

Biocare Copenhagen A/S

Kirkebjerg Allé 88, 1.
2605 Brøndby

Annual Report 1/1 - 31/12 2021

10th Financial Year

CVR-no : 34 20 29 82

Adopted at the Company's
Annual General Meeting
June 30 2022
Signed electronically, see last page

Jens Wilhelm Kück
Chairman

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Biocare Copenhagen A/S for the financial year 1 January – 31 December 2021.

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

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2021 and of the results of the Company's operations for the financial year 1 January – 31 December 2021.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's activities and financial matters, of the results for the year and of the Company's financial position.

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

Brøndby, June 30 2022

Signed electronically, see last page

Executive Board

Antonio Fernando Almeida de Carvalho

Jens Wilhelm Kück

Board of directors

Maha Mazhar Ali Abdelhamid Ole Lund Svendsen
Elkharbotly

James Young

Chairman

Company Information

Company information

Name Biocare Copenhagen A/S
Kirkebjerg Allé 88, 1.
2605 Brøndby

CVR-no. 34 20 29 82

Financial Year 1/1 - 31/12 2021

Established: 3 January 2012

Registered office Brøndby

Board of Directors

Maha Mazhar Ali Abdelhamid Elkarbotly
Ole Lund Svendsen
James Young

Executive Board

Antonio Fernando Almeida de Carvalho
Jens Wilhelm Kück

Audit

KPMG P/S
Frederiks Plads 42, 7.
8000 Aarhus C
Denmark

CVR-no. 25 57 81 98

Independent auditors Mikkel Trabjerg Knudsen
Niklas R. Filipsen

Independent auditor's report

To the Shareholder of Biocare Copenhagen A/S

Opinion

We have audited the financial statements of Biocare Copenhagen A/S for the financial year 1 January – 31 December 2021 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2021 and of the results of the Company's operations for the financial year 1 January – 31 December 2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control, that 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 in preparing the financial statements 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 as to 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 that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

— identify and assess the risks of material misstatement of the company 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 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 use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to 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 the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and 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 internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Aarhus, June 30 2022

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Mikkel Trabjerg Knudsen
State Authorised Public Accountant
mne34459

Niklas R. Filipsen
State Authorised Public Accountant
mne47781

Management's Review

Primary Activities

Biocare Copenhagen A/S is a Danish biotech company that develops and markets dietary supplements and medical devices based on microbial active substances. The products are aimed at gastrointestinal problems, infections as well as for regulating the immune system and is sold under private label.

Development in activities and financial conditions

Revenue and earnings have developed as expected during the year. As the annual report for 2020 was prepared in accordance with accounting class B and not C medium, no expectations for 2021 was stated in the Management's review of the annual report for 2020.

The result for the year amounts to DKK 17,092 thousand. The balance sheet shows total assets of DKK 49,716 thousand and an equity of DKK 29,429 thousand.

The expected development

The company's Management expects an increasing demand for the Company's projects.

Management's expectations for the result for the coming financial year 2022 will be in the range of DKK 24 million to 27 million before taxes.

Special risks - business risks and financial risks

Business risks

Management assesses that the company is not affected by special risks in addition to the common risks in the industry - including economic development.

Financial risks - including interest rate and currency risks

Financial risks

It is Management's objective to minimize financial risks.

Currency risks

The company trades in foreign currencies, primarily the Euro, and which is why the company is not significantly affected by exchange rate changes in relation to the Danish krone.

Interest rate risks

The company has no significant interest-bearing debt.

Research and development activities

Research and development activities will be carried out in 2021 on a par with previous years. A similar level is expected in 2022.

Environmental conditions

The company is not subject to special environmental conditions. The company wants to produce goods that live up to the latest standards as well as environmental and legal requirements - including the energy consumption of production.

Intellectual capital

It is Management's assessment that we have the necessary knowledge resources to be able to achieve the company's objectives.

Events after the end of the financial year

There have been no events since the end of the year that could significantly affect the company's financial situation.

Management's Review

Financial Highlights

	2021	2020	2019	2018	2017
Thousands					
Key Figures					
Gross profit	28,310	29,850	25,763	25,830	23,771
Profit before financial expenses	22,241	23,317	18,904	19,873	17,752
Total net financials	-178	-266	-177	-176	-75
Profit for the year	17,092	17,978	14,597	15,336	13,774
Balance sheet					
Total assets	49,716	55,285	68,082	50,680	36,244
Investments in property, plant and equipment	25	0	113	0	109
Equity	29,429	35,337	47,359	32,762	17,426
Ratio					
Return on invested capital	42.4%	37.8%	31.8%	45.7%	76.6%
Return on equity	52.8%	43.5%	36.4%	61.1%	124.8%
Solvency ratio	59.2%	63.9%	69.6%	64.6%	48.1%

