

Cell Biotech International A/S

Strandvejen 125, 2900 Hellerup

Company reg. no. 34 20 72 83

Annual report

2020

The annual report was submitted and approved by the general meeting on the 16 March 2021.

Young Oak Yoon
Chairman of the meeting

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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 %.

Management's report

Today, the board of directors and the managing director have presented the annual report of Cell Biotech International A/S for the financial year 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.

Hellerup, 16 March 2021

Managing Director

Chung Myung Jun

Board of directors

Yun Young Oak

Yoon Seong Bae

Chung Myung Jun

Independent auditor's report

To the shareholder of Cell Biotech International A/S

Opinion

We have audited the financial statements of Cell Biotech International A/S 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.

Glostrup, 16 March 2021

PKF Munkebo Vindelev

State Authorised Public Accountants
Company reg. no. 14 11 92 99

Kasper Vindelev

State Authorised Public Accountant
mne29389

Company information

The company	Cell Biotech International A/S Strandvejen 125 2900 Hellerup
	Company reg. no. 34 20 72 83
	Established: 1 January 2012
	Domicile: Copenhagen
	Financial year: 1 January - 31 December 9th financial year
Board of directors	Yun Young Oak Yoon Seong Bae Chung Myung Jun
Managing Director	Chung Myung Jun
Auditors	PKF Munkebo Vindelev, Statsautoriseret Revisionsaktieselskab Hovedvejen 56 2600 Glostrup
Bankers	Danske Bank, Holmens Kanal 2-12, 1092 København K

Financial highlights

DKK in thousands.	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Income statement:					
Gross profit	8.900	7.942	7.572	9.040	8.382
Profit from ordinary operating activities	3.172	1.667	1.648	1.698	583
Net financials	-67	-814	-857	-161	0
Net profit or loss for the year	3.105	853	791	1.536	583
Statement of financial position:					
Balance sheet total	24.993	26.703	54.888	55.760	15.577
Investments in property, plant and equipment	0	0	0	5.860	0
Equity	7.590	4.485	3.632	2.841	1.304
Employees:					
Average number of full-time employees	8	7	9	10	8

Management commentary

The principal activities of the company

In the financial year the company's activity has consisted of trading probiotics, cosmetics, food supplement and general food.

Development in activities and financial matters

The gross profit for the year totals DKK 8.900.000 against DKK 7.942.000 last year. Income or loss from ordinary activities after tax totals DKK 3.105.000 against DKK 853.000 last year. Management considers the net profit or loss for the year satisfactory.

The company has lost more than 50 % of the equity, and is thereby in the regulation of the Danish Company Act. art. 119. The management has presented the annual report on going concern assumption. It is the management's expectation, that the share capital will be reestablished on future earnings.

Events occurring after the end of the financial year

No events have occurred subsequent to the balance sheet date, which would have material impact on the financial position of the company.

Accounting policies

The annual report for Cell Biotech International A/S 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.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Accounting policies

Income statement

Gross profit

Gross profit comprises the revenue, cost of sales and external costs.

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

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 manufactured goods less discounts.

Other external costs comprise costs incurred for sales, vehicles premises and administration.

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.

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.

Statement of financial position

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment. Land is not subject to depreciation.

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.

Accounting policies

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.

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:

	Useful life
Buildings	30 years
Other fixtures and fittings, tools and equipment	3-5 years

Minor assets with a cost less than 14.100 DKK per unit 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

The enterprise will be applying IAS 17 as its base of interpretation for recognition of classification and recognition of 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.

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 manufactured and trade goods comprises acquisition costs plus delivery costs.

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.

Accounting policies

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.

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.

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.

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.

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.

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	8.899.568	7.942.395
1 Staff costs	-5.670.301	-6.218.717
Depreciation and impairment of property, land, and equipment	-57.040	-57.040
Operating profit	3.172.227	1.666.638
Other financial income	1.221	13.396
2 Other financial costs	-68.669	-827.422
Pre-tax net profit or loss	3.104.779	852.612
Tax on net profit or loss for the year	0	0
Net profit or loss for the year	3.104.779	852.612
Proposed appropriation of net profit:		
Transferred to retained earnings	3.104.779	852.612
Total allocations and transfers	3.104.779	852.612

Statement of financial position at 31 December

All amounts in DKK.

