



ODI Pharma

Year-end report

Q4

ODI PHARMA YEAR-END REPORT

In this Year-End 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.

Fourth quarter (2020-04-01 – 2020-06-30)

The Group's net sales amounted to SEK -218,520.

The Group's loss after financial items amounted to SEK -1,229,862.

Result per share amounted to SEK -0.08. *

The solidity as of 2020-06-30 was 96 %. **

12 months (2019-07-01 – 2020-06-30)

The Group's net sales amounted to SEK 0.

The Group's loss after financial items amounted to SEK -4,942,199.

Result per share amounted to SEK -0.50. *

The solidity as of 2020-06-30 was 96 %. **

** 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 June 2020, amounted to 15,220,000 shares. The result per share based on the average number of shares (9,966,557.38) amounts to SEK -0.50 for the 12-month period 2019-07-01 – 2020-06-30.*

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

Highlights during Q4

- April – ODI Pharma communicated a status update related to the COVID-19 situation and announced that the Board of Directors does not see any impact on the Company's mid- and long-term goals, although the current situation has caused the Company to experience a delay in the implementation of the import process.
- May – ODI Pharma published its interim report for the period July 2019 – March 2020. The report is available on the Company's website (www.odipharma.com).

MARKET VIEW OF ODI PHARMA

ODI Pharma would like 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.

There is a great deal of hope that the outcome in the US presidential election 2020 will possibly open the door for the next stage in the evolution of the cannabis industry, as legal barriers are dropped and the industry takes another leap forward, mainly by companies gaining access to the banking industry. However, although we are not trying to predict political outcomes, political results might have a substantial impact on the cannabis industry and investors interested in the sector should follow this closely.

What cannot be overlooked in the cannabis industry, especially in North America, are the multitude of CPGs (Consumer Packaged Goods) 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. Europe is far behind in this development as CBD for consumption has to gain wide acceptance across Europe and is currently under review. 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



Viewing back on the fourth quarter, it marks as the end of our first financial year as a public company, a very important milestone for ODI Pharma. As the COVID-19 pandemic continues to affect societies across the globe, the company continues to evolve. During this period, we have put a significant focus on internal business improvements and market research for our upcoming launch and commercialization.

Given the current environment, we needed to make a shift in our original schedule, but we remain confident that the delay will not be much of a hindrance to our goals as we are currently finalizing details of the import process in Poland. We are evaluating all avenues to accelerate the overall process. We believe that there will be no significant impact on ODI's mid- and long-term goals due to the current situation.

Our vision is to become a market leader in Europe within the cannabis industry. Our research gives us

the understanding that the demand is substantial, even more than we could hope for, and it is growing at an exponential rate. Also, legislation continues to provide new opportunities. As CEO, I will take new initiatives to inform investors about the developments and ideas culminating from our extensive study of the cannabis opportunities. Our vision has not changed. By isolating ourselves from the cultivation, we have the flexibility and foresight to give profitability to our investors as the industry evolves.

We hope that the new addition to our quarterly report "Market View of ODI Pharma" will help shed light on the current developments in our industry. ODI Pharma will continue to closely follow these developments.

As promised, ODI Pharma is keeping costs to a bare minimum for a listed company and thus preserving investor capital for investment and substantial returns. We also want to take the opportunity again to thank our investors and stakeholders for the maintained belief in our business. I speak for everyone involved in ODI Pharma when I say that we greatly appreciate your maintained support. Given the oversubscribed IPO, where we managed to raise SEK 25 million (before issue cost), we are well funded to drive our business forward.

Derek Simmross

CEO, ODI Pharma AB

ABOUT ODI PHARMA

ODI Pharma, with its European network, subsidiaries, and affiliates, is a producer 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 (Naczelna 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 YEAR-END 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 year-end report has not been reviewed by the Company's auditor.

Revenue and operating results Q4

The Group's revenue amounted to SEK -218,520 (0) in the fourth quarter and resulted in an operating income of SEK -1,227,209 (-1,473,014). A majority of the operating expenses related to insurance expenses, legal services, and accounting services. The holding company, ODI Pharma AB, has not generated any revenues during the fourth quarter.

Revenue and operating results first 12 months

The Group's revenue amounted to SEK 0 (0) for the first 12 months and resulted in an operating income of SEK -4,934,420 (-3,341,004). A majority of the operating expenses related to insurance expenses, legal services and accounting services. The holding company, ODI Pharma AB, has not generated any revenues during the first 12 months.

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 20,861,616 (SEK 4,469,468) and consisted primarily of cash at the bank. The solidity of the Group was 96 % at quarter-end. The holding company, ODI Pharma AB, stated total assets of SEK 20,089,043 consisting primarily of cash at the bank. The solidity of ODI Pharma AB was 99 %.

Cash flow and investments

Cash flow from operations in the Group during the fourth quarter amounted to SEK -1,660,828 (-1,489,280). Cash flow from financing and investment activities during the fourth quarter amounted to SEK -17,687 (126), resulting in cash flow for the period from April to June of SEK -1,678,515 (SEK -1,489,154). The holding company, ODI Pharma AB, showed a cash flow for the period (after financing and investment activity) of SEK -1,203,413 during the fourth quarter of 2020.