The financial ratios have been calculated as follows:

Return on invested capital: Operating profit / average invested capital

Return on equity is calculated as follows: Profit from ordinary activities after tax x 100 / Average equity

Solvency ratio : Equity / total equity and liability at year end

Income Statement 2021

<u>Note</u>	<u>2021</u>	<u>2020</u>
<u>DKK'000</u>		
Gross profit	28,310	29,850
2 Staff costs	-5,889	-6,352
Depreciation	<u>-181</u>	<u>-180</u>
Profit before financial interest expenses	22,241	23,317
3 Financial expenses	<u>-178</u>	<u>-266</u>
Profit before tax	22,063	23,051
4 Tax on profit for the year	<u>-4,971</u>	<u>-5,073</u>
5 Profit for the year	<u>17,092</u>	<u>17,978</u>

Balance Sheet - Assets - As per December 31st 2021

<u>Note</u>	<u>2021</u>	<u>2020</u>
Fixed Assets		
Intangible fixed assets		
6 Development projects	330	478
Total intangible fixed assets	330	478
Property, plant and equipment		
7 Fixtures and fittings, tools and equipment	135	143
Total property, plant and equipment	135	143
Financial Assets		
8 Deposits	0	86
Total Financial Assets	0	86
Total Fixed Assets	465	707
Current Assets		
Inventories		
Raw materials and consumables	5,782	3,625
Work in progress	3,200	5,788
Finished goods and goods for resale	984	1,690
Total Inventories	9,966	11,103
Receivables		
Trade receivables	19,324	17,040
Receivables from group entities	6,946	16,386
Other receivables	528	238
Total receivables	26,798	33,664
Cash and cash equivalents		
Cash and cash equivalents	12,487	9,810
Total cash and cash equivalents	12,487	9,810
Total current assets	49,252	54,578
Total assets	49,716	55,285

Balance Sheet - Liabilities - As per December 31st 2021

<u>Note</u>	<u>2021</u>	<u>2020</u>
Equity		
Share Capital	500	500
Reserve for development projects	257	373
Retained profit	672	34,464
Proposed dividends for the financial year	<u>28,000</u>	<u>0</u>
Total equity	<u>29,429</u>	<u>35,337</u>
Provisions		
9 Provisions for deferred tax	<u>82</u>	<u>110</u>
Total provisions	<u>82</u>	<u>110</u>
Liabilities other than provisions		
Other payables	<u>0</u>	<u>560</u>
Total liabilities other than provisions	<u>0</u>	<u>560</u>
Current liabilities other than provisions		
Prepayments received from customers	450	1,327
Trade payables	12,924	11,405
Payables to group entities	229	0
Corporation tax, joint taxation	4,883	5,103
Other payables	<u>1,719</u>	<u>1,443</u>
Total current liabilities other than provisions	<u>20,205</u>	<u>19,278</u>
Total liabilities	<u>20,205</u>	<u>19,838</u>
Total liabilities and equity	<u><u>49,716</u></u>	<u><u>55,285</u></u>
10 Related parties		
11 Contingent liabilities		

Statement of changes in equity

	<u>Share Capital</u>	<u>Reserve for develop- ment projects</u>	<u>Retained earnings</u>	<u>Proposed dividend</u>	<u>Total Equity</u>
DKK'000					
Equity at the beginning of the year	500	373	34,464	0	35,337
Adjustment, reserve	0	-116	116	0	0
Profit for the year	0	0	-10,908	28,000	17,092
Distributed extraordinary dividend	0	0	-23,000	0	-23,000
Equity at the end of period	<u>500</u>	<u>257</u>	<u>672</u>	<u>28,000</u>	<u>29,429</u>

Notes

1 Accounting Policies

Basis of accounting

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (Årsregnskabsloven) for medium-sized enterprises in reporting class C.

This is the Company's first year preparing financial statements in accordance with the provisions of the Danish Financial Statements Act (Årsregnskabsloven) for medium-sized enterprises in reporting class C.

Upon change in accounting class, the Company has adopted the accounting principles for recognition and measurement of indirect production expenses on inventory. The Company has applied the transition exemption rules in the Danish Financial Statements Act section 78, stk. 7 for recognition and measurement of indirect production expenses. The adoption has been effected from 1 January 2021.

Besides the change in recognition and measurement of inventory, the change in accounting class has not impacted profit before tax, result for the year, total assets nor equity for the year and comparative figures.

Minor reclassifications in the comparative financial statements for 2020 have been incorporated to enhance the presentation. The reclassifications don't have an impact on result before tax, result for the year and equity.

