Lovemade ApS

c/o Silvia Wulff, Malmøgade 7, 5. th., 2100 København Ø

Company reg. no. 33 15 76 06

Annual report

1 January - 31 December 2020

The annual report was submitted and approved by the general meeting on the 14 June 2021.

Silvia Wulff
Chairman of the meeting

Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Contents

Management's report

Today, the board of directors and the managing director have presented the annual report of Lovemade ApS for the financial year 1 January - 31 December 2020.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the company's results of activities in the financial year 1 January – 31 December 2020.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved by the general meeting.

Copenhagen, 14 June 2021

Managing Director

Silvia Cristina Bellido Wulff

Board of directors

Sune Terp-Nielsen Chairman	Karl Anders Henrik Dahlin	Silvia Cristina Bellido Wulff

Independent auditor's report

To the shareholders of Lovemade ApS

Opinion

We have audited the financial statements of Lovemade ApS for the financial year 1 January - 31 December 2020, which comprise accounting policies, income statement, statement of financial position, statement of changes in equity and notes. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the results of the company's activities for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section “Auditor’s responsibilities for the audit of the financial statements”. We are independent of the company in accordance with international ethical requirements for auditors (IESBA’s Code of Ethics), and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing, and the additional requirements applicable in Denmark, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent auditor's report

As part of an audit conducted in accordance with international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and contents of the financial statements, including disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

Independent auditor's report

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Copenhagen, 14 June 2021

Grant Thornton
State Authorised Public Accountants
Company reg. no. 34 20 99 36

Anders Flymer-Dindler
State Authorised Public Accountant
mne35423

Company information

The company	Lovemade ApS c/o Silvia Wulff, Malmøgade 7, 5. th. 2100 København Ø	
	Company reg. no.	33 15 76 06
	Financial year:	1 January - 31 December
Board of directors	Sune Terp-Nielsen, Chairman Karl Anders Henrik Dahlin Silvia Cristina Bellido Wulff	
Managing Director	Silvia Cristina Bellido Wulff, Malmøgade 7, 05. th. 2100 København Ø	
Auditors	Grant Thornton, Statsautoriseret Revisionspartnerselskab Stockholmsgade 45 2100 København Ø	
Parent company	Belly Holding ApS	

Management commentary

The principal activities of the company

Like previous years, the principal activities are developing and selling food for babies and toddlers, and herby related activities.

Development in activities and financial matters

The gross profit for the year totals DKK 1.236.541 against DKK 643.541 last year. Income or loss from ordinary activities after tax totals DKK 759.288 against DKK 88.952 last year, and the balance shows an equity of DKK 3.420.616 at 31 December 2020.

The result last year was negatively impacted by a period with no production. Management expects an increase in activities and a positive result for 2021.

Events occurring after the end of the financial year

There has been no subsequent events significally affecting the Company's financial position at 31 December 2020.

Accounting policies

The annual report for Lovemade ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, work performed for own account and capitalised, other operating income, and external costs.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members. Staff costs are less government reimbursements.

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

Accounting policies

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Statement of financial position

Intangible assets

Development projects, patents, and licences

Development costs compriose costs, wages/salaries and amortisation losses that are directly and indirectly attributable to the Company's development activities.

Development projects recognised in the balance sheet are measured at cost less acumulated amortisation and impairment losses.

Following the completion of the development work, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually 5 years.

Property, plant, and equipment

Property is measured at cost plus revaluations and less accrued depreciation and writedown for impairment. Land is not subject to depreciation.

Property is revaluated on the basis of regular, independent fair-value assessments. Net revaluation at fair value adjustment is recognised directly in equity less deferred tax and tied up in a particular revaluation reserve. Net impairment loss at fair value adjustment is recognised in the income statement.

The depreciable amount is cost plus revaluations at fair value less expected residual value after the end of the useful life of the asset. The amortisation period is fixed at the acquisition date and reassessed annually. If the residual value exceeds the carrying mount of the asset, depreciation is discontinued.

Reversal of previous revaluations and recognised deferred taxes concerning revaluations are recognised directly in company equity.

Other property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

Accounting policies

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Other fixtures and fittings, tools and equipment	3-5 years	0-20 %

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Leases

Leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in group enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Investments

Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

Accounting policies

Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

Costs of manufactured goods and work in progress comprise the cost of raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance and depreciation of machinery, factory buildings, and equipment used in the production process, and costs for factory administration and factory management. Borrowing expenses are not recognised in cost.

The net realisable value for inventories is recognised as the market price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired.If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Accounting policies

Equity

Reserve for development costs

The reserve for development costs comprises recognised development costs less related deferred tax liabilities.

The reserve cannot be used as dividends or for covering losses.

The reserve is reduced or dissolved if the recognised development costs are amortised or abandoned. This is done by direct transfer to the distributable reserves of the equity.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as ”Income tax receivable” or “Income tax payable”.

According to the rules of joint taxation, Lovemade ApS is proportionally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Accounting policies

Liabilities other than provisions

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Income statement 1 January - 31 December

All amounts in DKK.

