



ODI Pharma

Half-yearly report

July-December 2019

Q2

ODI PHARMA QUARTERLY REPORT

In this half-yearly Report, the following definitions apply, unless stated otherwise: The "Company" or "ODI Pharma" refers to ODI Pharma AB with Org. number (Swedish corporate registration number) 559223-1392.

ODI Pharma AB was formed on the 23rd of October 2019. ODI Pharma AB is the Swedish holding company of ODI Pharma Schweiz AG and ODI Pharma Polska Sp. z o.o. The group was established on the 28th of June 2018 when ODI Pharma Schweiz AG acquired the shares in ODI Pharma Polska Sp. z o.o..

Q2 2019 (2019-10-01 – 2019-12-31)

The Group's net sales amounted to SEK 72 741 (SEK 0).

The Group's loss after financial items amounted to SEK -1 401 276 (SEK -2 437 474)

Result per share amounted to SEK -0,11.*

The solidity was 80%.**

** The Company's result per share: The result for the period divided by the number of shares at the end of the period. The total number of shares as of December 31st, 2019, amounted to 12,500,000 shares. Previous to the foundation of ODI Pharma AB on the 23rd of October, the group consisted of 1000 shares of ODI Pharma Schweiz AG and its Polish subsidiary ODI Pharma Polska Sp. Z o.o... The number of shares used for the result per share for the second quarter of 2019 was 12,500,000 (this is not identical to the average amount of shares during the quarter). The result per share based on the average number of shares (7,610,000) amounts to SEK -0,18. Note: during December 2019, ODI Pharma carried out a new share issue, which after registration in January 2020 increased the number of shares. The number of shares after the registration amounts to 15,220,000 shares.*

*** Solidity: Equity divided by total capital.*

Highlights during Q1-Q2

- December – Spotlight Stock Market announced that ODI Pharma was approved for listing.
- December – The subscription period started in the new issue of shares.

Highlights after Q1-Q2

- January – The interest in the new share issue was significant. The subscription rate amounted to approx. 383% and ODI Pharma received approx. SEK 25 million before issue costs.
- January – The new share issue was partially registered at the Swedish Companies Registration Office. 2,579,114 shares out of the total of 2,720,000 shares that were subscribed in the new share issue, were registered.
- January – The second and final part of the Company's new share issue was registered.
- January – ODI Pharma's first day of trading in the Company's share on Spotlight Stock Market commenced.
- January – ODI Pharma's founders made a comment on their sell of shares.

COMMENTS BY CEO DEREK SIMMROSS

“The medical industry is continuously changing, and the time for cannabis-based products is here.”



2019 – Gearing up

In 2018 we established ODI Pharma, and have since then conducted start-up of the intending to become a market leader in medical cannabis products in Poland and beyond. Medical cannabis is the catch-all term for anything from dried cannabis flowers, cannabis oils, capsules, tablets, etc. The Company will focus on improving the quality of life for medical patients, by providing quality products at a reasonable cost. As promised, the co-founders are working tirelessly and without salary from ODI Pharma until revenue justifies. The founders have also capitalized the entity with approximately 8 million SEK. It is our goal to provide the most innovative products and education to achieve our strategic goals. This comes by proprietary work with modern research, and coming communication with the medical industry to assist in the application and education of medical cannabis.

We are 100% focussed on delivering for our investors. Together with our current and future partners, we are excited to build our visions. The ‘Polish Strategy’ in Poland is significant to the Company and its operations and an excellent starting point.

In August 2019 ODI Pharma announced its operations would be shortly consolidated under a Swedish holding company, with no structural changes to the shareholder group itself. This led to ODI Pharma getting approved for listing on Spotlight Stock Market in December, and the start of the subscription period. By January 2020, the new share issue before the listing was announced as oversubscribed by approximately 283 percent.

