



ODI Pharma

Quarterly report

Q1

ODI PHARMA QUARTERLY REPORT

In this quarterly 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. Amount in brackets refers to the corresponding period in the previous year.

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.

First quarter (2020-07-01 – 2020-09-30)

The Group's net sales amounted to SEK 0 (144,212).

The Group's loss after financial items amounted to SEK -1,268,107 (-648,728).

Result per share amounted to SEK -0.08 (-0.05). *

The solidity as of 2020-09-30 was 97 % (78 %). **

** 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 30th of September 2020, amounted to 15,220,000 (12,500,000) shares. The result per share based on the average number of shares (15,220,000) amounts to SEK -0.08 for the first three months 2020-07-01 – 2020-09-30.*

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

Highlights during Q1

- August – ODI Pharma published its year-end report for the fiscal year 2019/2020. The year-end report is available on the Company's website (www.odipharma.com).

Highlights after the period

- November – ODI Pharma announced that, despite Covid-19 delays, it has streamlined its supply chain and executed a Supply Agreement with Aphria Inc.'s wholly-owned German subsidiary, CC Pharma GmbH.
- November – ODI Pharma announced that the Company is investigating the possibility to expand current business with specialized, highly CBD infused skin care products (“Project Skin”).
- November – The Company published its Annual Report for the fiscal year 2019/2020.

MARKET VIEW OF ODI PHARMA

ODI Pharma continues to share observations of trends in the cannabis industry for investors/potential investors. In our view, medical cannabis is evolving across the world and on a daily basis more and more patients are getting access to treatments for symptoms and revenue in the industry is growing quickly. As always, in high cost infrastructure, there will be a few that thrive and many that perish as the product produced has a shelf life.

European cannabis regulation made some headway recently. Over the last months the most important regulatory release was from the EU court of justice proclaiming that CBD is not a narcotic. It is far from a collective acceptance, but an import step in the evolution of the European cannabis business. We believe that this is a further confirmation of the CPGs (Consumer Packaged Goods) market in Europe based on Cannabis constituents¹, such as foodstuffs, drinks, soaps and cosmetics, which should far surpass the revenue of the medical cannabis market over the next ten years. This ruling is far from the crystal ball for the industry, and acceptance is going to be methodical, as CBD for consumption has to gain wide acceptance across Europe. We continue to see that each of the CPG's of the cannabinoid sector to be regulated separately. It is quite important when studying the CPGs to not batch them together but study each CPG as a separate asset class because each of them are an industry within themselves. Also, each of them falls within a different legal framework.

There are also clear signs that just as in the production of many other goods, laboratories will have a very important role to play in the future of the cannabis industry. The industry is evolving not only via the processing of the plants produced but in the isolation of the active substances. This suggests that science is slowly taking a leadership role in the industry.

It is our hope that this market insight will help investors gain an understanding of how ODI Pharma surveys the landscape of the industry.

¹ <https://www.nielsen.com/us/en/insights/article/2019/our-2020-forecast-for-the-us-hemp-cbd-and-cpg-industries/>

COMMENTS BY CEO DEREK SIMMROSS



Like everyone else, we had hoped to start our new fiscal year without the Covid-19 pandemic, but unfortunately it seems like it will continue to affect people, societies and economies across the globe. Let us hope that the vaccines provide a normalized future without side effects. During this quarter, we have continued to invest a lot of time and effort on internal business improvements, business development and how we can move forward with our extensive market research.

We have streamlined our supply chain and, after the quarter end, we could proudly announce that we have executed a Supply Agreement with the German company CC Pharma GmbH, a wholly owned subsidiary of Aphria Inc. CC Pharma not only shares our quality values, but also our commitment of meeting patients' needs and improving their quality of life. We are of course very pleased to continue our relationship with Aphria through this new partnership. This agreement grants us the exclusive right to sell a defined set of products in Poland, which will be co-branded and sold under the ODI and Aphria brand names. CC Pharma and ODI are working to secure regulatory approval for import

and sale of these products on the Polish market. We see that this partnership will contribute to our operational efficiency and it is exciting to further advance the terms of our relationship to include a broader product offering. Our goal remains to represent the best and most technologically advanced producer of medical cannabis in the industry for the Polish people. We are also confident that this Supply Agreement will contribute to efficiencies of ODI's operations going forward.

