

The **Efficient** OTC Alternative With **CBD**



CSMEDICA⁺

22/23

CS MEDICA in brief

Dedicated to improving people’s quality of life, our purpose is to drive change to treat autoimmune and stress-related diseases, built upon our knowledge of the endocannabinoid system and our experience in the pharmaceutical industry. We do so by pioneering scientific breakthroughs, expanding access to our treatments, and working to prevent or relieve the pain caused by the diseases we treat.

WE ARE

A science-based company merging innovation, technology, and nature to advance human health. An agile, diverse team that passionately works throughout a seamless value chain of suppliers, partners, and patient advocacy groups across 25+ countries to challenge global markets with innovative treatments .

WE DO

Research & Development

Our focus lies in exploring and developing efficient treatments with minimized side effects for pain, autoimmune, and stress-related disorders.

Manufacturing

We collaborate with four contract manufacturing organizations (CMOs), ensuring responsibly sourced raw materials and adhering to certified safety and environmental practices.

Compliance

With in-house compliance resources and legal partners we effectively navigate MDR requirements, obtain local registrations, and establish sustainable business processes.

Marketing & Sales

With a BtBtC business model, we operate with insights into patients’ pains and gains, matched with a science-backed portfolio of treatments delivering on their needs, and a network of distribution partners with local power in now 25+ countries.

WE VALUE

Innovation

We discover and develop effective treatments with fewer side effects for pain, autoimmune and stress-related diseases. Our philosophy revolves around fostering innovation, ensuring safety, and curating premium-quality offerings in our treatments.

Patient-focus

Seeking insights from patients’ behavior and needs we aim to optimize our discovery efforts to deliver efficient and safe treatments with fewer side effects globally. Our treatments are made available as OTC (over-the-counter) through pharmacies, drugstores, retail, clinics/hospitals, and online.

Patents

We have invested heavily in preclinical, clinical trials, clinical evaluation, and dossier for each treatment, which we need to protect via patents, our know-how, science, and technology.

Compliance

We need and want to be compliant with the new stricter EU MDR registration and therefore, we have already successfully had the first audit, Stage I with BSI, the Notified Body 2797. We have additionally been able to achieve US FDA approval and India FDA approval on selected products. These approval processes require resources and have a high cost.

Local registrations globally

We are first movers with treatments utilizing the functionality of cannabinoids in the human endocannabinoid system within our treatment areas. To benefit from the competitive advantage, we need to expand into worldwide markets, while our patents protect our science and technology. We invest in registration with local legal representatives in selected countries, and at the local medical agencies to make our treatments available.

Operation Excellence

We focus on delivering operational excellence to remain agile, compliant, and able to navigate challenging times. Our digital solutions are integral to our business and global strategy, and we aim to intensify digitalization and data culture.

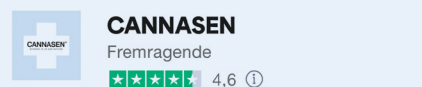
Education & Awareness

Using the “ Sharing is Caring “ concept, we leverage valuable insights to create awareness and education by sharing insights from clinical studies and post-clinical trials, our disease database, the therapeutic values of cannabinoids, consumer behavior, and market data.



➤ End-user Perception - Patient Reviews

With a scientific approach, we combine decades of experience within the global medical industry, our research and clinical trials, and insights into patients' pains and gains – we use recommendations and post-marketing clinical test results to underline that our products work with high efficacy and deliver our purpose for a better every day but also to evolve and improve our treatments and operation.



★★★★★ 13. feb. 2023

Mildner mine smerter
 slidgigtsmerter
 Provede Cannasens arthrits gel i en måned mod min svære slidgigt. Gel'en hjælper mig meget mod de mange smerter, især om natten, hvor jeg for dårligt kunne falde i søvn for smerter. Tåler ikke så mange Pamol - men klarer mig med gel'en om natten, og gel' og to panodil'er i dagtimerne. Dejligt, der ikke er propylenglycol i Cannasens produkt. Det er der i andre gel'er, jeg har prøvet før, og det tåler jeg ikke. Kan kun anbefale Cannasens arthrits-gel. Gitte, Kolding.

★★★★★ Verificeret 26. jun. 2023

Jeg testede Arthritis Gel, og den...
 Jeg testede Arthritis Gel, og den virkede så godt så jeg køber den ofte. Den tager stiv nakke, og dermed ingen smerte i nakken som så også ellers ender med hovedpine. Jeg tager ingen medicin når jeg bruger den, og den virker også på smerter i nedre ryg. Er yderst tilfreds og den begynder også at virke på ganske kort tid, max 10 min.

★★★★★
Expensive, economical and good!!! Relieves symptoms of inflammatory psoriasis
 Reviewed in Germany on 29 August 2022
 This medical gel has a pleasantly light texture and actively and effectively supports the skin against the unpleasant symptoms of psoriasis (psoriasis), which include redness, inflammation, scaling and itching.

The price of 56€ is of course decent and a deterrent at first. But this gel really helps. Thanks to the panthenol it contains, the skin is quickly soothed and itching is relieved. The light texture of the medical gel does not weigh down the skin unnecessarily and the scaly areas gradually become suppler and softer, which relieves the painful tensions.

Depending on requirements, the gel can be applied up to 3 times a day for a maximum of 30 days. Important: only apply thinly to the affected areas and not prophylactically! If the redness and itching have not noticeably and visibly reduced after this treatment period, then you should definitely see a doctor!

I am satisfied with this medical gel, which makes inflammatory psoriasis noticeably smoother and sometimes even makes the symptoms disappear, and I can highly recommend it. It provides plenty of moisture and improves the appearance of the skin.

★★★★★
Effective gel for psoriasis
 Reviewed in Germany on 14 July 2022



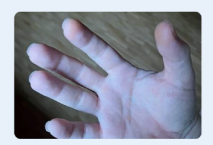
To relieve scaly areas, the gel is ideal for this purpose. They provide the areas with sufficient moisture, which makes the dandruff disappear. The smell is pleasant and reduces the blushing spots, which I noticed strongly on my knuckles. The composition of the ingredients ensures that the stains are treated pleasantly and effectively. To do this, I apply a thin layer to the affected areas and let it work for a short time. A cooling effect occurs because ethanol is present in the gel. And it also contains alcohol, which you can smell when applied.

★★★★★ Verified Purchase

The best painpatch by far.

Reviewed in the United Kingdom on 9 July 2023
 I have tried many many pain patches and these are definitely the best. I don't use them every day but I think I have just finished the last one. I would like to try the arthritis gel which I can't seem to get on Amazon here in the UK

★★★★★ Verified Purchase
The most efficient psoriasis gel and lotion!
 Reviewed in Sweden on 22 October 2022



Note: I started using the GEL before buying this the lotion too. I had low expectations going in, since I've tried so, so many different creams and lotions the past two years, like estilar, canoderm, protopic and more to try and treat my psoriasis. I have it on my hands primarily, waking me up at night due to the constant pain. This cannabis-derived gel and lotion however has made the biggest difference of all of the above, before I had flakes and lesions on most fingers, now I have NONE - amazingly, NONE at all! I still have hard skin, but the lotion is slowly softening this up too! Again, I can't stress this enough, I have NO MORE ISSUES WITH SKIN PAINS AT NIGHT! I really can't recommend this enough to anyone with psoriasis. Another super great thing about the gel especially, is that it's absorbed into the skin in about 30 seconds, making them non-sticky and feels dry! The feeling of not having sticky-fingers is amazing! If you get your hands warm/moist, the'll get sticky because the gel is under a layer of salt I think? So it's there, underneath, doing it's magic!

★★★★★
Bring relief
 Reviewed in Germany on 26 July 2022



I selected and ordered these CANNASEN® CBD Pain Patch - pain patches for us. The pain patches are intended to relieve joint and muscle pain, as well as sports injuries and arthritis. The patches come in a resealable bag. Detailed instructions are also included. There are 8 patches measuring 7x5 cm each, we personally find the size a bit too small. Larger, they are more ideal, as you could also cut them to size. The patches stick very well and you can leave them on the skin for up to 24 hours. Peeling off is also easy and we were also unable to identify any skin irritation. The patches are not a cure, but they actually help to reduce pain and we were also unable to identify any side effects. However, the price is a bit high, for less you can get pain-relieving products from the pharmacy, which in turn could have side effects. Everyone just has to decide that for themselves. We are happy with the pain patches as they actually provide relief, 4 stars from us.

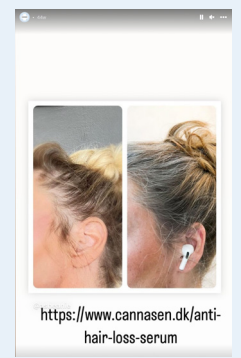


Table of Contents

INTRODUCTION

About CS MEDICA	6
Letters to Shareholders	7
Highlights 2022/2023	9
Business Performance	10
5 year overview	12

BUSINESS

Primary activities	14
Treatment Overview	15
Our External Environment	16
Reframed Strategy	17
Research & Development	18
Patents and Other Intellectual Property Rights	21
Government Regulations	23
International Operations & Marketing	26
Industry & Markets	28
Enhancing Supply Chain Resilience	32

CORPORATE GOVERNANCE

Board of Directors	34
Executive management	36
Corporate Responsibility	37
People & Culture	38
Diversity	40

DIRECTOR'S REPORT

The financial year 2023	42
Changes to Management and Board of Directors	44
Risk Management	45

SUSTAINABILITY REPORT

Sustainability report	49
-----------------------	----

FINANCIAL STATEMENTS

Financial statements & review	55
Income statements	58
Statement of financial position	59
Statement of changes in equity	60
Cashflow statement	61

NOTES

Notes	62
-------	----

ACCOUNTING POLICIES

Accounting policies	73
Segment information	79

STATEMENT & REPORTS

Statement by Management on the annual report	80
Auditor's report	82

COMPANY INFORMATION

More information	84
Financial calendar	85

Parent Company

Income statement 2022/2023	86
Statement of Financial Position 2022/2023	87
Statement of changes in equity	88
Notes	89
Accounting policies	91



INTRODUCTION



INTRODUCTION

About CS MEDICA

CS MEDICA is a Danish-based MedTech company focused on treatments with therapeutic CBD/cannabinoids for pain, autoimmune diseases and stress-related disorders.

We have successfully proved the concept of uniting innovation, technology, and nature to advance human health. CS MEDICA is scaling up its business to become a trusted MedTech company, with R&D playing a crucial part in our core business, and where trust is earned by delivering clinically tested, effective product reviews and know-how to launch into markets.

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.

<p>9 treatments on international markets</p>	<p>3+8 treatments with 3 DK patents and 8 treatments with int. patent pending</p>	<p>13+ treatments in pipeline, plus a dermaceutical range at idea stag</p>	<p>>500.000 tried our products the first year</p>
<p>>160 Free sales certificates for countries outside Europe</p>	<p>17 countries with registered trademark</p>	<p>3 research centers in 3 countries (Denmark, Germany & India)</p>	<p>4+2 approved production sites in 3 countries (Germany, Italy & Poland)) with 1 in India and 1 in USA under evaluation.</p>
<p>18 regulatory registration</p>	<p>8+3 clinical studies & academic trials performed</p>	<p>2+4 treatments reg. under MDR and 4 in MDR transition with BSI</p>	<p>7 to 12 employees and freelancers</p>

“ 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

INTRODUCTION

Letters to Shareholders

This past year, we have leveraged our limited resources, ensuring every decision and action aligns with our long-term growth strategy. This approach is not just about navigating the present; it's about laying a resilient foundation for our future success as a MedTech company.

In 2022/2023, we continued to adapt and evolve in these demanding times. We steered through a period marked by significant challenges and supply chain disruptions with limited resources.

Our unique Intellectual Rights (IR) and innovative product portfolio set us apart in the healthcare sector. These investments provide a competitive edge, enabling us to offer innovative treatments and maintain our position as a first mover in the industry. Our IR rights, in particular, are a testament to our commitment to innovation and excellence. It is additionally a core factor that attracts new partners requesting to distribute our treatments to capture market potentials.

However, longer lead times to market, delayed production cycles affecting sales and cash flow and pending cash injection have required us to reorient and finetune our plans.

Different growth track

Unlike last year, when we expanded our treatments into 10 new European markets with stocked products and

approved EU registration, delivering revenue growth, our fiscal year 2022/2023 growth track was different.

We focused on delivering on five growth areas for long-term, sustainable growth: New markets, New segments, MDR & Compliance, Operational Excellence, and Funding.

We welcomed 12 new customers and 18 new markets covered by new and current expanding customers. With first-year orders averaging mDKK 1.3 per customer annually, we deliver an order pipeline of 14.5 mDKK in 2022/2023. However, from order to delivery and invoiced revenue, we currently hold an average lead time of 10 months, pending local market registration approval and production time. This means the pipeline will be executed in the fiscal year 2024, with a risk that few orders may be delayed further if local registration takes longer.

Despite the growth of new markets and customers choosing our treatments globally, it challenges our net sales and liquidity goals, motivating us to strive to adapt and shorten the lead time from order to revenue while correspondingly identifying new profit pools with faster revenue streams.

Due to these constraints and in response to supply chain and financial challenges, we adjusted our revenue target in Q3 for the financial year 2022/2023 to 1 MDKK. Closing this year, we reached a revenue of mDKK 1.05, and our

supplementary order pipeline for 2022/2023 amounts to mDKK 14.5, with deliveries scheduled for 2024. We have already delivered and invoiced 1,7 mDKK in Oct-Dec 2023 and 1,4 mDKK in January 2024 of this pipeline, plus gained additional new order intake of 1,1 in the same period.

Prioritizing compliance, we were the first to sign with a Notified Body on Rule 21, ensuring our Medical Device Regulation transition. With two products already MDR compliant this year and the rest of the portfolio in progress, we are happy to announce we are ahead of our MDR plans. We also initiated several new local market registrations supporting the order pipeline and achieved final product registrations in Israel, India and the US.

We additionally achieved three patents out of our 11 pending and several local trademark registrations of our CANNASEN®, supporting our strategy of strengthening our global position.

Building resilience in uncertain times

Within a few years, we have experienced a global pandemic, climate changes, war, a different geopolitical balance, and high inflation levels, creating a VUCA (volatility, uncertainty, complexity, and ambiguity) world.

Despite these obstacles, our commitment to delivering excellence and innovation remains persistent. It's in these challenging moments that our resilience intensifies, and



our ability to adjust becomes an essential asset.

Strengthening our DNA of R&D with additional knowledge on markets, patients, and how-to insights will ensure we can increasingly predict and stay agile, hence navigating based on science and data-driven decisions to secure long-term, sustainable growth.

Financial capacity

It has undoubtedly been a challenging year securing the financial capacity for growth. We have navigated and found solutions to continue our journey with limited resources in the short term, it's essential to state the financial imperatives critical for the company's sustainability and further progress in 2024.

Our operational viability and strategic goals are contingent upon securing a financial boost. The expected DKK 30 million capital infusion, as stipulated in the agreement with CS MEDICA's Chinese investors, has been pending since June 2023, and we are navigating the complexities as best as possible. Alternatively, we have been pursuing alternative funding options and partnerships to secure the financial boost needed. The company's net sales goal for 2024 of DKK 15 million is achievable with the order pipeline from 2023. However, this year's sales performance indicates challenges in fulfilling sales pipeline objectives, primarily due to a lack of funding and, as a result, an overly consolidated operation. As we entered the new year, we encountered challenges in our collaboration with our Chinese partners, impacting our share and growth strategies. We resumed negotiations and signed an investment agreement of mDKK 60, leading to a joint venture for producing CS MEDICA's portfolio in China. We've experienced delays with the Chinese FDA approval and the

transfer of the initial funds, which has had a critical impact on our liquidity. To address this, we've arranged factoring with SVEA and secured financial support through loans from our main shareholder and Danske Bank. We have not chosen the funding option to issue new shares for additional capital for growth or paying off debts to avoid a share dilution. We have funded gaps with our family funding and Danske Bank. Still, we must risk assessing our financial capacity and independence of China and other cash flow disruptions that may cause delays to minimize our business's impact.

With a going concern, our top priority is to secure the financial capacity to enable the growth opportunities we pursue in the short and long term. This will strengthen our pipeline, supply chain, market expansion, and marketed product portfolio to benefit all stakeholders.

In conclusion, although the road ahead may have challenges, we are confident in our ability to emerge stronger with the needed financial boost. With our strategic approach, unique treatments, resilient spirit, and dedicated team, CS MEDICA is now positioned to thrive in the healthcare sector and deliver value to patients, our employees, partners and shareholders.

We are a small team delivering the same tasks as larger Bio & MedTech companies, so we thank our partners and shareholders for their patience and our employees for their commitment, flexibility, and hard work. Our incredible team strives for the highest levels of excellence and is dedicated to reaching as many patients as possible with pain, autoimmune, and stress-related disorders.

“ We are strengthening our DNA of R&D with additional knowledge on markets, patients and “how-to insights”



Lone Henriksen
CEO & Founder



Jørgen Fleming
Chairman, Board of Directors

INTRODUCTION

Highlights 2022/2023

Patents

CS MEDICA achieved milestone with patents on Nasal Protect Gel, Nasal Night Spray, and Wound Gel.



MDR compliance success

CS MEDICA secured future compliance with new Medical Device Regulation through signing contract with a leading Notified Body, BSI Group. Cannordic completed Stage I of the audit process to assess the system. Notably, no nonconformities were identified during this audit.



Israel first-ever OTC product with CBD

CANNASEN® Pain Patch received local approval from Israel's Ministry of Health and is set to debut as the first-ever OTC product with CBD in Israel.



Proof of Concept

Successful clinical trials on CANNASEN® Pain Patch and Nasal Protect Gel provide proof of concept.



Asian Join Venture

CS MEDICA has entered a joint venture regarding production of CANNASEN® medical devices in China.

North America

CS MEDICA achieved FDA authorization for commercialization for 8 products in the U.S. Market.

India

- CS MEDICA received Indian State's FDA approval on their cosmetic products; PSOR+Atopic Lotion and Anti-Hair Loss Serum.
- CANNORDIC India Pvt. Ltd is established to expand the company and treatment presence in India.

Nomination

European Lifestars Awards 2023 nominates CS MEDICA for Post-IPO Raise of the year.

International exhibitions

CS MEDICA is successfully represented at various trade and pharma events, with Vitafoods and CPHI in Barcelona as the largest venues and CPHI China with RongShi.

Investor agreement 60 mDKK

CS MEDICA signed investor agreement of **mDKK 60** with Inner Mongolia RongShi Hi-Tech Co., Ltd ("RongShi") in China.

CS MEDICA still negotiates final details of the joint venture agreement with RhongShi.

CS MEDICA also entered into an extraordinary agreement of IP transfer for the Chinese and Southeast Asian markets to our joint venture with RongShi to enforce the overall JV cooperation.



Malaysia

The registration of 6 medical devices is initiated in Malaysia through the joint venture, RongShi MEDICA Co. Ltd.

Credits

CS MEDICA announces that "Danske Bank" backs the company with mDKK 1,2 credit line.

Board of Directors

Updates in the Board of Directors, the member Alexandre Fevre are replaced by Karsten Adelmark.



INTRODUCTION

Business Performance

This year, we prioritized the following presumptions to deliver control and grow the business in five core areas

Market expansion

We grew in new and existing distributing partners' order intake to mDKK 14.5; 71.5% of the volume covers European markets, with the split 31.3% on the CANNASEN® brand and 68.7% on own-label solutions. The remaining 28.5% of the order intake covers Other International markets, with the CANNASEN® brand only. Our existing partners are signaling proof of concept as they wish to explore new marketplaces and sales channels.