2020 - Exciting times ahead

The market for medical cannabis in Europe is estimated to be worth 58 billion euros in 2028 (Prohibition Partners, 2019). ODI Pharma currently focuses primarily on the Polish market, with great potential for growth as Poland legalized medicinal cannabis as prescribed medication in 2017.

We are thankful that ODI Pharma is now a publicly listed company on Spotlight Stock Market. This puts ODI Pharma Group in a stronger position. Our focus going forward; is to establish ODI Pharma initially on the Polish market and build a strong revenue stream. Our efforts are split among product awareness, brand development, increasing customer base and education. We see the future of ODI Pharma Group as very bright and that the board and I are confident that we will accomplish our mission and investors will benefit from our initiatives. Our business model is the correct one in our industry as we are focusing on revenue stream with low overhead to provide a promising return profile. The industry has huge potential and we are going to make the opportunity happen! Thank you for your support!

Thank you to the investors that are participating in the future of ODI Pharma AB.

Derek Simmross
CEO, ODI Pharma AB

ABOUT ODI PHARMA

ODI Pharma, with its European network, subsidiaries, and affiliates, is a producer of pharmaceutical cannabis products. The founders and board members of the Company have an extensive background in the trading industry, and the medical cannabis industry as well. The Company focuses on distribution to the medical cannabis market in Poland, through its subsidiary ODI Pharma Polska Sp z. o. o. ODI Pharma AB holds 100% of the shares in the company ODI Pharma Polska Sp. z o.o. through its Swiss subsidiary ODI Pharma Schweiz AG, in which the Company owns 100% of the shares. The Swiss subsidiary is the research hub and will develop further distribution agreements in other countries. The main focus of ODI Pharma is on the medical cannabis products that are sold to clients and patients through ODI Pharma's relationships with pharmacies via wholesale distributors.

ODI Pharma's upcoming business activities will be focused on the Polish market and the Company has therefore chosen to name this business strategy the *Polish Strategy*. The financial focus implies the outsourcing of hard assets, including the cultivation, processing facilities, laboratories, storage, and logistics. ODI Pharma's operations are carried out through its subsidiary on the Polish market, which handles the imports and distribution of medical cannabis products. The Company has secured a relationship with one of the leading pharmaceutical wholesalers in Poland, NEUCA. Further, the Company has secured a valuable supply contract with one of the largest cannabis producers in Canada. The supplier is a first-tier producer who operates at the highest standards, which enables full control over the strains.

ODI Pharma believes that European clients require a wide variety of medical cannabis products of high quality to treat specific illnesses. The Company is a medical cannabis finished product producer and therefore has no cultivation operations, it has access to provide a wide variety of different strains, oils, and the latest formulations. The Company intends to provide a range of medical cannabis products which will initially, due to the regulation in Poland, be dried flowers.

The products

Medical cannabis comes in a range of different products with different levels of THC (Tetrahydrocannabinol) and CBD (Cannabidiol). The products that ODI Pharma is going to produce for the Polish market, per the *Polish Strategy*, are products that will be approved by the Polish governmental agencies. Initially, the products will be dried flowers, since this is the product that this far has been regulated in Poland (even though the law in Poland allows for a range of derivates from the cannabis plant). These products will be based on the raw material of fully approved cannabis imported by the Company and strategic partners. The products will be manufactured with a subsidiary of ODI Pharma's strategic partner in Poland, NEUCA. The dried flowers can be consumed by the patients in various ways following the guidelines of the pharmacists. ODI Pharma is evaluating other product types besides dried flowers to be sold on the Polish market. The Company expects these other products to hit the market during 2021.

ODI Pharma intends to be up-to-date on trends and regulatory requirements and future products may, therefore, differ from the current products. The market demand decides what type of medical cannabis products the Company will supply, which the Company's flexible business model enables. The production of the products is fully integrated with NEUCA. The current market price of dried flowers in Poland is approx. EUR 14.00-15.25 per gram, ODI Pharma intends to at least match this price, while still providing high-quality

products. Whatever product type of medical cannabis ODI Pharma provides, the objective is to be cost-efficient concerning what has previously been stated.

