

Cold Jet ApS

Industrivej 68, 6740 Bramming
CVR no. 26 18 52 62

Annual report for 2019

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 28.05.20

Scott Peter Gatje
Dirigent

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The company

Cold Jet ApS
Industrivej 68
6740 Bramming
Tel.: 76 56 15 00
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Registered office: Esbjerg
CVR no.: 26 18 52 62
Financial year: 01.01 - 31.12

Executive Board

Arvid Nielsen

Board of Directors

Eugene Lambert Cooke III
Jan Lodewijk Maria Frans G. Vansant
Scott Peter Gatje

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

Bank

Sydbank

Statement by the Executive Board and Board of Directors on the annual report

We have on this day presented the annual report for the financial year 01.01.19 - 31.12.19 for Cold Jet ApS.

The annual report is presented in accordance with Danish Financial Statements Act (Årsregnskabsloven).

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position as at 31.12.19 and of the results of the company's activities for the financial year 01.01.19 - 31.12.19.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Bramming, May 28, 2020

Executive Board

Arvid Nielsen

Board of Directors

Eugene Lambert Cooke III
Chairman

Jan Lodewijk Maria Frans
G. Vansant

Scott Peter Gatje

To the capital owner of Cold Jet ApS**Opinion**

We have audited the financial statements of Cold Jet ApS for the financial year 01.01.19 - 31.12.19, which comprise the income statement, balance sheet, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial statements are prepared in accordance with Danish Financial Statements Act (Årsregnskabsloven).

In our opinion the financial statements give a true and fair view of the company's assets, liabilities and financial position at 31.12.19 and of the results of the company's operations for the financial year 01.01.19 - 31.12.19 in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

Basis for conclusion

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 "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.

Statement regarding the 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 Acts. We did not identify any material misstatement of management's review.

Management's responsibility for the financial statements

The Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act. Furthermore the Management is responsible for the 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 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 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 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.

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 skepticism 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.

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.

Frederikshavn, May 28, 2020

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Dennis Høyer

State Authorized Public Accountant
MNE-no. mne35807

Primary activities

The company's activities comprise of development, production and sale of dry ice machines and pelletizers for industrial use.

Development in activities and financial affairs

The income statement for the period 01.01.19 - 31.12.19 shows a profit/loss of DKK 369,370 against DKK 8,720,980 for the period 01.01.18 - 31.12.18. The balance sheet shows equity of DKK 40,867,434.

Subsequent events

The global spread of Covid 19 has caused disruption to many businesses. However, Cold Jet ApS has maintained its supply chain and production through the date of this Annual Report publication. One of the primary drivers of the business of Cold Jet ApS is the need for dry ice for the home delivery of groceries/food. The market demand for this service has increased significantly which has offset other markets which have been negatively affected. As such, management believes that Cold Jet ApS will maintain a steady inflow of new orders and sales through the foreseeable future.

Income statement

Note	2019 DKK	2018 DKK
	11,621,949	18,331,595
3 Staff costs	-11,415,034	-10,502,277
	206,915	7,829,318
Depreciation and impairments losses of property, plant and equipment	-514,278	-296,643
	-307,363	7,532,675
Income from equity investments in group enterprises	0	3,585,036
4 Financial income	922,170	783,203
5 Financial expenses	-138,137	-1,682,481
	476,670	10,218,433
Tax on profit or loss for the year	-107,300	-1,497,453
	369,370	8,720,980
Proposed appropriation account		
Proposed dividend for the financial year	7,000,000	896,000
Retained earnings	-6,630,630	7,824,980
	369,370	8,720,980

ASSETS		31.12.19	31.12.18
		DKK	DKK
Note			
	Leasehold improvements	2,168,964	0
	Other fixtures and fittings, tools and equipment	1,385,248	462,048
	Total property, plant and equipment	3,554,212	462,048
	Total non-current assets	3,554,212	462,048
	Raw materials and consumables	9,855,138	8,447,520
	Work in progress	5,145,305	3,063,371
	Manufactured goods and goods for resale	3,280,461	1,179,311
	Prepayments for goods	173,440	685,100
	Total inventories	18,454,344	13,375,302
	Trade receivables	774,864	3,622,597
	Receivables from group enterprises	25,053,208	34,134,886
	Other receivables	816,889	1,786,312
	Prepayments	499,184	796,632
	Total receivables	27,144,145	40,340,427
	Cash	113,771	9,329
	Total current assets	45,712,260	53,725,058
	Total assets	49,266,472	54,187,106

EQUITY AND LIABILITIES		31.12.19	31.12.18
		DKK	DKK
Note			
	Share capital	6,425,000	6,425,000
	Retained earnings	27,442,434	20,733,861
	Proposed dividend for the financial year	7,000,000	896,000
	Total equity	40,867,434	28,054,861
	Provisions for deferred tax	270,000	162,700
	Total provisions	270,000	162,700
	Subordinate loan capital	0	13,059,093
	Total long-term payables	0	13,059,093
	Payables to other credit institutions	0	181,561
	Prepayments received from customers	89,466	188,987
	Trade payables	6,558,044	9,861,600
	Income taxes	0	1,527,417
	Other payables	1,481,528	1,150,887
	Total short-term payables	8,129,038	12,910,452
	Total payables	8,129,038	25,969,545
	Total equity and liabilities	49,266,472	54,187,106

6 Contingent liabilities

7 Charges and security

8 Related parties

Statement of changes in equity

Figures in DKK	Share capital	Retained earnings	Proposed dividend for the financial year
Statement of changes in equity for 01.01.19 - 31.12.19			
Balance as at 01.01.19	6,425,000	20,733,861	896,000
Group contribution	0	13,339,203	0
Dividend paid	0	0	-896,000
Net profit/loss for the year	0	-6,630,630	7,000,000
Balance as at 31.12.19	6,425,000	27,442,434	7,000,000

1. Subsequent events

The global spread of Covid 19 has caused disruption to many businesses. However, Cold Jet ApS has maintained its supply chain and production through the date of this Annual Report publication. One of the primary drivers of the business of Cold Jet ApS is the need for dry ice for the home delivery of groceries/food. The market demand for this service has increased significantly which has offset other markets which have been negatively affected. As such, management believes that Cold Jet ApS will maintain a steady inflow of new orders and sales through the foreseeable future.