We strongly believe that we have only enhanced our company since the IPO and our analysis of the industry continues to be accurate. ODI's focus has never wavered and belief in our business plan and our partners continues to grow.

We very much understand that our investors need to see profitability and we are more confident than ever that our expectations are realistic and even improved after actions taken to offset global issues.

As discussed in our market overview. The legal framework is changing in Europe. ODI is confident that our work and experience gives us the ability to ensure our investors a voice in this development. Our research has contributed to the process of evaluating the potential developments like Project Skin.

We are confident that we are in a strong position and I look forward to realizing our future activities and milestones.

Derek Simmross
CEO, ODI Pharma AB

ABOUT ODI PHARMA

ODI Pharma, with its European network, subsidiaries, and affiliates, is a producer of and representative of pharmaceutical cannabis finished 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 derivatives 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 13.00-16.00 (based on current exchange rate) 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 (Naczelną 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 QUARTERLY 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.

Revenue and operating results Q1

The Group’s revenue amounted to SEK 419 (144,210) in the first quarter and resulted in an operating income of SEK -1,233,832 (-654,019). A majority of the operating expenses related to insurance expenses, legal services, and accounting services. The holding company, ODI Pharma AB, has generated revenues of SEK 408 during the first quarter.

Balance sheet and solidity

ODI Pharma AB was registered with the Swedish Companies Registration Office on the 23rd of October 2019 with 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 19,370,446 (4,506,826) and consisted primarily of cash at the bank. The solidity of the Group was 97 % (78 %) at quarter-end. The holding company, ODI Pharma AB, stated total assets of SEK 19,380,758 consisting primarily of cash at the bank. The solidity of ODI Pharma AB was 98 %.

Cash flow and investments

Cash flow from operations in the Group during the first quarter amounted to SEK -1,766,215 (6,485). Cash flow from financing and investment activities during the first quarter amounted to SEK 0 (0), resulting in cash flow for the period of SEK -1,766,215 (6,485). The holding company, ODI Pharma AB, showed a cash flow for the period (after financing and investment activity) of SEK -1,607,477 during the first quarter.

The share

The shares of ODI Pharma were listed on Spotlight Stock Market on 23rd of January 2020. The short name/ticker is ODI and the ISIN code is SE0013409760. Spotlight Stock Market operates a so-called MTF platform and is a secondary name of ATS Finans AB, a securities company under the supervision of the Swedish Financial Authority. ATS Finans AB is a subsidiary of Spotlight Group AB, a company listed on Spotlight Stock Market since 15th of September 2020. On the 30th of September 2020, the number of shares in ODI Pharma amounted to 15,220,000 shares. The average number of shares during the first quarter amounted to 15,220,000. Every share equals the same rights to the Company’s assets and results.

Warrants

No warrants are outstanding to any party.

Financial calendar

Current financial year	1 st of July 2020 – 30 th of June 2021
July – December 2020 (Q2)	25 th of February 2021
January 2021 – March 2021 (Q3)	27 th of May 2021
Year-end report 2020/2021	26 th of August 2021

Shareholders

The table below presents the current shareholders, at the date of this quarterly 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
<i>Other shareholders (approx. 1,500)</i>	<i>2,714,102</i>	<i>17.84</i>
Total	15,220,000	100.00

Auditor's review

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

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 directly or indirectly owns shares that are more than 50 % of the votes. Intangible and tangible assets are at the acquisition value reduced with accumulated depreciation according to plan and eventually write-downs. Depreciation is done linearly in relation to expected useful life. The financial overviews 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 30th of September 2020, respectively the average exchange rate for the presented time frame.