Cash flow from operations in the Group during the 12 months of the financial year amounted to SEK -4,749,915 (-3,355,964). Cash flow from financing activities during the first 12 months amounted to SEK 20,855,365 (0), primarily through the new share issue at the foundation of ODI Pharma AB, resulting in cash flow for the period from July 2019 to June 2020 of SEK 16,084,197 (SEK -3,365,426). The holding company, ODI Pharma AB, showed a cash flow for the period (after financing and investment activity) of SEK 18,971,492 for the period 23rd of October 2019 to 30th of June 2020.

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. On the 30th of June 2020, the number of shares in ODI Pharma AB amounted to 15,220,000 shares. The average number of shares during the fourth 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.

Proposed appropriation of profit or loss

The Board of Directors and the CEO propose that no dividend shall be paid for the financial year 1st of July 2019 to 30th of June 2020.

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 Wiederrich	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
July – September 2020 (Q1)	27 th of November 2020
Annual Report 2019/2020	19 th of November 2020*

*The date has been changed from the previously planned and announced date 17th of December 2020

Annual General Meeting and Annual Report

The Annual General Meeting of ODI Pharma will be held in Stockholm, Sweden on 14th of December 2020. The Annual Report and the audit report will be available at the Company's website (<https://www.odipharma.com/financials-1>) from 19th of November 2020.

Accounting policy of the Year-End 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 June 2020, 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 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 of approx. one quarter. 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 year-end report

Stockholm, 27th of August 2020

ODI Pharma AB

The Board of Directors

For further information, please contact

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Website: <https://www.odipharma.com/>

This release contains information that ODI Pharma is obligated to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication through the agency of the contact person set out above on 27th of August 2020.

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	2020-04-01	2019-04-01	2019-07-01	2018-07-01
	2020-06-30	2019-06-30	2020-06-30	2019-06-30
	3 months	3 months	12 months	12 months
Revenue				
Net Sales	-218,520	0	0	0
Other operating income	1	0	13	0
Realised exchange gain	9,227	0	9,227	0
Unrealised exchange gain	0	120,462	0	120,462
	-209,292	120,462	9,240	120,462
Operating expenses				
External expenses	-1,046,066	-1,691,633	-4,635,748	-3,458,235
Personal expenses	-378	0	-68,455	0
Depreciation and amortization	-10,246	-2,104	-12,264	-2,104
Other operating expenses	3,530	0	-8,903	0
Unrealised exchange loss	-196,780	0	-206,586	-1,127
Realised exchange loss	232,022	100,261	-11,703	0
Operating cost	-1,017,917	-1,593,476	-4,943,660	-3,461,466
Operating income	-1,227,209	-1,473,014	-4,934,420	-3,341,004
Income from financial items				
Financial income	0	29	18	29
Financial expenses	-7,652	-3,988	-7,798	-8,920
Exchange gain/ losses	4,998	0	0	0
Income after financial items	-1,229,862	-1,476,973	-4,942,199	-3,349,895
Income before taxes	-1,229,862	-1,476,973	-4,942,199	-3,349,895
Taxes	-2,456	-282,860	-20,045	-282,860
Net income	-1,232,318	-1,759,833	-4,962,244	-3,632,755
<i>Number of shares at the beginning of the period</i>	15,220,000	0	0	0
<i>Number of shares at the end of the period</i>	15,220,000	0	15,220,000	0
<i>Average number of shares</i>	15,220,000	0	9,966,557.38	0
<i>Earnings per share, SEK</i>	-0.08	0.00	-0.50	0.00

BALANCE SHEET – THE GROUP

SEK	2020-06-30	2019-06-30
Assets		
Fixed assets		
Tangible assets		
Equipment, machines, tools	20,013	7,608
	<u>20,013</u>	<u>7,608</u>
Total Fixed assets	<u>20,013</u>	<u>7,608</u>
Current Assets		
Receivables		
Other current receivables	176,157	39,601
Prepaid expenses and accrued income	152,029	1,796
	<u>328,186</u>	<u>41,397</u>
Cash and cash equivalents	20,513,417	4,420,463
Total current assets	<u>20,841,603</u>	<u>4,461,860</u>
Total assets	<u>20,861,616</u>	<u>4,469,468</u>

SEK	2020-06-30	2019-06-30
Equity and liabilities		
Equity		
Share capital	608,800	0
Other contributed capital including result for the period	19,467,146	4,043,482
Equity attributed to shareholders in parent company	20,075,946	4,043,482
Current liabilities		
Account payables	299,180	44,378
Tax Liabilities	301,823	292,534
Accrued expenses and prepaid income	184,667	89,074
	785,670	425,986
Total Equity and Liabilities	20,861,616	4,469,468

