Kellfri ApS

Damgårdvej 12 A, DK-5500 Middelfart

Annual Report for 1 January - 31 December 2016

CVR No 29 40 45 69

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 24/3 2017

Philip Schwarz
Chairman

Contents

Management's Statement

The Executive Board has today considered and adopted the Annual Report of Kellfri ApS for the financial year 1 January 31 December 2016.

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 financial position at 31 December 2016 of the Company and of the results of the Company operations for 2016.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Middelfart, den 20/2 2017

Management

Philip Schwarz

Thomas Hellman

Independent Auditor's Report on the Financial Statements

To the Shareholder of Kellfri ApS

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2016, and of the results of the Company's operations for the financial year 1 January - 31 December 2016 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Kellfri ApS for the financial year 1 January - 31 December 2016, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("financial statements").

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 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 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.

Independent Auditor's Report on the Financial Statements

As part of an audit conducted in accordance with ISAs 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.

Trekantområdet, den 20/2 2017
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

John Lindholm Bode
State Authorised Public Accountant

Company Information

The Company	Kellfri ApS Damgårdvej 12 A DK-5500 Middelfart Telephone: + 45 76 91 21 00 Facsimile: + 45 76 90 21 02 E-mail: info@kellfri.dk Website: kellfri.dk CVR No: 29 40 45 69 Financial period: 1 January 31 December Financial year: 11st financial year Municipality of reg. office: Middelfart
Executive Board	Philip Schwarz Thomas Hellman
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Herredsvej 32 DK-7100 Vejle
Lawyers	Advokatfirman Glimstedt Kungsgatan 42 403 14 Gøteborg
Bankers	Nordea Bank Danmark A/S Strandgade 3 1401 København K

Income Statement 1 January - 31 December

	Note	2016 DKK	2015 DKK
Gross profit/loss		**1 501 265**	**1 805 026**
Staff expenses	1	-979 869	-1 141 507
Depreciation		0	-12 000
Profit/loss before financial income and expenses		**521 396**	**651 519**
Financial income	2	167 018	233 476
Financial expenses	3	-1 512	-19 104
Profit/loss before tax		**686 902**	**865 891**
Tax on profit/loss for the year	4	-151 104	-203 007
Net profit/loss for the year		**535 798**	**662 884**

Distribution of profit

Proposed distribution of profit

Proposed dividend for the year	2 500 000	
Retained earnings	-1 964 202	662 884
	535 798	**662 884**

Balance Sheet 31 December

Assets

	Note	2016 DKK	2015 DKK
Other fixtures and fittings, tools and equipment		0	0
Tangible assets	5	**0**	**0**
Other receivables		109 206	27 000
		109 206	**27 000**
Fixed assets		**109 206**	**27 000**
Finished goods and goods for resale		228 324	157 181
Stocks		**228 324**	**157 181**
Trade receivables		774 092	620 318
Receivables from group enterprises		3 869 090	3 518 084
Other receivables		0	141 300
Prepayments		35 148	51 345
Receivables		**4 678 330**	**4 331 047**
Currents assets		**4 906 654**	**4 488 228**
Assets		**5 015 859**	**4 515 228**

Balance Sheet 31 December

Liabilities and equity

	Note	2016 DKK	2015 DKK
Share capital		125 000	125 000
Retained earnings		776 206	2 740 408
Proposed dividend for the year		2 500 000	0
Equity	6	**3 401 206**	**2 865 408**
Provision for deferred tax	7	4 660	11 296
Provisions		**4 660**	**11 296**
Prepayments received from customers		0	44 666
Trade payables		236 297	138 773
Payables to group enterprises		337 752	413 598
Corporation tax		91 740	213 944
Other payables		944 204	827 543
		1 609 993	**1 638 524**
Debt		**1 609 993**	**1 638 524**
Liabilities and equity		**5 015 859**	**4 515 228**

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Notes

	2016 DKK	2015 DKK
1 Staff expenses		
Wages and salaries	933 842	1 075 111
Pensions	38 320	52 896
Other social security expenses	7 707	13 500
	979 869	**1 141 507**
Average number of employees	**2**	**3**

2 Financial income

Interest received from group enterprises	150 019	210 640
Other financial income	16 999	22 836
	167 018	**233 476**