Aside aforementioned changes to accounting policies, the financial statements are consistent with those of last year.

Omission of cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are included in the cash flow statement in the consolidated financial statements of DSM International B.V.

Income Statement

Gross Profit

The items net revenue, other operating income, cost of sales and other external expenses are, with reference to section 32 of the Danish Financial Statements Act, summarized in an item called gross profit.

Revenue

Revenue from the sale of goods is recognized in net revenue when the transfer of the most significant benefits and risks to the buyer has taken place, the revenue can be calculated reliably and payment is expected to be received. Net revenue is measured at the fair value of the agreed consideration excl. VAT and taxes charged on behalf of third parties. All types of discounts are recognized in net sales.

Cost of sales

Cost of sales comprises costs incurred to generate revenue for the year.

Notes

1 Accounting Policies

Other external expenses

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, operating leases, etc.

Other operating income and expenses

Other operating income and expenses comprises items secondary to the activities of the Company, including gains and losses on the disposal of intangible assets and property, plant and equipment.

Staff Costs

Staff costs comprise wages, salaries and other staff-related costs as well as reimbursements.

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding gains and losses on receivables, payables and transactions denominated in foreign currencies.

Financial income and expenses are recognized in the income statement with the amounts relating to the financial year.

Tax on profit for the year

Tax on profit for the year consists of the current tax for the year and the year's adjustment of deferred tax. Current tax is calculated on the basis of the year's expected taxable income and is measured on the basis of the applicable tax rate at the balance sheet date.

The company is part of a jointly taxed group relationship. The tax effect of the joint taxation in the Group is allocated to both profit-making and loss-making Danish companies in relation to their taxable income, which results in full reimbursement regarding tax losses.

Notes

1 Accounting Policies

Balance Sheet

Fixed Assets

Intangible assets

Development projects

Development costs include costs that can be directly attributed to the company's development activities. Development projects that are clearly defined and identifiable, and where the technical feasibility, sufficient resources and a potential future market or development opportunity in the company can be demonstrated and where the intention is to produce, market or use the project are recognized as intangible assets if the cost price can be calculated reliably and there is sufficient assurance that future earnings can cover production, sales and administration costs as well as development costs. Other development costs are recognized in the income statement as the costs are incurred.

Development costs recognized in the balance sheet are initially recognized at cost and subsequently at cost less accumulated amortization and impairment losses. After the completion of the development work, development costs are depreciated on a straight-line basis over the estimated economic useful life. The depreciation period is usually 5 years.

Gains and losses on the sale of development projects are calculated as the difference between the selling price less selling expenses and the carrying amount at the time of sale. Gains or losses are recognized in the income statement under other operating income and other operating expenses, respectively.

Notes

1 Accounting Policies

Property, plant and equipment

Fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use.

Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life.

The estimated useful lives are as follows:

Fixtures and fittings, tools and equipment	3 - 8 years
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The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Financial Assets

Deposits

Deposits are measured at amortised cost.

Impairment of fixed assets

The carrying amount of fixed assets is assessed annually for indications of impairment, in addition to what is expressed by depreciation. If there are indications of impairment, an impairment test is performed on each individual asset or group of assets. A write-down is made to the recoverable amount if this is lower than the carrying amount. The highest value of net selling price and capital value is used as the recoverable amount. The capital value is calculated as the present value of the expected net cash flows from the use of the asset or asset group. Previously recognized write-downs are reversed when the justification for the write-down no longer exists.

Notes

1 Accounting Policies

Current Assets

Inventories

Inventories are measured at cost according to the FIFO method. If the net realizable value is lower than the cost price, it is written down to this lower value. Cost price for merchandise as well as raw materials and consumables includes acquisition price with the addition of repatriation costs. Cost of finished goods and work in progress includes cost of raw materials, consumables, direct labor and direct production costs. Indirect production costs and borrowing costs are recognized in the cost price. Net realizable value for inventories is calculated as the sales price less completion costs and costs incurred to effect the sale, and is determined taking into account marketability, obsolescence and development in the expected sales price.

Receivables

Receivables are measured at amortised cost. Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Equity

Reserve for development projects

Reserve for development projects includes recognised development costs. The reserve cannot be used to pay dividends or cover deficits. The reserve is reduced or dissolved if the recognized development costs are depreciated or discontinued from the company's operations. This is done by transferring directly to the equity's free reserves.

Provisions

Deferred tax

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. In cases where the calculation of the tax value can be made in accordance with alternative taxation rules, deferred tax is measured on the basis of the planned use of the asset or settlement of the liability.

Deferred tax is measured on the basis of the tax rules and tax rates that will apply with the legislation on the balance sheet date, when the deferred tax is expected to be triggered as current tax. Changes in deferred tax as a result of changes in tax rates are recognized in the income statement.