Due to financial capacity and supply chain disruption, we shifted from a strong brand-build focus to a balance between brand and own-label solutions to ensure a higher global reach to patients and improved cost-effectiveness. However, as some new markets are outside the European Union, we have a more extended registration hours and time-to-market, whereas our regulatory department and marketing support our new partners for faster speed-to-market.

China as a market and Joint Venture partner

This year, we were, after months of negotiations, able to establish our Joint Venture Rongshi Medica (Ordos) Co., Ltd. ("JV"), owned 49% by CS MEDICA and 51% by the Chinese Company RongShi. The JV are to market and sell European-produced CANNASEN® treatments in Asia until the JV production site has been established, which is expected in December 2026.

The Chinese FDA application process for the OTC CANNASEN® product line, which commenced in May 2023, represents a challenging milestone. Being the first OTC medical device treatment with cannabis in China adds complexity to the process, similar to the challenges we encountered in Israel.

We have joined forces with the Chinese team through our registration processes in China and Malaysia and our participation at the CPHI & PMEC, China, in June and September 2023, respectively.

India as market and subsidiary

India continues to show strong growth and retains its pole position among the world's major economies in the IMF's latest forecast on economic growth rates. The Indian economy is expected to grow at an average rate of 6.3% in FY24, higher than the earlier projection and more than China's rate. Additionally, India is the third-largest producer of medicines globally, with high-quality, cost-effective production.

We see India as a core market and emphasizes the importance of a new subsidiary in India, CANNORDIC India Pvt. Ltd., obtaining approval from Indian regulatory authorities for marketing and sales of the CANNASEN® product line. This strategic move aligns with our commitment to expanding our global presence and offering innovative solutions to customers worldwide.



> This year, CANNORDIC India Pvt. Ltd was established, , and we have received the Indian State’s FDA Approval for our Cosmetic Products, the CANNASEN® Atopic Lotion and CANNASEN® Hairloss.

New segments

We introduced our new VET treatment portfolio at CPHI Barcelona in October 2023. The VET line consists of 4 products: a Hotspot gel for dogs, a Pain gel for dogs and horses, a Pain patch, and a Muck gel for horses. All products are extensions of current products already on the market. The level of investment is low as we capitalize on existing R&D costs, utilizing the research & development, dossier, patents, etc., which have already been performed for humans in this new segment.

Due to priority and financial terms, the current manufacturing strategy is Make to Order (MTO).

MDR & Local Registration - Compliance

A core strategic focus for sustainable growth and competitive advantage lies within our MDR transition. As a medical device manufacturer with leading CBD technology, we were approved by regulatory authorities to extend the transition period to the Medical Device Regulation (MDR) until the end of 2028.

This year, our competitive advantage strengthened as we were one of the first companies in the European Union to sign with a Notified Body to fulfill the required steps under Rule 21 toward compliance with the new regulations. We now have 2 MDR medical devices –

psoriasis gel and pain patch- that are compliant and MDR registered. The rest of the portfolio is in progress and ahead of schedule.

Operation Excellence

Operational Excellence (OpEx) is an important focus area for us in uncertain times with limited resources. This approach to business management emphasizes continuous improvement across all aspects of the business and within all business processes by creating a culture where everyone is invested in business outcomes and empowered to implement change. We reframed our strategy this year to strengthen our positioning and value creation. We also redefined our values and team to encourage a culture that boosts productivity, agility, employee engagement, and innovation.

As MedTech pioneer, we’ve taken on an active role as providers of relevant information and research data concerning the therapeutic values of cannabinoids. Our digital solutions are an integral part of our business and global strategy, and we aim to intensify the digitalization starting as soon as we have funding.

This year, we revisited all SOPs and mapped potential delays to optimize speed-to-market. Hence, we onboarded a new role within the supply chain to reduce frictions, re-engineer and scale faster.

Funding

Our financial capacity to fuel growth has been a challenge this year, and the focus has been on securing short-term funding until the long-term Investment Agreement with RongShi was activated and the order pipeline was converted to revenue.

Acknowledging the significant impact of the uncertainty surrounding money transfers from China on our liquidity, we have initiated additional funding avenues. We are actively pursuing securing bridge loans, JV agreements, and investment agreements with partners who can also serve as our CMOs within manufacturing (vertical integration). These measures aim not only to secure our short- and long-term funding but also to establish close partnerships that can optimize our business within shorter production lead times and time to market.

We remain committed to achieving the money transfer following the IP Transfer Agreement, serving the legal framework, and facilitating the transfer of essential IP and technology rights from CS MEDICA to the joint venture, with a Redeemable Payment of 4.9 MDKK to CS MEDICA. However, given the complexity and extended transfer time, relying solely on this transfer is not feasible. Therefore, the initiatives above are essential components of our revised funding strategy for independence and de-risking.



INTRODUCTION

5 year overview

Performance Highlights

- In the fiscal year 2022/2023, CS MEDICA ensured an order pipeline of mDKK 14.5 scheduled for delivery in 2024, of which we have invoiced 3,1 mDKK (in Oct23-Jan24). Despite this positive development, macroeconomic conditions, local registration, lead time and supply chain disruptions led to net sales amounting to only tDKK 1.067, in 2022/2023, aligning with the Q3 Net Sales Goal.
- CS MEDICA's operational setbacks led to an operating loss of tDKK 17.899, prompting the active implementation of proactive measures to secure operational enhancements.
- Long-term funding is planned to be secured through the RongShi Investment Agreement, involving a mDKK 60 capital increase at a share price of DKK 28.13, organized into two tranches. The approval-dependent first tranche of 30 mDKK has faced delays, leading to extraordinary collaborative efforts between CS MEDICA and their investor RongShi to overcome this setback. As a result, we have revised our funding strategy and initiated additional funding avenues.
- As of September 30, 2022, the company's cash and cash equivalents stood at tDKK -415 (2.934), which subsequently is partly reinforced by credit line with Danske Bank and loan from the main shareholders and family.

	2022/2023 DKK	2021/2022 DKK	2020/2021 DKK	2019/2020 DKK	2018/2019 DKK
Net sales	1.067.275	10.583.029	3.179.557	2.110.729	1.425.936
Gross profit	913.546	4.620.636	1.676.176	682.654	825.643
Operating profit	-17.898.645	-13.334.133	- 176.047	450.398	211.130
Depreciation and amortisation	-2.076.080	- 2.075.780	- 1.367.452	- 384.516	- 24.433
Net financials	-568.148	- 828.456	- 231.738	- 143.253	- 138.194
Profit before taxes	-18.466.793	-14.162.592	- 407.786	-77.371	48.503
Net profit	-14.512.764	-10.802.971	647.629	- 54.579	-119.076
Cash and cash equivalents	-415.014	2.933.783	9.996.085	296.884	4.169
Addition Research and development costs	2.188.336	2.813.316	4.162.220	1.732.137	1.043.151
Cash flow	-3.348.796	- 7.062.301	9.699.200	691.217	86.195
Total Assets	25.855.057	27.905.519	27.411.163	5.436.210	3.279.071
Equity	10.413.779	24.926.543	24.147.367	87.241	- 1.759.061
Financial Ratios					
Gross margin	86%	44%	53%	32%	58%
Operating margin	-1677%	-126%	-6%	21%	15%
Addition research and development in % of sales	205%	27%	131%	82%	73%
Net profit margin	-1360%	-102%	20%	-3%	-8%
Equity ratio	40%	89%	88%	2%	-54%
Share performance					
Basic earnings per share	-118%	-0,88	0,06	- 682,24	- 1.488,45
Total number of shares, 30 september	12.322.635	12.322.635	10.902.000	80	80
Closing share price	3,98	10,9	6,2		

BUSINESS



BUSINESS

Primary activities

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

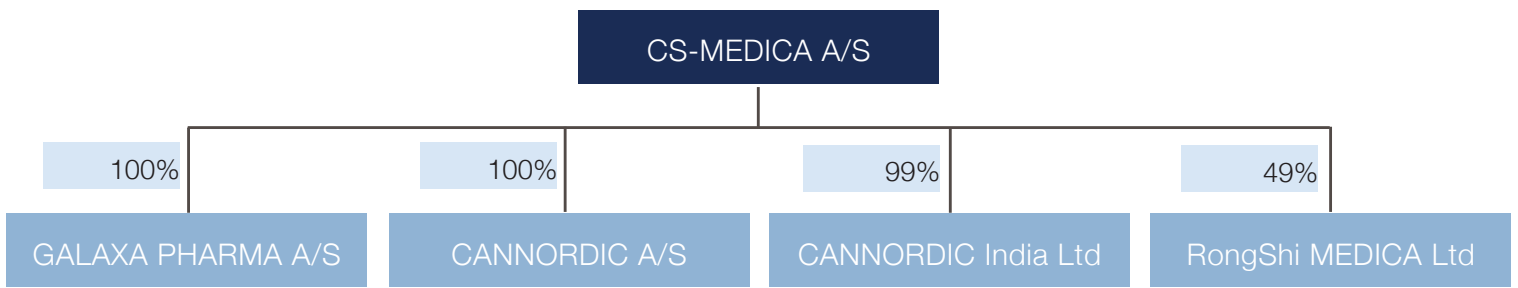
We research, develop, manufacture, and commercialize to strengthen treatment options using the therapeutic value of cannabinoids and we are currently in the market with a product portfolio, featured under the trademark CANNASEN® or own-label solutions. Covering categories such as Pain, Skin, Hair, Protect, 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 CBD products as we are selling CE-registered medical devices with cannabidiol under medical device regulations in Europe, expanding into other regions like the US, India and Asia. Thereby we revolutionize both the cannabis and medical industry, bringing innovative products and technology to global markets while improving people's lives with treatments that make a difference.

Corporate structure

During 2022/23, we consolidated and reorganized our commercial operations through a new structure consisting of our group company with divisions in Europe (DK) and Asia (India & China).

Joint venture RongShi MEDICA (51% Rongshi Medica & 49% owned by CS MEDICA) and 99% owned CANNORDIC India Pvt. Ltd.



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 pain, 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.



GALAXAPHARMA - Commercializing and brand building

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

BUSINESS

Treatment Overview

Our MedTech business includes the following therapeutic areas and key products available or in late clinical trial phase in each category.

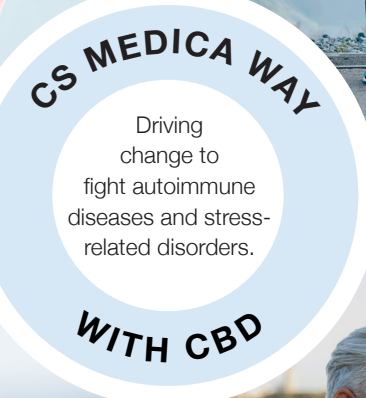
Skin disorders

We focus on efficient, safe, alternative treatments with fewer side effects, of psoriasis, eczema, and wounds. Conditions that can cause serious physical and social discomfort for many patients around the world.



Musculoskeletal disorders

We offer efficient, safe, alternative treatments with fewer side effects to people living with reduced mobility and pain in their everyday lives. Pain is a condition impacting life quality in all ages; hence pain relief is one of the most searched keywords.



Respiratory disorders

We offer new treatments for respiratory disorders like allergies, colds, and insomnia with fewer side effects. We are dedicated to improving the lives of people living with these symptoms.



Dermaceuticals

We offer innovative, safe treatments for hair and skin with fewer side effects and science-backed proof of concept. We aim to improve conditions like hair loss and rosacea that can cause social discomfort for many patients around the world.



BUSINESS

Our External Environment

Markets are multifaceted and interconnected, and five significant dynamics influence our ability to stay competitive and compliant when providing treatments to patients globally.

Life Science Dynamics:

- Technological advancements and regulatory changes significantly influence the life science sector. Innovations in biotechnology, pharmaceuticals, and medical devices are reshaping healthcare.
- The COVID-19 pandemic has underscored the importance of this sector, leading to increased investment and attention towards healthcare advancement.
- Further development of regulatory processes, while modernization of clinical trials is evolving.

Geopolitical Shifts:

- Tensions between major global powers affect the life science industry through changes in trade policies, intellectual property rights, and supply chain disruptions.
- Political instability impacts various regions' regulatory environment and market access for life science products.
- Domestic interests challenge market entry and encourage companies to shorten value chains by localizing and prioritizing strategic resilience.

Economic Slowdown:

- A global economic slowdown can reduce funding and investment in the life sciences sector. It is particularly challenging for research and development, which is capital intensive.
- Private consumption slows as inflation rises, supply chains are disrupted, and governments potentially intervene to protect households.
- However, healthcare often remains a priority even during economic downturns, meaning that essential healthcare products and services can be somewhat insulated from broader economic challenges.

Green Transition:

- The move towards sustainability is affecting all sectors, including life sciences. This involves integrating eco-friendly practices in manufacturing, reducing carbon footprint, and developing sustainable healthcare solutions.
- This transition can be both a challenge and an opportunity, especially with the new directives coming soon and scope 3 impacting the entire value chain.

Consumer Trends:

- There's a growing demand for personalized treatment, digital health solutions, and "minimalist" and self-care products. This trend can shape research priorities and market strategies in the life science sector and the cannabis industry.
- Consumer trust and perception are vital, as public opinion can significantly influence regulatory policies and market acceptance of new technologies and treatments.

Position of a small-sized MedTech company:

- We face unique challenges like limited funding, a high need for education, low supply chain power, and regulatory hurdles.
- We focus on niche areas where we can offer significant innovation or competitive advantages.
- The right partnerships, collaborations, and strategic alliances can be crucial for resource-sharing, accessing new markets, and leveraging collective strengths.
- Navigating a complex landscape shaped by economic, geopolitical, and consumer-driven forces requires an agile, innovative, and strategic approach to thrive in this dynamic environment.



BUSINESS

Reframed Strategy

Going back to our roots

Our corporate strategy to grow and internationalize the business continues to make progress, supporting our purpose of improving people's quality of life by driving change to treat pain, autoimmune and stress-related diseases.

We are a small-sized MedTech company working with the same development stages and tasks as companies with larger teams and financial capacity. To adapt to unforeseen times and secure our long-term strategy we have reframed our strategy to focus on our core business and DNA; our science, technology, and knowledge.

Our growth strategy in brief

Based on learning from the previous year we made choices on where to accelerate and retreat. The geographical expansion of our treatments and the efforts to grow volume for broader patient reach and economic-of-scale benefits are essential for our future.

We prioritized R&D and IP Rights to reinforce our DNA, enabling us to expand our portfolio utilizing current R&D costs, gaining new markets and segments, and de-risk our dependency.

We established market and compliance know-how to navigate the Medical Device Regulation transition and secure faster tracks for local registrations. This supports our expansion focus and strengthens our role as a trusted partner delivering not only innovative treatments but value and insights launching into new markets.

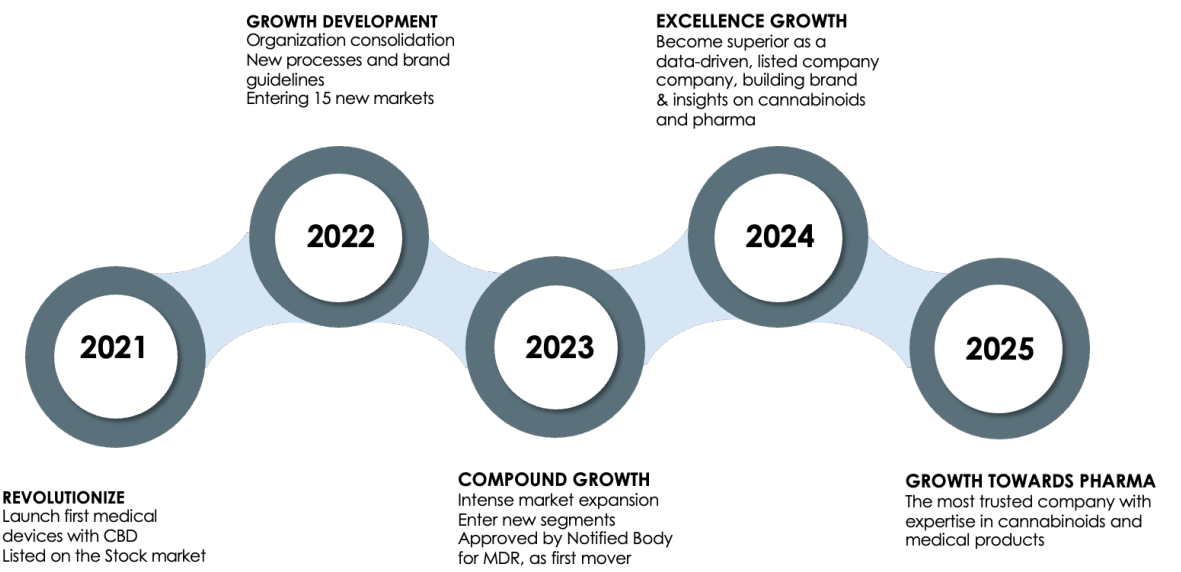
By focusing on operational excellence to achieve our potential as a small-sized MedTech, we need to maximize our efforts to where we make the largest difference for our patients, partners, and shareholders. Hence, we are ready to kickstart a digital transformation, enhancing the use of digital solutions within R&D and our operations, when we have funding.

Reframed B2B2C strategy

Given our current financial constraints, we cannot build the CANNASEN® brand internationally alone. Instead, we made the choice to boost our DNA and acquire invaluable consumer experience and essential data to support partnerships globally with a central emphasis on insights driven by customer preferences and science.

Our mission continues to provide innovative treatments for 2- or 4-legged patients with pain, autoimmune, and stress-related disorders globally. We will add value throughout the value chain by building greater knowledge in science, technology, sustainability, and patients' behaviors.

“ We prioritized R&D and IP Rights to reinforce our DNA, enabling us to expand our portfolio utilizing current R&D costs, gaining new markets and segments, and de-risk our dependency.



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 innovative treatments and technology within the cannabis and medical industries.

Tapping into unexploited potential

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. 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.

Working on multiple development stages

As a MedTech, we work at all Development Stages, where III, IV & V are our focus (with 23 products in scope, 9 launched):

- New Product Development and Technologies.
- Product Developing, verifying, and validating, securing patents.
- Optimizing processes and trials, moving from MDD to MDR.
- Launched finished products for brand build, post-market assessment, and revenue stream.

The discovery and development of our medical device treatments 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.

“To ensure 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.

Our R&D strategy

- 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.
- Source the best ingredients and partnerships for safe, efficient, and accessible results for those that need a better every day
- 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.

Behind the science

The endocannabinoid system (ECS) is a biological system composed of endocannabinoids, which are endogenous lipid-based retrograde neurotransmitters that bind to cannabinoid receptors (CBRs), and cannabinoid receptor proteins that are expressed throughout the vertebrate central nervous system (including the brain) and peripheral nervous system. Endocannabinoids have important effects on immune functions as well. They modulate T- and B-lymphocytes proliferation and apoptosis, macrophage-mediated killing of

sensitized cells, inflammatory cytokine production, immune cell activation by inflammatory stimuli, chemotaxis, and inflammatory cell migration.

The endocannabinoid system remains under preliminary research but may be involved in regulating physiological and cognitive processes, including fertility, pregnancy, pre-and postnatal development, various activity of immune system, appetite, pain-sensation, mood, and memory, and in mediating the pharmacological effects of cannabis. The ECS plays an important role in multiple aspects of neural functions, including the control of movement and motor coordination, learning and memory, emotion and motivation, addictive-like behaviour, and pain modulation, among others.

