

**BETTER
THAN
YESTERDAY**

INTERIM REPORT 1 JULY 2020 – 30 SEPTEMBER 2020



SUMMARY

Key figures Q3 2020

	01/07/20 30/09/20	01/07/19 30/09/19
Net sales	0	0
Operating profit (EBITA/KDKK)	-2,298	-298
Result per share (DKK)	-0.16	-2,980
Equity ratio	0.77	-4.98

Result per share = $\frac{\text{Result for the period}}{\text{Average number of shares}}$ **Equity ratio** = $\frac{\text{Equity}}{\text{Total assets}}$

Highlights during the period:

On 6 July 2020 Jeppe Krog Rasmussen, CEO and Founder, entered the Board of Directors of DanCann Pharma.

On 22 September 2020 John Morell Frellsen entered the organization of DanCann Pharma as interim Chief Commercial Officer (CCO).

On 25 September 2020 DanCann Pharma entered into a Supply Agreement to source medical cannabis products for Denmark and the company's Scandinavian and European markets with the global market leading MediPharm Labs Corp.

Highlights after the period:

On 2 October 2020 DanCann Pharma announced that the company has been approved for listing on Spotlight Stock Market.

On 7 October 2020 the subscription period in DanCann Pharma's new share issue began.

On 9 October 2020 DanCann Pharma announced that the company's Chairman of the Board, Magnus Østergaard Dahlmann, Chief Commercial Officer, John Morell Frellsen (who works for the company as a consultant and is thereby not part of the company's registered executive management) and Chief Financial Officer, Mads Møller Kristensen subscribed for units in the ongoing listing issue.

On 28 October 2020 DanCann Pharma announced that the company's new share issue of approx. DKK 30 million was oversubscribed. DanCann Pharma received subscriptions for a total of approx. DKK 55 million, including subscription commitments, corresponding to a total subscription of approx. 183 percent – and approx. 433 percent for the public part.

On 10 November 2020 DanCann Pharma announced that additional board members and management have been allotted units in the IPO. In total, the lock-up from the board, management, and shareholders after the fully subscribed IPO amount to 8,221,565 shares, corresponding to approximately 39.66 percent.

On 12 November 2020 the trading in DanCann Pharma's shares started on Spotlight Stock Market.

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COMMENTS BY THE CEO

Time to make a difference

First, I want to thank the team and all our early stage investors and express how proud I am of everything we have achieved. We have each had to sacrifice a lot to stand here today for a much greater purpose than ourselves – and what a journey – I would not have changed or replaced my last 3 years for anything else.

This is our first interim report as a public and listed company, and I would like to take the opportunity to comment on some of the highlights that have happened these recent months, both during and after the period.

Overall, this Q3 2020 report reflect the ongoing development phase that the company is undergoing. This interim report is also our first opportunity to send our gratitude to all of you who have chosen to follow our journey and participate in the IPO. We have an exciting future ahead of us and we are now a few steps closer to realizing our vision.

A vision based on a foundation of care, from which we grow our passion to improve health and life quality for patients with challenges. We challenge status quo, based on knowledge and innovation and we innovate life-changing technology – and if that means we need to challenge conventions, then that is what we do.

The period for Q3 2020 largely reflects the large and (time) demanding work leading up to our IPO – which we completed with great success where our IPO was subscribed to approx. 183 percent (DKK 55 million) – and approx. 433 percent for the publicly part (non-pre-subscribed).

Everything seemed to be a good and solid first day of trading and on Thursday, November 12, we were introduced as a publicly traded company when trading opened on Spotlight Stock Market at 09:00. However, it should turn out to be a tough first trading day for DanCann Pharma as a listed company – and a remarkable outcome after an otherwise promising subscription and interest. From a managerial and organizational point of view, an outcome we have turned into a strong motivation boost.

We are still overwhelmed and incredibly grateful for the great interest shown in our new share issue. The proceeds we have received will be used solely to develop our ability to make a difference for those in need for alternative treatment. I would like to welcome our many new shareholders (1,644 new shareholders from the day we were listed) who have become a part of our company and journey. Thank you to all parties who have somehow been involved and made all this possible.

The 2-year-annual review of the Pilot Programme from the Danish government and the Danish Medicines Agency is expected to be published before the end of 2020, which has been postponed several times partly due to COVID19.

It is by the management team's strongest and clearest belief that the program is being extended – however – a review whose assessment can turn many things upside down, potentially to our advantage depending on the content and changes of the review.

As a company, we are potentially facing some major strategic choices to be made – which, on the part of the management team, is assessed as strengthening our position in the market. This due to our business model which possesses strong flexibility and readiness for change – if the outcome should be that the strategy should be changed in a new or different direction. The uncertainty of the outcome has been incorporated into our strategy from the very first beginning.

We continue to see our current position as an advantage in relation to how the market has developed and that we have not "rushed" our business – but carefully considered how to approach this task. This is, as always, reflected in all the choices we, as an organization, make – to ultimately ensure patient safety and satisfying results for our stakeholders and shareholders.