Target groups

There is a total of about 40+ indications in which medical cannabis may potentially show results in terms of efficacy. The Supreme Pharmaceutical Chamber of Poland (Naczelnia Izba Aptekarska) estimates an immediate market demand of 300,000 patients by 2025. Jędrzej Sadowski, the author of the bill legalizing cannabis, estimates 300,000 patients as well. ODI Pharma assumes that it will take some years to reach the potential patients' number that uses the product and the Company estimate that this will be reached in 2025. The Polish regulations do not limit the prescriptions for medical cannabis concerning certain ailments – therefore all physicians have the authorization to prescribe medical cannabis to all their patients and all types of illnesses. The Supreme Pharmaceutical Chamber of Poland suggested the application with treatable conditions including nausea caused by chemotherapy, epilepsy, symptoms of multiple sclerosis and chronic pain.

ABOUT THE HALF-YEARLY REPORT

Group structure

ODI Pharma AB was formed on the 23rd of October 2019. ODI Pharma AB is the Swedish holding company of ODI Pharma Schweiz AG (100%). ODI Pharma Schweiz AG has an ownership of 100% in ODI Pharma Polska Sp. z o.o. The group was established on the 28th of June 2018 (the "Group") when ODI Pharma Schweiz AG acquired the shares in ODI Pharma Polska Sp. z o.o..

Auditor's review

The quarterly report has not been reviewed by the Company's auditor.

Revenue and operating results

The Group's revenue amounted to SEK 80,397 (SEK 0) in the second quarter and resulted in an operating income of SEK -1,345,134 (SEK - 2,336,518). Majority of the operating expenses was for external consultants. The holding company, ODI Pharma AB, has not generated any revenues during the quarter, operating expenses for external consultants and service provider amounted to SEK -526,231.

Balance sheet and solidity

ODI Pharma AB was registered with the Swedish Companies Registration Office on the 23rd of October 2019 with a Shareholder Equity of SEK 500,000. The company has no long-term liabilities. The group was established on the 28th of June 2018.

Total assets of the Group amounted to SEK 28,594,868 (SEK 4,469,468) and consisted primarily of subscription agreements from investors (other current receivables) and cash at bank. The solidity of the Group was 80% (90%) at quarter end.

The holding company, ODI Pharma AB, stated total assets of SEK 26,277,786 consisting primarily of receivables relating to new share issue in progress (other current receivables). The solidity of ODI Pharma AB was 81%.

Cash flow and investments

Cash flow from operations amounted in the Group to SEK -1,492,265 (SEK -1,613,623). Cash flow from financing and investment activities amounted to SEK 497,268 (SEK -9,851), primarily through the new share issue at the foundation of ODI Pharma AB, resulting in a cash flow for the period from July to December 2019 of SEK -

994,997. The holding company, ODI Pharma AB, showed a cash flow after financing and investment activity of SEK 280,983.

The share

The shares of ODI Pharma were listed on Spotlight Stock Market on January 23rd, 2020. The short name/ticker is ODI and the ISIN code is SE0013409760.

On December 31st, 2019 the number of shares in ODI Pharma AB amounted to 12,500,000 shares. During December 2019, ODI Pharma carried out a new share issue, which after registration in January 2020 increased the number of shares. The number of shares after the registration amounts to 15,220,000 shares. Every share equals the same rights to the Company's assets and results.

Warrants

No warrants are outstanding to any party.