Common Control Transaction

During the financial year 2019/2020, 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 the 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 regarding Covid-19

Like most other companies, ODI Pharma is affected by Covid-19. As announced via press release the Board of Directors does not see any impact on the Company's mid- and long-term goals due to Covid-19. At the same time, the current situation has caused ODI to experience a delay in the implementation of the import process. Today, it is not possible to fully review any potential further consequences for the business, and the Company is closely following the development.

Other 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 the quarterly report

Stockholm, 27th of November 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	2020-07-01 2020-09-30 3 months	2019-07-01 2019-09-30 3 months	2019-07-01 2020-06-30 12 months
Revenue			
Net Sales	0	144,212	0
Other operating income	419	-2	9,240
	419	144,210	9,240
Operating expenses			
External expenses	-1,212,529	-797,700	-4,704,203
Personal expenses	0	0	0
Depreciation and amortisation	-1,783	-464	-12,264
Other operating expenses	-19,939	-65	-227,192
Operating cost	-1,234,250	-798,229	-4,943,659
Operating income	-1,233,832	-654,019	-4,934,419
Profit/loss from financial items			
Other interest income and similar profit/loss items	0	5,291	18
Interest expense and similar profit/loss items	-34,275	0	-7,798
Income after financial items	-1,268,107	-648,728	-4,942,199
Income before taxes	-1,268,107	-648,728	-4,942,199
Taxes	-9,206	-7,001	-20,045
Net income	-1,277,314	-655,729	-4,962,244
<i>Number of shares in the beginning of the period</i>			
	15,220,000.00	12,500,000.00	12,500,000.00
<i>Number of shares at the end of the period</i>	15,220,000.00	12,500,000.00	15,220,000.00
<i>Average number of shares</i>	15,220,000.00	12,500,000.00	13,860,000.00
<i>Earnings per share, SEK</i>	-0.08	-0.05	-0.36

BALANCE SHEET – THE GROUP

SEK	2020-09-30	2019-09-30	2020-06-30
Assets			
Fixed assets			
Tangible assets			
Equipment, machines, tools	18,089	7,413	20,013
	18,089	7,413	20,013
Total Fixed assets	18,089	7,413	20,013
Current Assets			
Receivables			
Trade receivables	0	3,262	0
Tax receivables	336,847	10,567	0
Other current receivables	138,325	29,097	176,157
Prepaid expenses and accrued income	150,194	16,425	152,029
	625,366	59,351	328,186
Cash and cash equivalents	18,726,991	4,440,062	20,513,417
Total current assets	19,352,357	4,499,413	20,841,603
Total assets	19,370,446	4,506,826	20,861,616

SEK	2020-09-30	2019-09-30	2020-06-30
Equity and liabilities			
Equity			
Share capital	608,800	869,520	608,800
Other contributed capital	21,583,285	0	21,583,285
Other equity including result for the period	-3,371,914	2,628,149	-2,116,139
Equity attributed to shareholders in parent company	18,820,171	3,497,669	20,075,946
Current liabilities			
Account payables	257,529	363,356	299,180
Tax Liabilities	0	298,442	301,823
Accrued expenses and prepaid income	292,746	347,359	184,667
Total current liabilities	550,275	1,009,157	785,670
Total Equity and Liabilities	19,370,446	4,506,826	20,861,616

CASH FLOW STATEMENT – THE GROUP

SEK	2020-07-01 2020-09-30 3 months	2019-07-01 2019-09-30 3 months	2019-07-01 2020-06-30 12 months
Operating activities			
Net operating profit/loss	-1,233,832	-654,019	-4,934,419
Adjustment for non-cash flow items			
Depreciations and write-downs	1,783	464	12,265
Current exchange differences	9,051	117,838	131,062
Cash flow from operating activities	-1,222,998	-535,717	-4,791,092
Paid interest	-1,436	-4,434	-7,779
Paid tax	-647,876	-14,675	-11,544
Cash flow from operation before change in working capital	-1,872,310	-554,826	-4,810,415
Cash flow from change in working capital			
Increase (-) Decrease (+) of operating receivables	39,667	-15,951	-286,789
Increase (+) Decrease (-) of operating liabilities	66,428	577,262	350,395
Cash flow from operations	-1,766,215	6,485	-4,746,809
Investment activities			
Investments in tangible fixed assets	0	0	-24,359
Cash flow from investment activities	0	0	-24,359
Financing activities			
New shares issue	0	0	24,556,800
New share issue expenses	0	0	-3,701,435
Cash flow from financing activities	0	0	20,855,365
Cash flow for the period	-1,766,215	6,485	16,084,197
Cash and cash equivalents at beginning of year	20,532,417	4,420,463	4,420,463
Effects of exchange rate changes on cash	-39,211	13,114	8,757
Cash and cash equivalents at end of year	18,726,991	4,440,062	20,513,417