CASH FLOW STATEMENT – THE GROUP

SEK	2020-04-01 2020-06-30 3 months	2019-04-01 2019-06-30 3 months	2019-07-01 2020-06-30 12 months	2018-07-01 2019-06-30 12 months
Operations				
Operating income	-1,227,209	-1,473,014	-4,934,420	-3,341,004
Adjustment for non-cash flow items				
Depreciations, amortizations and gains, and losses of fixed assets	10,247	2,106	12,265	2,106
Currency exchange rates differences	113,713	-70,283	144,195	-45,665
	-1,103,249	-1,541,191	-4,777,960	-3,384,563
Paid interest	-7,633	-3,960	-7,779	-8,892
Paid tax	6,044	0	-11,544	0
Cash flow from the operation before changes in working capital	-1,104,838	-1,545,151	-4,797,283	-3,393,455
Cash flow form change in working capital				
Increase(-) Decrease(+) of operating receivables	146,489	31,834	-308,676	-39,910
Increase(+) Decrease(-) of operating liabilities	-702,479	24,037	356,044	77,401
Cash flow from operations	-1,660,828	-1,489,280	-4,749,915	-3,355,964
Investment activities				
Investments in tangible fixed assets	-17,687	126	-21,253	-9,462
Cash flow from investment activities	-17,687	126	-21,253	-9,462
Financing activities				
New shares issue	0	0	24,556,800	0
Issue expenses	0	0	-3,701,435	0
Cash from finance activities	0	0	20,855,365	0
Cash flow for the period	-1,678,515	-1,489,154	16,084,197	-3,365,426
Liquid funds at the beginning of the period	22,383,180	5,754,670	4,420,463	7,438,461
Effects of exchange rate changes on cash	-191,248	154,947	8,757	347,428
Liquid fund at the end of the period	20,513,417	4,420,463	20,513,417	4,420,463

INCOME STATEMENT – ODI PHARMA AB

SEK	2020-04-01 2020-06-30 3 months	2019-10-23* 2020-06-30 Approx. 8 months
Revenue		
Net Sales	0	0
Other operating income	0	7
Realised currency exchange gain	54	54
	54	61
Operating expenses		
Cost of goods sold	0	0
External expenses	-576,095	-1,967,575
Personal expenses	0	0
Depreciation and amortisation	0	0
Other operating expenses	3,490	-4,976
Unrealised exchange loss	7,402	-2,328
Realised exchange loss	0	-52
Total operating cost	-565,203	-1,974,931
Operating income	-565,149	-1,974,870
Income from financial items		
Financial income	0	0
Financial expenses	0	0
Exchange gain/ losses	0	0
Income after financial items	-565,149	-1,974,870
Income before taxes	-565,149	-1,974,870
Taxes	0	0
Net income	-565,149	-1 974 870
<i>Number of shares at the beginning of the period</i>	15,220,000	0
<i>Number of shares at the end of the period</i>	15,220,000	15,220,000
<i>Average number of shares</i>	15,220,000	9,966,557.38
<i>Earnings per share, SEK</i>	-0.04	-0.20

* The company was formed on 2019-10-23

BALANCE SHEET – ODI PHARMA AB

SEK	2020-06-30
Assets	
Fixed assets	
Financial fixed assets	
Shares in group companies	967,200
	967,200
Total fixed assets	967,200
Current Assets	
Receivables	
Prepaid expenses and accrued income	150,351
	150,351
Cash and cash equivalents	18,971,492
Total current assets	19,121,843
Total assets	20,089,043

Equity and liabilities**Equity**

Share capital	608,800
Share premium reserve	21,213,765
Profit or loss for the period	-1,974,870
Total Equity	19,847,695

Current liabilities

Account payables	86,974
Liabilities to group companies	111,222
Tax Liabilities	0
Other current liabilities	0
Accrued expenses and prepaid income	43,152
	241,348

Total Equity and Liabilities	20,089,043
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CASH FLOW STATEMENT – ODI PHARMA AB

SEK	2020-04-01 2020-06-30 <i>3 months</i>	2019-10-23* 2020-06-30 <i>Approx. 8 months</i>
Operations		
Operating income	-565,149	-1,974,870
Adjusted for non-cash flow items		
	-565,149	-1,974,870
Cash flow from the operation before changes in working capital	-565,149	-1,974,870
Cash flow from the change in working capital		
Increase(-) Decrease(+) of operating receivables	176,501	-150,351
Increase(+) Decrease(-) of operating liabilities	-814,765	241,348
Cash flow from operations	-1,203,413	-1,883,873
Investment activities		
Investments in tangible fixed assets	0	0
Cash flow from investment activities	0	0
Financing activities		
New shares issue	0	24,556,800
Issue expenses	0	-3,701,435
Cash from financial activities	0	20,855,365
Cash flow for the period	-1,203,413	18,971,492
Liquid funds at the beginning of the period	20,174,905	0
Effects of exchange rate changes on cash		
Liquid fund at the end of the period	18,971,492	18,971,492

* The company was formed on 2019-10-23



ODI Pharma