Two primary cannabinoid receptors have been identified: CB1, first cloned (or isolated) in 1990; and CB2, cloned in 1993.

[Link: NIH article](#)

[Link: Endocannabinoid system](#)



Our DNA

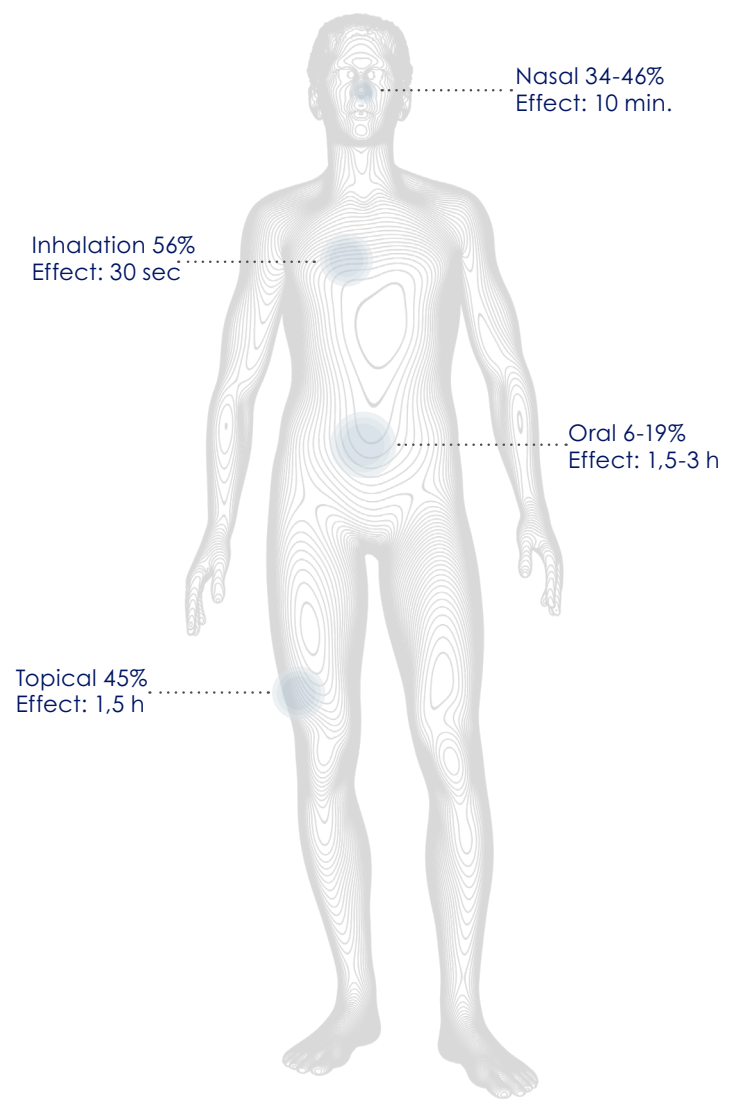
We have researched the bioavailability of the Phyto cannabinoids in the human body together with drug delivery systems to deliver cannabinoids to the human body with high efficacy. We found the oral delivery of the Phyto cannabinoids was highly ineffective, as the bioavailability was only 6% and the orally delivered Phyto cannabinoids went through the liver, where it reduces the enzyme degrading process of medicine, meaning the medicine has a higher efficacy in the body. Whereas the delivery of Phyto cannabinoids through the skin or the nasal passage has a bioavailability of 45% and does not enter the lever, as it does not enter the bloodstream.

CBD reach the receptors of pain, psoriasis, hair, inflammation (wounds) and arthritis through the skin. Many of the receptors are present in the skin. CBD applied topically or nasal targets the localized area/problem, dispersing across the skin reaching muscles and cells - very little CBD enters the bloodstream and thereby does not reach the liver.

Why Natural CBD

In our research and development, we also found that several factors impact the efficacy/bioactivity of the extracted Phyto cannabinoids – why some Phyto cannabinoids extracted from Cannabis Sativa L. plant have no effect/no bioactivity in the human body, as the extracted Phyto cannabinoids must be recognizable by the human body to be utilized. An external journal¹ describe that synthetic CBD have no effect /no bioactivity in the human body, as the human body do not recognize the synthetic CBD as an alternative to the body's own produced endocannabinoid (AEA, 2-AG) – like the human body cannot recognize and utilize synthetic insulin, as the body do not recognize the synthetic insulin as the human insulin the body produces itself. If the body do not recognize the insulin – the insulin will not be able to interact with the insulin receptor and open the glucose channel in the cell.

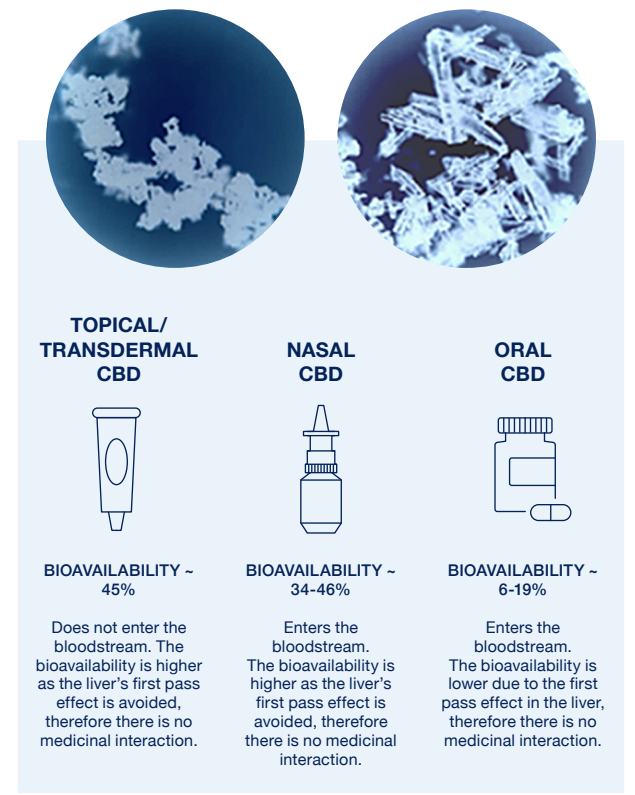
Bioavailability



Unique Findings

Since 2016, we have 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.

- Patent Application Pending Study for Bioavailability
- Optimal delivery system with high Bioavailability (Topical & Nasal)
- Pilot Study identifying bioactive CBD
- Discovery of factors that impacts the Natural CBD's bioactivity in the body
- Unique technology as the foundation for all formulas



BUSINESS

Proof of Concept

The Clinical Trials & Pre-Clinical studies for medical devices.
Registration ahead of competition

- Pre-clinical trials & Biocom test finalized.
- Post-clinical trials are performed.
- Registered as one of the only OTC Medical Devices with CBD under MDD.
- Signed contract with BSI, Notify Body as the first company for Rule 21, transferring to MDR according to plan.
- 2 registered MDR treatment.

PRECLINICAL STUDY

INVITRO TEST EFFICACY

PRODUCTS	PLANNED	PERFORMED	FINAL REPORT
CANNASEN® ARTHRITIS GEL	X	X	X
CANNASEN® PSORIASIS GEL	X	X	X
CANNASEN® PROTECT NASAL GEL	X	X	X
CANNASEN® PAIN PATCH	X	X	X
CANNASEN® WOUND GEL	X	X	X
CANNASEN® NASAL NIGHT SPRAY	X	X	X

ACADEMIC CLINICAL STUDY

EVALUATE PENETRATION & PERMEATION ON SKIN

PRODUCTS	PLANNED	FINAL REPORT
CANNASEN® ARTHRITIS GEL	X	X
CANNASEN® PSORIASIS GEL	X	X
CANNASEN® PROTECT NASAL GEL	X	X
CANNASEN® PAIN PATCH	X	X
CANNASEN® WOUND GEL	X	

ONGOING CLINICAL TRIALS



SAFETY & EFFICACY

PRODUCTS	Planned	Approved by medical agency	Phase III	Intermediate report	Performed final report	MDD Classification	MDR Classification
CANNASEN® ARTHRITIS GEL NGA-01: ART.GEL VS PLACEBO	X	X	X	X	X	Class I	Class IIa
CANNASEN® PSORIASIS GEL NGP-01: PSOR.GEL VS PLACEBO	X	X	X	X	X	Class I	Class I
CANNASEN® PROTECT NASAL GEL NGPG-01: PROTECTIVE	X	X	X	X	X	Class I	Class IIa
CANNASEN® PAIN PATCH NGPP-01: PAIN PATCH	X	X	X	X	X	Class I	Class I
CANNASEN® WOUND GEL NGW-01: WOUND GEL VS PLACEBO	X					Class I	Class IIa
CANNASEN® NASAL NIGHT SPRAY NGS-01: NASAL SPRAY NIGHT VS PLACEBO	X	X	X	X		Class I	Class IIa



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

We strive 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 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). It is the current strategy to extend this protection in the US, Canada, China, Europe, Israel, Australia, New Zealand, Japan, India, and South Korea. Further countries are to be evaluated as we expand globally.

Future possible patent on active CBD

Our R&D department has continued the research and 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.

We have now concluded successfully one of the two last hypotheses and further studies and test will be performed on the last hypothesis. We expect to have performed the final tests during 1H of 2023. As this know-how is based on basic research, a future patent may impact the CBD market, as other Companies can utilize CS MEDICA's technology/know-how.



Currently, we have obtained the following patents in DK:

Patent no.: DK 181405 – Nasal Protect Gel

Patent no.: DK 181329 – Nasal Night Spray

Patent no.: DK 181458 – Wound Gel

CS MEDICA - current Patent applications

PRODUCT	DK PATENT APPLICATION YEAR	PCT* PATENT APPLICATION YEAR	NATIONAL** PATENT APPLICATION YEAR	IF PATENT GRANTED - EXPIRY YEAR
Arthritis Gel <i>Sports Gel 650</i>	2019 <i>Same formulation as Arthritis Gel and therefore covered by this patent application</i>	2020 <i>Same formulation as Arthritis Gel and therefore covered by this patent application</i>	2022 <i>Same formulation as Arthritis Gel and therefore covered by this patent application</i>	2039 <i>Same formulation as Arthritis Gel and therefore covered by this patent application</i>
<i>Sports Gel 1000</i>	<i>do</i>	<i>do</i>	<i>do</i>	<i>do</i>
<i>VET Pain Arthritis Gel</i>	<i>do</i>	<i>do</i>	<i>do</i>	<i>do</i>
Psoriasis Gel	2019	2020	2022	2039
Anti-Hair loss Serum Nasal Spray Night	2021 2021	2022 2022	2023 2023	2041 2041
Wound Gel <i>VET HOT Spot Gel</i>	2021 <i>Same formulation as Wound Gel and therefore covered by this patent application</i>	2022 <i>Same formulation as Wound Gel and therefore covered by this patent application</i>		2041 <i>Same formulation as Wound Gel and therefore covered by this patent application</i>
<i>VET Mud Fever Gel</i>	<i>do</i>	<i>do</i>		<i>do</i>
Protective Nasal Gel	2021	2022		2041
Pain Patch <i>VET Pain Patch</i>	2021 <i>Same formulation as Pain Patch and therefore covered by this patent application</i>	2022 <i>Same formulation as Pain Patch and therefore covered by this patent application</i>	2023	2041 <i>Same formulation as Pain Patch and therefore covered by this patent application</i>
Supplement Arthritis		2022	2023	2042
Supplement Psoriasis		2022	2023	2042
Supplement Anti-Hair loss	2021	2022	2023	2041

* PCT (Patent Cooperation Treaty), covering 153 nations across the globe.

** National patent application in following countries: USA, Canada, China, Europe, Israel, Australia, New Zealand, Japan, India, Malaysia, Thailand, Brazil, UAE, Saudi Arabia, South Korea



> Trademarks

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

Country	Status	Renewal	Application
Australia	Registered		12/11/2021
Canada	Registered		20/01/2020
EU	Registered	24/10/2028	24/10/2018
Hong Kong	Registered	10/11/2031	11/11/2021
Indien	Registered		20/01/2020
Indonesia	Registered		20/01/2020
International Protocol	Registered	19/11/2028	19/11/2018
Malaysia	Registered		20/01/2020
New Zealand	Registered		12/11/2021
Norway	Registered		19/11/2018
South Korea	Registered		20/01/2020
Switzerland	Registered		19/11/2018
Turkey	Registered		12/11/2021
United Kingdom	Registered	24/10/2028	24/10/2018
USA	Registered		20/01/2020
Vietnam	Registered		20/01/2020
Japan	<i>Under processing</i>		20/01/2020
Thailand	<i>Under processing</i>		20/01/2020



BUSINESS

Government Regulations

The product portfolio is regulated under the Danish Medical Agency, who secure and evaluates if the products follow the Medical Device legislation (MDD), now updating to updating to Medical Device Regulation (MDR). This includes a comprehensive investigation and evaluation of the following areas within the MDD/MDR legislations.

- Technical files live up to the requirements
- Clinical evaluation of each medical device product is performed according to the detailed requirements under MDD and MDR for MDR products.
- Pre-clinical test is performed, evaluated, and documented correctly
- Packaging, covering the tube, box, and instructions for use (IFU) follows the regulations and requirements under MDD and MDR.
- 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 ISO 13485 and Medical Device Regulation.
- Marketing around the products is following the strict requirements under MDR especially within product description and claims.

- Post Market surveillance (PMS) complies with requirements in the MDR.

MDR transition

A new EU Medical Device Regulation (MDR) took effect on 26 May 2021. The products launched in the EU market under MDD must comply with these regulations and be reclassified under the new EU MDR. The medical devices that fall under class IIa & III need 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. The MDR has set out several transitional provisions under Article 120 for medical device manufacturers. The manufacturers must secure the transition to be fulfilled to completely adapt to the new set of regulations (MDR).

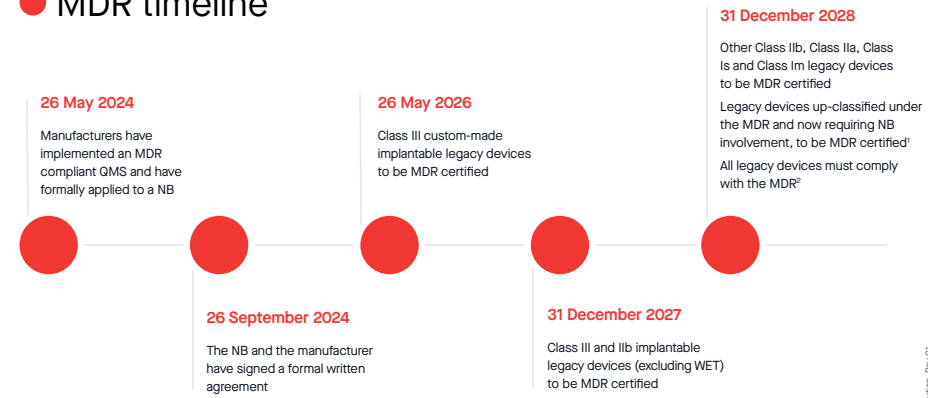
During the grace period, the devices registered under both EU MDD and EU MDR will co-exist in the market with equal status and without being subjected to discrimination. The European Medical Device Regulation (MDR) will be fully effective in all the EU member states and the European Free Trade Association (EFTA) States from May 2021. It provides manufacturers a transition period of 4 years (May 2024 and made available until May 2025 according to article No. 120 of the MDR) to complete EU MDR Certification.

The end date of the transition period has moved to 31 December 2027 for Class III, and 31 December 2028 for all other devices, and the ‘sell-off’ deadline has been removed.

To maintain compliance with EU-MDR during the extended transition period, the manufacturer must ensure that the application has been lodged for MDR certification at a Notified Body not later than 26 May 2024 and there is a signed agreement with that Notified Body about this by 26 September 2024.

CANNORDIC A/S is working towards obtaining the ISO 13485 certificate with BSI, widely acknowledged as the gold standard for quality management systems in the medical device industry. Recently, CANNORDIC completed Stage I of the audit process to assess the system. Notably, no nonconformities were identified during this audit. The outcome of the Stage I audit confirms that the management system is ready to proceed to the Stage 2 audit. The outcome of the Stage I audit confirms that the management system is ready to proceed to the Stage 2 audit.

● **MDR timeline**



¹ Only for legacy devices whose whose Declaration of Conformity (DoC) was signed by 26 May 2021 (e.g., Class I)
² The sell-off period has been removed. Legacy devices placed on the market before the end of the transition period can be made further available on the market without legal time restrictions



➤ **On track**

Our CANNASEN® products were filed and launched as Class I under the MDD (Medical Device Directive) before May 26, 2021.

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.

We are currently by being one of the first companies in the European Union to sign with a Notified Body BSI in the Netherlands, to fulfill the required steps under Rule 21 toward compliance with the new regulation MDR.

We expect to be ready to send the Technical file for MDR product class II to BSI for assessment in:

1. **CANNASEN® Pain & Arthritis Gel - August 2024**
2. **CANNASEN® Wound Gel - January 2025**
3. **CANNASEN® Nasal Protect Gel - May 2024**
4. **CANNASEN® Nasal Night Spray – January 2025**

The **CANNASEN® Pain Patch** and **CANNASEN® Psoriasis Gel** will remain classified as Class I under the Medical Device Regulation (MDR), and the technical file has already been updated in compliance with MDR requirements

In following countries – our treatments are registered:

EU, UK, US, India (cosmeceuticals) Australia & Israel (Pain Patch)

Our medical products are in the process of registration in the following countries:

Croatia, Israel, Palestine, Jordan, Kuwait, India, Australia, Malaysia, Thailand, Korea, Japan, and China.

Registration strategy in process for:
Latin America.

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



*Disclaimer: *product packaging upcoming design*

BUSINESS

Our Pipeline

We have 9 launched products, 13 active in pipeline, plus 7 modified and 10 medicine and a range of upcoming Dermaceuticals at idea stage.

The VET portfolio and the Hair Care Shampoo & Mask have been presented to the industry and is already available as a Make-to-Order manufacturing strategy.

We have several dermaceutical products at the idea stage, as we want to extend the SKIN category and receive several requests for line extensions. However, we hold development until further funding.



Treatment Registration	Disease Indication	Development Stage			
		I	II	III	IV
Medical Devise	Arthritis Gel*				LAUNCHED
	Psoriasis Gel*				LAUNCHED
	Pain Patch*				LAUNCHED
	Wound Gel*				LAUNCHED
	Protective Intranasal Gel*				LAUNCHED
	Insomnia Nasal Gel*				LAUNCHED
	Infect Protect Lozenges				LAUNCHED
	Pain Patch Hot				Q2 2025
Medical Devise Veterinary	Hotspot Gel - Dogs*				Q4 2023
	Mud Fever Gel - Horses*				Q4 2023
	Pain Patch - Horses*				Q4 2023
	Pain Gel - Dogs & Horses*				Q4 2023
Cosmeceuticals	Hair regrowth*				LAUNCHED
	PSOR+ Atopic Skin Relief				LAUNCHED
	Sport Gel 1000*				Q4 2024
	Sport CBD Patch*				Q4 2024
	Sport Spray + Mg*				Q4 2024
	Anti-Hair loss Shampoo				Q4 2024
	Anti-Hair loss Mask				Q4 2024
Medicine	Psoriasis Shampoo				Q4 2024
	Inhalator - CBD				
	Inhalator - CBD + THC				
	Inhalator - CBD + other Cannabinoids				

I: Concept & Feasibility - II: Research & Development - III: Clinical Development - IV: Regulatory Approval & Market Launch
* Patent Pending



BUSINESS

Commercial Operations

CS MEDICA operates from the Danish headquarter and has contracts covering 25+ countries.