Shareholders

The table below presents the current shareholders, at the date of this report, with more than 5 percent of the votes and capital in ODI Pharma AB.

| Name | Number of shares | The proportion of votes and capital (%) |
|--------------------|-------------------|---|
| Volker Wiederrick | 6,255,898 | 41,10 |
| Derek Simmross | 6,250,000 | 41,06 |
| Other shareholders | 2,714,102 | 17,84 |
| Total | 15,220,000 | 100.00 |

Financial calendar

| | |
|----------------------------|---|
| Current Financial year | 1 st of October 2019 – 30 th of June 2020 |
| January – March 2020 (Q3) | May 28 th 2020 |
| Year End Report 2019/2020 | August 27 th 2020 |
| July – September 2020 (Q1) | November 27 th 2020 |
| Annual Report 2019/2020 | December 17 th 2020 |

Accounting policy of the quarterly report

The financial statements of ODI Pharma AB, as well as the ODI Pharma Group, are prepared per the Swedish Annual Accounts Act and the standards of the Swedish Accounting Standards Board (BFNAR) 2012:1 (K3) and Spotlight's Rules and Regulations, as applicable. Consolidated accounts include parent company and subsidiaries in which parent company direct or indirectly owns shares that is more than 50% of the votes. Intangible and tangible assets is at the acquisition value reduced with accumulated depreciation according to plan and eventually write downs. Depreciation is done linear in relation to expected useful life. The financial overview of ODI Pharma's subsidiaries were prepared in the local currency (CHF for the Swiss subsidiary and PLN for the Polish subsidiary). For this report the local currencies have been recalculated to SEK in the financial overview, based on data from Sveriges Riksbank on the 31st December 2019, respectively the average exchange rate for the presented time frame.

Common Control Transaction

During the financial year, ODI Pharma AB acquired ODI Pharma Schweiz AG from the previous owners through a related party transaction. The acquisition was carried out through a promissory note of CHF 100,000, which, in accordance with an established agreement, was subject to set-off in connection with a new issue using K3 currency conversion principle. K3 does not comment on common control transactions and in the absence of guidance, the company has chosen to report the transaction based on the former group's book values, since the newly formed company is not considered an acquirer in the transaction. This means that ODI Pharma Sweden AB's consolidated accounts are a continuation of what was previously reported in the ODI Pharma Switzerland Group and the comparative figures presented are the ODI Pharma Switzerland Group's financial information for 2018, adjusted for differences in accounting principles.

Operational risks and uncertainties

The risks and uncertainties that ODI Pharma's operations are exposed to are summaries related to factors such as development, competition, permissions, capital requirements, customers, suppliers/manufacturers, currencies and interest rates.

Submission of quarterly report

Stockholm, February 27th, 2020

ODI Pharma AB

The Board of Directors

For further information, please contact

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ODI Pharma AB was formed on the 23rd of October 2019. ODI Pharma AB is the Swedish holding company of ODI Pharma Schweiz AG and ODI Pharma Polska Sp. z o.o. The group was established on the 28th of June 2018.

INCOME STATEMENT – THE GROUP

| SEK | 2019-10-01 | 2018-10-01 | 2019-07-01 | 2018-07-01 |
|--|-------------------|-------------------|-------------------|-------------------|
| | 2019-12-31 | 2018-12-31 | 2019-12-31 | 2018-12-31 |
| | <i>3 months</i> | <i>3 months</i> | <i>6 months</i> | <i>6 months</i> |
| Revenue | | | | |
| Net Sales | 72 741 | 0 | 216 953 | 0 |
| Other operating income | 7 656 | 0 | 7 654 | 0 |
| | 80 397 | 0 | 224 607 | 0 |
| Operating expenses | | | | |
| Cost of goods sold | 0 | | | |
| External expenses | -1 407 070 | -2 336 518 | -2 204 770 | -2 348 190 |
| Personal expenses | 0 | 0 | 0 | 0 |
| Depreciation and amortisation | -782 | 0 | -1 246 | 0 |
| Other operating expenses | -17 679 | 0 | -17 744 | 0 |
| Operating cost | -1 425 531 | -2 336 518 | -2 223 760 | -2 348 190 |
| Operating income | -1 345 134 | -2 336 518 | -1 999 153 | -2 348 190 |
| Income from financial items | | | | |
| Financial income | 19 | 0 | 0 | 0 |
| Financial expenses | -1 760 | -3 340 | -6 047 | -3 340 |
| Exchange gain/ losses | -54 401 | -97 616 | -44 804 | -97 616 |
| Income after financial items | -1 401 276 | -2 437 474 | -2 050 004 | -2 449 146 |
| Income before taxes | -1 401 276 | -2 437 474 | -2 050 004 | -2 449 146 |
| Taxes | -3 825 | 0 | -10 826 | 0 |
| Net income | -1 405 101 | -2 437 474 | -2 060 830 | -2 449 146 |
| <i>Number of shares in the beginning of the period</i> | | | | |
| | 0 | 0 | 0 | 0 |
| <i>Number of shares in the end of the period</i> | 15 220 000 | 0 | 15 220 000 | 0 |
| <i>Average number of shares</i> | 7 610 000 | 0 | 7 610 000 | 0 |
| <i>Earnings per share, sek</i> | -0,18 | 0,00 | -0,27 | 0,00 |

