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BDO Statsautoriseret revisionsaktieselskab
Havneholmen 29
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CVR no. 20 22 26 70

LACTOBIO A/S

LERSØ PARKALLÉ 42 2., 2100 COPENHAGEN

ANNUAL REPORT

1 JANUARY - 31 DECEMBER 2023

The Annual Report has been presented and adopted at the Company's Annual General Meeting on 28 June 2024

Suzan Schlag

CVR NO. 38 88 78 66

CONTENTS

COMPANY DETAILS

Company	Lactobio A/S Lersø Parkallé 42 2. 2100 Copenhagen	
	CVR No.:	38 88 78 66
	Established:	10 August 2017
	Municipality:	Copenhagen
	Financial Year:	1 January - 31 December
Board of Directors	Suzan Schlag Barbara Lavernos Anna Anismova Søren Kjærulff Charlotte Vedel, chairman	
Executive Board	Søren Kjærulff	
Auditor	BDO Statsautoriseret revisionsaktieselskab Havneholmen 29 1561 Copenhagen V	
Bank	Jyske Bank Vesterbrogade 9 1620 Copenhagen	
Law Firm	Bech-Bruun Langelinie Allé 35 2100 Copenhagen	

MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of Lactobio A/S for the financial year 1 January - 31 December 2023.

The Annual Report is presented 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 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

We recommend the Annual Report be approved at the Annual General Meeting.

Copenhagen, 14 June 2024

Executive Board

Søren Kjærulff

Board of Directors

Suzan Schlag	Barbara Lavernos	Anna Anismova
Søren Kjærulff	Charlotte Vedel Chairman	

THE INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Lactobio A/S

Conclusion
We have performed an extended review of the Financial Statements of Lactobio A/S for the financial year 1 January - 31 December 2023, which comprise income statement, Balance Sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The Financial Statements are prepared under the Danish Financial Statements Act.

Based on the work performed in our opinion, the Financial Statements give a true and fair view of the Company's financial position at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for Conclusion
We conducted our extended review in accordance with the Danish Business Authority's Assurance Standard for Small Enterprises and FSR – Danish Auditors' standard on extended review of Financial Statements prepared in accordance with the Danish Financial Statements Act. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Extended Review 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 (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Management's Responsibilities 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 as 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 Extended Review of the Financial Statements
Our responsibility is to express a conclusion on the Financial Statements. This requires that we plan and perform procedures in order to obtain limited assurance for our conclusion on the Financial Statements and in addition perform specifically required supplementary procedures to obtain further assurance for our conclusion.

An extended review comprises procedures that primarily consist of making inquiries of Management and others within the Company, as appropriate, analytical procedures and the specifically required supplementary procedures as well as evaluation of the evidence obtained.

The procedures performed in an extended review are less than those performed in an audit, and accordingly, we do not express an audit opinion on the Financial Statements.

Statement on the Management Commentary
Management is responsible for the Management Commentary.

Our conclusion on the Financial Statements does not cover the Management Commentary, and we do not express any form of assurance conclusion thereon.

THE INDEPENDENT AUDITOR'S REPORT

In connection with our extended review of the Financial Statements, our responsibility is to read the Management Commentary and, in doing so, consider whether the Management Commentary is materially inconsistent with the Financial Statements or our knowledge obtained during the extended review, or otherwise appears to be materially misstated.

Moreover, 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 conclude that the Management Commentary is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in the Management Commentary.

Copenhagen, 14 June 2024

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Mads Juul Hansen
State Authorised Public Accountant
MNE no. mne44386

MANAGEMENT COMMENTARY

Principal activities

The principal activities comprise are conducting research, development, and sales of biological products, as well as entering into licensing and service agreements with partners, along with related activities as deemed appropriate by the management.

Development in activities and financial and economic position

The annual result shows a deficit of DKK´000 7,268. The companys balance sheet shows a total asset amount of DKK´000 16,976 and an equity of DKK 12,756. During the fiscal year, the company has carried out a capital increase, which has secured liquidity.