The Nordics are essential markets for testing new products and building best practices for expansion. Our commercial team analyzes the demographics, competition, target segments' behavior, level of CBD know-how, and registration windows to optimize the Go-to-Market strategy and choice of potential distributing partners.

The company's BtBtC strategy is to benefit from the competitive advantage and to fast-track our market entry. Our treatments are available as OTC (over-the-counter) through pharmacies, drugstores, retail, clinics/hospitals, and online. We do this through the CANNASEN® brand or own-label option, split into white-label and private-label options. We support our partners with insights on how to market our treatments, define CBD as an ingredient, and frame the right local launch strategies, which is why we are transitioning from a BtB and BtC focus towards a BtBtC, with extended focus on MaaS (Marketing as a Service) and data.

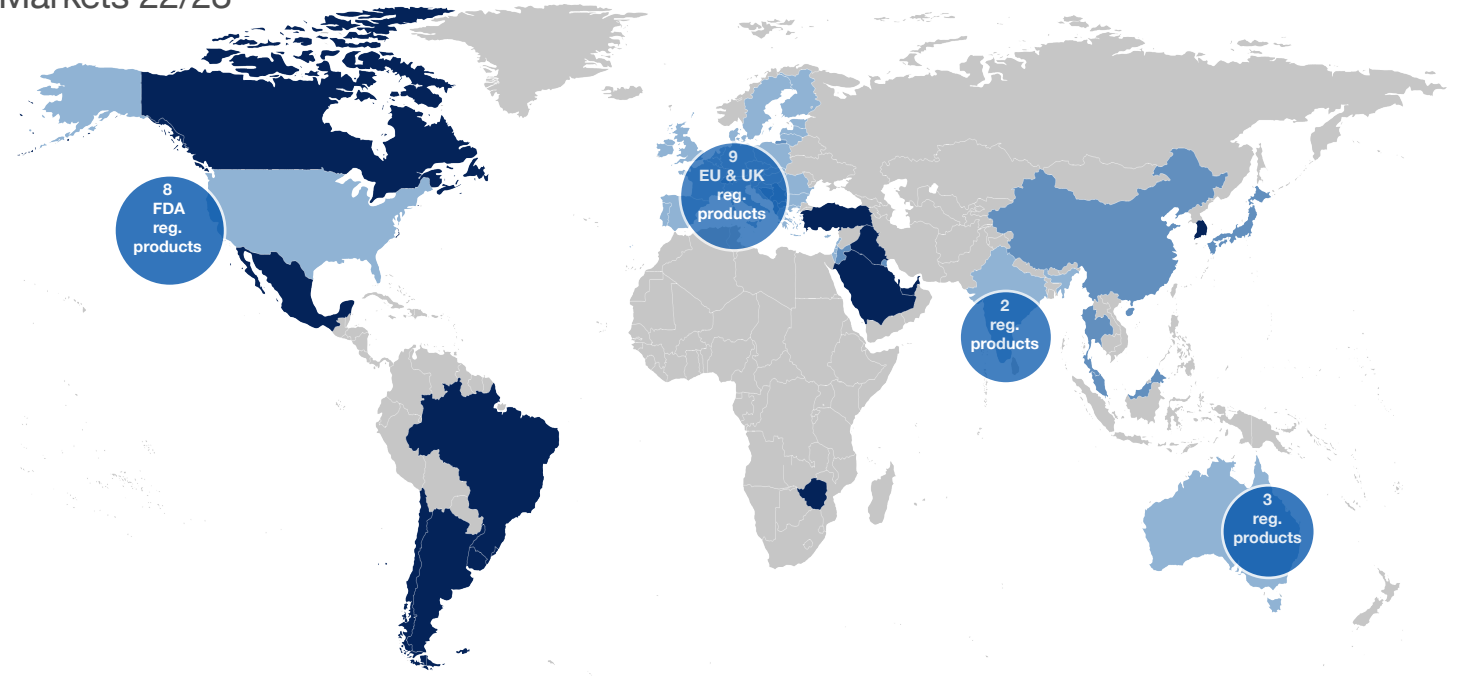
This approach secures the pace of growth while adapting to the demands of partners, key opinion leaders, and patients.

- REGISTERED**
 EU
 UK
 ISRAEL
 INDIA
 AUSTRALIA
 USA

- ONGOING REGISTRATION**
 MALAYSIA
 THAILAND
 CHINA
 JAPAN
 KUWAIT
 JORDAN
 PALESTINE
 SWITZERLAND
 SERBIA
 BOSNIA
 MONTENEGRO

- TO START REGISTRATION**
 CANADA
 MEXICO
 BRAZIL
 ARGENTINA
 URUGUAY
 CHILE
 U.A.E
 SAUDI ARABIA
 IRAQ
 SOUTH KOREA
 ZIMBABWE
 TURKEY

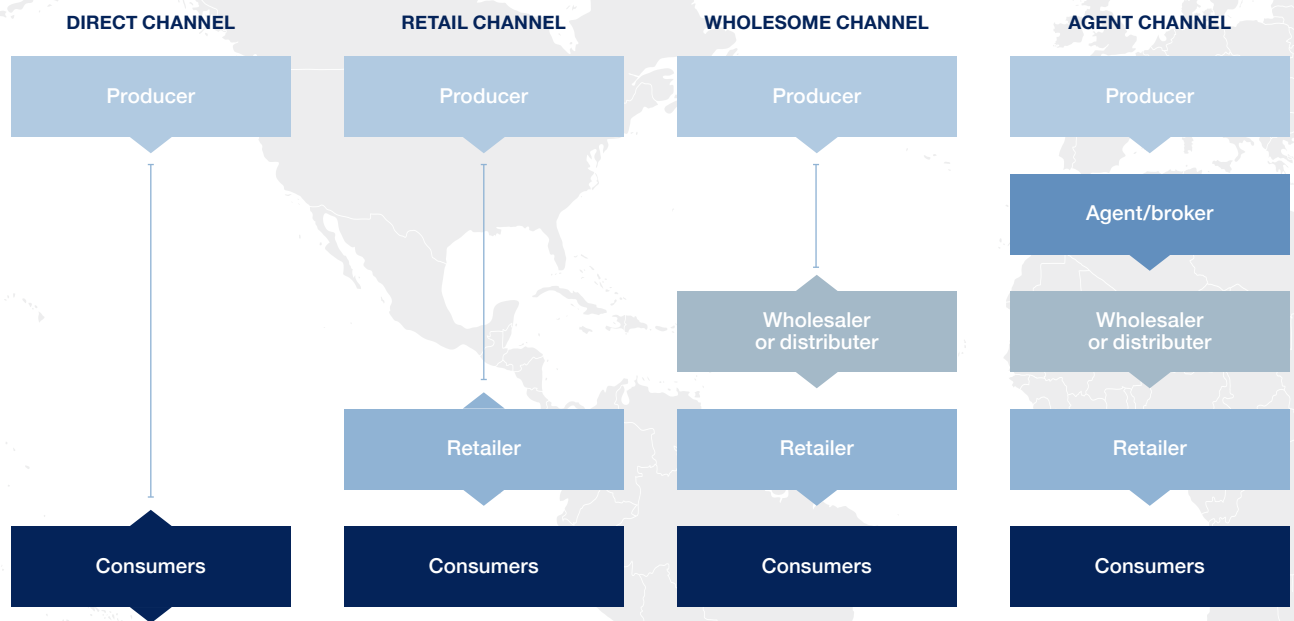
Markets 22/23



Europe		International markets	
Order in take (mDKK)	Share of group order intake	Order in take (mDKK)	Share of group order intake
10.39	71,5%	4.15	28,5%
CANNASEN® Brand	Own/white label	CANNASEN® Brand	Own/white label
31,3%	68,7%	100%	0%



> We follow these 4 channel strategies to drive our expansion.



ASIA
AFRICA
NORTH AMERICA
SOUTH AMERICA
EUROPE
OCEANIA

> Individual strategies & Distribution plans

Currently, CS MEDICA has signed distribution agreements in Denmark, Sweden, Netherlands, Belgium, Germany, Israel, Palestine, Romania, Australia, Austria, Bosnia, Jordan, Kuwait, Montenegro, Portugal, United Kingdom, Bulgaria, Croatia, Czech Republic, Georgia, Hungary, Macedonia, Poland, Spain, Slovenia, Serbia Slovakia, Switzerland, and Amazon.



BUSINESS

Industry & Markets

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 treatments with the therapeutic values of cannabidiol.

The market consists of drug and over-the-counter treatments and cosmetic products.

- Pharma offerings cover most treatments due to proven efficiency and safety but still have a list of side effects.
- Cosmetic and natural offerings increase as patients search for fewer side effects and more accessibility.
- We offer both with OTC alternatives with the therapeutic benefits of CBD – treatments with clinical trials for safety, proven efficacy, bioactive CBD, and fewer side effects matching the needs of patients globally.



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

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>

Competitive advantage

We offer over-the-counter (OTC) alternatives with the therapeutic benefits of CBD – treatments with clinical trials for safety, proven efficacy, bioactive CBD, and fewer side effects matching the needs of patients globally.

Our business operates in a highly competitive environment and often regulated markets. From a customer-centric approach, many of our treatments 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, within the categories we operate - there are zero to few competitors.

Legal over-the-counter (OTC) treatments with cannabinoid 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.

A critical success factor is that we can compete with other companies that manufacture and sell products that treat

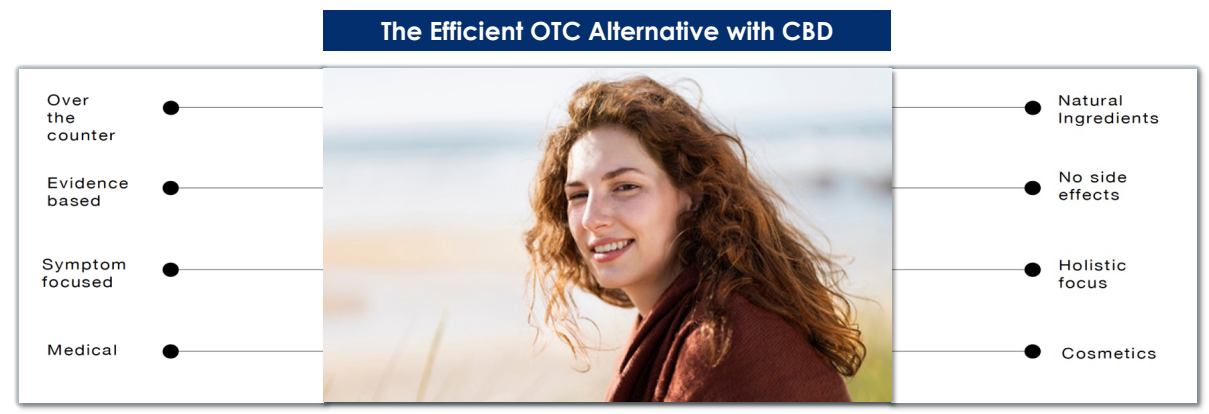
symptoms of pain, autoimmune diseases, or stress-related disorders. The principles for unique selling points are fewer side effects, efficacy, safety, ease of use, costs, and “minimalist” or “clean”.

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. 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.

In brief, CS MEDICA merges the medical and cannabis industries to revolutionize with world-changing products. We developed insight-driven, category-based treatments and solutions that match users’ needs.

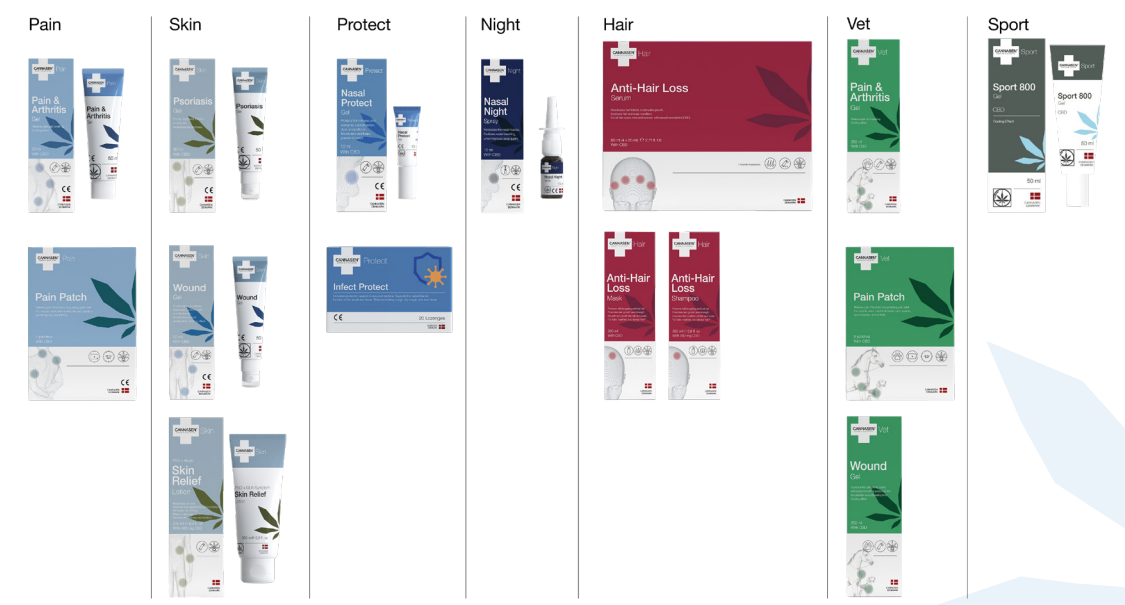
- Fewer side effects, high bioavailability and bioactivity, safety.
- Science-backed treatments that match users’ needs.
- First on the market as medical devices with cannabinoids under MDR.



PHARMA

Combining the best of two worlds

LIFESTYLE

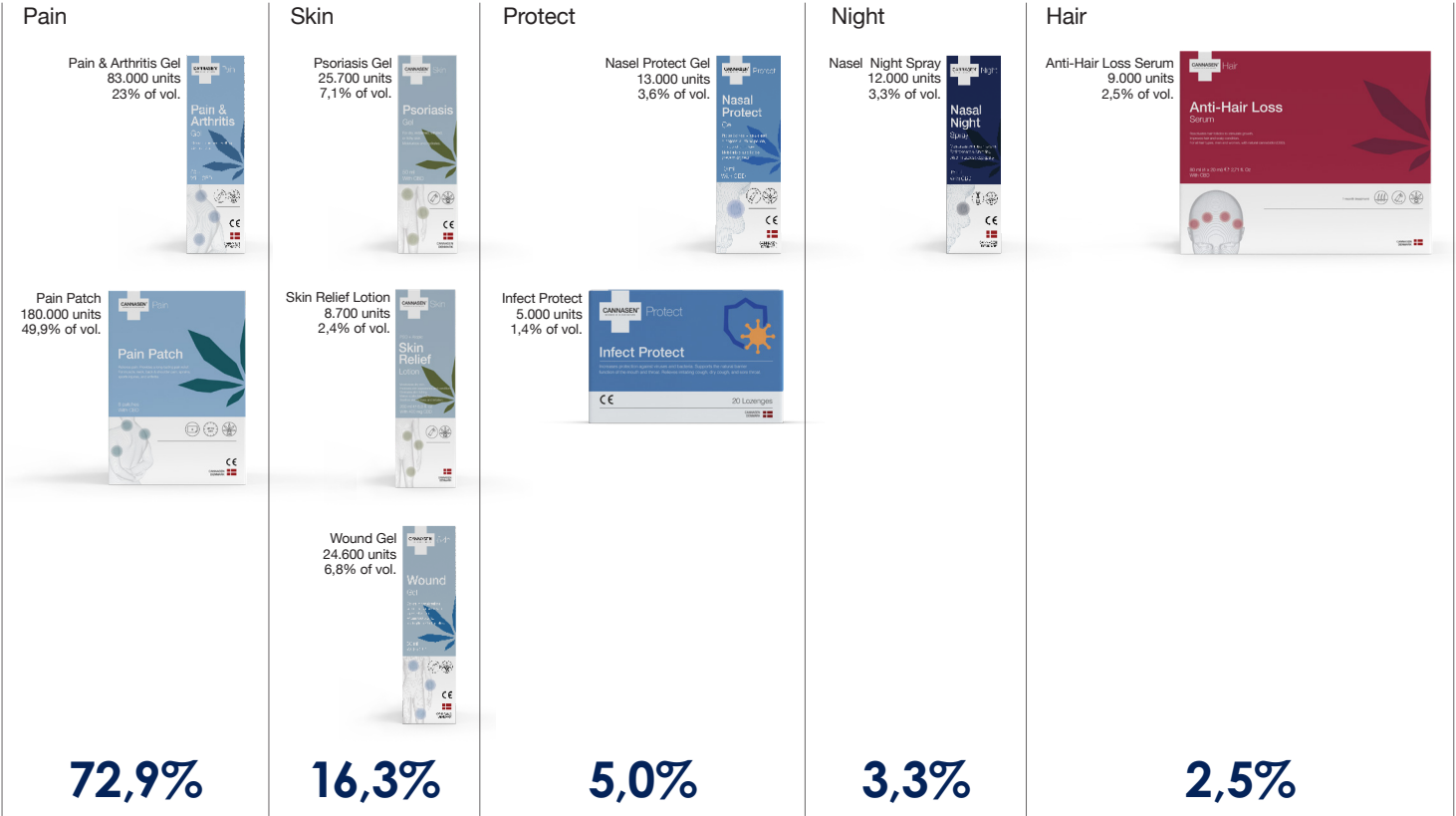


BUSINESS

Launched products

Our science-backed treatments match users' needs, validated by clinical trials, repurchase rates, and positive consumer feedback. We have redesigned the packaging to visualize a brand hierarchy illustrating pharma and cannabis benefits with a color-coded category definition.

We have 9 internationally launched treatments, with 11 clinical trials conducted. The treatments are available today in the CANNASEN® brand and own-label solutions.

