in the income statement in the period to which they relate, and any contributions outstanding are recognized in the statement of financial position as other liabilities.

Staff costs are less government reimbursements.

Amortization and impairment of intangible assets

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

Share-based payments

The Board of Directors, the Board of Management and other employees have been granted warrants. The warrants are measured at fair value at the grant date and are recognized as an expense in staff costs over the vesting period. Expenses are set off against equity. The fair value of the warrants is measured using the Black Scholes valuation method or other generally accepted valuation techniques. The calculation considers the terms and conditions under which the warrants are granted. Fair value is not subsequently remeasured. If subsequent modifications to a warrant program increase the value of the warrants granted, measured before and after the modification, the increase is recognized as an expense. If the modification occurs before the vesting period, the increase in value is recognized as an expense over the period for services to be received. If the modification occurs after the vesting date, the increase in value is recognized as an expense immediately. Consideration received for warrants sold are recognized directly in equity.

Income from equity investments in group enterprises

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

Financial cost net

Financial income and expenses are recognized in the income statement with the amounts concerning the financial year.

Financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortization of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Financial expenses comprise interest expenses, lease interest, net capital or ex- change losses on payables and transactions in foreign currencies, amortization of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Income tax and deferred tax

Tax on the profit/loss for the year comprises the year's current tax and changes in deferred tax. The tax expense relating to the profit/loss for the year is recognized in the income statement, and the tax expense relating to items recognized in other comprehensive income and directly in equity, respectively, is recognized in other comprehensive income or directly in equity.

Current tax payable and receivable is recognized in the balance sheet as the expected tax on the taxable income for the year, adjusted for tax paid on account. The current tax charge for the year is calculated based on the tax rates and rules enacted at the balance sheet date.

CS MEDICA is jointly taxed with all Danish group enterprises. The parent acts as an administration company in relation to the joint taxation. This means that the total Danish income tax payable by the Danish group companies is paid to the tax authorities by the company. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Deferred tax is calculated using the liability method on all temporary differences between the accounting and taxable values of assets and liabilities.

Deferred tax assets are assessed yearly and only recognized to the extent that it is more likely than not that they can be utilized. Deferred tax assets, including the tax value of tax losses carried forward, are recognized as other non-current assets and measured at the amount at which they are expected to be realized, either by setting off deferred tax liabilities or by setting off tax on future earnings within the same legal entity or a jointly taxed entity.

However, no deferred tax is recognized for amortization of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

CS MEDICA recognizes deferred tax assets relating to losses carried forward when Management finds that these can be offset against taxable income in the foreseeable future. An assessment is made taking into consideration the effect of restrictions in utilization in local tax legislation. Future taxable income is assessed based on budgets as well as Management's expectations regarding growth and operating margin in the coming years.

Balance sheet

Intangible assets

Goodwill

In connection with every acquisition, goodwill and a non-controlling interest (minority) are recognized as follows: Goodwill relating to the entity acquired comprises a positive difference, if any, between the total fair value of the entity acquired and the fair value of the total net assets for accounting purposes. The non-controlling interest is recognized as the share of the total fair value of the entity acquired (full goodwill).

Goodwill is recognized in intangible assets. It is not amortized but reviewed for impairment once a year and also if events or changes in circumstances indicate that the carrying value may be impaired. If impairment is established, the goodwill is written down to its lower recoverable amount. Sold or liquidated entities are recognized up to the date of disposal. Any gain or loss compared to the carrying amount at the date of disposal is recognized in the income statement to the extent the control of the subsidiary is also transferred.

Development projects, IPR rights

Development costs are recognized as costs in the acquisition year. Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights and acquired intellectual property rights. Development projects on clearly defined and identifiable products, for which the rate of utilization, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product in question, are recognized as intangible assets.

Other development costs are recognized as costs in the income statement as incurred. Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete, and the asset is available for use.

Amortization is based on the straight-line method over the estimated useful life. This corresponds to the legal duration or the economic useful life depending on which is shorter, and not exceeding 25 years in either case. The amortization of intellectual property rights begins after regulatory approval has been obtained or when assets are put in use. The amortization periods used are 3-25 years.