INCOME STATEMENT – ODI PHARMA AB

SEK	2020-07-01 2020-09-30 <i>3 months</i>	2019-10-23* 2020-06-30 <i>Approx. 8 months</i>
Revenue		
Other operating income	408	61
	408	61
Operating expenses		
External expenses	-923,138	-1,972,551
Personal expenses	0	0
Other operating expenses	-10,214	-2,380
Total operating cost	-933,352	-1,974,931
Operating income	-932,944	-1,974,870
Income from financial items		
Other interest income and similar profit/loss items	0	0
Interest expense and similar profit/loss items	-9	0
Income after financial items	-932,953	-1,974,870
Income before taxes	-932,953	-1,974,870
Taxes	0	0
Net income	-932,953	-1,974,870
<i>Number of shares in the beginning of the period</i>	<i>15,220,000.00</i>	<i>0.00</i>
<i>Number of shares at the end of the period</i>	<i>15,220,000.00</i>	<i>15,220,000.00</i>
<i>Average number of shares</i>	<i>15,220,000.00</i>	<i>9,966,557.38</i>
<i>Earnings per share, SEK</i>	<i>-0.06</i>	<i>-0.20</i>

* The Company was formed on 2019-10-23

BALANCE SHEET – ODI PHARMA AB

SEK	2020-09-30	2020-06-30
Assets		
Fixed assets		
Financial fixed assets		
Shares in group companies	967,200	967,200
	967,200	967,200
Total fixed assets	967,200	967,200
Current Assets		
Receivables		
Other current receivables	18,460	0
Prepaid expenses and accrued income	1,031,083	150,351
	1,049,543	150,351
Cash and cash equivalents	17,364,015	18,971,492
Total current assets	18,413,558	19,121,843
Total assets	19,380,758	20,089,043

SEK	2020-09-30	2020-06-30
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Equity and liabilities

Equity

Share capital	608,800	608,800
Share premium reserve	21,213,765	21,213,765
Retained Earnings	-1,974,870	
Profit or loss for the period	-932,953	-1,974,870
Total Equity	18,914,742	19,847,695

Current liabilities

Account payables	201,361	86,974
Liabilities to group companies	110,549	111,222
Accrued expenses and prepaid income	154,106	43,152
Total current liabilities	466,016	241,348
Total Equity and Liabilities	19,380,758	20,089,043

CASH FLOW STATEMENT – ODI PHARMA AB

SEK	2020-07-01	2019-10-21*
	2020-09-30	2020-06-30
	3 months	Approx. 8 months
Operating activities		
Net operating profit/loss	-932,953	-1,974,870
Adjusted for non-cash flow items		
Current exchange differences	1,125	0
	-931,828	-1,974,870
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Cash flow before change in working capital		
	-931,828	-1,974,870
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<i>Cash flow from change in working capital</i>		
Increase (-) Decrease (+) of operating receivables	-899,192	-150,351
Increase (+) Decrease (-) of operating liabilities	223,543	241,348
Total change in working capital	-1,607,477	-1,883,873
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<i>Financing activities</i>		
New shares issue	0	24,556,800
New share issue expenses	0	-3,701,435
Cash from financial activities	0	20,855,365
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Cash flow for the period	-1,607,477	18,971,492
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Cash and cash equivalents at beginning of year	18,971,492	0
Effects of exchange rate changes on cash		
Cash and cash equivalents at end of year	17,364,015	18,971,492

* The Company was formed on 2019-10-23



ODI Pharma