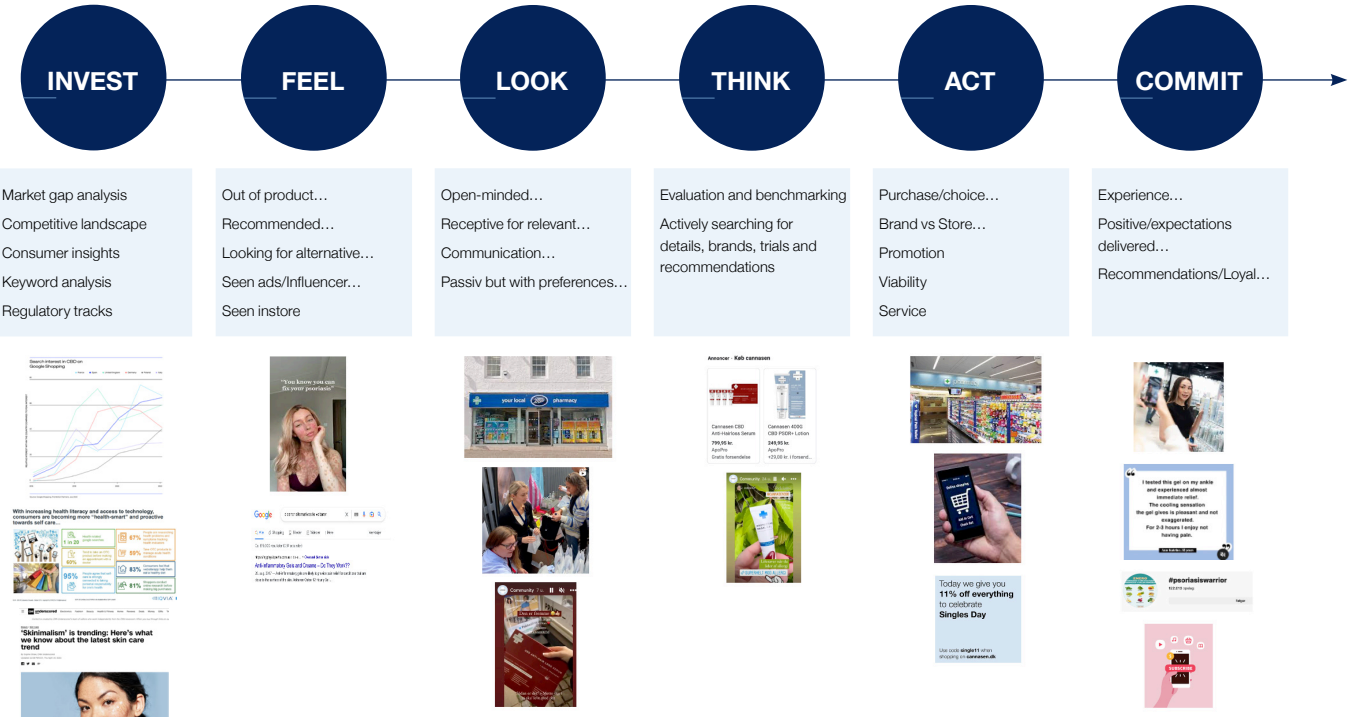
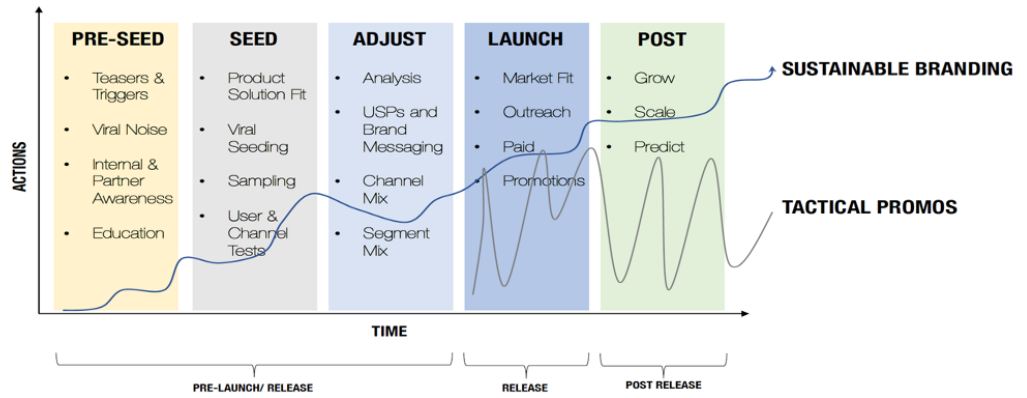


BUSINESS

Marketing as a Service

We actively provide comprehensive support to all our distributors and new partners, guiding them through the landscape of OTC medical devices with cannabinoid treatment.

We focus on leveraging this valuable expertise and support into a new business venture known as **“Marketing As A Service”** (MaaS). This will involve implementing a plan to seamlessly introduce and integrate Marketing As A Service (MAAS) into our distributor network as a new profit pool. This initiative consists of providing our distributors with invaluable market and marketing support and resources to bolster their marketing capabilities and, in turn, drive brand awareness to new heights.



BUSINESS

Enhancing Supply Chain Resilience

CS MEDICA faces a dynamic array of challenges, including disruptions, funding delays, and prolonged lead times to market, impacting our cash flow and revenue goals.

We have transitioned from reacting to disruptions to proactively fortifying resilience and accountability within our organization.

A 2022 BCG survey reveals that only 6% of biopharmaceutical and MedTech companies are adequately prepared for today's disruptions. This underscores the pressing need for healthcare companies, including ours, to swiftly identify, evaluate, and mitigate risks across the entire supply chain.

To address these challenges, we're pursuing a multifaceted approach. Financial constraints have prompted a reevaluation of our strategies. Adjustments include exploring bulk production with flexible packaging and consolidating operations to improve efficiencies and reduce costs.

We're also considering expanding our manufacturing footprint to facilities in India and the United States to capitalize on cost efficiencies. Additionally, we're actively pursuing bridge loans, JV agreements, and investment partnerships to optimize business processes and accelerate market access.

Despite challenges, our commitment to innovation and agility remains unwavering. We're focusing on enhancing financial capacity for strategic stockpiling, exploring new markets with shorter order-to-revenue cycles, and enriching R&D efforts for faster product launches and sustained growth.



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 & 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.

Karsten Adelmark (1962)
– Member of the Board

Karsten Adelmark holds a M.Sc. in Business Administration and Finance, and brings a wealth of expertise and knowledge to the table. Karsten has over 30 years of proven experience in successfully developing businesses, including a track record of establishing successful startups. Karsten’s consultancy background also provides him with valuable international experience and expertise in Mergers & Acquisitions.

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.



CORPORATE GOVERNANCE

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, proactive 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 find competencies within scaling and internationalization MedTech/Pharma 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. 40.

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, strengthening the combination of competencies, and ensuring the 40% gender distribution rule.

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



Lone Henriksen (1970) – CEO, -CSO and Founder

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.



Gitte Henriksen (1967) – CFO, -Founder and Board member

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.



Heidi Ahlefeldt-Laurvig (1973) –COO, CMO

MBA from Henley Business School. She is an external examiner (censor) at CBS, a Jury Board member at the Ecommerce Awards at Danish Chamber of Commerce, and holds 2 board positions. Heidi has experience in growth, transformations, internationalization, branding, and digitalization. For 20+ years, she has worked with different industries and reframed business models and strategies.



Mikkel Raahauge Nielsen (1985) -CCO

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.



Suzan Al-shuweli (1984) -CQO & PRRC

Master in Biotechnology, chemical and biotechnological engineering. Expertise in Quality and Regulatory Affairs for medical devices. Certified in Good Manufacturing Practice (GMP) for medicinal products. PRRC - MDR



Kamlesh Vora, -MD Cannordic India

Master in Organic Chemistry. Has 25yrs of Sales and Business Development experience in Indian and Asia Pacific Pharma market. Business Management in India & Asia Pacific for Pharma, Animal Nutrition & Health, Food and Agro. Factory Audits for developing sustainable sourcing from Asia to ROW, for API's & Ingredients.

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

We are a diverse and passionate team that supports, develops, and executes our purpose of driving change to treat autoimmune and stress-related diseases by melding innovation, technology, nature, and people.

A place where people thrive
 We aim to create a culture of diversity and an experimental mindset where different perspectives are heard, respected, and valued equally. It is an absolute must for us to have an energetic environment.

We operate in a regulatory landscape, and as a small MedTech in changing times, we strive to 'Think Big, Start Small, Learn Smart and Scale Fast.' With backgrounds from various industries, we each bring unique competencies and valuable insights,

enabling us to complement and challenge each other as we strive for innovation, excellent execution, and meaningful daily results. Our team includes top-tier pharmaceutical, biochemistry, finance, quality, sales, marketing, tech, retail, e-commerce, and transformation specialists.

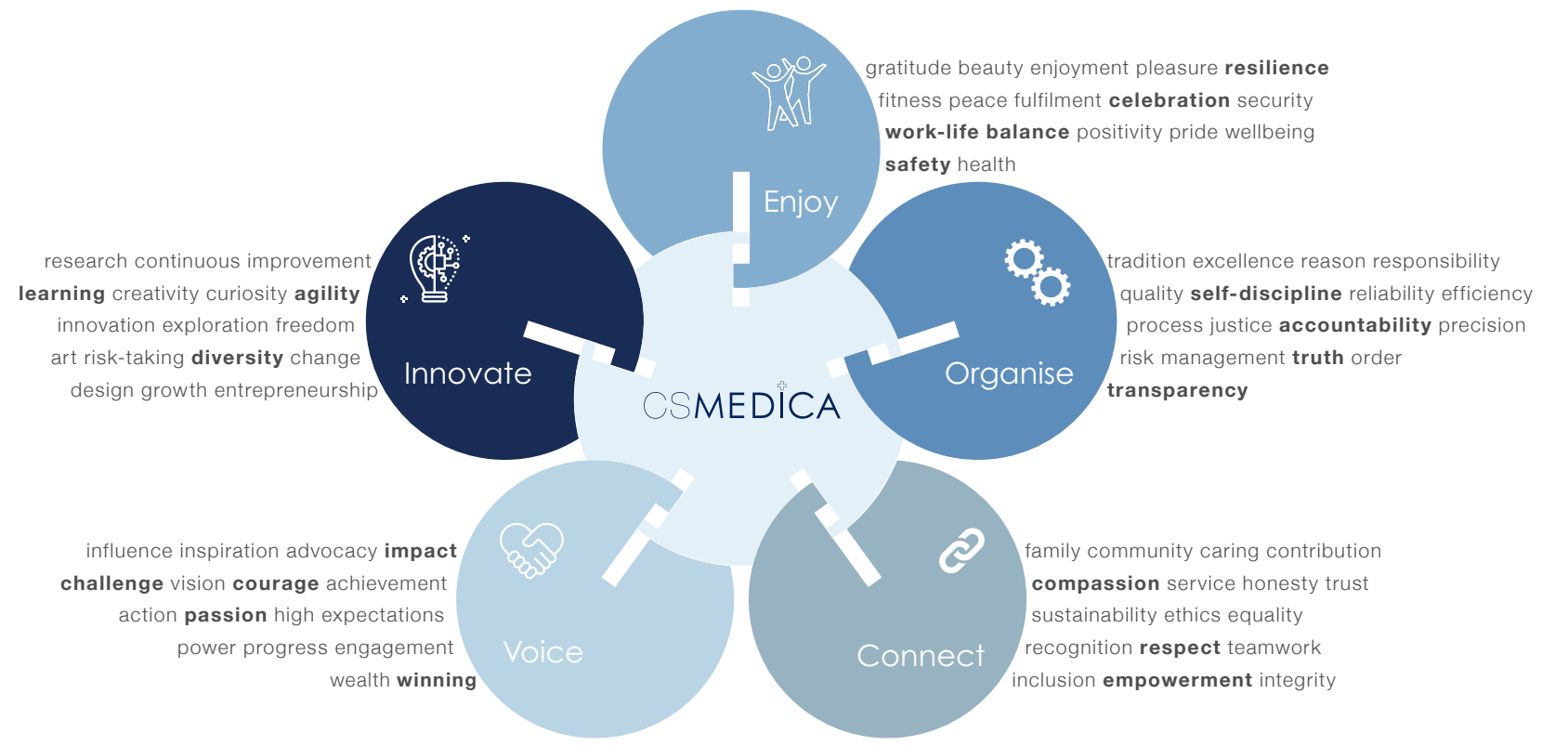
This year, we redefined our values as a team to define our Code of Conduct.



BUSINESS Our Values

Corporate Behaviors

1. Ethical behavior
2. Embracing diversity
3. Team player mindset
4. Risk taking/Freedom to make mistakes & learn
5. Innovation/Creativity/Disruption
6. Constant improvement
7. Encourage performance
8. Transparency/Clear communication and direction
9. Be customer-centric
10. 'Nothing is impossible'



BUSINESS

Diversity

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.

The Board of Directors reviews and approves this policy annually 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 providing 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, whether part-time, full-time, or temporary, will be treated fairly and with respect. When CS MEDICA select candidates for employment, promotion, training, or any other benefit, it will be based on their aptitude and ability.

We 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.

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.

“ 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 2023

HIGHLIGHTS DURING THE FISCAL YEAR

Q1

- **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 products. Whereas, the Spanish Aldo-Union will bring the unique formulas and products in their own brand to patients in Spain. · November 5, 2021, CS MEDICA announced entering a reseller agreement for CANNASEN® CBD products.
- **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 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.

Q2

- **Jan 18, 2023**, CS MEDICA A/S terminates negotiations with Inner Mongolia Rong Shi Hi-Tech Co. ("RongShi"), Ltd as the companies fail to reach acceptable terms. The negotiation with Heilongjiang FuYu ShengKun Textile Industry Co, is being closed conjointly.
- **Jan 18, 2023**, CS MEDICA A/S received in January 2023, a loan of 3,5 MDKK, from Nina Henriksen, the mother of the two founders, CEO Lone Henriksen and CFO Gitte Lund Henriksen.
- **Feb 13, 2023**, CS MEDICA A/S announces that the Company has entered into an agreement with the financial advisor Kapital Partner in Denmark. With this cooperation, the company secures valuable insights and guidance on financial decisions and strategies as well as assistance in sourcing financial partners and maximizing shareholder value.
- **Mar 01, 2023**, CS MEDICA A/S announces that CEO, Lone Henriksen, CFO Gitte Lund Henriksen and COO Heidi Ahlefeldt-Laurvig, has acquired in total 118.713 shares in CS MEDICA at an average price of DKK 3,98, amounting to a total value of 472.710 DKK including commission.

- **Mar 26, 2023**, CS MEDICA A/S has entered into an agreement with Inner Mongolia Rong Shi Hi-Tech Co., Ltd ("RongShi") regarding a directed issue of DKK 60 million at a share price of DKK 28.18 (share price premium of 454%).

- **Mar 26, 2023**, CS MEDICA A/S has entered a joint venture with Inner Mongolia RongShi Hi-Tech Co., Ltd ("RongShi") regarding production of CS-Medica's CANNASEN® CBD medical products in China and distribution of CANNASEN® CBD products to the Asian market. The Joint Venture has been registered in Ordos, Inner Mongolia, China.

- **Mar 30, 2023**, CS MEDICA A/S has been approved by regulatory authorities to extend the transition period to the Medical Device Regulation (MDR) until end 2028. The extension comes as a relief to the Company and many other researchers and healthcare professionals concerned about the impact of the strict regulatory requirements on the availability of medical devices.

Q3

- **Apr 14, 2023**, CS MEDICA A/S successfully completed its clinical trial for CANNASEN® Pain Patch.
- **Apr 14, 2023**, CS MEDICA received approval from its board of directors to setup CANNORDIC India Pvt. Ltd. in India, with the purpose of getting the CANNASEN products approved in India for marketing and sales.



- **Apr 27, 2023**, CS MEDICA A/S and the joint venture, RongShi MEDICA (Ordos) Co. Ltd. are in progress in all areas of the business relationship and will attend the major events and exhibitions CPHI & PMEC 2023 in Shanghai and Guangzhou.
- **May 08, 2023**, CS MEDICA's Nasal Protect Gel is a new and innovative treatment option that has demonstrated effectiveness in treating hay fever and allergic rhinitis, according to the results of a recent single-arm clinical trial.
- **May 09, 2023**, New opportunities abound at fairs. By participating in key events, CANNORDIC, subsidiary of CS MEDICA A/S, expects to expand its awareness and customer base. Today CANNORDIC welcomes guests at its booth at Vitafoods Europe for the nutraceutical industry at Palexpo, Geneva.
- **May 15, 2023**, CS MEDICA's CANNASEN® Pain Patch has made history as the first-ever Over-the-Counter (OTC) product with CBD to receive approval from Israel's Ministry of Health. This milestone achievement now opens the door for the full portfolio of CANNASEN® Medical device products under the Forbe Healthcare Ltd. agreement to enter the Israeli market.
- **May 26, 2023**, CS MEDICA A/S will deliver 45.500 pain patches in July to customers and thus faster than expected and have signed new distributors in new regions with an estimated order value of 5.6M DKK in the first contract year.
- **Jun 15, 2023**, CS MEDICA A/S, Pioneering the Transition to MDR, Sign Contract with a Notified Body in Europe, Safeguarding Their Medical Device Product Line's Market Presence.

- **Jun 16, 2023**, CS MEDICA A/S secured trademark approval for its brand name CANNASEN® in Canada. A significant milestone for the company's global footprint and in strengthening its brand recognition globally.

- **Jun 21, 2023** CS MEDICA A/S Signs Contract on its Popular Pain Patch for the Spanish and Portuguese Markets and Ensures an Order of 45.000 Units.

Q4

- **Jul 14, 2023**, CS MEDICA A/S finalized the establishment and registration of CANNORDIC India Pvt. Ltd to Expand Presence in India.

- **Jul 18, 2023** CS MEDICA A/S releases Q3 2022/2023 report.

- **Aug 30, 2023** CS MEDICA A/S achieves Milestone with Patent on Nasal Night Spray.

- **Sep 06, 2023**, CS MEDICA's Joint Venture with RongShi Successfully Represented at CPHI & PMEC China 2023.

- **Sep 18, 2023** CS MEDICA A/S announces the initiation of the registration process for its six medical devices in Malaysia. This initiative is undertaken in partnership with Rongshi MEDICA Co. Ltd. ("RongShi Medica" or the "Joint Venture").

HIGHLIGHTS AFTER THE PERIOD

- **Oct 09, 2023**, CS MEDICA A/S, is selected as a finalist in the 2023 European Lifestars Awards. The company has been recognized in the category of "Post-IPO Raise of the Year," organized by LSX, a network for life science executive leaders.

- **Oct 10, 2023**, Danske Bank has extended a 1,2 million DKK credit line to CS MEDICA, reaffirming its confidence in the company. This funding bolsters CS MEDICA as they await China-backed support, linked to Chinese FDA approval of 3-5 Medical Device products.

- **Oct 12, 2023**, CS MEDICA A/S Announces Indian State's FDA Approval for Two Cosmetic Products.

- **Oct 26, 2023**, CS MEDICA A/S received certificates of registration for the trademark CANNASEN® in Australia.

- **Oct 31, 2023** CS MEDICA received its second-issued patent on its "Nasal Protect Gel," providing protection against pollen, bacteria, viruses, and pollution.

- **Dec 14, 2023**, CS MEDICA A/S presents the CEO Letter of December 2023.

- **Dec 27, 2023**, CS MEDICA A/S Announces FDA authorization for commercialization for Eight Products in the U.S. Market.

- **Jan 23, 2024**, Danske Bank Extends CS MEDICA's Credit Line.

- **Jan 26, 2024**, CS MEDICA Breaks New Ground in Australia with Registration of CANNASEN® Pain Patch and Launch of its Cosmetic Products.

- **Feb 02, 2024**, CS MEDICA A/S Achieves New Milestone with Patent on their Wound Care Treatment.



DIRECTOR'S REPORT

Changes to Management and Board of Directors

Following the thorough evaluation and adaptation process, the Board remains committed to evolving and strengthening its composition and leadership to navigate the dynamic healthcare landscape effectively.

In June 2023, Alexandre Fevre stepped down from the Board, leading to an open position that **Karsten Adelmark** now assumes. This strategic change aligned the Board with the company's evolving needs. Karsten Adelmark's appointment is a significant addition to CS MEDICA's leadership team. His wealth of experience in financial and business matters and a robust board and IT track record are poised to play a pivotal role in supporting the company's growth plans.



New C-profiles in the management team

In July 2023, a new C-level profile, **Kamlesh Vora**, was signed to lead CS MEDICA's Indian subsidiary, **CANNORDIC India Ltd.** With Kamlesh's 25 years of sales experience in the pharmaceutical market, sustainable sourcing, and business development, he is poised to grow revenue and expand the Indian market.