Impairment loss relating to non-current assets

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

Intangible assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Factors considered material that could trigger an impairment test include the following:

- Development of a competing drug
- Changes in the legal framework covering patents, rights and licenses
- Advances in medicine and/or technology that affect the medical treatments
- Lower-than-predicted sales
- Adverse impact on reputation and/or brand names
- Changes in the economic lives of similar assets
- Relationship to other intangible assets or property, plant and equipment
- Changes or anticipated changes in participation rates or reimbursement policies

If the carrying amount of intangible assets exceeds the recoverable amount based on the existence of one or more of the above indicators of an impairment, any impairment is measured based on discounted projected cash flows. Impairments on intangible assets, other than goodwill, are reviewed at each reporting date for possible reversal.

Write-down for impairment is done to the recoverable amount if this value is lower than the carrying amount. The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

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

Deposits

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

Inventories

Inventories are measured at cost on the basis of weighted measured average prices. In cases when the net realizable value is lower than the cost, the latter is written down for impairment to this lower value. Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

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

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

Trade receivables

Trade receivables are measured at amortized cost less allowance for lifetime expected credit losses.

For trade receivables, CS MEDICA applies a simplified approach in calculating expected credit losses (ECLs). Therefore, CS MEDICA does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

Provisions for bad debts are determined based on a general provision based on overdue accounts receivables, adjusted for forward-looking factors specific to the debtors and the economic environment.

However, in certain cases, CS MEDICA may also consider a financial asset to be in default when internal or external information indicates that CS MEDICA is unlikely to receive the outstanding contractual amounts in full before considering any credit enhancements held by CS MEDICA. Trade receivables are written off when all possible options have been exhausted and there is no reasonable expectation of recovery.

The cost of allowances for expected credit losses and write-offs for trade receivables are recognized in the income statement under administrative costs due to exempting from applying the ECL model.

The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables in note 9. CS MEDICA does not hold collateral as security.

Cash and cash equivalents

Cash comprises bank deposits.

Equity

Reserve for development costs

The reserve for development costs comprises recognized development costs less related deferred tax liabilities. The reserve cannot be used as dividends or for covering losses. The reserve is reduced or dissolved if the recognized development costs are amortised or abandoned. This is done by direct transfer to the distributable reserves of the equity.

Dividend

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

Provisions

Provisions are recognized when CS MEDICA has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a cur- rent pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as financial expense.

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

Mortgage loans and bank loans are thus measured at amortized cost which, for cash loans, corresponds to the outstanding payables. For bond loans, the amortized cost corresponds to an outstanding payable calculated as the underlying cash value at the date of borrowing, adjusted by amortization of the market value on the date of the borrowing effectuated over the repayment period. Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortized cost which usually corresponds to the nominal value.

Contract liabilities
Contract liabilities include prepayments from customers, which comprise amounts received from customers prior to delivery of the goods agreed or completion of the agreed.

Interest-bearing liabilities
Interest-bearing liabilities are measured at amortized cost, which usually corresponds to nominal value.

Trade payables and other payables
Other payables include bonus and commission accruals, vacation pay obligations, payroll taxes and VAT. Payables are measured at cost.

Adoption of new and amended standards

At the time of publication of this annual report, there are several new or amended standards and interpretations that have not yet entered into force and are therefore not incorporated in the annual report. The new standards and interpretations will be implemented as they are published.

Critical accounting judgements and key sources of estimation uncertainty

As part of the preparation of the financial statements, Management makes several accounting estimates and assumptions as a basis for recognizing and measuring CS MEDICA's assets, liabilities, income and expenses as well as judgements made in applying CS MEDICA's accounting policies. The estimates, judgements and assumptions made are based on experience gained and other factors that are considered prudent by Management in the circumstances, but which are inherently subject to uncertainty and volatility.

The assumptions may be incomplete or inaccurate, and unforeseen events or circumstances may occur for which reason the actual results may differ from the estimates and judgements made. The accounting policies are described in detail in the accounting policies section to the financial statements to which we refer. Management considers the following accounting estimates and judgements to be significant in the preparation of the financial statements.

Manufactured goods and goods for resale
The estimated uncertainty in inventories relates to write-downs to net realizable value. The need for impairment is considered unchanged and the assessment is still based on the development of the related finished goods. Inventories are written down according to the group's write-down practice, which includes an assessment of the turnover rate of the inventories, and possible losses because of obsolescence, quality problems and economic conditions.