Jeppe Krog Rasmussen
Founder, CEO & Board Member
DanCann Pharma



ABOUT DANCANN PHARMA

Research decides – but – Patients inspires

DanCann Pharma A/S was founded in 2018 and is a Danish pharmaceutical biotechnology company powered by cannabinoids. DanCann Pharma is focused on discovering, developing, manufacturing, and commercializing of novel cannabinoid therapeutics in a broad range of disease areas.

DanCann Pharma was established due to the poor access for cannabinoid-based drugs and pharmaceuticals, where people instead searched for the uncontrolled illegal market. For that reason, DanCann Pharma today works with the mission of securing access to treatments with quality assured cannabinoid substance. DanCann Pharma creates and makes solutions for tomorrow's tough challenges by the use of cannabis- and cannabinoids for pharmaceutical purposes.

DanCann Pharma makes and distributes prescription (Rx-pharmaceuticals) and over-the-counter (OTC) pharmaceuticals mainly focused on pain patients with alternative needs and

management to handle their illness, covered by the Danish Pilot Programme for medical cannabis – with future targets for further and new patient groups and segments.

DanCann Pharma is licensed for handling of euphoriant substances, and during the summer 2018, DanCann Pharma was licensed as one of the first companies in Denmark to handle and cultivate cannabis for medical use.

DanCann Pharma has a differentiated approach to the industry, by targeting on supply and research of rare cannabinoids (APIs) for new, unexplored treatment options. DanCann Pharma focuses on unique and innovative drug administration and delivery systems for cannabis- and cannabinoid-based pharmaceuticals through strategic partnerships. DanCann Pharma aims to integrate the medical cannabis industry with the existing pharmaceutical industry to bring the best of two worlds into a higher unity.



THE DANISH MARKET

The Pilot Programme and medical cannabis

On 1 January 2018, medical cannabis was legalized in Denmark under a 4-year Pilot Programme that allow all Danish physicians to prescribe cannabis for medical use. The pharmaceuticals covered by the Pilot Programme are referred to as medical cannabis and may take the form of dried cannabis flowers, cannabis oil, capsules, or tablets. The Programme was approved by 9 out of 10 political parties in the Danish parliament at the time and is therefore widely supported across the political parties.

The purpose of the Pilot Programme is to give patients a legal opportunity to test medical cannabis treatment if they have not benefited from conventional medication. The authorities will perform various evaluations of the Pilot Programme and the products during the 4-year period, and the Programme will therefore provide a better basis for assessing the use of medical cannabis at the end of the period.

The program is focused around 4 specific indications currently – mainly pain patients with alternative needs and management to handle their illness – the relevant indications are:

- Painful spasms due to multiple sclerosis
- Painful spasms due to spinal cord injury
- Nausea after chemotherapy
- Neuropathic pain, which is pain due to brain, spinal cord, or nerves

Physicians must, as always, exercise carefully and with conscientiousness in their work. This includes, among other things, that physicians must base their decision on treatment on whether there is scientific evidence for the treatment and on their experience with the individual patient and the patient's wishes. Treatment with medical cannabis should only be attempted if the patient has tested relevant approved medication without satisfactory results. No physician has a duty to prescribe medical cannabis.

Though, physicians have free prescribing rights, which means, in principle, that all physicians are free to prescribe the products covered by the Pilot Programme to all their patients if they can see the possibilities with these kinds of products.

In 2018, the pharmacies dispensed pharmaceuticals for approx. DKK 7.6 billion calculated in the pharmacy's purchase prices. Pharmaceuticals for the nervous system were the most widely traded Rx-pharmaceutical group. With revenue of DKK 1.7 billion, it accounted for 22.15 percent of pharmacies' total Rx-pharmaceutical sales.

In relation to patient groups associated with the Pilot Programme, these together represent a market value of approx. DKK 2 billion, based on Rx-pharmaceuticals delivered in Denmark.

Medical cannabis is currently used by approx. 1,500 patients (approximately 3,000 prescriptions) on a quarterly basis. Medical cannabis in Denmark has reached approx. 5,800 patients with approx. 27,000 prescriptions due to Q2 2020 numbers. To date, the medical cannabis sector in Denmark has a turnover of approx. DKK 110 million – on its still early stage days – mainly through the primary health care sector.

On 1 January 2019, a special reimbursement scheme for medical cannabis was introduced under the 4-year medical cannabis Pilot Programme in Denmark. Citizens who have a terminal permit receive 100 percent in reimbursement. Other citizens receive 50 percent of the reimbursement for an annual consumption of medical cannabis that does not exceed DKK 20,000.

The impact of medical cannabis is growing exponentially as several potential treatment areas are covered, including research working to reveal more medical and pharmaceutical benefits, as well as a range of worldwide applications investigating the effects of cannabis.



ABOUT THE INTERIM REPORT

DanCann Pharma was formed in March 2018. The fiscal year is 1 January to 31 December. DanCann Pharma does not have any subsidiaries, nor is it part of a group. Therefore this interim report exclusively deals with the financials of DanCann Pharma, company reg. no. 39 42 60 05.