In September 2023, CS MEDICA's Chief Quality Officer (CQO) and Person Responsible for Regulatory Compliance (PRRC), **Suzan Al-shuweli**, joined the C-level management team. Onboarding Suzan Al-shuweli highlights our commitment as a MedTech company and strategic emphasis on R&D and Compliance. Suzan's role is heavily committed to legislation and stringent standards, ensuring top-quality results while upholding legal requirements and scientific excellence.



DIRECTOR'S REPORT

Risk Management

With uncertain times and challenges, we are confident that we will emerge resilient with the reframed strategic approach, unique treatments, dedicated team and a financial injection.

We try to predict and adapt to our environment where it fits to secure a more robust business. It may include external factors, such as geopolitical balance changes, patient or technological advances, and internal factors, such as R&D findings, business operations, or financial capacity. By stringent and systematic risk management, we identify potential challenges and take steps to migrate, eliminate, or re-engineer any obstacles to protect our value creation.

We apply a dual-lensed approach in our risk management, considering operational and strategic risks. We identify and address both operational risks and strategic risks that could reduce our ability to achieve our growth strategy in the long term.

Operational risks, such as supply chain disruptions, IT failures, local regulatory compliance issues, or lack of financial capacity to grow or run a business optimally, can affect the business's day-to-day operations. A business can maintain continuity and avoid costly disruptions by identifying and mitigating these risks.

Strategic risks can affect the overall direction and success of the business over the long term. These can include market shifts, technological changes, changes in consumer preferences, or regulatory changes impacting our R&D. It can also include a lack of expected funding or delayed cash flow, slowing business performance. However, a business can anticipate and adapt to change and develop strategies to stay resilient and ahead.

Addressing risks in our strategic planning
The Executive Management and the Board of Directors annually analyze our risk profile by evaluating any risks that could impact our organization. The identified risks are analyzed in terms of likelihood and impact to prioritize the risks needing attention. With this knowledge, a risk management plan is outlined to address 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 continuously to ensure that it is effective and up to date.

Access and affordability
Access to affordable care and the burden of chronic disease is still on the rise and an essential foundation for our purpose. Ensuring access and affordability is a risk and responsibility we share with everyone 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 collabo-

ration with relevant stakeholders.

Innovation and competition
We are a MedTech company with innovation in our DNA. To remain competitive and reduce innovation risk, we invest significantly in internal and external pipeline capabilities to ensure patients receive improved treatments.

Being a first mover indicates we are subject to educational needs in market understanding and regulatory territory. We may also experience delays due to competition in the medical and cannabis industries challenging our registrations, positioning, and marketing.

Digital disruption
New digital technologies, such as AI, bring new competitive treatments into the life science industry, but at the same time, open up the opportunity to deliver more value to our stakeholders and help patients 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.

Cannabis disruption
An increasing trend in legislation and clinical findings in a disrupted cannabis market can bring new competitors into the industry but, at the same time, provide the

possibility of delivering more value to our stakeholders in the form of new combination products and forms of delivery. As one of the first to have CE-registered products with CBD and approved to sell MDD/ MDR,

“ We apply a dual-lensed approach in our risk management by considering operational and strategic risks.

we constantly analyze the risk-benefit in this area.

Production capacity and supply chain risks
Fluctuations in demand, resource shortages, trade disputes, quality assurance, and local production requirements can pressure 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 critical to mitigating this risk.

One of the strategies to de-risk is vertical integration or stocking up, hence investing in materials with economics-of-scale. Yet, this leads to a financial capacity risk management.



> Financial capacity risks

Scale-up business demands investments, just as MedTechs need financial capacity to research, develop, perform clinical trials, and secure IPRs besides manufacturing and marketing the finished products.

To migrate risk for funding, we continually evaluate multiple solutions to de-risk dependency on Chinese partners.

Operational risk management process

We are exposed to risks throughout our value chain in the short to medium term. 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.

To maintain product quality, patient safety, and business ethics, the management and the board review a ‘heat map’ of our most significant operational risks every six months. This map is based on insights from management teams across the organization and includes risks that could cause substantial disruption to the business over a three-year horizon.

Key operational risks

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

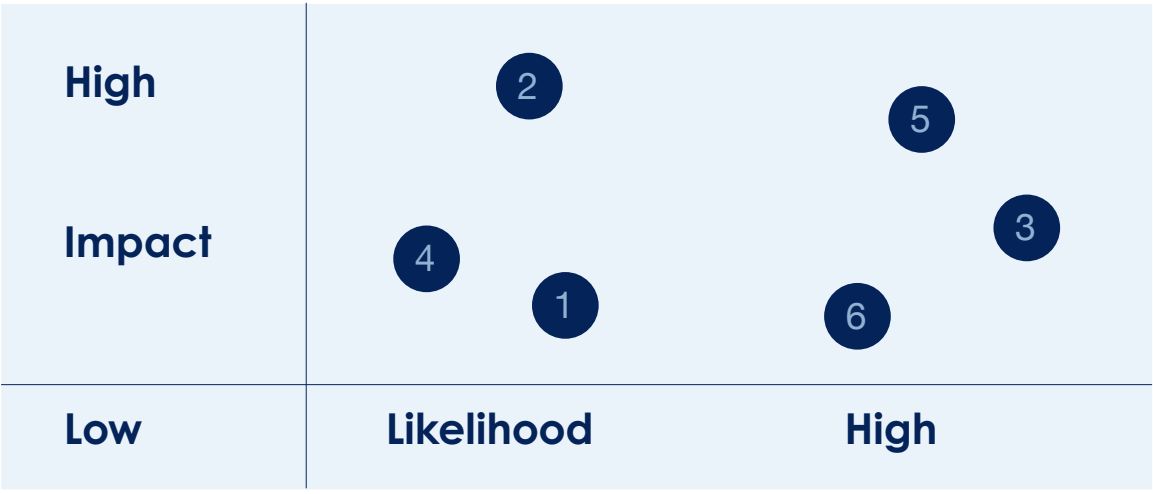
1. Clinical Pipeline Risks
2. Product Supply, Quality, and Safety Risk
3. Commercialization Risks
4. IT Security Risks
5. Financial Risks
6. Legal, Patents, and Compliance Risks

Uncertainty in recognition and measurement

It is important to note that this annual report acknowledges the presence of uncertainties in recognition and measurement and emphasizes the reliance of future operations on a capital injection of 30 MDKK, with 15 MDKK to be secured by March 2024 and the remaining 15 MDKK during 2024. Additionally, achieving a net sales target of 15 MDKK in 2024 is paramount for the company’s future operations.

Significant uncertainty regarding continued operations

In the valuation of assets, attention must be drawn to the inherent uncertainties related to future net sales, which affect the recognition and measurement of rights, development projects, and deferred tax assets. It is the



board’s and our opinion that the net sales goal of 2024 is achievable with a financial injection for supply chain, and we are confident that future operations and valuation are adequate, and that these assets are appropriately valued relative to anticipated future cash flows.



	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	<ul style="list-style-type: none"> – Patients would not benefit from innovative treatments – Could have an adverse impact on sales, profits and market position 	<ul style="list-style-type: none"> – 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	<ul style="list-style-type: none"> – 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 	<ul style="list-style-type: none"> – 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	<ul style="list-style-type: none"> – Market dynamics could impact price levels and patient access – Could have an adverse impact on sales, profits and market position 	<ul style="list-style-type: none"> – 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	<ul style="list-style-type: none"> – 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 	<ul style="list-style-type: none"> – 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	<ul style="list-style-type: none"> – 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. 	<ul style="list-style-type: none"> – 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 	<ul style="list-style-type: none"> – 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	<ul style="list-style-type: none"> – 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 	<ul style="list-style-type: none"> – 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

SUSTAINABILITY



Sustainability report

Creating an environmental, social, and governance (ESG) report for a company our size involves several steps and sections. We have been prioritizing social responsibility and governance more this year, kickstarting plans for the environmental impact for 2024 as the new directives CSDDD and CSRD become a reality, increasingly influencing the value chain.

Environmental Impact

Sustainable Practices: In collaboration with our four CMOs and other suppliers, we will outline measures to reduce environmental impact, such as energy-efficient operations, sustainable materials in product manufacturing, and waste reduction strategies. Expected for 2024- depending on funding for digitalization as data is essential for a green transition.

Carbon Footprint: Contributing to sustainability goals can lead to cost savings, innovation, and enhanced brand reputation in the long term. Hence, we are to define the company's carbon footprint and plans or efforts to reduce it. Conducting a **Carbon Audit** to measure the current carbon footprint assessing emissions from all operations, including manufacturing processes, energy use in offices and labs, transportation of goods, and employee travel, is relatively comprehensive. Conducting a **Life Cycle Assessment**, evaluating the environmental impact of products throughout their life cycle from raw material extraction, manufacturing, and use to disposal or recycling, will need a data track we currently have to prepare. Expected for 2024 - depending on funding for the right partners to define measurements and data infrastructure.

Compliance: This year, we have audited our four CMOs to ensure environmental laws and regulations compliance. Our CQO & PRRC Manager has expertise in quality and regulatory affairs for medical devices and is certified in good manufacturing practices (GMP) for medicinal products. She ensures that all employees, suppliers, and partners are trained in our SOP processes covering the entire value chain. Additionally, we signed with a leading Notified Body, BSI Group, for the transition to the new Medical Device Regulations.

Social Responsibility

Employee Well-being: We have implemented policies and programs for employee diversity, inclusion, and empowerment.

Community Engagement: We have taken the initiative to educate consumers and partners on alternative solutions for healthcare improvements, CBD, and insights. Building a community is in scope for 2024.

Customer Care: Our purpose is to help fight pain, autoimmune, and stress-related symptoms with treatments that have fewer side effects, cleaner ingredients, and high bioavailability. These treatments have been proven effective through clinical trials and are safe as they are under MDR legislation. We communicate compliantly with ethical marketing and use patient reviews as storytelling for proof of concept.

Governance

Corporate Governance: As a listed company, we operate within a governance structure, including board composition and roles.

Ethical Practices: We work on data privacy policies and processes, and we are defining further policies on anti-corruption, fair competition, etc., for 2024.

Risk Management: This annual report outlines the principles of Key Risks and Risk Management. When we have elaborated on E-plans for 2024, we will define detailed ESG-related risks.

Performance Metrics and Goals: We aim to define measurable ESG targets and capture performance data, demonstrating progress and future goals for 2024.



ENVIRONMENT



SOCIAL



GOVERNANCE



We actively support six SDGs (3, 8, 9, 12, 13, 17) and aim to implement them as DNA footprints in our organization and partnerships:

- 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.



FINANCIAL STATEMENTS



CONSOLIDATED STATEMENTS

Financial statements & review

STATEMENT FROM THE CFO - GITTE LUND HENRIKSEN

Raised growth capital, funding, and liquidity

Despite securing a net mDKK 9.1 following the TO1 (IPO) in Q4 2021/2022 and finalizing a mDKK 60 Investment Agreement in two mDKK 30 tranches each with Rong-Shi Inner Mongolia Ltd in Q2 2022/2023, CS MEDICA faced financial constraints during 2022/2023. These constraints stemmed from pending payment linked to the first mDKK 30 tranche, contingent on the Chinese FDA's approval of 3-5 medical products. Delays resulting from unexpected hurdles in the Chinese FDA approval process led to the postponement of this payment.

Collaborating closely with our investor RongShi, we have diligently navigated the challenges at hand, exploring various recovery scenarios. In this endeavor an IP Transfer Agreement was established with our Joint Venture, RongShi MEDICA in Hainan, securing an additional mDKK 4.9 in liquidity and new funding. However, due to pending authority approvals, the transfer of this funding is still pending. Meanwhile, we are actively pursuing options to secure the initial tranche of the Investment Agreement, totaling mDKK 30, with the aim of completing the money transfer by mid-2024. It is important to note that the outcome of these efforts is subject to uncertainties. Simultaneously, we are exploring alternative funding solutions to reinforce CS MEDICA's financial stability.

These funding complexities impacted our overall performance in 2022/2023, including a lack of funding for initiating the production of customer orders and boosting awareness. Despite this, we have been able to navigate the engagement with new customers intact, due to the lengthy onboarding process related to local approvals in each new country, and for own label customers' added time for meticulous processes related to packaging design following individual own brand guidelines.

Simultaneously, with the above our primary focus during 2022/2023 has remained on consolidating our business and preparing for future growth. Looking ahead, our strategy involves securing the long-term funding steaming from our Investment agreement with RongShi together with alternative funding scenarios, while making prudent investments to balance negative free cash flow and growth rates.

Expanding Customer base

In 2022/2023, we onboarded 12 new customers with first-year orders averaging mDKK 1.3 per customer annually, increasing based on territorial coverage. Our current order pipeline stands at mDKK 14,5, pending local approval, marking significant growth. However, our primary challenge remains the extended period from order to payment completion. The CANNASEN® product

line typically takes 10 months from order to revenue, involving a 4-month production duration and an average 6-month local product approval period. This period is extended by an additional month to accommodate certified local requirements in the packaging. For own-label customers, an extra month is allocated for customized packaging development. However invoicing includes a 0-100% upfront payment upon ordering, with the remaining balance due upon delivery plus up to 90 days, leading to an up to 13-month payment window from the initial order to the final payment.

Our focus remains strong on streamlining operations and shortening the production cycle to a goal of 2 months. Throughout 2022/2023, we've implemented a comprehensive revenue operation follow-up strategy to enhance both upselling opportunities and the acquisition of new customers. Initiatives have been implemented across the various departments within our commercial organization.

Operation loss

In 2022, our operational loss amounted to mDKK 18, primarily due to financial constraints compounded by a prolonged period from order to revenue. In 2024, we anticipate reducing this loss by an expected 50% , aiming for an operational loss below mDKK 10.

Financial review



> Financial review

CS MEDICA remains dedicated to its initial objectives and goals. Despite challenging financial conditions in 2022/2023, the company successfully pursued its goal of business expansion by investing in scaling the business, entering new markets, launching new products, and continuing its IPR rights at a global level, while fulfilling the necessary legal requirements for transitioning from MDD to MDR.

Income Statement

Revenue

Net Sales for the fiscal year totaled tDKK 1.067, in line with the reduced Net sales goal. The reduction previously announced was influenced by macroeconomic challenges and supply chain disruptions, compounded by financial limitations that delayed production initiation, subsequently affecting product delivery and invoicing. Notably, in 2022/2023, CS MEDICA received orders totaling mDKK 14.5 to be fulfilled in the upcoming period. Consequently, the gross Profit reached tDKK 914 in the current year compared to tDKK 4.621 in 2021/2022.

Sales and distribution cost

CS MEDICA continuously invests heavily in sales, which is reflected in the increase in Sales and distribution cost in 2022/2023, of total tDKK 4.615 (tDKK 3.507), of which costs for exhibitions alone make up tDKK 750 (425).

Administrative costs

To create a more agile, optimized, and flexible organization, CS MEDICA has integrated freelance support into logistics, marketing, and sales, totaling tDKK 1.171 (1.641). As part of our cost-reduction initiative in 2022/2023, we have insourced marketing and integrated it with sales, achieving a seamless value chain and reducing agency expenses. Expenses related to the company's public status, remained at tDKK 1.546, in the current and previous year. This has resulted in decreased administrative costs, totaling tDKK 4.268, compared to tDKK 5.648 in 2021/2022.

Staff costs

CS MEDICA has been in a transition period, going from being a mainly R&D-driven company to also entailing sales and distribution on an international level. In previous years most employees were involved in product development, hence the cost was capitalized as development cost. Consequently, staff costs have grown from tdkk 7.460 in 2021/2022 to tDKK 8.018 in 2022/2023.

Financial costs net

The Net Financials for the fiscal year amounted to tDKK -568, compared to tDKK -828 in 2020/2021. The higher interest expenses in 2021/2022 are mainly caused by interest related to the bridge loan now paid out.

Income tax benefit

Income tax benefit totally tDKK 3.954 in 2022/2023 and tDKK 3.360 in 2021/2022, mainly relates to future benefits from tax loss incorporated as a deferred tax asset.

Statement of financial position

During the fiscal year 2022/2023, CS MEDICA received loans totaling tDKK 8.098 from the company's founders and their families to support its operations. Additionally, following the year-end, CS MEDICA secured financial assistance from Danske Bank in the form of a credit line amounting to tDKK 1.200.

Our initial expectation in 2022/2023 was that the first tranche of the mDKK 60 Investment Agreement with RongShi, would secure our financial position. However, due to delays in the Chinese FDA approval process, we didn't fulfill the requirements connected to the first tranche of the Investment Agreement. Hence, we negotiated an IP Transfer Agreement to facilitate the transfer of essential IP and technology rights from CS MEDICA to the joint venture (51% owned by RongShi) with a Redeemable Payment of 4.9 MDKK. Due to extended money transfer times in China, this money transfer is still pending.

To be less dependent on money transfers from China, we are currently revising our funding strategy and have initiated additional measures, including securing bridge loans, JV agreements, and investment agreements with partners who can also serve as our CMOs in manufacturing. These initiatives aim to ensure both short and long-term funding while establishing partnerships that optimize our business within shorter production lead times and time to market.

Assets

Intangible assets

As of September 30, 2023, CS MEDICA had development projects and IPR rights of tDKK 10.153 compared to tDKK 9.562 as of September 30, 2022. The increase is caused by investments in clinical trials and extended requirements to product documentation following the company's adoption of the increased requirements under the new MDR.

Rights

Rights are related to the premium paid for acquiring shares in the subsidiary CANNORDIC, before the IPO to attain 100% ownership. The price was valued according to the IPO valuation and assessment are being made in the form of amortisations and impairments. At September 30, 2023 the Rights was valued at tDKK 3.474 (3.952).

Trade receivables

As of September 30, 2023, CS MEDICA had trade receivables assets of tDKK 2.452 compared to tDKK 6.494 as September 30, 2022. 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, 2023, CS MEDICA had cash and cash equivalents of tDKK -451, which subsequently is partly reinforced.



> Equity and liabilities

Equity

As of September 30, 2023, equity amounted to tDKK 10.414 (24.927), while CS MEDICA's equity/asset ratio amounted to 40% (89%).

Equity investments in group enterprises

As of September 30, 2023, CS MEDICA's subsidiary Galaxa Pharma equity amounted to tDKK 572, while CANNORDIC A/S's equity, amounted to tDKK 400. The parent company has made a capital injection in Galaxa Pharma a/s of tDKK 1.500 and in CANNORDIC a/s of tDKK 8.000.

Total non-current liabilities

As of September 30, 2023, Total non-current liabilities amounted to tDKK 8.587 compared to tDKK 760 as of September 30, 2022. Non-current liabilities in 2022/2023 consist of an loan from Vækstfonden of tDKK 489 and loan from founders and family of tDKK 8.098.

Total current liabilities

As of September 30, 2023, Total current liabilities amounted to tDKK 6.854 compared to tDKK 2.219 on September 30, 2022. The increase is mainly caused by an increase in trade payables, due to several orders currently being in production.

Cash flows

Cash flow from operating activities

Net cash flow from operating activities for 2022/2023 showed an outflow of tDKK 8.329 compared to an outflow of tDKK 14.042 in 2021/2022. The decrease

in net cash flow from operating activities in 2022/2023 is related to the change activities, mainly in Trade and other receivables and payables in 2022/2023 compared to 2021/2022.

Cash flow from Investing activities.

The net cash flow from investing activities amounted to an outflow of tDKK 2.188 in 2022/2023, remaining relatively consistent with the outflow of tDKK 2.813 in 2021/2022.