Total inventory write-down per 30 September 2022 amounts to DKK 0 against DKK 0 last year.

Development costs and IPR rights and rights
CS MEDICA capitalizes costs for product development projects. Initial capitalization of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalized, management makes assumptions regarding the expected future cash generation of the project and the expected period of benefits. At 30 September 2022, the carrying amount of capitalized development costs rights was tDKK 13.514 (2021: tDKK 12.777).

Ongoing development projects and rights are tested at least once a year for write-down needs. Development projects are based on future expectations of the future expectations of customer and market demand.

Development projects and rights are projects established with a view to uncovering new products within adjacent business areas. Based on these factors, the management has estimated the recoverable amount of the ongoing development projects in the form of expected future net cash flows including completion costs.

Share-based payments
Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in note 2.

Impairment of non-financial assets
Impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value-in-use

calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not future include reclassification activities that CS MEDICA is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognized by CS MEDICA.

The assumptions may be incomplete or inaccurate, and unforeseen events or circumstances may occur, for which reason the actual results may differ from the estimates and judgements made.

Deferred tax (asset)
CS MEDICA recognizes deferred tax assets relating to losses carried forward when Management finds that it is more likely than not that these can be offset against taxable income in the foreseeable future. An assessment is made taking into consideration the effect of restrictions in utilization in local tax legislation. Future taxable income is assessed based on budgets as well as Management's expectations regarding growth and operating margin in the coming years. The assessment is based on available data from markets, budgets, and expectation to the development in the industry in general.

The assessment concluded that the recognized deferred tax assets can be used within a period of 3-5 years. Reference is also made to note 6.

Segment information

For management purposes and based on internal reporting information, CS MEDICA is organized in two operating segments, hence information reported includes operating results at a segmented level where appropriate otherwise at a consolidated level. The costs related to the main nature of the business are divided through the specific revenue stream.

CS MEDICA operates in two business segments:

- GalaxaPharma A/S distribution operation for marketing and sales direct-to-consumer, to retailers, and e-tail.

- CANNORDIC A/S
  Research and development, establishing of global business contracts, supply of CBD ingredients and production of finished products. Global sale (BtB), to distributors, including Galaxa Pharma in the Nordic Region.

Segment performance is evaluated based on revenue, consistent with the consolidated financial statements. There are internal sales between the business segments, cf. note 16. Costs have been split between business segments according to a specific allocation. In addition, a small number of corporate overhead costs are allocated systematically between the segments. Other operating income and expenses have been allocated to the two segments based on the same principle.

Statement by Management on the annual report

The board of directors and the managing director have presented the annual report of CS MEDICA A/S for the financial year 1 October 2021 - 30 September 2022.

The financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of CS MEDICA's assets, liabilities and financial position as at 30.09.2022 and of the results of CS MEDICA's activities and cash flows for the financial year 01.10.2021 – 30.09.2022.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

The annual report is submitted for adoption at the Annual General Meeting on 14. February 2023.

Copenhagen, 30. January 2023

Registered Executive Management
Lone Henriksen, CEO and CSO

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Lone Henriksen
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Board of Directors

Jørgen Flemming Ladefoged
Chairman of the Board

DocuSigned by:
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Stain Løkstad
Member of the Board

DocuSigned by:
Stein Løkstad
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Anders Permin
Member of the Board

DocuSigned by:
Anders Permin
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Gitte Henriksen
Member of the Board
COO and CFO

DocuSigned by:
Gitte Henriksen
C8D2ACF7373849B...

Alexandre Fevre
Member of the Board

DocuSigned by:
B8A6F20C94D44BA...

For further information, please contact:

Lone Henriksen, CEO
CS MEDICA A/S (publ)
Fruebjergvej 3,
DK-2100 Copenhagen,
Denmark
Phone: +45 7070 7337

Investor relations contact:
info@cs-medica.com
Website: www.cs-medica.com
Orgnr: 3387164

AUDITOR'S REPORT

Auditor's report

To the management of CS MEDICA A/S

Opinion

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2021, and of the results of the Group and the Company's operations as well as the consolidated cash flows for the financial year 1 January 31 December 2021 in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and in accordance with IFRS as endorsed by the EU and further requirements in the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Parent Company Financial Statements" section of our 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.

