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Wellingo Nutrition Holding ApS (Under frivillig likvidation)

Filmbyen 20
2650 Hvidovre

CVR no. 39 18 68 45

Annual Report 2021

The Annual Report was presented and adopted at the company's annual general meeting on:

11 July 2022

Yaqiong Zhou

Yaqiong Zhou
Chairman

ANNUAL REPORT 2021

(4. financial year)

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COMPANY INFORMATION

Company

Wellingo Nutrition A/S (Under frivillig likvidation)
Filmbyen 20
2650 København Ø

CVR no.

39 39 41 38

Financial year

1 January - 31 December

Principal activities

The company's principal activities consist in producing branded probiotics for pregnant women, infant and children.

The company's board of directors

Wenbin Ma
Jianming Wan
Zhiyong Dai

CEO

Yaqiong Zhou

The company's auditor

Haamann A/S, State Authorized Public Accountant Firm
Filmbyen 20
2650 Hvidovre
CVR no. 24 25 69 95

MANAGEMENT'S STATEMENTS

The board of directors and the executive board have today presented the annual report for the financial year 1 January - 31 December 2021 for Wellingo Nutrition A/S (Under frivillig likvidation).

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

We consider the accounting policies appropriate for the annual report to provide a true and fair view of the company's assets and liabilities, cash flow statement, financial position and performance.

Moreover, in our opinion, the management's review includes a fair review of the matters described.

The management confirms that the company complies with the requirements for not having external audit of the annual report.

Hvidovre, 11 July 2022

Executive Board:

Yaqiong Zhou
Yaqiong Zhou

Board of Directors:

Wenbin Ma
Wenbin Ma

Jianming Wan
Jianming Wan

Zhiyong Dai
Zhiyong Dai

PRACTITIONER'S COMPILATION REPORT

To the Management of Wellingo Nutrition A/S (Under frivillig likvidation)

We have compiled the accompanying financial statements of Wellingo Nutrition A/S (Under frivillig likvidation) based on information you have provided. These financial statements comprise the statement of financial position of Wellingo Nutrition A/S (Under frivillig likvidation) as at 31 December 2021, the statement of income and statement of changes in equity for the year then ended, and a summary of significant accounting policies.

We performed this compilation engagement in accordance with International Standard on Related Services 4410, Compilation Engagements.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these financial statements in accordance with the Danish Financial Statement Act . We have complied with relevant ethical requirements in International Ethics Standards Board for Accountants' international guidelines on the ethical conduct of professional auditors (IESBA Code), including principles of integrity, objectivity, professional competence and due care.

These financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these financial statements are prepared in accordance with the Danish Financial Statement Act.

Hvidovre, 11 July 2022

HAAMANN A/S
State Authorized Public Accountant Firm
CVR no. 24 25 69 95

Jan Østergaard
State Authorized Public Accountant
mne30203

MANAGEMENT'S REVIEW

The Company's principal activities

The company's principal activities consist in producing branded probiotics for pregnant women, infant and children.

Uncertainty as to recognition and measurement

No material uncertainties have affected the annual report.

Exceptional circumstances

The yearly result has been materially affected by a loss of DKK 43,4 million in connection with a business venture with a third party.

Development in activities and financial affairs

The company had a profit of DKK -45.238.388, which the company's management considers unsatisfactory.

After the balance sheet date, the company has gone into voluntary liquidation, which means the company will be closed down in 2022.

Financial resources

The company has lost more than half of the company capital. Equity at 31 December 2021 amounts to DKK -50.079.457.

As stated above the company has gone into voluntary liquidation, and will be closed down in 2022. The share capital has been lost, but the vast majority of the company's debt is internal debt in the group, so the company will be closed down in a proper manor, without incurring any loss to third parties.

Events occurring after the end of the financial year

See above mentioning of plans to close down the company in 2022.

