



PROBIOLINES ApS

Vejenbrødvej 50
2980 Kokkedal
CVR no. 36 19 86 21

Annual report for 2021

(7th Financial year)

Adopted at the annual general meeting on 30 June 2022

Rasa Vogelius
chairman

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Statement by management on the annual report

The executive board has today discussed and approved the annual report of PROBIOLINES ApS for the financial year 1 January - 31 December 2021.

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

In my opinion, the financial statements give a true and fair view of the company's 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 my opinion, management's review includes a fair review of the matters dealt with in the management's review.

The financial statements have not been audited. Management considers the criteria for not auditing the financial statements to be met.

Management recommends that the annual report should be approved by the company in general meeting.

Kokkedal, 30 June 2022

Executive board

Rasa Vogelius
Director

Auditor's report on compilation of the financial statements

To the shareholder of PROBIOLINES ApS

We have compiled the financial statements of PROBIOLINES ApS for the financial year 1 January - 31 December 2021 based on the company's bookkeeping records and other information made available by enterprise.

The financial statements comprises a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes.

We performed the engagement in accordance with ISRS 4410, Compilation Engagements.

We have applied our professional expertise to assist the enterprise in the preparation and presentation of the financial statements in accordance with the Danish Financial Statements Act. We complied with the relevant provisions of the Danish Act on Approved Auditors and with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), including principles relating to integrity, objectivity, professional competence and due care.

The financial statements and the accuracy and completeness of the information used to compile the financial statements are the enterprise's responsibility.

As a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information provided by enterprise for our compilation of the financial statements. Accordingly, we do not express an audit or a review conclusion on whether the financial statements have been prepared in accordance with the Danish Financial Statements Act.

Roskilde, 30 June 2022

Boreco
Statsautoriseret revisionspartnerselskab
CVR no. 36 07 49 81

Simon Daniel Jensen
statsautoriseret revisor
MNE no. mne45890

Company details

The company

PROBIOLINES ApS
Vejenbrødvej 50
2980 Kokkedal

CVR no.: 36 19 86 21

Reporting period: 1 January - 31 December 2021

Incorporated: 8 September 2014

Financial year: 7th financial year

Domicile: Kokkedal

Executive board

Rasa Vogelius, director

Management's review

Business review

The company's main activity is sales and marketing within biotechnology and services related thereto.

Recognition and measurement uncertainties

It is the Probiolines mission to give every person and its environment on the planet a possibility to improve physical and psychological life quality through innovative bio-products.

Our exclusive probiotics-powered solutions are introducing a new way of cleaning and hygiene. Household cleaning is taken to the microscopic level. The Group is offering the concept of deploying safe, environmental stabilizing probiotic protection against pathogenic indoor containments and allergens. Probiotic Skin care products are 100% natural and nurturing human skin and hair. We are developing products that will be offered to the global market in 2021. Developed in collaboration with scientists, biologists, engineers and extensively tested, our products work to restore the natural microflora balance of your skin and indoor environment.

Corporate structure and products

The company is a daughter company of Bioapplications ApS, which develops and produces biotech products. Bioapplications ApS main activity is overall group R&D strategy, sales and marketing strategy.

Probiolines ApS main activity is e-commerce for Home Cleaning, hygiene products in Denmark, Sweden, Norway, Germany, Finland and the Baltic States.

The company has been testing new probiotic cleaning product formula in the market for the last 2 years, was conducting in depth market research on defining new trends and based on that is building new sales & marketing via online strategy, which will be executed in the end of 2021 and through 2022.

Management's review

Development in activities and economic condition

The company is active for the last 6 years and during those years was building up knowledge and skills to work with products based on microorganisms, which are highly beneficial to humans and animals. At the beginning market was very immature and it required several years of explaining customers what kind of product we are selling. Then few years ago customers started to understand and get interested in our products, and we conducted customer requirement and expectations research. And at the end of 2019 we had a full picture on how our products should be presented and marketed.

In 2020 in collaboration with the UK partner we have developed a Probiotic skin care and shampoo for people with allergic, sensitive skin. There are three product groups – Baby shampoo, bath & bubbles and moisturize; Adult hair shampoo, washing gel, body lotion and hand cream; Home cleaning products.

In 2020 we worked on label design, packaging and marketing material. These products will be offered to the market in April 2021.

HOME products were upgraded after the market investigation on clients opinion and satisfaction about the products, formulas were upgraded to be 100% ecological and natural. In the 2020 all Home product packaging was changed into sugarcane plastic bottles to circle up as 0% pollution product.