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

Management's Responsibilities for the Consolidated Financial Statements and the Parent Company Financial Statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board and in accordance with IFRS as endorsed by the EU and further requirements in the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statement and parent company financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent company 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 the parent company financial statements.

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

- Identify and assess the risks of material misstat ment of the consolidated financial statements and the parent company 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 Company's internal control.

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

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent company 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company 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.

Copenhagen, 30. January 2023

Christensen Kjærulff
Company reg. no. 15 91 56 41

John Mikkelsen
State Authorised Public Accountant
mne26748

DocuSigned by:
John Mikkelsen
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More information

Annual Report
This Annual Report is CS MEDICA's full statutory Annual Report pursuant to Section 149(1) of the Danish Financial Statements Act. The statutory Annual Report will be presented and adopted at the Annual General Meeting on 9 February 2023 and will subsequently be submitted to and be available at Cision news and the Danish Business Authority.

The Annual Report is prepared in accordance with the International Financial Reporting Standards and the Danish Financial Statements Act.

References
Throughout the management review section in this report, links are provided to online sources for additional information. Some of the references are not mandatory and hence not included in the audit of the management review.

For more news from CS MEDICA, visit cs-medica.om/investors and https://news.cision.com/?q=cs%20medica.

Disclaimer
The patients, employees and relatives portrayed in this Annual Report and ancillary reports have participated of their own accord and solely to express their own personal opinions on topics referred to, which do not necessarily reflect the views and opinions of CS MEDICA. Use of the pictures as illustrations is in no way intended to associate the patients, employees or relatives with the promotion of any CS MEDICA products.

The company
CS MEDICA A/S
Fruebjergvej 3
2100 Copenhagen

Company reg. no.
33 86 16 43

Established
7 August 2011

Financial year:
1 October - 30 September

Board of directors
Jørgen Flemming Ladefoged
Stein Arve Løkstad
Anders Permin
Alexandre Fevre
Gitte Henriksen

Managing Director
Lone Henriksen

Auditors
Christensen Kjærulff
Statsautoriseret Revisionsaktieselskab
Store Kongensgade 68
1264 København K

Subsidiaries
Galaxa Pharma A/S, Greve
CanNordic A/S, København

Contact information
CS MEDICA A/S

Address
Fruebjergvej 3
DK 2100 Copenhagen
Denmark

E-mail
info@cs-medica.com

Telephone
+45 70 70 73 37

Financial calendar

Annual report 2021/2022[12]	27 January 2023
Annual General Meeting	14 February 2022
Q1: Interim report October 2022 – December 2022	17 February 2023
Q2: Interim report January 2023 – Marts 2023	17 May 2023
Q3: Interim report April 2023 – June 2023	18 July 2023
Q4: Year-end report October 2022 – September 2023	17 November 2023
Annual report 2022/2023	1 December 2023
Annual General Meeting	14 December 2023

12 Delayed due to adoption to IFRS standards.

PARENT

Income statement 2021/2022

	Note	2021/2022 DKK	2020/2021 DKK
Net Sales	1	890.236	0
Gross Profit		**890.236**	**0**
Sales and distribution cost		-79.483	0
Administrative costs		-2.534.457	-11.049
Staff costs	2	-3.246.870	-111.471
Depreciation and amortization	3	-205.500	0
Operating profit		**-5.176.076**	**-122.520**
Income from equity investments in group enterprises		-6.823.395	705.535
Financial costs net	4	-119.675	-4.860
Profit or loss before tax		**-12.119.146**	**578.156**
Tax on net profit or loss for the year	5	1.316.174	69.473
Net profit or loss for the year		**-10.802.971**	**647.629**

PARENT

Statement of Financial Position 2021/2022

	Note	2021/2022 DKK	2020/2021 DKK	2019/2020 DKK
Balance Sheet				
Assets				
Development projects & IPR rights	6	1.106.224	616.514	0
Equity investments in group enterprises	7	5.408.028	6.446.176	540.658
Deferred tax assets	5	1.386.242	70.068	0
Total non-current assets		**7.900.494**	**7.132.758**	**540.658**
Current assets				
Inventories				
Receivables from group enterprises	8	15.604.974	7.891.939	45.959
Other receivables		0	124.599	0
Cash on hand and demand deposits		**2.061.343**	**9.149.276**	624
Total current assets		**17.666.317**	**17.165.814**	**46.583**
Total assets		**25.566.812**	**24.298.573**	**587.241**