Assets			
<u>Note</u>		<u>2020</u>	<u>2019</u>
Non-current assets			
3	Property	5.660.211	5.717.251
4	Other fixtures and fittings, tools and equipment	0	0
	Total property, plant, and equipment	<u>5.660.211</u>	<u>5.717.251</u>
	Total non-current assets	<u>5.660.211</u>	<u>5.717.251</u>
Current assets			
	Manufactured goods and goods for resale	<u>5.970.971</u>	<u>7.390.414</u>
	Total inventories	<u>5.970.971</u>	<u>7.390.414</u>
	Trade receivables	9.335.281	9.112.512
	Other receivables	169.700	196.728
	Prepayments and accrued income	<u>46.932</u>	<u>31.721</u>
	Total receivables	<u>9.551.913</u>	<u>9.340.961</u>
	Cash on hand and demand deposits	<u>3.810.203</u>	<u>4.253.963</u>
	Total current assets	<u>19.333.087</u>	<u>20.985.338</u>
	Total assets	<u>24.993.298</u>	<u>26.702.589</u>

Statement of financial position at 31 December

All amounts in DKK.

Equity and liabilities			
<u>Note</u>		<u>2020</u>	<u>2019</u>
Equity			
	Contributed capital	18.829.198	18.829.198
	Retained earnings	-11.239.525	-14.344.304
	Total equity	7.589.673	4.484.894
Liabilities other than provisions			
	Other payables	435.892	215.692
5	Total long term liabilities other than provisions	435.892	215.692
	Bank loans	12.724	66.714
	Prepayments received from customers	386.695	0
	Trade payables	7.721.328	14.928.169
	Payables to group enterprises	7.006.710	5.505.765
	Other payables	1.840.276	1.501.355
	Total short term liabilities other than provisions	16.967.733	22.002.003
	Total liabilities other than provisions	17.403.625	22.217.695
	Total equity and liabilities	24.993.298	26.702.589
6	Charges and security		
7	Contingencies		

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Retained earnings	Total
Equity 1 January 2019	18.829.198	-15.196.916	3.632.282
Profit or loss for the year brought forward	0	852.612	852.612
Equity 1 January 2020	18.829.198	-14.344.304	4.484.894
Profit or loss for the year brought forward	0	3.104.779	3.104.779
	18.829.198	-11.239.525	7.589.673

Notes

All amounts in DKK.

	2020	2019
1. Staff costs		
Salaries and wages	4.848.711	5.344.013
Pension costs	760.299	791.998
Other costs for social security	27.833	33.608
Other staff costs	33.458	49.098
	5.670.301	6.218.717
Average number of employees	8	7
2. Other financial costs		
Financial costs, group enterprises	28.425	688.609
Other financial costs	40.244	138.813
	68.669	827.422
	31/12 2020	31/12 2019
3. Property		
Cost 1 January 2020	5.859.600	5.859.600
Cost 31 December 2020	5.859.600	5.859.600
Depreciation and writedown 1 January 2020	-142.349	-85.309
Depreciation for the year	-57.040	-57.040
Depreciation and writedown 31 December 2020	-199.389	-142.349
Carrying amount, 31 December 2020	5.660.211	5.717.251

Notes

All amounts in DKK.

	31/12 2020	31/12 2019
4. Other fixtures and fittings, tools and equipment		
Cost 1 January 2020	58.823	492.603
Disposals during the year	0	-433.780
Cost 31 December 2020	58.823	58.823
Depreciation and writedown 1 January 2020	-58.823	-395.003
Reversal of depreciation, amortisation and writedown, assets disposed of	0	336.180
Depreciation and writedown 31 December 2020	-58.823	-58.823
Carrying amount, 31 December 2020	0	0

5. Liabilities other than provision

	Total payables 31 Dec 2020	Current portion of long term payables	Long term payables 31 Dec 2020	Outstanding payables after 5 years
Other payables	435.892	0	435.892	0
	435.892	0	435.892	0

6. Charges and security

As security for the total balances with the bank, mortgage has been granted on one of the company's accounts representing a book value of t.DKK 149 at 31 December 2020.

Notes

All amounts in DKK.

7. Contingencies

Contingent assets

A deferred tax asset of t.DKK 2.377 has not been recognized due to uncertainty regarding the timing in future usage.

Contingent liabilities

Lease liabilities

The company has entered into three leasing contracts. The leasing contracts have 33 months left to run, and the total outstanding leasing payment is t.DKK 128.

Rental liabilities

The company has entered tenancy agreements. The company has a rental commitment of t.DKK 175 as of 31 December 2020.