Significant events after the end of the financial year

No events have occurred after the end of the financial year of material importance for the Company's financial position.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2023 DKK	2022 DKK
GROSS PROFIT		**79.035**	**-1.584.665**
Staff costs	1	-8.670.901	-7.816.297
Depreciation, amortisation and impairment losses		-78.088	-52.561
OPERATING LOSS		**-8.669.954**	**-9.453.523**
Income from investments in subsidiaries		-82.697	678.706
Other financial income		3.914	14.710
Other financial expenses	2	-149.163	-60.875
LOSS BEFORE TAX		**-8.897.900**	**-8.820.982**
Tax on profit/loss for the year	3	1.630.006	1.416.857
LOSS FOR THE YEAR		**-7.267.894**	**-7.404.125**

PROPOSED DISTRIBUTION OF PROFIT

Allocation to reserve for net revaluation under the equity method		-82.697	678.706
Retained earnings		-7.185.197	-8.082.831
TOTAL		**-7.267.894**	**-7.404.125**

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2023 DKK	2022 DKK
Other plant, machinery tools and equipment		102.837	110.594
Leasehold improvements		51.140	67.291
Property, plant and equipment	4	**153.977**	**177.885**
Equity investments in group enterprises		636.009	718.706
Rent deposit and other receivables		327.334	298.113
Financial non-current assets	5	**963.343**	**1.016.819**
NON-CURRENT ASSETS		**1.117.320**	**1.194.704**
Raw materials and consumables		1.218.066	1.108.408
Finished goods and goods for resale		480.218	1.013.862
Inventories		**1.698.284**	**2.122.270**
Trade receivables		19.850	1.037.644
Other receivables		413.284	551.607
Corporation tax receivable		1.435.768	1.416.857
Prepayments		41.213	62.045
Receivables		**1.910.115**	**3.068.153**
Cash and cash equivalents		**12.250.741**	**3.148.696**
CURRENT ASSETS		**15.859.140**	**8.339.119**
ASSETS		**16.976.460**	**9.533.823**

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2023 DKK	2022 DKK
Share Capital		508.654	454.735
Reserve for net revaluation under the equity method		596.009	678.706
Retained earnings		11.651.731	6.902.957
EQUITY		**12.756.394**	**8.036.398**
Frozen holiday pay		266.020	0
Non-current liabilities	6	**266.020**	**0**
Prepayments from customers		511.478	0
Trade payables		428.207	671.132
Debt to Group companies		57.014	273.547
Other liabilities		2.851.185	446.584
Deposit		106.162	106.162
Current liabilities		**3.954.046**	**1.497.425**
LIABILITIES		**4.220.066**	**1.497.425**
EQUITY AND LIABILITIES		**16.976.460**	**9.533.823**
Contingencies etc.	7		
Going concern assumptions	8		

EQUITY

	Share Capital	Share Premium	Reserve for net revaluation under the equity method	Retained earnings	Total
Equity at 1 January 2023	454.735	0	678.706	6.902.957	8.036.398
Proposed profit allocation			-82.697	-7.185.197	-7.267.894
Transactions with owners					
Capital increase	53.919	12.014.671			12.068.590
Cost of capital increase				-80.700	-80.700
Transfers					
Retained premium		-12.014.671		12.014.671	0
Equity at 31 December 2023	**508.654**	**0**	**596.009**	**11.651.731**	**12.756.394**

NOTES

	2023 DKK	2022 DKK	Note
Staff costs			1
Average number of full time employees	13	12	
Wages and salaries	8.528.297	7.710.174	
Social security costs	134.454	103.473	
Other staff costs	8.150	2.650	
	8.670.901	**7.816.297**	
Other financial expenses			2
Other interest expenses	149.163	60.875	
	149.163	**60.875**	
Tax on profit/loss for the year			3
Calculated tax on taxable income of the year	-1.435.768	-1.416.857	
Adjustment of tax in previous years	-194.238	0	
	-1.630.006	**-1.416.857**	

Property, plant and equipment	Other plant, machinery tools and equipment	Leasehold improvements	4
Cost at 1 January 2023	149.697	80.749	
Additions	54.180	0	
Cost at 31 December 2023	**203.877**	**80.749**	
Depreciation and impairment losses at 1 January 2023	39.103	13.458	
Depreciation for the year	61.937	16.151	
Depreciation and impairment losses at 31 December 2023	**101.040**	**29.609**	
Carrying amount at 31 December 2023	**102.837**	**51.140**	