Corporation tax

Current tax liabilities and current tax receivables are recognized in the balance sheet as calculated tax on the taxable income for the year, adjusted for tax on previous years' taxable income and for taxes paid on account. Joint tax contribution liabilities and receivables are recognised in the balance sheet as "Corporation tax liability, joint taxation" or "Corporation tax receivable, joint taxation".

Notes

1 Accounting Policies

Liabilities other than provisions

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

Leases

As an interpretative contribution for the classification and recognition of leases, the entity has chosen IAS 17. All leases are considered operating leases. Services in connection with operational leasing and other leases are recognized in the income statement over the term of the contract. The company's total obligation regarding operational leasing and lease agreements is disclosed under contingent items, etc.

Notes

<u>Note</u>	<u>2021</u>	<u>2020</u>
2 Staff Costs		
Wages and salaries	4,978	5,293
Pensions	615	904
Other social security costs	296	156
Total Staff Costs	5,889	6,352
The average number of full-time employees employed in the accounting period was	6	5
No remuneration has been paid to the Board of Directors in 2021.		
Remuneration to the Executive Board amounted to DKK thousand	3,122	
Of the total remuneration to the Executive Board for 2021, DKK 268 thousand relates to paid pension.		
The Company was preparing the financial statements in accordance with the provisions for accounting class B in the Danish Financial Statements Act in 2020. On this basis, remuneration to the Board of Directors and Executive Board has not been disclosed for 2020.		
3 Financial expenses		
Interest expenses, group entities	94	154
Other financial expenses	84	266
Total financial expense	178	420
4 Tax on for profit for the year		
Tax for the year	4,883	5,103
Change in deferred tax	-28	-31
Adjustment to tax for the year in previous years	116	0
Total tax on profit for the year	4,971	5,073
5 Profit for the year		
Appropriation of the profit		
Proposed dividend for the year	28,000	0
Retained earnings	-10,908	17,978
Total appropriation of the profit	17,092	17,978

Notes

<u>Note</u>	<u>2021</u>	<u>2020</u>
6 Development projects		
Cost at the beginning of the year	<u>1,725</u>	
Cost at the end of the year	<u>1,725</u>	
Amortisation at the beginning of the year	-1,247	
Amortisation development	<u>-148</u>	
Amortisation at the end of the year	<u>-1,395</u>	
Total development projects	<u><u>330</u></u>	
The above mentioned development projects relate to the further development of the company's products.		
7 Fixtures and fittings, tools and equipment		
Cost at the beginning of the year	480	
Additions	<u>25</u>	
Cost at the end of the year	<u>505</u>	
Depreciation at the beginning of the year	-337	
Depreciation for the year	<u>-33</u>	
Depreciations at the end of the year	<u>-370</u>	
Total fixtures and fittings, tools and equipment	<u><u>135</u></u>	
8 Deposits		
Deposits at the beginning of the year	86	86
Disposals during the year	<u>-86</u>	<u>0</u>
Total deposits	<u><u>0</u></u>	<u><u>86</u></u>
9 Provisions for deferred tax		
Provision deferred tax	110	141
Change of the year	<u>-28</u>	<u>-31</u>
Total provisions for deferred tax	<u><u>82</u></u>	<u><u>110</u></u>

Notes

10 Related parties

Biocare Copenhagen A/S' related parties include the following:

DSM International B.V. Het Overloon 1, 6411TE Herleen, the Netherlands holds the majority of the contributed capital in the Company.

Biocare Copenhagen A/S is part of the consolidated financial statements of Koninklijke DSM N.V., Het Overloon 1, 6411TE Herleen, the Netherlands which is the smallest and largest groups in which the Company is included as a subsidiary.

Biocare Copenhagen A/S has had transactions with related parties:

Sales of goods to group entities: 5,561 tDKK

Purchase of services from group entities: 3,378 tDKK

Distributed dividend to the shareholder: 23,000 tDKK

Remuneration to the Parent Company's Executive Board and Board of Directors is disclosed in note 2.

Receivables and payables from/to group entities are disclosed in the balance sheet and expensed interest is disclosed in note 3.

11 Contingent liabilities

The company's total contingent liabilities amount to DKK thousand 400 which falls due within 30 months from the balance sheet date. (31 December 2020: DKK 300 thousand).

The company is part of a Danish taxation solidarity with DSM NUTRITIONAL PRODUCTS A/S as the management company. The company is therefore liable in accordance with the rules of the Danish Companies Tax Act for income taxes, etc. for the solidarity taxed companies and for any obligations to include withholding tax on interest, royalties and dividends for the jointly taxed companies.