The company's activities have been financed so far by shareholder contributions and EU funding. Except for the initial share capital of DKK 210.000, the shareholder contributions have been made as subordinated long-term loans, which were converted to share capital

Capital resources

As of 31. December 2021, the company's liquidity is minimal. The company is negotiating with external sources about financing, as well as further commitments from the company's shareholders to contribute additional capital has been obtained. Also, sales of Home products will intensify in April 2021 as all design and marketing preparations will be finished, e-commerce platform will be launched and B2B sales agent in Denmark, Sweden and Baltic countries will start active sales.

Special risks

The product groups Home and Skin Care are still under final development and testing stage, and active sales and aggressive marketing have been planned in the 2021, a successful launch is somewhat critical to the company in the medium-to-long-term run.

Subsequent events

As of the date of this report, no events have occurred that might have an impact on the financial statement for the period 1 January 2021 to 31 December 2021.

Accounting policies

The annual report of PROBIOLINES ApS for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B, as well as provisions applying to reporting class C entities.

The accounting policies applied are consistent with those of last year.

The annual report for 2021 is presented in DKK

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue, changes in inventories of finished goods and work in progress and other operating income less costs of raw materials and consumables and other external expenses.

Revenue

Income from the sale of goods for resale and finished goods is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

Accounting policies

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes. Revenue is net of all types of discounts granted.

Raw materials and consumables

Costs of raw materials and consumables include the raw materials and consumables used in generating the year's revenue.

Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities, liabilities and foreign currency transactions, amortisation of financial assets and liabilities and surcharges and allowances under the Danish Tax Prepayment Scheme, etc.

Tax on profit/loss for the year

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Stocks

Stocks are measured at cost using the FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

The cost of goods for resale, raw materials and consumables comprises the purchase price plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct cost of labour and production/production overheads.

The net realisable value of stocks is calculated as the expected selling price less direct costs of completion and expenses incurred to effect the sale. The net realisable value is determined taking into account marketability, obsolescence and expected selling price movements.

Accounting policies

Receivables

Receivables are measured at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash and deposits at banks.

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

Liabilities

Liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Income statement 1 January - 31 December

	<u>Note</u>	<u>2021</u> DKK	<u>2020</u> DKK
Gross profit		-69.938	-67.138
Profit/loss before net financials		-69.938	-67.138
Financial costs	1	<u>-1.099</u>	<u>-167</u>
Profit/loss before tax		-71.037	-67.305
Tax on profit/loss for the year	2	<u>1.599</u>	<u>0</u>
Profit/loss for the year		<u><u>-69.438</u></u>	<u><u>-67.305</u></u>
Retained earnings		<u>-69.438</u>	<u>-67.305</u>
		<u><u>-69.438</u></u>	<u><u>-67.305</u></u>

Balance sheet 31 December

	<u>Note</u>	<u>2021</u> DKK	<u>2020</u> DKK
Assets			
Receivables from subsidiaries		0	5.266
Fixed asset investments		0	5.266
Total non-current assets		0	5.266
Trade receivables		29.716	27.106
Other receivables		124.826	6.924
Current contract assets		702.099	202.099
Receivables		856.641	236.129
Cash at bank and in hand		7.012	0
Total current assets		863.653	236.129
Total assets		863.653	241.395

Balance sheet 31 December

	<u>Note</u>	<u>2021</u>	<u>2020</u>
		DKK	DKK
Equity and liabilities			
Share capital		210.000	210.000
Share premium account		0	303.966
Other reserves		0	37.900
Retained earnings		-198.875	-433.403
Equity		<u>11.125</u>	<u>118.463</u>
Banks		0	117
Trade payables		64.214	105.739
Payables to subsidiaries		749.670	14.733
Payables to shareholders and management		38.643	743
Corporation tax		0	1.600
Other payables		1	0
Total current liabilities		<u>852.528</u>	<u>122.932</u>
Total liabilities		<u>852.528</u>	<u>122.932</u>
Total equity and liabilities		<u><u>863.653</u></u>	<u><u>241.395</u></u>

Statement of changes in equity

	Share capital	Share premium ac- count	Retained earnings	Total
Equity at 1 January 2021	210.000	303.966	-433.403	80.563
Net profit/loss for the year	0	0	-69.438	-69.438
Transfer from share premium acco- unt	0	-303.966	303.966	0
Equity at 31 December 2021	210.000	0	-198.875	11.125

Notes

	<u>2021</u> DKK	<u>2020</u> DKK
1 Financial costs		
Other financial costs	728	167
Exchange loss	<u>371</u>	<u>0</u>
	<u>1.099</u>	<u>167</u>
2 Tax on profit/loss for the year		
Adjustment of tax concerning previous years	<u>-1.599</u>	<u>0</u>
	<u>-1.599</u>	<u>0</u>