Note		2020	2019
	Gross profit	**1.236.541**	**643.541**
1	Staff costs	-570.650	-218.233
	Depreciation and impairment of non-current assets	-495.184	-286.165
	Operating profit	**170.707**	**139.143**
	Other financial income	22	0
	Other financial costs	-1.178	-77.991
	Pre-tax net profit or loss	**169.551**	**61.152**
2	Tax on net profit or loss for the year	589.737	27.800
	Profit or loss from ordinary activities after tax	**759.288**	**88.952**
	Net profit or loss for the year	**759.288**	**88.952**
	Proposed appropriation of net profit:		
	Transferred to retained earnings	759.288	88.952
	Total allocations and transfers	**759.288**	**88.952**

Statement of financial position at 31 December

All amounts in DKK.

Note	Assets	2020	2019
	Non-current assets		
3	Completed development projects, including patents and similar rights arising from development projects	1.499.711	1.251.429
	Total intangible assets	1.499.711	1.251.429
4	Other fixtures and fittings, tools and equipment	2.133	8.533
	Total property, plant, and equipment	2.133	8.533
5	Deposits	24.000	24.000
	Total investments	24.000	24.000
	Total non-current assets	**1.525.844**	**1.283.962**
	Current assets		
	Manufactured goods and goods for resale	680.532	285.087
	Total inventories	680.532	285.087
	Trade receivables	380.577	141.061
	Receivables from group enterprises	175.474	165.764
	Deferred tax assets	924.295	0
	Income tax receivables	0	135.917
	Other receivables	958	618.673
	Prepayments and accrued income	20.198	3.104
	Total receivables	1.501.502	1.064.519
	Cash on hand and demand deposits	1.340.180	1.773.942
	Total current assets	**3.522.214**	**3.123.548**
	Total assets	**5.048.058**	**4.407.510**

Statement of financial position at 31 December

All amounts in DKK.

Equity and liabilities

Note		2020	2019
	Equity		
	Contributed capital	414.566	414.566
	Reserve for development costs	1.169.775	976.114
	Retained earnings	2.674.293	2.108.665
	Total equity	**4.258.634**	**3.499.345**
	Liabilities other than provisions		
	Other payables	34.250	0
	Total long term liabilities other than provisions	34.250	0
	Trade payables	103.159	682.600
	Income tax payable to group enterprises	198.641	0
	Other payables	453.374	225.565
	Total short term liabilities other than provisions	755.174	908.165
	Total liabilities other than provisions	**789.424**	**908.165**
	Total equity and liabilities	**5.048.058**	**4.407.510**
6	**Contingencies**		

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Reserve for development costs	Retained earnings	Total
Equity 1 January 2020	414.566	976.114	2.108.666	3.499.346
Retained earnings for the year	0	0	759.288	759.288
Transferred from retained earnings	0	193.661	-193.661	0
	414.566	**1.169.775**	**2.674.293**	**4.258.634**

Notes

All amounts in DKK.

		2020	2019
1.	**Staff costs**		
	Salaries and wages	482.027	174.832
	Pension costs	76.792	36.000
	Other costs for social security	11.831	7.401
		570.650	**218.233**
	Average number of employees	2	1
2.	**Tax on net profit or loss for the year**		
	Tax on net profit or loss for the year	0	-27.800
	Adjustment of deferred tax for the year	-788.378	0
	Adjustment of tax for previous years	198.641	0
		-589.737	**-27.800**
3.	**Completed development projects, including patents and similar rights arising from development projects**		
	Cost 1 January 2020	1.706.854	1.223.346
	Additions during the year	737.066	483.508
	Cost 31 December 2020	**2.443.920**	**1.706.854**
	Amortisation and writedown 1 January 2020	-455.425	-175.660
	Amortisation and depreciation for the year	-488.784	-279.765
	Amortisation and writedown 31 December 2020	**-944.209**	**-455.425**
	Carrying amount, 31 December 2020	**1.499.711**	**1.251.429**

Notes

All amounts in DKK.

		31/12 2020	31/12 2019
4.	**Other fixtures and fittings, tools and equipment**		
	Cost 1 January 2020	19.200	19.200
	Cost 31 December 2020	**19.200**	**19.200**
	Depreciation and writedown 1 January 2020	-10.667	-4.267
	Amortisation and depreciation for the year	-6.400	-6.400
	Depreciation and writedown 31 December 2020	**-17.067**	**-10.667**
	Carrying amount, 31 December 2020	**2.133**	**8.533**
5.	**Deposits**		
	Cost 1 January 2020	24.000	24.000
	Cost 31 December 2020	**24.000**	**24.000**
	Carrying amount, 31 December 2020	**24.000**	**24.000**

6. Contingencies

Contingent liabilities

	DKK in thousands
Operating leases	12
Total contingent liabilities	**12**

Joint taxation

With Fam. Wulff Holding ApS, company reg. no 33157258 as administration company, the company is subject to the Danish scheme of joint taxation and is proportionally liable for tax claims within the joint taxation scheme.The company is proportionally liable for any obligations to withhold tax on interest, royalties, and dividends of the jointly taxed companies.The liabilities amount to a maximum amount corresponding to the share of the company capital, which is owned directly or indirectly by the ultimate parent company.