

Organic Dairy of 1888 ApS

Lysholt Allé 3, 7100 Vejle

CVR-nr. 39 73 58 06

Årsrapport for 2020

Årsrapporten er fremlagt og godkendt på
selskabets ordinære generalforsamling
den 7. April 2021

John Riis Mortensen
dirigent

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Statement by management on the annual report

The supervisory and executive boards have today discussed and approved the annual report of Organic Dairy of 1888 ApS for the financial year 1 January - 31 December 2020.

The annual report is 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 financial position at 31 December 2020 and of the results of the company's operations for the financial year 1 January - 31 December 2020.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

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

Vejle, 7 April 2021

Executive board

Chen Xi
CEO



2021/04/07
Supervisory board

Hans Nicolai Hansen
Chairman

John Riis Mortensen

Franz Gammelgaard-Schmidt

Independent auditor's report

To the shareholders of Organic Dairy of 1888 ApS

Opinion

We have audited the financial statements of Organic Dairy of 1888 ApS for the financial year 1 January - 31 December 2020, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2020 and of the results of the company's operations 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 (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' Code of Ethics for Professional Accountants (IESBA Code) 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.

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 the 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.

Independent auditor's report

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 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 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.

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 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.

Independent auditor's report

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 management's review

Management is responsible for management's review.

Our opinion on the financial statements does not cover 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 management's review and, in doing so, consider whether 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 management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that management's review 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 of management's review.

Aarhus, 7 April 2021

EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Jes Lauritzen
State Authorised Public Accountant
MNE no. mne10121

Tom B. Lassen
State Authorised Public Accountant
MNE no. mne24820

Company details

The company

Organic Dairy of 1888 ApS
Lysholt Allé 3
7100 Vejle

CVR no.: 39 73 58 06

Reporting period: 1 January - 31 December 2020

Incorporated: 19 July 2018

Domicile: Vejle

Supervisory board

Hans Nicolai Hansen, chairman
John Riis Mortensen
Franz Gammelgaard-Schmidt

Executive board

Chen Xi, CEO

Auditors

EY Godkendt Revisionspartnerselskab
Værkmestergade 25
8000 Aarhus C

Management's review

Business review

The purpose of the Company is to produce, distribute and sell organic dairy products and dairy related products.

During 2020, company has been actively facilitating Fipros Nutrition's GACC registration. GACC of regular milk powder registration was obtained first half of 2020 within 2 months after registration submit. GACC of infant formula registration received 2 rounds of feedback from GACC which is among the top tier in terms of speed.

By the end of 2020, formulation development has been progressing in an accelerated speed compared to the year before, contributed from both Organic Dairy of 1888's push and Fipros Nutrition's registration need. The formulation is to be finalized in 1Q 2021. Upon the drafting of this document, Wellingo is to confirm with the rest parties.

Financial review

The company's income statement for the year ended 31 December 2020 shows a loss of TDKK 437, and the balance sheet at 31 December 2020 shows equity of TDKK 11.

Consulting service charge to Fipros is terminated by 3Q 2020, mainly to the reason that most critical procedure has been done with DK embassy in Beijing and feedback drafting with Food Mate in Shan Dong province.

Significant events occurring after the end of the financial year

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

Accounting policies

The annual report of Organic Dairy of 1888 ApS for 2020 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.

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 services and 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.

Revenue is measured at fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. Revenue is net of all types of discounts granted.

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.

Accounting policies

Tax on profit/loss for the year

The company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. Subsidiaries participate in the joint taxation arrangement from the time when they are included in the consolidated financial statements and until the time when they withdraw from the consolidation.

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

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received, using the effective interest rate of individual receivables or portfolios of receivables as discount rate.

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 liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Deferred tax is measured at net realisable value.

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.

Accounting policies

Deferred tax assets, including the tax base of tax losses allowed for carry forward, are measured at the value to which the asset is expected to be realised, either as a set-off against tax on future income or as a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

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 2020 - 31 December 2020

	<u>Note</u>	<u>2020</u> TDKK	<u>2019</u> TDKK
Gross profit		246	1
Staff costs	1	<u>-800</u>	<u>-768</u>
Profit/loss before net financials		-554	-767
Financial income		2	10
Financial costs	2	<u>-8</u>	<u>-15</u>
Profit/loss before tax		-560	-772
Tax on profit/loss for the year	3	<u>123</u>	<u>170</u>
Profit/loss for the year		<u>-437</u>	<u>-602</u>
 Recommended appropriation of profit/loss			
Retained earnings		<u>-437</u>	<u>-602</u>
		<u>-437</u>	<u>-602</u>

Balance sheet at 31 December 2020

	<u>Note</u>	<u>2020</u> TDKK	<u>2019</u> TDKK
Assets			
Trade receivables		13	173
Deferred tax asset		293	170
Receivables		<u>306</u>	<u>343</u>
Cash at bank and in hand		<u>5</u>	<u>377</u>
Total current assets		<u>311</u>	<u>720</u>
Total assets		<u><u>311</u></u>	<u><u>720</u></u>
Equity and liabilities			
Share capital		56	56
Retained earnings		-45	392
Equity		<u>11</u>	<u>448</u>
Trade payables		28	109
Payables to subsidiaries		226	128
Other payables		46	35
Total current liabilities		<u>300</u>	<u>272</u>
Total liabilities		<u>300</u>	<u>272</u>
Total equity and liabilities		<u><u>311</u></u>	<u><u>720</u></u>
Contingent liabilities	4		

Equity

	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
	TDKK	TDKK	TDKK
Equity at 1 January 2020	56	392	448
Net profit/loss for the year	0	-437	-437
Equity at 31 December 2020	<u>56</u>	<u>-45</u>	<u>11</u>

Notes

	<u>2020</u> TDKK	<u>2019</u> TDKK
1 Staff costs		
Wages and salaries	<u>800</u>	<u>768</u>
	<u>800</u>	<u>768</u>
Average number of employees	<u>1</u>	<u>1</u>
2 Financial costs		
Financial expenses, group entities	2	0
Other financial costs	2	2
Exchange adjustments costs	<u>4</u>	<u>13</u>
	<u>8</u>	<u>15</u>
3 Tax on profit/loss for the year		
Deferred tax for the year	<u>-123</u>	<u>-170</u>
	<u>-123</u>	<u>-170</u>

4 Contingent liabilities

The company is jointly taxed with its parent company and jointly and severally liable with other jointly taxed entities for payment of income taxes onwards as well as for payment of withholding taxes on dividends, interest and royalties. Due income taxes and withholding taxes payable by the group of jointly taxes entities is displayed in the Annual Report for Dairy of 1888 ApS which is the parent company for the jointly taxation.

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John Riis Mortensen

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