	2021/2022 DKK	2020/2021 DKK	2019/2020 DKK
Equity and liabilities			
Share Capital	800.971	708.630	80.000
Reserve for net revaluation according to the equity method	0	1.387.251	0
Reserve for development costs	862.855	480.881	0
Retained earnings	23.262.717	21.570.605	7.241
Total equity	**24.926.543**	**24.147.367**	**87.241**
Payables to group enterprises	0	0	500.000
Total non-current liabilities	**0**	**0**	**500.000**
Trade payables	218.722	110.000	0
Other payables	421.548	41.207	0
Total current liabilities	**640.269**	**151.207**	**0**
Total liabilities	**25.566.812**	**24.298.573**	**587.241**

PARENT

Statement of changes in equity

	2021/2022 DKK	2020/2021 DKK
Balance at 1. October 2021	708.630	80.000
Change	92.341	628.630
Contributed capital, at 30. September 2022	**800.971**	**708.630**
Balance at 1. October 2021	1.387.251	0
Change	-1.387.251	1.387.251
September 2022	**0**	**1.387.251**
Balance at 1. October 2021	480.881	0
Change	381.974	480.881
September 2022	862.855	480.881
Balance at 1. October 2021	21.570.605	7.241
Share premium	13.295.224	26.503.756
Reserve for net revaluation according to the equity method	1.387.251	-1.387.251
Deferred tax	285.244	0
IPO cost	-2.090.661	-3.719.889
Reserve for development costs	-381.974	-480.881
Retained earnings for the period	-10.802.971	647.629
Retained earnings, at 30. September 2022	**23.262.717**	**21.570.605**
Total Equity , at 30. September 2022	**24.926.543**	**24.147.367**

PARENT

Notes

1 Sales
CS MEDICA acts as a shared service center for Galaxa Pharma and CANNORDIC within accounting, administration, and project management. CS MEDICA invoice the two subsidiaries quarterly for this assistance.

	2021/2022	2020/2021
	DKK	DKK
2 Staff Costs		
Salaries and wages	2.337.617	110.903
Other cost for social security	909.253	568
	3.246.870	111.471
Average number of employees	8	2
Board of Directors and Key management Personel		
Remuneration	3.246.870	111.471

For information regarding remuneration to the Board of Directors and Executive Management, please refer to 2 to the consolidated financial statements.

	2021/2022	2020/2021
	DKK	DKK
3 Depreciation and amoritsation		
Amortisation of development projects	205.500	0
	205.500	**0**

	2021/2022	2020/2021
	DKK	DKK
4 Other financial income		
Financial income	592.302	0
Other financial costs	-711.977	-4.860
	-119.675	-4.860

	2021/2022	2020/2021
	DKK	DKK
5 Tax for the year		
Changes in deferred tax	1.316.174	69.473
Recognised as receivable tax credit	**1.316.174**	**69.473**
tax	-2.666.212	127.194
Non-capitalised tax assets	-45.884	-430.710
Non-deductible expenses	1.395.922	234.043
Effective tax	-1.316.174	-69.473
Effective tax rate for the year (%)	11%	12%
Deferred tax is recognized in the statement of financial position as follows:		
Deferred tax (asset)	1.386.242	70.068
Deferred tax asset	**1.386.242**	**70.068**
	0	
Deferred tax concerns		
Intangible assets	243.370	135.633
Tax loss carried forward	-1.629.612	-205.701
Total	-1.386.242	-70.068

		2021/2022 DKK	2020/2021 DKK
6	**Development projects**		
	Cost beginning of period - development projects	616.514	0
	Additions during the period	695.210	616.514
	Cost end of period	1.311.725	616.514
	Amortisation and write down beginning of period	0	0
	Amortisation and depreciation during the period	-205.500	0
	Amortisation and write down end of period	-205.500	0
	Carrying amount end of period	**1.106.224**	**616.514**

Development projects covers all IPR rights of the CANNASEN® medic al products . For more information, please refer to note 6 in the consolidated financial statements.