2. Special items

Special items are income and expenses that are special due to their size and nature. The following special items were recorded in the financial year:

Special items:	Recognised in the income statement in:	2019 DKK	2018 DKK
Gain on the divestment of group enterprises	Income from equity investments in group enterprises	0	3,552,947

3. Staff costs

Wages and salaries	9,852,023	9,169,593
Pensions	1,373,971	1,174,749
Other social security costs	189,040	157,935
Total	11,415,034	10,502,277
Average number of employees during the year	15	14

4. Financial income

Interest, group enterprises	539,630	783,203
Foreign currency translation adjustments	382,540	0
Total	922,170	783,203

	2019 DKK	2018 DKK
5. Financial expenses		
Other interest expenses	138,137	87,946
Foreign currency translation adjustments	0	1,594,535
Total	138,137	1,682,481

6. Contingent liabilities

Lease commitments

The company has concluded lease agreements with terms to maturity of 3-51 months and total lease payment of DKK 462k for the remaining period.

Furthermore the company has concluded rental agreement with term of notice on 6 months and a monthly payment on DKK 72k. The rental agreement is irrevocable until 31 May 2024.

7. Charges and security

As security for credit facilities at credit institutions, a company charge on DKK 5,000k has been provided comprising trade receivables and inventories. The total carrying amount of the comprised assets is DKK 19,056k

8. Related parties

The company is included in the consolidated financial statements of the parent Cold Jet Technologies LLC, USA.

9. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for enterprises in reporting class B with application of provisions for a higher reporting class.

The accounting policies have been applied consistently with previous years.

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 depreciation, amortisation, impairment losses and write-downs, 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 such assets 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 such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

CURRENCY

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets, inventories and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

On recognition of foreign subsidiaries and associates/subsidiaries/associates which are independent entities, the income statements are translated at the exchange rates applicable

9. Accounting policies - continued -

at the transaction date or approximate average exchange rates. The balance sheet items are translated using the exchange rates applicable at the balance sheet date. Foreign currency translation adjustments arising from the translation of equity at the beginning of the year using the exchange rates applicable at the balance sheet date and from the translation of income statements from average exchange rates to the exchange rates applicable at the balance sheet date are recognised directly in equity.

Translation adjustments of intercompany balances with independent foreign subsidiaries and associates/subsidiaries/associates, measured using the equity method and where the balance is considered to be part of the overall investment, are recognised directly in equity. On the divestment of foreign entities, accumulated exchange differences are recognised in the income statement.

LEASES

Lease payments relating to operating and finance leases are recognised in the income statement on a straight-line basis over the lease term.

INCOME STATEMENT

Gross profit

Gross profit comprises revenue and raw materials and consumables and other external expenses.

Revenue

Income from the sale of goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid. Revenue is measured at fair value and is determined exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Other operating income

Costs of raw materials and consumables

Costs of raw materials and consumables comprise raw materials and consumables used for the year as well as any changes in inventories, including any inventory wastage.

9. Accounting policies - continued -

Write-downs of inventories of raw materials and consumables are also recognised under raw materials and consumables to the extent that these do not exceed normal write-downs.

Other external expenses

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

Staff costs

Staff costs comprise wages and salaries as well as other staff-related costs.

Depreciation and impairment losses

The depreciation of property, plant and equipment aim at systematic depreciation over the expected useful lives of the assets. Assets are depreciated according to the straight-line method based on the following expected useful lives and residual values:

	Useful lives, years	Residual value DKK
Leasehold improvements	5 - 10	0
Other plant, fixtures and fittings, tools and equipment	3 - 10	30,000

The basis of depreciation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

Income from equity investments in group enterprises

Income from equity investments in subsidiaries comprises gains and losses on the sale of equity investments.

9. Accounting policies - continued -

Other net financials

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

BALANCE SHEET

Property, plant and equipment

Property, plant and equipment comprise leasehold improvements as well as other fixtures and fittings, tools and equipment.

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation and impairment losses' section.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

9. Accounting policies - continued -

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

Inventories

Inventories are measured at cost calculated according to the FIFO principle. Inventories are written down to the lower of cost and net realisable value.

The cost of raw materials and consumables as well as goods for resale is determined as purchase prices plus expenses resulting directly from the purchase.

The cost of manufactured finished goods and work in progress is determined as the value of direct and indirect material and labour costs. Production overheads include indirect material and labour costs as well as maintenance and depreciation of machinery, buildings and equipment used in the production process as well as the costs of factory administration and management. Interest on loans arranged to finance production is not included in the cost.

The net realisable value of inventories is determined as the selling price less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and the expected development in the selling price.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Prepayments

9. Accounting policies - continued -

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

Cash

Cash includes deposits in bank accounts as well as operating cash.

Equity

The proposed dividend for the financial year is recognised as a separate item in equity.

Grants received from the parent are recognised directly in equity under retained earnings, as the grants are treated as capital contributions.

Current and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Payables

With subordinate loan capital, the creditor has subordinated its claim to those of all other creditors of the company.

9. Accounting policies - continued -

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to the time and date of delivery of the agreed product or completion of the agreed service.