Cash flow from Financing activities

Net cash flow from financing activities amounted to an inflow of tDKK 7.168 in 2022/2023, mainly consisting of the loan from founders and family of tDKK 8.098.



CONSOLIDATED STATEMENTS

Income statements

	Note	2022/2023 DKK	2021/2022 DKK
Income Statement			
Net Sales	1	1.067.275	10.583.029
Costs of goods sold		-153.729	-5.962.303
Gross Profit		913.546	4.620.726
Other operating income	2	164.948	736.265
Sales and distribution cost		-4.615.345	-3.507.266
Administrative costs		-4.268.109	-5.648.016
Staff costs	3	-8.017.606	-7.459.971
Depreciation and amortisation	4	-2.076.080	-2.075.780
Operating profit		-17.898.645	-13.334.043
Financial costs net	5	-568.145	-828.460
Profit or loss before tax		-18.466.790	-14.162.503
Tax on net profit or loss for the year	6	3.954.029	3.359.531
Net profit or loss for the year		-14.512.761	-10.802.972

	Note	2022/2023 DKK	2021/2022 DKK
Comprehensive income			
Net profit or loss for the year		-14.512.761	-10.802.972
Other comprehensive income:			
Cost Direct Issue & IPO		0	-2.042.661
Total comprehensive income for the year		-14.512.761	-12.845.633
Attributable to:			
Shareholders of CS MEDICA A/S			
Earnings per share, basic (DKK)	12	-0,85	0,12
Earnings per share, diluted (DKK)	12	-0,78	0,12

CONSOLIDATED STATEMENTS

Statement of financial position

	Note	30. September 2023 DKK	30. September 2022 DKK	30. September 2021 DKK
Balance Sheet				
Assets				
Development projects & IPR rights	7	10.152.837	9.561.982	8.346.148
Rights	7	3.474.277	3.952.876	4.431.174
Deferred tax assets	6	7.459.648	3.505.700	226.543
Deposits	8	106.688	109.012	82.187
Total non-current assets		21.193.451	17.129.570	13.086.052
Current assets				
Inventories				
Work in progress		0	0	64.428
Manufactured goods and goods for resale	9	2.710.031	1.348.534	1.164.684
Trade receivables	10	2.451.646	6.493.623	1.635.557
Receivables from group enterprises		0	0	0
Other receivables		-85.057	10	1.464.357
Cash on hand and demand deposits		-415.014	2.933.783	9.996.085
Total current assets		4.661.606	10.775.951	14.325.111
Total assets		25.855.057	27.905.520	27.411.163

	Note	30. September 2023 DKK	30. September 2022 DKK	30. September 2021 DKK
Equity and liabilities				
Share Capital	12	800.971	800.971	708.630
Reserve for net revaluation according to the equity method		0	0	1.387.251
Reserve for development costs		7.919.213	7.435.878	5.763.914
Retained earnings		1.693.595	16.689.694	16.287.572
Other Capital reserves	13	0	0	0
Total equity		10.413.779	24.926.543	24.147.367
Provisions for deferred tax		0	0	0
Other provisions	16	0	164.948	329.900
Subordinate loan capital		8.098.428	0	0
Interest bearing liabilities	14	489.060	594.924	1.314.112
Total non-current liabilities		8.587.488	759.872	1.644.012
Interest bearing liabilities	14	192.019	448.025	404.695
Trade payables		5.108.285	1.186.419	504.157
Other payables		1.553.486	584.660	710.932
Total current liabilities		6.853.790	2.219.105	1.619.784
Total liabilities		25.855.057	27.905.520	27.411.163

Statement of changes in equity

	2022/2023 DKK	2021/2022 DKK
Balance at 1. October 2022	800.971	708.630
Change	0	92.341
Contributed capital, at 30. September 2023	800.971	800.971
Balance at 1. October 2022	0	1.387.251
Change	0	-1.387.251
Reserve for net revaluation, at 30. September 2023	0	0
Balance at 1. October 2022	7.435.878	5.763.949
Change	483.335	1.671.929
Reserve for development costs, at 30. September 2022	7.919.213	7.435.878
Balance at 1. October 2022	16.689.694	16.287.572
Share premium	0	13.295.224
Reserve for net revaluation according to the equity method	0	1.387.251
Deferred tax	0	285.207
IPO cost	0	-2.090.660
Reserve for development costs	-483.338	-1.671.929
Retained earnings for the period	-14.512.761	-10.802.972
Retained earnings, at 30. September 2023	1.693.595	16.689.693
Total Equity, at 30. September 2023	10.413.779	24.926.543

Cashflow statement

	Note	2022/2023 DKK	2021/2022 DKK
Cash Flow statement			
Profit/loss before tax		-14.512.761	-10.802.972
Financial expenses, reversed		568.145	828.460
Depreciation, reversed		2.076.080	2.075.780
Changes in working capital	11	3.539.666	-6.142.842
Cash flows from operating activities		-8.328.871	-14.041.575
Investing in Development projects		-2.188.336	-2.813.316
Cash flow from investment activities		-2.188.336	-2.813.316
Share capital		0	92.341
Share premium		0	13.295.224
Financial expenses paid		-568.148	-828.462
Cost IPO		0	-2.090.657
Loan internal parties		8.098.428	0
Credit institutions		-105.865	-719.188
Credit institutions - short		-256.006	43.330
Cash flow from financing activities		7.168.410	9.792.589
Total cashflows end of period		-3.348.796	-7.062.302
Cash, beginning of period		2.933.783	9.996.085
Cash, end of period		-415.014	2.933.783

NOTES

CONSOLIDATED STATEMENTS

- 0. Going concern
- 1. Net Sales
- 2. Other Operating Income
- 3. Staff Costs
- 4. Depreciation and amortisation
- 5. Other financial costs, Net
- 6. Tax for the year
- 7. Development projects
- 8. Deposits
- 9. Manufactured goods and goods for resale
- 10. Trade receivables
- 11. Change in working capital
- 12. Share capital and earnings per share
- 13. Other capital reserve
- 14. Interest-bearing liabilities
- 15. Financial Risks
- 16. Other provisions
- 17. Liabilities arising from financing activities
- 18. Related parties
- 19. Commitments and contingencies
- 20. Events after the reporting period

Notes

0 Going concern

It's important to clearly articulate the financial imperatives critical for the company's sustainability and progress in 2023/24. The company's operational viability and strategic goals are contingent upon securing a financial boost. CS MEDICA need to obtain the DKK 30 million capital infusion as stipulated in the agreement with CS MEDICA's Chinese investors—a commitment that have been pending since June 2023. Alternatively, at the latest, a minimum of DKK 15 million from other funding avenues must be achieved by March 2024. Additionally, the company's net sales goal for 2024 of DKK 15 million must be obtained. However, the company's recent performance indicates challenges in fulfilling its sales pipeline objectives, primarily due to an overly consolidated operation and a lack of funding.

The anticipated investment from the company's Chinese partners, stipulated in an agreement from March 2023, has yet to be received, casting a degree of uncertainty over CS MEDICA's financial situation. This is compounded by the need to renegotiate or refinance an existing family loan or credit facility amounting to DKK 8 million, set to mature at the end of 2024.

The Management projects a revenue of min. DKK 15

million for the upcoming year, driven by an order pipeline from 2023, toally DKK 14,5 million, to be delivered in 2024. It indicates their confidence in CS MEDICA's commercial strategies and market potential, but also a focused promise of performance due to the operational constraints.

Recognizing the risks associated with the company's current financial position, notably its reliance on a single geographical funding source amidst geopolitical flux and market volatility, the management actively works to diversify the company's financial inflows. This effort encompasses exploring a range of fiscal instruments, including bridge loans, joint ventures, and extended investment partnerships, which extend beyond the company's current connections.

In parallel with these financial strategies, CS MEDICA is also bolstering its operational efficiency and supply chain resilience. The company's initiatives include transitioning to bulk production with flexible packaging options and streamlining packaging operations to reduce costs, MOQ levels, lead time and increase market responsiveness. Furthermore, the company is exploring the expansion of its manufacturing footprint to well-known healthcare and

lower-cost regions as part of its commitment to leverage global opportunities and maintain its competitive edge.

The dual focus on financial diversification and operational optimization indicates the company's strategic response to the concerns that bear upon CS MEDICA as a going concern. By broadening the company's financial base and strengthening its supply chain, the company aims to mitigate risk and capitalize on growth and stability opportunities in a dynamic global market.

However, should CS MEDICA not be able to secure its higher revenue and a capital injection of min. MDKK 15, preferably the 30 MDKK from Chinese agreement, it could have consequences for the Company, including its ability to grow its business further and, ultimately, continue operating.

Uncertainty in recognition and measurement

In our annual report, it is important to acknowledge the inherent uncertainties in the recognition and measurement of receivables from sales, rights, development projects, and deferred tax assets.

Notably, delays in order fulfillment, such as the post-

poned delivery and payment of an order to Israel totaling 1.842 tkr., contribute to these uncertainties. Additionally, the activation of rights and development projects totaling DKK 13,626 and deferred tax assets of DKK 7,459 add complexity, primarily due to achieving turnover targets and securing necessary capital.

In conclusion, while acknowledging operational uncertainties and delays in capital injection, the board and management are confident that assets are appropriately valued relative to future cash flows. The company's concerted efforts to secure a diversified financial base and enhance operational resilience aim to ensure long-term sustainability and growth.

Upholding principles of transparency, accountability, and innovation, the board and management are prepared to continue navigating the complexities of the current situation and global business environment with strategic foresight. Thus, the Annual Report for 2022/23 confirms CS MEDICA's status as a going concern.



Notes

	2022/2023	2021/2022
	DKK	DKK
1 Net Sales		
Brand Sale, CANNASEN® BtB	107.281	9.368.888
Brand Sale, CANNASEN® BtC	61.578	124.881
Private & whitelabel sale	895.751	1.537.157
COVID 19	2.665	-447.897
	1.067.275	10.583.029

Segments	TOTAL		CANNORDIC (Global BtB)		Galaxa Pharma (Nordic BtC, BtB)	
	2022/2023	2021/2022	2022/2023	2021/2022	2022/2023	2021/2022
	DKK	DKK	DKK	DKK	DKK	DKK
Revenue, total	1.550.423	12.644.275	939.750	10.164.888	610.673	2.479.387
Revenue, externally	1.067.276	10.583.029	704.172	10.055.847	363.103	527.182
Profit before taxes			-10.724.353	-4.299.256	-2.148.799	-2.042.843
Assets			17.597.871	17.377.294	1.554.717	2.012.487
Equity			400.328	156.614	571.522	814.384

In 2022/2023 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.

	2022/2023	2021/2022
	DKK	DKK
3 Staff Costs		
Salaries and wages	6.692.684	6.503.183
Other cost for social security	1.324.921	956.788
	8.017.606	7.459.971
Average number of employees	9	14
Board of Directors and Key management		
Personel Remuneration	1.602.674	1.023.117

Remuneration to Board of Director amounts to tDKK 150 in 2022/2023, 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 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 2023 was MDKK 134.317 The total value of the benefit element for the subscription rights was DKK 941.982 When the warrants are vested any losses in relation to the current market share price will be included as staff costs.





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
Granted - 2022/2023	-	-	-	-	-
Exercised - 2022/2023	-	-	-	-	-
Cancelled 2022/2023	- 31.250	- -	188.907 -	250.000 -	470.157
Outstanding at 30.09.2023	125.000	156.250	548.330	-	829.580

Warrants outstanding	Exercise price DKK	Vesting period	Exercise period	Number of warrants at 30.09.2023:
Warrants granted to the Board of Directors	7,7	1.7.21-30.6.24	1.1.2024 - 31.12.2027	125.000
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	2)	375.330
Total				829.580

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 2022/2023
Average Share Price (DKK)	7,44
Expected volatility rate (%p.a.)	50%
Risk-Free interest rate (% p.a.)	3,0
Expected warrant life	3,0
Exercise Price (DKK)	10,2
Exercise Price result-oriented (DKK)	0,065
Fair value all warrants (DKK)	941.982

Expected volatility rate is applied based on the annualized volatility on relevant peer groups derived from the standard deviation of daily observations over 2022/23.

4 Depreciation and amortisation

Amortisation of group goodwill
Amortisation of development projects

	2022/2023 DKK	2021/2022 DKK
Amortisation of group goodwill	478.598	478.298
Amortisation of development projects	1.597.481	1.597.481
Total	2.076.080	2.075.780

5 Other financial costs, Net

Other financial income
Other financial costs

Other financial income	-15.372	44.395
Other financial costs	-552.772	-872.855
Total	-568.145	-828.460

¹ The utilization price is DKK 7.7 with an addition of 10% p.a. calculated from the issue.

² 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 and in connection with an Exit which is completed.





	2022/2023	2021/2022
	DKK	DKK
6 Tax for the year		
Current tax for the year income	0	0
Changes in deferred tax	3.954.029	3.359.531
	3.954.029	3.359.531
Recognised as receivable tax credit		
Tax calculated as 22% of profit/loss before tax	4.062.694	3.115.751
Non-capitalised tax assets	-95.183	248.144
Non-deductible expenses	-13.482	-4.364
Effective tax	3.954.029	3.359.531
Effective tax rate for the year (%)	-21%	-24%
Deferred tax is recognized in the statement of financial position as follows:		
Deferred tax (asset)	7.459.648	3.505.700
Deferred tax (liability)	0	0
Total	7.459.648	3.505.700
Deferred tax concerns		
Intangible assets	-2.229.225	-2.103.636
Other fixtures and fittings, tools and equipment	2.062	2.361
Tax loss carried forward	9.686.811	5.606.975
Total	7.459.648	3.505.700

The board and management acknowledge deferred tax assets tied to carried-forward losses, foreseeing their offset against future taxable income. However, there exists a risk that earnings may fall short of expectations, introducing uncertainty in valuation. Despite this risk, management holds the opinion that future earn-

ings will likely be sufficient to offset taxable income in the foreseeable future. cf. more about the assessment under the section Critical accounting judgements and key sources of estimation uncertainty.

7 Development projects

	2022/2023	2021/2022
	DKK	DKK
Cost beginning of period	12.555.622	9.742.306
Additions during the period	2.188.336	2.813.316
Cost end of period	14.743.958	12.555.622
Amortisation & write down beginning of period	-2.993.640	-1.396.158
Amortisation & depreciation during the period	-1.597.481	-1.597.481
Amortisation & write down end of period	-4.591.121	-2.993.640
Carrying amount end of period	10.152.837	9.561.982

Development projects encompass directly associated cost related to the development of CS MEDICA's medical treatments with CBD, IPR rights, MDR compliance and the technology platforms. These ongoing projects incur costs in various forms and are directed toward enhancing product efficacy, safety, functionalities, local registrations/approvals, the adoption of the MDR requires and thereby bolstering CS MEDICA's revenue streams.

The products related to these development projects are currently available in the market and continue to evolve to meet the new MDR requirements. They are sold globally to business-to-business (BtB) and retail channels and direct-to-consumer (DtC) in Denmark and on Amazon. Through CS MEDICA's technology platforms, distributors have access to perform post-marketing clinical trials and product details.

The valuation of development projects depends on future revenue and earnings from the associated projects, introducing an inherent uncertainty. Nevertheless, board and management hold a confident expectation that future sales will substantiate the valuation.





7 Rights

	2022/2023 DKK	2021/2022 DKK
Cost beginning of period	4.786.984	4.786.984
Additions during the period	0	0
Cost end of period	4.786.984	4.786.984
Amortisation & write down beginning of period	-834.108	-355.810
Amortisation & depreciation during the period	-478.598	-478.298
Amortisation & write down end of period	-1.312.707	-834.108
Carrying amount end of period	3.474.277	3.952.876

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

Valuation of right hinges on future revenue and earnings generated from CANNORDIC, introducing an inherent uncertainty. Nevertheless, board and management hold a confident expectation that future earnings from CANNORDIC will substantiate the valuation.

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 busi-

ness 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.

8 Deposits

	2022/2023 DKK	2021/2022 DKK
Cost beginning of period	109.012	0
Additions during the period	106.688	109.012
Departure during the period	-109.012	0
Cost end of period	106.688	109.012

9 Manufactured goods and goods for resale

Finished goods	2.710.031	1.348.534
Total Inventories (net)	2.710.031	1.348.534

Write-downs in both 2021/2022 and 2022/2023 are included for fully impaired inventory.





	2022/2023 DKK	2021/2022 DKK	2020/2021 DKK
10 Trade receivables			
Trade receivables	2.451.646	6.493.623	1.635.557
Total Trade receivables (net)	2.451.646	6.493.623	1.635.557

As of 30. September 2023 tDKK 17 is in the currency DKK, and at 30. September 2022 tDKK 53. The remaining trade receivables is in EUR in both financial years. Within sales receivables, 1.842 tkr. is overdue due to an order delay in Israel. This delay, stemming from the situation in Israel and registration issues, prompts uncertainty. However, customer confirmation of payment obligations via vouchers reassures management regarding valuation accuracy.

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

Trade receivables due	Not Past due DKK	Overdue by 0-	Overdue by	Overdue by >	Writedowns DKK	Overdue by
		45 days DKK	46-90 days DKK	90 days DKK		30-90 days DKK
30. September 2023	215.176	518.875	6.814	1.710.781	0	2.451.646
30. September 2022	3.908.875	2.650.214	-64.429	-1.037	0	6.493.623
30. September 2021	1.691.008	7.901	-63.352	0	0	1.635.557

11 Change in working capital

	2022/2023 DKK	2021/2022 DKK
Change in Finished goods	-1.361.497	-183.850
Trade + other receivables	4.127.045	-3.453.890
Trade + other payables	4.890.691	707.193
Other provisions	-164.948	-164.952
Deferred tax	-3.953.949	-3.305.767
Loan subsidiaries	0	285.249
Deposits	2.324	-26.826
	3.539.666	-6.142.842

12 Share capital and earnings per share

As of 30 September 2023, the share capital consisted of 12.322.635 (2022: 12.322.635) shares with a nominal value of DKK 0.065 each. The shares are not divided into classes and carry no right to fixed income.

	DKK
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 for CS MEDICA shares	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 each	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
As of 30. September 2023, 12.322.635 of DKK 0,065 each	800.971

Earnings per share

The calculation of earnings per share is based on the following:

	2022/2023 DKK	2021/2022 DKK
Net profit/(loss) of the year	- 14.512.761	-10.802.972
Average number of ordinary shares for calculation of earnings per share:	12.322.635	11.612.315
<i>Earnings per share:</i>		
Earnings per share, (EPS)	- 1,18	- 0,93
Earnings per share, diluted (DEPS) *	- 1,18	- 0,85
Number of shares	12.322.635	12.322.635
Closing share price	3,98	10,90

*The diluted effect of outstanding share options has not been calculated as the Earnings per share is negative.





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.

	2022/2023 DKK	2021/2022 DKK
14 Interest-bearing liabilities		
non-current borrowings		
Interest bearing liabilities	8.587.488	594.924
	8.587.488	594.924
Current borrowings		
Interest bearing liabilities	192.019	448.025
	192.019	448.025
Total	8.779.507	1.042.949

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 and ARR (Annual Recurring Revenue) through the optimization of the debt and equity balances. The capital structure of CS MEDICA consists of net debt and equity. 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 19,5³ 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. In October 2023, Danske Bank has extended a 1,2 million DKK credit line to CS MEDICA.

This funding bolsters CS MEDICA as they await China-backed support, or other capital injections, preferably before March 2023.