3 Financial expenses

Interest paid to group enterprises	0	17 743
Other financial expenses	1 512	1 361
	1 512	**19 104**

4 Tax on profit/loss for the year

Current tax for the year	157 740	213 944
Deferred tax for the year	-6 636	-10 937
	151 104	**203 007**

Notes

5 Tangible assets

	Other fixtures and fittings, tools and equipment DKK
Cost at 1 January	15 840
Cost at 31 December	15 840
Revaluations at 1 January	-15 840
Revaluations at 31 December	-15 840
Impairment losses and depreciation at 1 January	0
Impairment losses and depreciation at 31 December	0
Carrying amount at 31 December	**0**

6 Equity

	Share capital DKK	Retained earnings DKK	Proposed dividend for the year	Total DKK
Equity at 1 January	125 000	2 740 408	0	2 865 408
Net profit/loss for the year	0	-1 964 202	2 500 000	535 798
Equity at 31 December	**125 000**	**776 206**	**2 500 000**	**3 401 206**

The share capital consists of 1,000 shares of a nominal value of DKK 125. No shares carry any special rights.

Notes

	2016 DKK	2015 DKK
7 Provision for deferred tax		
Prepayments	4 660	11 296
	4 660	**11 296**

8 Contingent assets, liabilities and other financial obligations

Contingent liabilities

	2016	2015
The Company has concluded leases with an annual rent of	111 240	108.000

The lease is interminable until 1 September 2017 and may then be terminated at six months' notice. The rent during the interminable period amounts to DKK 129 780.

9 Related parties

Consolidated Financial Statements

The Company's immediate parent company is Kellfri AB, and the Company's ultimate parent company is Volati AB, which prepares consolidated financial statements in which the Company is included as a subsidiary.

The Group Report of Volati AB can be obtained from the below address:

Volati AB, Engelbrektsplan 1, 114 34 Stockholm, Sweden
www.volati.se

10 Main activity

The Company's object is to carry on trade. The result and economic development of the company fulfilled the expectations and is considered to be satisfactory.

Accounting Policies

Basis of Preparation

The Annual Report of Kellfri ApS for 2016 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

Financial Statements for 2016 are presented in DKK.

Recognition and measurement
Revenues are recognized in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortized cost is recognized. Moreover, all expenses incurred to achieve the earnings for the year are recognized in the income statement, including depreciation, amortization, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognized in the income statement.

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

Liabilities are recognized in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortized cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortized cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortization of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Translation policies
Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognized in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognized in financial income and expenses in the income statement.

Accounting Policies

Income Statement

Gross profit/loss
With reference to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

Revenue
Revenue from the sale of goods is recognized when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognized exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables
Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the enterprise.

Other external expenses
Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses
Staff expenses comprise wages and salaries as well as payroll expenses other than production wages.

Amortization, depreciation and impairment losses
Amortization, depreciation and impairment losses comprise amortization, depreciation and impairment of property, plant and equipment.

Financial income and expenses
Financial income and expenses comprise interest, financial expenses in respect of finance leases, realized and unrealized exchange adjustments as well as extra payments and repayment under the on account taxation scheme.

Tax on profit/loss for the year
Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognized in the income statement, whereas the tax attributable to equity transactions is recognized directly in equity.

Accounting Policies

Balance Sheet

Tangible assets
Tangible assets are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment 3 – 5 years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets
The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortization and depreciation.

If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount. If so, the asset is written down to its lower recoverable amount.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Investments
Deposits are measured at the lower of amortized cost and net realizable value. Where cost exceeds the net realizable value, write-down is made to the lower value.

Stocks
Stocks are measured at the lower of cost under the FIFO method and net realizable value

The net realizable value of stocks is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realizable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale equals landed cost.

Accounting Policies

Receivables
Receivables are measured in the balance sheet at the lower of amortized cost and net realizable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company's experience from previous years.

Deferred tax assets and liabilities
Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realized, either by elimination in tax on future earnings or by set-off 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 will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallize as current tax. Any changes in deferred tax due to changes to tax rates are recognized in the income statement or in equity if the deferred tax relates to items recognized in equity.

Current tax receivables and liabilities
Current tax liabilities and receivables are recognized in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognized in the income statement in financial income and expenses.

Financial debts
Other debts are measured at amortized cost, substantially corresponding to nominal value.