

SATIPHARM EUROPE LTD

**Company Registration Number:
10344288 (England and Wales)**

Unaudited statutory accounts for the year ended 30 June 2021

Period of accounts

Start date: 1 September 2020

End date: 30 June 2021

SATIPHARM EUROPE LTD

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Directors' report period ended 30 June 2021

The directors present their report with the financial statements of the company for the period ended 30 June 2021

Principal activities of the company

The Company is a health and wellness company which specialises in the development and manufacture of cannabinoid-based products from the cannabis plant. There has been no significant change in these activities during the financial period ended 30 June 2021.

Political and charitable donations

Neither the company nor the ultimate holding company made any political donations during the period.

Additional information

HOLDING COMPANY Satipharm Europe Limited is a wholly owned subsidiary of Satipharm AG, a company incorporated in Switzerland. Satipharm AG is in turn wholly owned by Cann Group Limited, a company incorporated in Australia. Cann Group Limited acquired the entire share capital of Satipharm AG during the period.

Directors

The director shown below has held office during the whole of the period from
1 September 2020 to 30 June 2021

Jonathan Hartshorn

The director shown below has held office during the period of
1 September 2020 to 9 October 2020

Andrew Charles Bayfield

The director shown below has held office during the period of
1 September 2020 to 8 September 2020

Andrew Malcolm Kain

The directors shown below have held office during the period of
10 March 2021 to 30 June 2021

Steven Notaro
Allan McCallum

Secretary BWB SECRETARIAL LIMITED

The above report has been prepared in accordance with the special provisions in part 15 of the Companies Act 2006

This report was approved by the board of directors on
1 September 2021

And signed on behalf of the board by:

Name: Jonathan Hartshorn
Status: Director

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Profit And Loss Account for the Period Ended 30 June 2021

	<i>10 months to 30 June 2021</i>	<i>2020</i>
	£	£
Turnover:	114,055	62,668
Cost of sales:	(137,714)	(80,703)
Gross profit(or loss):	<u>(23,659)</u>	<u>(18,035)</u>
Administrative expenses:	(547,341)	(240,076)
Operating profit(or loss):	<u>(571,000)</u>	<u>(258,111)</u>
Profit(or loss) before tax:	<u>(571,000)</u>	<u>(258,111)</u>
Profit(or loss) for the financial year:	<u>(571,000)</u>	<u>(258,111)</u>

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Balance sheet

As at 30 June 2021

	<i>Notes</i>	<i>10 months to 30 June 2021</i>	<i>2020</i>
		£	£
Current assets			
Stocks:	3	590,140	1,053,403
Debtors:	4	119,685	33,837
Total current assets:		<u>709,825</u>	<u>1,087,240</u>
Creditors: amounts falling due within one year:	5	(1,765,628)	(1,572,043)
Net current assets (liabilities):		<u>(1,055,803)</u>	<u>(484,803)</u>
Total assets less current liabilities:		<u>(1,055,803)</u>	<u>(484,803)</u>
Total net assets (liabilities):		<u>(1,055,803)</u>	<u>(484,803)</u>
Capital and reserves			
Called up share capital:		100	100
Profit and loss account:		(1,055,903)	(484,903)
Total Shareholders' funds:		<u>(1,055,803)</u>	<u>(484,803)</u>

The notes form part of these financial statements

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Balance sheet statements

For the year ending 30 June 2021 the company was entitled to exemption under section 477 of the Companies Act 2006 relating to small companies.

The members have not required the company to obtain an audit in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These accounts have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

**This report was approved by the board of directors on 1 September 2021
and signed on behalf of the board by:**

Name: Steven Notaro
Status: Director

The notes form part of these financial statements

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Notes to the Financial Statements

for the Period Ended 30 June 2021

1. Accounting policies

Basis of measurement and preparation

These financial statements have been prepared in accordance with the provisions of Section 1A (Small Entities) of Financial Reporting Standard 102

Turnover policy

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, net of discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised: Sale of goods Revenue from the sale of goods is recognised when all of the following conditions are satisfied:- the Company has transferred the significant risks and rewards of ownership to the buyer;- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;- the amount of revenue can be measured reliably;- it is probable that the Company will receive the consideration due under the transaction; and- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Other accounting policies

Going concern The accounts have been prepared on the going concern basis which assumes that the company will be able to meet its liabilities as they fall due. The company incurred a net loss of £571,000 in FY2021 (FY20: £258,111) and has net liabilities of £1,055,803 (FY20: £484,803). These conditions raise substantial doubt over the ability of the Company to continue as a going concern. The company is currently reliant on financial support from the ultimate parent company, Cann Group Limited. The Cann Group have confirmed that they intend to provide adequate financial support to the company for at least 12 months from the date of signing the financial statements. In addition, the current global economic impact of the Covid-19 pandemic gives rise to uncertain trading conditions, particularly in the retail sector. The forecasting of future cash requirements of the company, which is still in the early growth stage, as well as the wider group, remains uncertain. The directors conclude that the matters referred to above indicate the existence of material uncertainties that may cast significant doubt on the company's ability to continue as a going concern. Management have prepared detailed projections for a period of at least 12 months from the date of approval of the financial statements. These projections show the company is forecasting to increase revenues significantly due to the resolution of regulatory issues facilitating the signing of new customer contracts, growing sales through existing customers as well as introducing new products to their portfolio, indicating they will be able to sustain their operations for the next twelve months. Further, the acquisition of Satipharm by Cann Group Limited during the period will provide the facilities and resources to enable the Company to formulate EU-GMP THC products for sale into medical markets, thereby significantly strengthening their product portfolio. The financial statements are prepared on a going concern assumption, which assumes that the company will have sufficient resources to enable it to meet its liabilities as they fall due. They do not include any adjustments that would be necessary if this basis were inappropriate.

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Notes to the Financial Statements for the Period Ended 30 June 2021

2. Employees

	<i>10 months to 30 June 2021</i>	<i>2020</i>
Average number of employees during the period	0	0

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Notes to the Financial Statements for the Period Ended 30 June 2021

3. Stocks

	<i>10 months to 30 June 2021</i>	<i>2020</i>
	£	£
Stocks	590,140	1,053,403
Total	<u>590,140</u>	<u>1,053,403</u>

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Notes to the Financial Statements for the Period Ended 30 June 2021

4. Debtors

	<i>10 months to 30 June 2021</i>	<i>2020</i>
	£	£
Trade debtors	116,238	18,357
Prepayments and accrued income	1,000	15,000
Other debtors	2,447	480
Total	<u>119,685</u>	<u>33,837</u>

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Notes to the Financial Statements

for the Period Ended 30 June 2021

5. Creditors: amounts falling due within one year note

	<i>10 months to 30 June 2021</i>	<i>2020</i>
	£	£
Trade creditors	160,733	57,061
Accruals and deferred income	31,224	32,670
Other creditors	1,573,671	1,482,312
Total	<u>1,765,628</u>	<u>1,572,043</u>

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.