Auditors review

This interim report has not been audited.

Accounting policy

The interim financials have been prepared in accordance with the provisions of the Danish Financial Statements Act (Årsregnskabsloven) for enterprises in reporting class C.

Turnover and operating results

In the period DanCann Pharma did not record any net sales. Other external expenses consisted of selling and distribution costs, expenses related to real property and administrative expenses. In total the operating loss was DKK 2,298,516.

Balance sheet

The total assets at the end of the period amounted to DKK 20,065,444. Of these about 1/3 was non-current assets and 2/3 was current assets. The equity amounted to DKK 15,378,284.

Investments

In the period there has been investments in tangible assets, which at the end of the period is totaling DKK 6,150,226.

Issue of shares

The shares of DanCann A/S were listed on Spotlight Stock Market on 12 November 2020. DanCann Pharma's shares are traded under the ticker "DANCAN" with ISIN code ISIN DK0061410487.

At 30 September the number of shares was 14,060,080. At the listing date another 6,670,000 shares were issued.

The total number of shares in DanCann Pharma as of 12th of November is 20,730,080. All shares carry the same rights. The nominal value is DKK 0.0375 per share.

Warrants

At the listing date 2,668,000 warrants were issued.

The warrants are traded under "DANCAN TO 1" with ISIN DK0061410560. Each warrant gives the right to subscribe for 1 share at a price of DKK 6.00 and can be exercised in the period from 1 September 2021 to 17 September 2021.

Operational risks and uncertainties

The risks and uncertainties that DanCann Pharma operations are exposed to are related to factors such as development, competition, permissions, capital requirements, customers, suppliers/manufacturers, currencies, and interest rates. During the current period, no significant changes in the risk factors or any uncertainties have occurred. For more detailed description of risks and uncertainties, please go the **prospectus published in October 2020**. All documents are available on DanCann Pharma's website (www.dancann.com).

Shareholders

Shareholders with more than 5 % of the votes and capital on 23 November 2020:

Name	Number of shares	Proportion of votes and capital
JKR Investment Group ApS	5,280,000	25.47%
Others	15,450,800	74.53%
Total	20,730,800	100,00%

Financial calendar

Year-end report 2020	26/02/21
Annual report:	08/04/21
Annual General Meeting	28/04/21
Interim report Q1	28/05/21
Interim report Q2	27/08/21
Interim report Q3	26/11/21

Submission of interim report

Ansager, 30 November 2020
DanCann Pharma A/S
The Board of Directors

Contact

Jeppe Krog Rasmussen, CEO
Phone: + 45 29 63 69 20
E-mail: ir@dancann.com
Web: www.dancann.com

Income statement

DKK	01/07/20 30/09/20	01/07/19 30/09/19	01/01/20 30/09/20	01/01/19 30/09/19
NET SALES	0	0	0	0
Other external expenses	-1,576,338	-108,646	-2,693,140	-356,041
Staff expenses	-698,341	-188,883	-1,773,719	-489,863
Depreciation of tangible assets	-23,648	0	-29,080	0
OPERATING PROFIT (EBITA)	-2,298,327	-297,528	-4,495,939	-845,905
Financial income	4,455	0	4,455	0
Financial expenses	-4,644	-1,915	-58,951	-9,112
PROFIT BEFORE TAX FOR THE PERIOD	-2,298,516	-299,443	-4,550,435	-855,016
Tax on profit/loss for the period	0	0	0	0
PROFIT FOR THE PERIOD	-2,298,516	-299,443	-4,550,435	-855,016

Balance sheet

DKK	30/09/20	31/12/19 (Aud.)
ASSETS		
Other plant, machinery, tools and equipment	270,894	22,992
Leasehold improvements	29,116	35,054
Tangible non-current assets in progress and prepayment	5,850,216	0
Other financial assets	250,000	0
Total non-current assets	6,400,226	58,046
Other receivables	1,262,730	91,461
Prepayments and accrued income	275,009	21,930
Cash and cash equivalents	12,127,479	179,396
Total current assets	13,665,218	292,787
TOTAL ASSETS	20,065,444	350,833
LIABILITIES AND EQUITY		
Share capital	527,280	1
Share capital premium account	21,148,441	0
Retained profit	-6,297,437	-1,747,003
Total equity	15,378,284	-1,747,002
Short term poertion of long term liabilities	196,566	0
Trade payables	4,182,619	99,500
Payables to owners and management	0	549,175
Other liabilities	307,976	1,449,160
Total Current liabilities	4,687,161	2,097,835
TOTAL EQUITY AND LIABILITIES	20,065,444	350,833



DanCann Pharma™

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DANCANN PHARMA A/S RUGVÆNGET 5, ANSAGER 6823, DANMARK
COMPANY REG. NUMBER: 3942 6005 E-MAIL: INFO@DANCANN.COM WWW.DANCANN.COM