It is Management's assessment that the expected useful lives of the finite - lived assets, as well as the expected future revenue streams from the assets are sufficient to cover the value of recognized IPR rights at the reporting date, cf. note 7 under conso lidated statements

			2021/2022 DKK	2020/2021 DKK
7	**Equity investments in group enterprises**			
	Cost, 1 october 2021		6.049.679	860.114
	Addition during the year		5.785.247	5.189.565
	Cost 30. September 20222		11.834.926	6.049.679
	Revaluation opening balance		752.307	46.771
	Results for the year before amortisation		-6.345.097	705.536
	Revaluation 30. September		-5.592.790	752.307
	Amortisation of goodwill, opening balance		-355.810	0
	Amortisation of the year		-478.298	-355.810
	Amortisation 30. September		-834.108	-355.810
	Carrying amount 30. September		5.408.028	6.446.176
	Subsidiaries			
	Equity	**Ownership**		
	Galaxa Pharma ApS	100%	814.384	360.227
	CANNORDIC A/S	100%	640.768	1.940.023
	Revaluation opening balance		0	-285.248
	Goodwill share exchange CANNORDIC A/S		3.952.876	4.431.174
	Equity end of period		**5.408.028**	**6.446.176**

As of September 30, 2022, CS MEDICA's subsidiary Galaxa Pharma equity amounted to tDKK 814, while CANNORDIC A/S's equity, amounted to tDKK 641. The parent company has made a capital injection in Galaxa Pharma A/S of tDKK 2.500 and in CANNORDIC A/S of tDKK 3.000.

8. Receivables from group enterprises

Interest is compounded quarterly at 4% per annum.

Accounting policies

The financial statements of the parent company have been prepared in accordance with the Danish Financial Statements Act (Class D) and other accounting regulations for companies listed on Spotlight.

The accounting policies are the same as for the consolidated financial statements with the adjustments described below. For a description of the accounting policies of the Group, please refer to the consolidated financial statements.

No separate statement of cash flows has been prepared for the parent company; please refer to the statement of cash flows for the Group.

First-time adoption of IFRS

CS MEDICA's financial statements have for the first time been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish requirements for the presentation of financial statements. In previous years, the financial statements were prepared in accordance with the Danish Financial Statements Act for reporting class B. As a result of the transition to IFRS, IFRS 1 First-time Adoption of International Financial Reporting Standards has been applied.

In accordance with IFRS 1 the statement of financial position on 30 September 2021 and comparative figures for 2020/2021 have been prepared in accordance with IFRS/IAS and IFRIC/SIC applicable as per 30 September 2022. Statement of financial position on 1 October 2020 has been prepared in accordance with the same principles, cf. accounting policies for consolidated figures of CS MEDICA.

Changes in accounting policies

As a result of first-time adoption of IFRS, CS MEDICA has changed its accounting policies of share-based payments. CS MEDICA included extended information in notes, cf. note 2 in the consolidates statements.

Share-based payments

CS MEDICA has established shared-based incentive program comprising equity-settled programs (warrants) for Key Management Personnel and other key employees, cf. more information under the accounting policies for the CS MEDICA consolidated figures.

Supplementary accounting policies for the parent company

Equity investments in group enterprises

In the financial statements of the parent company, investments in subsidiaries and associated companies are recorded under the equity method, using the respective share of the net asset values in subsidiaries and associated companies. The equity method is used as a measurement basis rather than a consolidation method. The net profit of subsidiaries and associated companies less unrealized intra-group profits and amortization of goodwill is recorded in the income statement of the parent company. Goodwill is amortized over no more than 25 years which reflects the useful life of the underlying assets and activities generating the goodwill.

To the extent that net profit exceeds declared dividends from such companies, the net revaluation of investments in subsidiaries and associated companies is transferred to net revaluation reserve under equity according to the equity method. Profits in subsidiaries and associated companies are disclosed as profit after tax.

Equity investments in group enterprises are recognized in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies.

Tax

For Danish tax purposes, the parent company is assessed jointly with its Danish subsidiaries. The Danish jointly taxed companies are included in a Danish on-account tax payment scheme for Danish corporate income tax. All current taxes under the scheme are recorded in the individual companies.

CSMEDICA