BALANCE SHEET – THE GROUP

| SEK | 2019-12-31 | 2019-06-30 |
|-------------------------------------|-------------------|------------------|
| Assets | | |
| Subscribed Capital unpaid | | |
| | 25 024 000 | 0 |
| Fixed assets | | |
| Tangible assets | | |
| Equipment, machines, tools | 9 094 | 7 608 |
| | 9 094 | 7 608 |
| Total Fixed assets | 9 094 | 7 608 |
| Current Assets | | |
| Receivables | | |
| Trade receivables | 3 159 | 0 |
| Other current receivables | 98 163 | 39 601 |
| prepaid expenses and accrued income | 27 400 | 1 796 |
| Cash and cash equivalents | 3 433 052 | 4 420 463 |
| Total current assets | 3 561 774 | 4 461 860 |
| Total assets | 28 594 868 | 4 469 468 |

| | | |
|-----|------------|------------|
| SEK | 2019-12-31 | 2019-06-30 |
|-----|------------|------------|

Equity and liabilities

Equity

| | | |
|-----------------------------|-------------------|------------------|
| Share capital | 500 000 | 0 |
| New Share issue in progress | 108 800 | 0 |
| Other contributed capital | 24 306 665 | 5 182 373 |
| Retained earnings | -2 060 830 | -1 138 891 |
| Total Equity | 22 854 635 | 4 043 482 |

Current liabilities

| | | |
|-------------------------------------|-------------------|------------------|
| Account payables | 1 078 516 | 44 378 |
| Tax Liabilities | 297 123 | 292 534 |
| other current liabilities | 967 200 | 0 |
| Accrued expenses and prepaid income | 3 397 394 | 89 074 |
| | 5 740 233 | 425 986 |
| Total Equity and Liabilities | 28 594 868 | 4 469 468 |

CASH FLOW STATEMENT – THE GROUP

| SEK | 2019-07-01 | 2018-07-01 |
|---|-------------------|-------------------|
| | 2019-12-31 | 2018-12-31 |
| | <i>6 months</i> | <i>6 months</i> |
| Operations | | |
| Operating result | -1 999 153 | -2 348 190 |
| Adjustment for non cash flow items | | |
| Depreciations, amortisations and gains and losses of fixed assets | -1 246 | 0 |
| Currency exchange rates differences | 0 | 22 255 |
| Other non cash flow items | -2 720 | 52 201 |
| | -1 997 679 | -2 273 734 |
| Received interest | 0 | 0 |
| Paid interest | -6 047 | -3 340 |
| Received interest | 0 | 0 |
| Paid tax | -10 826 | -55 541 |
| Cash flow from operation before change in working capital | -2 014 552 | -2 332 615 |
| Cash flow from change in working capital | | |
| Increase(-) Decrease(+) of operating receivables | -87 325 | -67 615 |
| Increase(+) Decrease(-) of operating liabilities | 609 612 | 786 607 |
| Cash flow from operations | -1 492 265 | -1 613 623 |
| Investment activities | | |
| Investments in tangible fixed assets | -2 732 | -9 851 |
| Cash flow from investment activities | -2 732 | -9 851 |
| Financing activities | | |
| New shares issue | 500 000 | 0 |
| Cash from finance activities | 500 000 | 0 |
| Cash flow for the period | -994 997 | -1 623 474 |
| Liquid funds at the beginning of the period | 4 420 463 | 7 438 461 |
| Effects of exchange rate changes on cash | 7 586 | -97 616 |
| Liquid fund at the end of the period | 3 433 052 | 5 717 371 |