Financial non-current assets	Equity investments in group enterprises	Rent deposit and other receivables	5
Cost at 1 January 2023	40.000	298.113	
Additions	0	29.221	
Cost at 31 December 2023	**40.000**	**327.334**	
Revaluation at 1 January 2023	678.706	0	
Revaluation and impairment losses for the year	-82.697	0	
Revaluation at 31 December 2023	**596.009**	**0**	
Carrying amount at 31 December 2023	**636.009**	**327.334**	

NOTES

Note

Fixed asset investments (continued) 5

Long-term liabilities 6

	31/12 2023 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2022 total liabilities
Frozen holiday pay...............................	266.020	0	266.020	0
	266.020	**0**	**266.020**	**0**

Contingencies etc. 7

Contingent liabilities
Rent liabilities
The company has as of December 31, 2023 rent liabilites of DKK'000 1.137.

Joint liabilities
The Danish companies of the group is jointly and severally liable for tax on the group's jointly taxed income and for certain possible withholding taxes such as dividend tax and royalty tax, and for the joint registration of VAT.

Tax payable of the group's jointly taxed income amounts to DKK ('000) 0 at the Balance Sheet date.

Going concern assumptions 8
The company's owner has issued a letter of support and in this way supports the company's operations until 31 December 2024, with both liquidity and capital, if required. The Annual Report is therefore presented after going concern principel.

ACCOUNTING POLICIES

The Annual Report of Lactobio A/S for 2023 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B and certain provisions applying to reporting class C.

The Annual Report is prepared consistently with the accounting principles applied last year.

General principles of recognition and measurement

Assets are recognized in the balance sheet when, as a result of past events, it is probable that future economic benefits will flow to the entity and the asset's value can be reliably measured.

Liabilities are recognized in the balance sheet when the entity has a legal or constructive obligation as a result of past events, and it is probable that future economic benefits will be sacrificed to settle the obligation, and the obligation's value can be reliably measured.

At initial recognition, assets and liabilities are measured at cost. Subsequent measurement is carried out as described for each accounting item below.

Recognition and measurement take into account foreseeable risks and losses that arise before the financial statements are prepared, and confirm or disconfirm conditions that existed at the balance sheet date.

Revenue is recognized in the income statement as it is earned, while expenses are recognized based on the amounts related to the financial year.

INCOME STATEMENT

Net revenue
Net revenue from the sale of merchandise and finished goods is recognised in the Income Statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received.

Net revenue is recognised exclusive of VAT and less duties and discounts related to the sale.

Cost of sales
Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

Other operating income
Other operating income includes items of a secondary nature in relation to the Group’s and the Company’s activities. In addition, profit from sale of intangible and tangible fixed assets as well as business interruption and conflict compensations are included. Compensations are recognised when the income is deemed to be realisable.

Other external expenses
Other external expenses include other production, sales, delivery and administrative costs, including costs of energy, marketing, premises, loss on bad debts, lease expenses, etc

Staff costs
Staff costs comprise wages and salaries, including holiday pay and pensions, and other costs of social security etc., for the Company's employees. Repayments from public authorities are deducted from staff costs.

ACCOUNTING POLICIES

Income from investments in subsidiaries

The proportional share of the results of subsidiaries, stated according to the Parent Company's accounting policies and with full elimination of unrealised intercompany profits/losses and deduction of amortisation of added value and goodwill resulting from purchase price allocation at the date of acquisition, is recognised in the Parent Company's Income Statement.

In connection with transfers, potential profits are recognised when the economic rights related to the sold equity interests are transferred, however, at the earliest when the profit has been realised or is regarded as realisable. Moreover, realised losses other than impairments are included where identified.

Financial income and expenses

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from securities, debt and transactions in foreign currencies, as well as charges and allowances under the tax-on-account scheme, etc. Financial income and expenses are recognised by the amounts that relate to the financial year. Interest income and expenses are calculated on amortised cost prices.

Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the Income Statement by the share that may be attributed to the profit for the year, and is recognised directly in equity by the share that may be attributed to entries directly to equity.

BALANCE SHEET

Tangible fixed assets

Production plant and machinery, other plant, fixtures, equipment and leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Other plant, fixtures and equipment...	3-5 years	0 %
Leasehold improvements..	3-5 years	0 %

Profit or loss on sale of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the date of sale. Profit or loss is recognised in the Income Statement as other operating income or other operating expenses.

Financial non-current assets

Investments in Equity interests in are measured in the Parent Company Balance Sheet under the equity method, which is regarded as a method of measuring/consolidation.

Equity investments in are measured in the Balance Sheet at the proportional share of the enterprises' carrying equity value, calculated in accordance with the Parent Company's accounting policies with deduction or addition of unrealised intercompany profits or losses and with addition or deduction of the residual value of positive or negative goodwill calculated according to the acquisition method. Negative goodwill is recognised in the Income Statement when the equity interest is acquired. Where the negative goodwill is related to acquired contingent liabilities, the negative goodwill will be recognised as income when the contingent liabilities have been settled or cease.

ACCOUNTING POLICIES

Received dividend is deducted in the carrying amount of the equity investment.

Net revaluation of equity interests in subsidiaries is transferred under equity to reserve for net revaluation under the equity value method to the extent that the carrying amount exceeds the acquisition value.

Profit and loss at disposal of investments in subsidiaries are determined as the difference between the net selling price and the carrying amount of the disposed investment at the time of sale, including non-depreciated excess values and goodwill. Profit and loss are recognised in the Income Statement under income from investments.

Impairment of fixed assets
The carrying amount of tangible assets together with fixed assets, which are not measured at fair value,, are assessed annually for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the recoverable amount is lower than the carrying amount, the asset is written down to the recoverable amount.

The recoverable amount is calculated at the higher of the capital value and the sales value less expected costs of a sale. The capital value is determined as the Company's share in the current value of the net cash flows which the subsidiary is expected to generate through its activities and from sale of assets after the end of their useful lives. A discount rate is used which reflects the risk-free market rate and the owners' minimum return on interest requirements for similar assets. The growth rate in the terminal period is determined in accordance with the standards within the industry.

Inventories
Inventories are measured at cost using the FIFO-principle. If the net realisable amount is lower than cost, the inventories are written down to the lower amount.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct payroll cost and other direct production cost.

The net realisable value of inventories is stated at the expected sales price less direct completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price of the inventories.

Receivables
Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.

Write-off is performed to provide for losses when an objective indication has been assessed to have incurred that a receivable or a portfolio of receivables are impaired. If there is an objective indication that an individual receivable is impaired, the write-off is performed at individual level.

Receivables for which there are no objective indication of impairment at individual level are assessed at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' registered office and credit rating in accordance with the Company's policy for credit risk management. The objective indicators, which are applied for portfolios, are determined based on the historical loss experiences.

Write-off is determined as the difference between the carrying amount of receivables and the present value of the expected cash flows, including realisable value of any received collaterals. The effective interest rate is used as discount rate for the single receivable or portfolio.

ACCOUNTING POLICIES

Accruals, assets
Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Cash and cash equivalents
Cash and cash equivalents include cash at bank.

Tax payable and deferred tax
Current tax liabilities and receivable current tax are recognised in the Balance Sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

The Company is subject to joint taxation with Danish Group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the tax-on-account scheme. Joint taxation contributions receivable and payable are recognised in the Balance Sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carryforwards, are measured at the amount at which the asset is expected to be used within a reasonable number of years, either by setoff against tax on future earnings or by setoff against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the Balance Sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities
The amortised cost of current liabilities corresponds usually to the nominal value.

Foreign currency translation
Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the Income Statement as a financial income or expense.

Receivables, payables and other monetary items in foreign currencies that are not settled on the Balance Sheet date are translated at the exchange rate on the Balance Sheet date. The difference between the exchange rate on the Balance Sheet date and the exchange rate at the date when the receivables or payables come into existence recognised in the Income Statement as financial income or expenses.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.