The general uncertainty surrounding money transfers from China has significantly impacted CS MEDICA's liquidity, prompting the initiation of additional funding avenues, preferably in collaboration with potential CMOs or similar business partners. These funding options will foster closer partnerships while optimizing the company's business within shorter production lead times and time to market.

The revised 2 to 3-tier funding strategy, implemented by management, aims to maintain momentum, capitalize on competitive gaps in the market, and deliver value to shareholders.

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



³ 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 1 shares in the IPO

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 Sjaelland to Danske Bank during 2021/2022. On 30 September 2023, CS MEDICA's cash and cash equivalents amounted to tDKK -451 (2022:tDKK 2.933). According to management expectations the cash reserve and expected cash flow for 2023/2024, together with CS MEDICA's financing efforts, are adequate to meet the obligations of CS MEDICA as they fall due.

The table to the right summarizes the maturity profile of CS MEDICA's liabilities based on contractual undiscounted payments.

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 681 as per 30 September 2023 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 2022/2023 would lead to a yearly increase in interest expenses of tDKK 5.7. A corresponding decrease in market interest rates would have the opposite impact. CS MEDICA's interest-bearing debt to founders and their family, totally tDKK 8.098, is subject to an interest rate of 0,34% per month.

	< 6 month DKK	6-12 months DKK	1-5 years DKK	> 5 years DKK	Total DKK
30. September 2023					
Interest bearing liabilities	0	0	8.779.507	0	8.779.507
Other financial liabilities		1.553.486			1.553.486
Trade and other payables	5.108.285	0	0	0	5.108.285
	<u>5.108.285</u>	<u>1.553.486</u>	<u>8.779.507</u>	<u>0</u>	<u>15.441.278</u>
30. September 2022					
Interest bearing liabilities		448.025	594.924	0	1.042.949
Other financial liabilities		749.608			749.608
Trade and other payables	1.186.420	0	0	0	1.186.420
	<u>1.186.420</u>	<u>1.197.633</u>	<u>594.924</u>	<u>0</u>	<u>2.978.977</u>

	2022/2023 DKK	2021/2022 DKK
Financial assets measured at amortised cost		
Deposits	106.688	109.012
Trade receivables	2.451.646	6.493.623
Other receivables	-85.057	10
Current Cash	-415.014	2.933.783
Total	2.058.263	9.536.428
Financial liabilities measured at amortised cost		
Interest bearing loan	8.779.507	1.042.949
Trade payables	5.108.285	1.186.419
Other payables	1.553.486	584.660
Total	15.441.278	2.814.029

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.



16 Other provisions

Consists of VAT due and salary-related items.

	2022/2023 DKK	2021/2022 DKK
17 Liabilities arising from financing activities		
Liabilities October 1	1.042.949	1.718.798
Loans raised	8.098.428	6.046.498
Repayments	-361.870	-6.722.347
Other		0
Liabilities September 30	8.779.507	1.042.949

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 approximately 70% 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 and two foreign owned subsidiaries: 99% owned CANNORDIC India Ltd. and 49% owned Joint Venture, RongShi MEDICA (Hainan) Ltd. All Subsidiaries are considered related parties, as well as the Board of Directors and 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, marketing 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 MEDICA provides loans to its subsidiaries. The loans bear an interest rate of 4% p.a. As of 30 September 2023, the loan to Galaxa Pharma amounted to tDKK 1 295 and tDKK 11 623 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 Directors Report. No material events have happened after the reporting period, besides those referred to in this section.

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 disclosure 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 Preparation

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.

Share-based payments

CS MEDICA has established share-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 2022/2023, 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 its 100% owned subsidiary, CANNORDIC A/S was included as Goodwill. Following IFRS this share premium are recognized as rights in the consolidated statements. In the Parent statements the recognition 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.

Cash 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 exchange 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 current 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.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of CS MEDICA financial statements requires Management to make judgments, estimates and assumptions that affect the reported amounts of expenses, assets, and liabilities, and the accompanying disclosures. Significant uncertainty about these assumptions and estimates could result in outcomes that require material adjustments to the carrying amount of assets or liabilities affected in future periods. Management continuously reassesses these estimates and judgments based on several factors in the given circumstances.

Valuation of development projects Development projects (Group and Parent) consist of completed development projects, that are amortized over 10 years. Completed development projects are assessed for impairment whenever there is an indication that the development asset may be impaired. The amortization period for completed development projects is reviewed on an annual basis. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the income statement as amortization. The carrying value of intangible assets, DKK 14.0 million is based on Management's expectations of future cash flow and other assumptions described in note xx. These assumptions are by nature subject to significant uncertainty taking the Company's

going concern risk and the dependence on CS MEDICA receiving the necessary revenue to continue the planned activities into consideration.

Management considers the following accounting estimates and judgements to be significant in the preparation of the financial statements.

Manufactured goods and goods for resale

Inventory which are assessed for impairment by comparing cost prices (cost of raw materials, consumables and direct labor costs) to net realization values. The estimated net realization values are based on Management estimates and assumptions over future sales volume and prices and are by nature subject to uncertainty. In relation to 2023/24, Management has assessed that inventory with a carrying value of DKK 2.7 million is not subject to any write-down. However, there is an inherent significant uncertainty related to the valuation of products still unsold, as the net realization values of these items may also depend on CS MEDICA receiving the necessary revenue to continue the planned activities. Valuation of receivable from group enterprises

The parent company has a receivable of DKK 1.5 million from one customer that has been outstanding for more than 1 year. Management has assessed that no write down of this receivable is necessary. However, the Management acknowledge the commercial uncertainties.

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)

A deferred tax assets of DKK 7.5 million relating to the negative income. Based on an evaluation of the future income, it is Management's assessment that CS MEDICA can use the previous year's deficit in the future profit. The recognition of the receivable is based on this

assessment. Whether the criteria are met, is subject to an estimate, with an underlying risk and uncertainty. Valuation of deferred tax assets as stated in note 1, Management feels confident that the needed revenue and payment from the Chinese investment agreement can be achieved. However, should Management against expectations not be able to secure the higher revenue, the value of the company's deferred tax assets will be very limited.

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 1. 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 2022 - 30 September 2023.

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 30.09.2023 and of the results of CS MEDICA's activities and cash flows for the financial year 01.10.2022 – 30.09.2023.

We and the board stand by the management commentary as a fair review of the operations and conditions outlined herein. Further discussion on the above matters can be found in Note 0 and under each note related to the assets involved.

The annual report is submitted for adoption at the Annual General Meeting on 29 February 2024.

Copenhagen, 14 February 2024

Registered Executive Management
Lone Henriksen, CEO and CSO

Board of Directors

Jørgen Flemming Ladefoged
Chairman of the Board

Karsten Adelmark
Member of the Board

Anders Permin
Member of the Board

Gitte Henriksen
Member of the Board
CIO and CFO

**For further information,
please contact:**

Lone Henriksen, CEO
CS MEDICA A/S (publ)
Indiakaj 10
DK-2100 Copenhagen,
Denmark
Phone: +45 7070 7337

Investor relations contact:
info@cs-medica.com
Website: www.cs-medica.com
Orgnr: 33 87 16 43

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 30 September 2023, and of the results of the Group and the Company's operations as well as the consolidated cash flows for the financial year 1 October 2022 - 30 September 2023 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.

Significant uncertainty regarding continued operations

It is imperative to highlight the content of note 0 and in accounting policies under section "Critical accounting judgements and key sources of estimation uncertainty", which describes the significant uncertainty associated with revenue and the entered investment agreement. Our conclusion remains unmodified regarding this matter.

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 misstatement 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, 14 February 2024

Christensen Kjærulff
Company reg. no. 15 91 56 41

John Mikkelsen
State Authorised Public Accountant
mne26748



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 29. February 2024 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.com/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
Indiakaj 10
2100 Copenhagen

Company reg. no.

33 87 16 43

Established

7 August 2011

Financial year:

1 October - 30 September

Board of directors

Jørgen Flemming Ladefoged
Karsten Adelmark
Anders Permin
Gitte Henriksen

Managing Director

Lone Henriksen

Auditors

Christensen Kjærulff
Statsautoriseret Revisionsaktieselskab
Store Kongensgade 68
1264 København K

Subsidiaries

Galaxa Pharma A/S, Copenhagen
CanNordic A/S, Copenhagen
CanNordic India Ltd.
RongShi MEDICA (Hainan) Ltd. China

Contact information

CS MEDICA A/S

Address

Indiakaj 10
DK 2100 Copenhagen
Denmark

E-mail

info@cs-medica.com

Telephone

+45 70 70 73 37

Financial calendar

Annual report 2022/2023	14 Februar 2024
Annual General Meeting	29 Februar 2024
Interim Period ⁴⁾ , October 2023 – December 2023	29 March 2024
Annual report, Interim period	24 April 2024
Annual General Meeting, Interim period	10 May 2024
Q1: Interim report January – March 2024	17 May 2024
Q2: Interim report April– June 2024	16 August 2024
Q3: Interim report July– September 2024	14 November 2024
Q4: Year-end report October– December 2024	14 February 2025
Annual report 2024	28 February 2025
Annual General Meeting	14 March 2025

⁴⁾ Interim period, between old financial year 01.10 - 30.09 and new financial year equal with calendar year.

PARENT

Income statement 2022/2023

	Note	2022/2023 DKK	2021/2022 DKK
Net Sales	1	1.210.737	890.236
Gross Profit		1.210.737	890.236
Sales and distribution cost		-497.119	0
Administrative costs		-2.087.957	-2.613.945
Staff costs	2	-3.822.808	-3.246.870
Depreciation and amortisation	3	-205.800	-683.798
Operating profit		-5.402.948	-5.654.378
Income from equity investments in group enterprises		-10.738.134	-6.345.097
Financial costs net	4	564.142	-119.671
Profit or loss before tax		-15.576.941	-12.119.146
Tax on net profit or loss for the year	5	1.064.180	1.316.174
Net profit or loss for the year		-14.512.761	-10.802.971

	2022/2023 DKK	2021/2022 DKK
Statement of comprehensive income		
Net profit	-14.512.761	-10.802.971
Other comprehensive income:		
Cost Direct Issue & IPO	0	-3.002.361
Total comprehensive income for the year	-14.512.761	-13.805.333

PARENT

Statement of Financial Position 2022/2023

	Note	30. September 2023 DKK	30. September 2022 DKK	30. September 2021 DKK
Balance Sheet				
Assets				
Development projects & IPR rights	7	10.152.837	9.561.982	8.346.148
Rights	7	3.474.277	3.952.876	4.431.174
Deferred tax assets	6	7.459.648	3.505.700	226.543
Deposits	8	106.688	109.012	82.187
Total non-current assets		21.193.451	17.129.570	13.086.052
Current assets				
Inventories				
Work in progress		0	0	64.428
Manufactured goods and goods for resale	9	2.710.031	1.348.534	1.164.684
Trade receivables	10	2.451.646	6.493.623	1.635.557
Receivables from group enterprises		0	0	0
Other receivables		0	10	1.464.357
Cash on hand and demand deposits		0	2.933.783	9.996.085
Total current assets		5.161.677	10.775.951	14.325.111
Total assets		26.355.128	27.905.520	27.411.163

	Note	30. September 2023 DKK	30. September 2022 DKK	30. September 2021 DKK
Equity and liabilities				
Share Capital	12	800.971	800.971	708.630
Reserve for net revaluation according to the equity method		0	0	1.387.251
Reserve for development costs		7.919.213	7.435.878	5.763.914
Retained earnings		1.693.595	16.689.694	16.287.572
Other Capital reserves	13	0	0	0
Total equity		10.413.779	24.926.543	24.147.367
Liabilities				
Provisions for deferred tax		0	0	0
Other provisions	16	0	164.948	329.900
Subordinate loan capital		8.098.428	0	0
Interest bearing liabilities	14	489.060	594.924	1.314.112
Total non-current liabilities		8.587.488	759.872	1.644.012
Interest bearing liabilities	14	192.019	448.025	404.695
Credit line bank		415.014	0	0
Trade payables		5.108.285	1.186.419	504.157
Other payables		1.638.543	584.660	710.932
Total current liabilities		7.353.861	2.219.105	1.619.784
Total liabilities		26.355.128	27.905.520	27.411.163

PARENT

Statement of changes in equity

	2022/2023 DKK	2021/2022 DKK
Balance at 1. October 2021	800.971	708.630
Change	0	92.341
Contributed capital, at 30. September 2022	800.971	800.971
Balance at 1. October 2021	862.855	480.881
Change	124.575	381.974
September 2022	987.430	862.855
Balance at 1. October 2021	23.262.717	21.570.600
Share premium	0	13.295.224
Reserve for net revaluation according to the equity method	0	1.387.251
Deferred tax	0	285.248
IPO cost	0	-2.090.660
Reserve for development costs	-124.574	-381.974
Retained earnings for the period	-14.512.765	-10.802.971
Retained earnings, at 30. September 2022	8.625.378	23.262.717

PARENT Notes

1 Revenue

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.

	2022/2023	2021/2022
	DKK	DKK
2 Staff Costs		
Salaries and wages	2.731.173	2.337.617
Other cost for social security	1.091.636	909.253
	3.822.808	3.246.870
Average number of employees	4	8
Board of Directors and Key management Personnel		
Remuneration	3.822.808	3.246.870
	3.822.808	3.246.870
	2022/2023	2021/2022
	DKK	DKK
3 Depreciation and amortisation		
Amortisation of group goodwill	478.598	478.298
Amortisation of development projects	-272.798	205.500
	205.800	683.798
	2022/2023	2021/2022
	DKK	DKK
4 Other financial income		
Financial income	824.103	0
Other financial costs	-259.962	-119.671
	564.142	-119.671

5 Tax for the year

	2022/2023	2021/2022
	DKK	DKK
Changes in deferred tax	1.064.180	1.316.174
Recognised as receivable tax credit	1.064.180	1.316.174
Tax calculated as 22% of profit/loss before tax	-3.426.928	-2.666.212
Non-capitalised tax assets	4.491.107	3.748.343
Non-deductible expenses	0	234.043
Effective tax	1.064.179	1.316.174

Effective tax rate for the year (%)

-7% 11%

Deferred tax is recognized in the statement of financial position as follows:

Deferred tax (asset)	2.450.422	1.386.242
Deferred tax asset	2.450.422	1.386.242
Deferred tax concerns		
Intangible assets	-278.505	-243.370
Tax loss carried forward	2.728.927	1.629.612
Total	2.450.422	1.386.242





	2022/2023 DKK	2021/2022 DKK
6 Development projects		
Cost beginning of period - development projects	1.311.725	616.514
Additions during the period	365.210	695.210
Cost end of period	1.676.935	1.311.725
Amortisation and write down beginning of period	-205.500	0
Amortisation and depreciation during the period	-205.500	-205.500
Amortisation and write down end of period	-411.000	-205.500
Carrying amount end of period	1.265.935	1.106.225

Development projects covers all IPR rights of the CANNASEN® medicinal 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 consolidated statements

	2022/2023 DKK	2021/2022 DKK
7 Equity investments in group enterprises		
Cost, 1 October	11.834.926	6.049.679
Addition during the year	14.907.797	5.785.247
Cost 30. September	26.742.723	11.834.926
Revaluation opening balance	-5.592.790	752.307
Results for the year before amortisation	-10.738.134	-6.345.097
Revaluation 30. September	-16.330.924	-5.592.790
Amortisation of goodwill, opening balance	-834.108	-355.810
Amortisation of the year	-478.598	-478.298
Amortisation 30. September	-1.312.707	-834.108
Carrying amount 30. September	9.099.092	5.408.028
Included goodwill net	3.474.277	3.952.876
Subsidiaries		
Equity	Owner ship	
Galaxa Pharma ApS	100%	571.522 814.384
CANNORDIC A/S	100%	400.328 640.767
CANNORDIC India Ltd	99%	80.815 0
Capital RongShi MEDICA Ltd *)	49%	4.572.151 0
Goodwill share exchange CANNORDIC A/S		3.474.277 3.952.877
Equity end of period		9.099.093 5.408.028

*) Determining influence

As of September 30, 2023, CS MEDICA's subsidiary Galaxa Pharma equity amounted to tDKK 572, while CANNORDIC equity, amounted to tDKK 400. The parent company has made a capital injection in Galaxa Pharma a/s of tDKK 1.500 and in CANNORDIC a/s of tDKK 8.000.

8. Receivables from group enterprises

Interest is compounded quarterly at 4% per annum.

Accounting policies

The Financial Statement of the Parent Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and additional Danish disclosure 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").

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.

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⁺

The **Efficient** OTC Alternative With **CBD**



Dette dokument er underskrevet af nedenstående parter, der med deres underskrift har bekræftet dokumentets indhold samt alle datoer i dokumentet.

This document is signed by the following parties with their signatures confirming the documents content and all dates in the document.

Gitte Lund Henriksen

Navnet returneret af dansk MitID var:
Gitte Henriksen
 Direktør
 ID: b943fe0d-83bd-4148-ab50-84408b8f40eb
 Tidspunkt for underskrift: 14-02-2024 kl.: 17:11:52
 Underskrevet med MitID



Lone Henriksen

Navnet returneret af dansk MitID var:
Lone Henriksen
 Direktør
 ID: 0428ac8b-ce88-4246-8289-189817d3f621
 Tidspunkt for underskrift: 14-02-2024 kl.: 17:23:53
 Underskrevet med MitID



Karsten Adelmark

Navnet returneret af dansk MitID var:
Karsten Adelmark
 Bestyrelsesmedlem
 ID: cba9779d-3828-4e14-98c6-b44edcdb9d27
 Tidspunkt for underskrift: 14-02-2024 kl.: 18:02:58
 Underskrevet med MitID



Anders Permin

Navnet returneret af dansk MitID var:
Anders Permin
 Bestyrelsesmedlem
 ID: f86051d4-5b08-41c3-8c2c-aa7561e8d3be
 Tidspunkt for underskrift: 14-02-2024 kl.: 17:33:51
 Underskrevet med MitID



Gitte Lund Henriksen

Navnet returneret af dansk MitID var:
Gitte Henriksen
 Bestyrelsesmedlem
 ID: b943fe0d-83bd-4148-ab50-84408b8f40eb
 Tidspunkt for underskrift: 14-02-2024 kl.: 17:31:35
 Underskrevet med MitID



Jørgen Flemming Ladefoged

Navnet returneret af dansk MitID var:
Jørgen Flemming Ladefoged
 Bestyrelsesformand
 ID: d99cfd9-0aa7-427c-8a10-6089b12ad8cd
 Tidspunkt for underskrift: 14-02-2024 kl.: 18:04:49
 Underskrevet med MitID



John Mikkelsen

Navnet returneret af dansk MitID var:
John Mikkelsen
 Revisor
 På vegne af Christensen Kjørulff, Statsautoriseret Revision...
 ID: 2ec69a04-c717-4c43-85a9-7461b51426aa
 Tidspunkt for underskrift: 14-02-2024 kl.: 18:14:08
 Underskrevet med MitID



This document has esignatur Agreement-ID: a2e172f2f1RX251566780

This document is signed with esignatur. Embedded in the document is the original agreement document and a signed data object for each signatory. The signed data object contains a mathematical hash value calculated from the original agreement document, which secures that the signatures is related to precisely this document only. Prove for the originality and validity of signatures can always be filed as legal evidence.

The document is locked for changes and all cryptographic signature certificates are embedded in this PDF. The signatures therefore comply with all public recommendations and laws for digital signatures. With esignatur's solution, it is ensured that all European laws are respected in relation to sensitive information and valid digital signatures. If you would like more information about digital documents signed with esignatur, please visit our website at www.esignatur.dk.