INCOME STATEMENT
1 January - 31 December 2021

	Note	2021 DKK	2020 TDKK
Gross result		-43.686.823	1.839
Staff costs	1	<u>0</u>	<u>-1.029</u>
Operating profit and loss		-43.686.823	810
Financial income		621.627	748
Other finance expenses	2	<u>-1.187.770</u>	<u>-1.139</u>
Profit or loss before tax		-44.252.966	419
Tax on profit or loss for the year		<u>-985.422</u>	<u>-93</u>
Net profit or loss for the year		<u>-45.238.388</u>	<u>326</u>
Proposed distribution of results			
Dividend for the financial year		0	0
Retained earnings		<u>-45.238.388</u>	<u>326</u>
		<u>-45.238.388</u>	<u>326</u>

BALANCE 31 December 2021

ASSETS

	<u>Note</u>	<u>2021 DKK</u>	<u>2020 TDKK</u>
<u>Fixed assets</u>			
Fixed assets			
Other equity investments and securities		1.199.500	1.200
Other long-term receivables		0	19.969
Deposits		<u>360.885</u>	<u>320</u>
		<u>1.560.385</u>	<u>21.489</u>
Fixed assets, total		<u>1.560.385</u>	<u>21.489</u>
<u>Current assets</u>			
Inventories			
Raw materials and consumables		<u>306.734</u>	<u>506</u>
Receivables			
Short-term trade receivables		351.312	1.003
Other short-term receivables		48.506	254
Short-term tax receivables from group enterprises		656.898	419
Deferred tax assets		<u>0</u>	<u>1.223</u>
		<u>1.056.716</u>	<u>2.899</u>
Cash and cash equivalents		<u>1.917.062</u>	<u>327</u>
Current assets		<u>3.280.512</u>	<u>3.732</u>
Assets		<u>4.840.897</u>	<u>25.221</u>

BALANCE 31 December 2021

LIABILITIES AND EQUITY

	Note	2021 DKK	2020 TDKK
<u>Equity</u>	3		
Share capital		1.000.000	1.000
Retained earnings		-51.079.457	-5.842
Total equity		<u>-50.079.457</u>	<u>-4.842</u>
<u>Liabilities</u>			
Long-term liabilities other than provisions			
Subordinated loan capital		32.427.431	29.774
Other long-term payables		0	0
		<u>32.427.431</u>	<u>29.774</u>
Short-term liabilities other than provisions			
Trade payables		25.000	39
Payables to group enterprises		22.318.887	0
Other payables		149.036	250
		<u>22.492.923</u>	<u>289</u>
Total liabilities		<u>54.920.354</u>	<u>30.063</u>
Total liabilities and equity		<u>4.840.897</u>	<u>25.221</u>
Contingent liabilities etc.	4		

STATEMENT OF CHANGES IN EQUITY

	Share capital	Retained earnings	Total
Equity 1 January 2021	1.000.000	-5.841.069	-4.841.069
Net profit for the year		-45.238.388	-45.238.388
Equity 31 December 2021	1.000.000	-51.079.457	-50.079.457

NOTES

	2021 DKK	2020 TDKK
1. <u>Staff costs</u>		
Wages and salaries	0	1.145
Social security costs	0	7
Holiday pay obligation costs	0	-123
	<u>0</u>	<u>1.029</u>
Average number of employees	<u>0</u>	<u>2</u>
2. <u>Other finance expenses</u>		
Associated companies	1.153.744	1.107
Other expenses	<u>34.026</u>	<u>32</u>
	<u>1.187.770</u>	<u>1.139</u>

3. Equity

The company's equity at 31 December 2021 amounts to DKK -50.079.457 and the company has thus lost more than 50% of the company capital. Please refer to the management's review for further information.

4. Contingent liabilities etc.

The company is part of a joint taxation relation. The company is liable unlimited and jointly with the subsidiary Wellingo Nutrition Holding ApS for Danish corporation tax and withholding tax on dividends, interest and royalties within the joint taxation. Any subsequent corrections of the taxable joint taxation income or withholding taxes on dividends, interest and royalties may result in the company's liability amounting to a larger amount.

ACCOUNTING POLICIES

The Annual Report of Wellingo Nutrition A/S (Under frivillig likvidation) for 2021 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B with the option of certain provisions for class C.

The accounting policies applied remain unchanged from last year.

General principles for recognition and measurement

Income is recognised in the Income Statement as it is earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation 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 attributable to the asset will accrue 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 financial benefits will flow out of the Company, and the value of the liability can be measured reliably.