INCOME STATEMENT – ODI PHARMA AB

| | |
|-------------------------------------|-----------------|
| SEK | 2019-10-21 |
| | 2019-12-31 |
| | <i>3 months</i> |
| Revenue | |
| Net Sales | 0 |
| Other operating income | 0 |
| | 0 |
| Rörelsens kostnader | |
| Cost of goods sold | 0 |
| External expenses | -526 231 |
| Personal expenses | 0 |
| Depreciation and amortisation | 0 |
| Other operating expenses | 0 |
| Operating cost | -526 231 |
| Operating income | -526 231 |
| Income from financial items | |
| Financial income | 0 |
| Financial expenses | 0 |
| Exchange gain/ losses | 0 |
| Income after financial items | -526 231 |
| Income before taxes | -526 231 |
| Taxes | 0 |
| Net income | -526 231 |

BALANCE SHEET – ODI PHARMA AB

| SEK | 2019-12-31 |
|-------------------------------------|-------------------|
| Assets | |
| Subscribed Capital Unpaid | |
| | 25 024 000 |
| Fixed assets | |
| | |
| Financial fixed assets | |
| Shares in group companies | 967 200 |
| | |
| Total Fixed assets | 967 200 |
| Current Assets | |
| | |
| Receivables | |
| prepaid expenses and accrued income | 5 603 |
| | |
| Cash and cash equivalents | 280 983 |
| | |
| Total current assets | 286 586 |
| | |
| Total assets | 26 277 786 |

Equity and liabilities**Equity****Restricted equity**

| | |
|-------------------------------|-------------------|
| Share capital | 500 000 |
| New share issue in progress | 108 800 |
| Share premium reserve | 21 213 765 |
| Non restricted equity | |
| Profit or loss for the period | -526 231 |
| Total Equity | 21 296 334 |

Current liabilities

| | |
|-------------------------------------|------------------|
| Account payables | 641788 |
| Liabilities to group companies | 86006 |
| Other current liabilities | 967 200 |
| Accrued expenses and prepaid income | 3 286 458 |
| | 4 981 452 |

| | |
|-------------------------------------|-------------------|
| Total Equity and Liabilities | 26 277 786 |
|-------------------------------------|-------------------|

CASH FLOW STATEMENT – ODI PHARMA AB

| | |
|-----|-------------|
| SEK | 2019-10-21 |
| | -2019-12-31 |

Operations

| | |
|------------------|----------|
| Operating income | -526 231 |
| <hr/> | |

| | |
|--|-----------------|
| Cash flow from operation before change in working capital | -526 231 |
|--|-----------------|

| | |
|--|-----------------|
| Cash flow from change in working capital | |
| Increase(-) Decrease(+) of operating receivables | -5 603 |
| Increase(+) Decrease(-) of operating liabilities | 312 817 |
| Cash flow from operations | -219 017 |

Investment activities

| | |
|---|----------|
| Investments in tangible fixed assets | 0 |
| Cash flow from investment activities | 0 |

| | |
|---------------------------------------|----------------|
| Financing activities | |
| New shares issue | 500 000 |
| Cash from financial activities | 500 000 |

| | |
|---------------------------------|----------------|
| Cash flow for the period | 280 983 |
|---------------------------------|----------------|

| | |
|---|----------------|
| Liquid funds at the begining of the period | 0 |
| Effects of exchange rate changes on cash | 0 |
| Liquid fund at the end of the period | 280 983 |



ODI Pharma