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

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, foreseeable risks and losses arising before the annual report is presented and proving or disproving matters existing on the balance sheet date are taken into consideration.

INCOME STATEMENT

Revenue

Gross profit is made up of net sales less the direct sales costs attributable to net sales and less other external costs. Other operating income and expenses comprise items of a secondary nature to the principal activity of the company.

Income from the sale of goods is recognised in the income statement from the date of delivery and when the risk has passed to the buyer and services are possible to calculate the income reliably. The revenue is calculated exclusive of VAT, charges and discounts.

Other external expenses

Other external expenses include expenses concerning distribution, sale, losses on debtors, auto operations, facilities, small purchases, administration, operational leasing costs etc.

ACCOUNTING POLICIES

Staff expenses

Staff costs include wages and salaries, incl. holiday pay and pensions, as well as other social security costs, etc. of the company's employees. In personnel costs, allowances received from public authorities are deducted.

Financial income and expenses

Financial income and expenses are recognised in the Income Statement with the amounts that concern the financial year. Financial income and expenses include interest income and expenses, realised and unrealised capital gains and losses regarding securities, debt and foreign currency transactions, dividends received from other equity investments, amortisation of financial assets and liabilities as well as surcharges and allowances under the tax repayment scheme.

Tax on net profit/loss for the year

Tax on net profit/loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax. Current and deferred tax regarding changes in equity is recognised directly in equity.

BALANCE SHEET

Fixed asset investments

Investments in the subsidiary are measured at the proportionate share of the equity value of the company calculated in accordance with the parent's accounting policies adjusted for unrealised intercompany gains and losses.

The profit and loss account for the associates and associated companies is recognized in the income statement.

Net revaluation of investments in associated companies and associates during the year is transferred through the profit allocation to the reserve for net revaluation using the equity method to the extent that the carrying amount of the equity exceeds the acquisition value.

Any negative value of shareholdings in affiliated companies and associates is maximized to the company's liabilities, guarantees or liability.

Other securities and equity investments, recognized under fixed assets, include shares that are measured at cost price at the balance sheet date.

Long-term receivables are measured at amortized cost, which usually corresponds to the nominal value. The value is reduced using write-downs to meet expected losses.

Leasehold deposits are recognised in the balance sheet at cost.

ACCOUNTING POLICIES

Inventories

Inventories are measured at cost using the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

The cost of basic material and consumables comprises the purchase price and delivery costs.

Net realizable value of inventories is calculated as selling price less completion costs and costs incurred to effect sales and is determined taking into account marketability, insurance and development in the expected selling price.

Receivables

Receivables are measured at amortised cost, usually corresponding to nominal value. The value is reduced by impairment losses for bad and doubtful debts

Deferred income

Deferred income recognised under assets comprise of prepaid costs, for the subsequent financial years.

Tax payable and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as calculated 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 under the balance-sheet liability method for temporary differences between the carrying amount and the tax base of assets and liabilities. In those cases, e.g. in respect of shares where the calculation of the tax value can be made according to alternative tax rules, deferred tax is measured on the basis of the planned use of the asset or settlement of the liability.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity. Any net deferred tax assets are measured at net realisable value.

Deferred tax is measured on the basis of the tax regulations and rates that according to the rules in force at the reporting date, will be applicable at the time when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement. For the current year, a tax rate of 22% has been applied.

Liabilities

Financial liabilities are recognised initially at the proceeds received net of transaction costs incurred. In subsequent periods, financial liabilities are measured at amortised cost corresponding to the capitalised value using the effective interest rate, entailing that the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other debt is measured at amortised cost, usually corresponding to nominal value.

ACCOUNTING POLICIES

Foreign currency translation

Foreign currency transactions are converted to the exchange rate prevailing at the date of the transaction. Exchange differences arising between the exchange rate prevailing at the transaction date and the exchange rate at the payment date are recognised in the income statement as a net financial income or expense. If currency positions are regarded as a hedge of future cash flows, value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled on the reporting date are measured at the closing exchange rate. The difference between the closing rate and the rate at the time of the establishment of the receivable or payable is recognised in the income statement under financial income and expenses.

Non-current assets purchased in foreign currencies are measured at the exchange rate at the transaction date.

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Jan Østergaard

Statsautoriseret revisor

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