

CAÏO Trading ApS

Bredgade 26, st., 1260 Copenhagen K

CVR no. 36 71 18 76

Annual report

for the year 1 January - 31 December 2019

Approved at the Company's annual general meeting on 11 September 2020

Chairman:



Suzanna Maria Haarbosch





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Statement by the Executive Board

Today, the Executive Board has discussed and approved the annual report of CAÏO Trading ApS for the financial year 1 January - 31 December 2019.

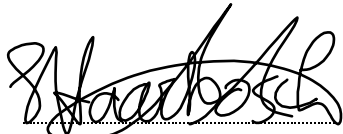
The annual report, which has not been audited, has been prepared in accordance with the provisions of the Danish Financial Statements Act. The Executive Board has considered the criteria for omission of audit to be met.

In my opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019.

Further, in my opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

I recommend that the annual report be approved at the annual general meeting.

Copenhagen, 11 September 2020
Executive Board:

A handwritten signature in black ink, appearing to read 'S. Haarbosch', written over a horizontal dotted line.

Suzanna Maria Haarbosch

Independent auditor's reports

To the shareholders of CAÏO Trading ApS

Conclusion

We have conducted an extended review of the financial statements of CAÏO Trading ApS for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Based on the work we have performed, in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for conclusion

We conducted our extended review in accordance with the Danish Business Authority's standard on extended review for Small entities 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. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Independence

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 additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Material uncertainty related to going concern

We wish to draw attention to the material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

We refer to note 2 to the financial statements, which states that it is uncertain whether binding commitments can be obtained regarding the request loans for the financing of the Company's operations and the necessary investments in the coming years.

However, as Management believes that such commitments will be obtained, the financial statements have been prepared on a going concern basis. We have not modified our conclusion in respect of this matter.

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 that 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 to obtain limited assurance for our conclusion on the financial statements and perform specifically required supplementary procedures to obtain additional assurance for our conclusion.

Independent auditor's reports

An extended review comprises procedures that primarily consist of making enquiries 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's review

Management is responsible for the Management's review.

Our conclusion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our extended review of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review 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's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Report on other legal and regulatory requirements

Violation of salary filing deadlines

As the Company has not reported salary tax correctly, Management may incur liability in this respect.

Violation of the Danish Bookkeeping Act

In our opinion, the Company has not complied with the requirements of the Danish Bookkeeping Act to the effect that an entity's bookkeeping procedures must be planned and performed in accordance with good bookkeeping practice in consideration of the nature and scope of the entity.

The Company's Management may incur liability for violating the Danish Bookkeeping Act.

Aarhus, 11 September 2020
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Peter U. Faurschou
State Authorised Public Accountant
mne34502



Management's review

Company details

Name	CAÏO Trading ApS
Address, Postal code, City	Bredgade 26, st., 1260 Copenhagen K
CVR no.	36 71 18 76
Established	14 April 2015
Registered office	Copenhagen
Financial year	1 January - 31 December
Website	www.caiosheabutter.com
E-mail	info@caiosheabutter.com
Executive Board	Suzanna Maria Haarbosch
Auditors	EY Godkendt Revisionspartnerselskab Værkmestergade 25, P.O. Box 330, 8100 Aarhus C, Denmark

Management's review

Business review

The Company's principal activities are to carry on business within production and sale of cosmetics and cosmetics ingredients.

Unusual matters having affected the financial statements

Going concern

The Company has lost more than half of the share capital and consequently falls under the capital provisions of the Danish Companies Act. The Company's equity is expected to be re-established through future operating income.

Management expects that sufficient liquid funds will be injected into the Company to ensure operations for 2020. Management expects deficits until 2021, after which the Company expects to generate profits.

Reference is made to note 2 for more details.

Financial review

The income statement for 2019 shows a loss of DKK 287,585 against a loss of DKK 404,168 last year, and the balance sheet at 31 December 2019 shows a negative equity of DKK 1,251,407.

Events after the balance sheet date

The Company is significantly affected by the COVID-19 pandemic since there has been problems with international shipping. The Company ran out of stock in the Netherlands in June, and therefore, has not made any significant sales since.

The convertible loan was increased in 2020, which materially affects the financial position. But it is still uncertain whether the pandemic will have a material effect on the future.

In addition, no events have occurred subsequent to the financial year-end materially affecting the Company's financial position.

Reference is made to note 3 for more details.

Financial statements 1 January - 31 December

Income statement

Note	DKK	2019	2018
	Gross loss	-50,077	-133,281
4	Staff costs	-162,925	-162,894
	Profit/loss before net financials	-213,002	-296,175
5	Financial income	43,395	22,117
	Write-down on investments	-43,543	-44,488
	Financial expenses	-74,435	-85,622
	Profit/loss before tax	-287,585	-404,168
	Tax for the year	0	0
	Profit/loss for the year	-287,585	-404,168
	Recommended appropriation of profit/loss		
	Retained earnings/accumulated loss	-287,585	-404,168
		-287,585	-404,168

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2019	2018
	ASSETS		
	Fixed assets		
6	Investments		
	Investments in group enterprises	0	0
		0	0
	Total fixed assets	0	0
	Non-fixed assets		
	Inventories		
	Finished goods and goods for resale	455	0
		455	0
	Receivables		
	Trade receivables	26,043	31,498
	Other receivables	0	21,199
		26,043	52,697
	Cash	225	1,059
	Total non-fixed assets	26,723	53,756
	TOTAL ASSETS	26,723	53,756
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	79,600	79,600
	Retained earnings	-1,331,007	-1,043,422
	Total equity	-1,251,407	-963,822
	Liabilities other than provisions		
7	Non-current liabilities other than provisions		
	Convertible debt instruments eligible for dividend	808,143	720,392
		808,143	720,392
	Current liabilities other than provisions		
	Bank debt	2,410	0
	Trade payables	27,711	35,824
	Payables to group enterprises	41,307	0
	Payables to shareholders and management	395,702	234,439
	Other payables	2,857	26,923
		469,987	297,186
	Total liabilities other than provisions	1,278,130	1,017,578
	TOTAL EQUITY AND LIABILITIES	26,723	53,756

- 1 Accounting policies
- 2 Going concern uncertainties
- 3 Events after the balance sheet date
- 8 Collateral

Financial statements 1 January - 31 December

Statement of changes in equity

DKK	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2018	79,600	-639,254	-559,654
Transfer through appropriation of loss	0	-404,168	-404,168
Equity at 1 January 2019	79,600	-1,043,422	-963,822
Transfer through appropriation of loss	0	-287,585	-287,585
Equity at 31 December 2019	79,600	-1,331,007	-1,251,407

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of CAÏO Trading ApS for 2019 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish kroner (DKK).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Foreign group entities

Foreign subsidiaries and associates are considered separate entities. Items in such entities' income statements are translated at an average exchange rate for the month, and balance sheet items are translated at closing rates. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries to closing rates and on translation of the income statements from average exchange rates to closing rates are taken directly to equity.

Income statement

Revenue

Income from the sale of goods for resale and finished goods is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2010.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Gross loss

The items revenue and external expenses have been aggregated into one item in the income statement called gross loss in accordance with section 32 of the Danish Financial Statements Act.

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, etc.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Profit from investments in subsidiaries

The item includes dividend received from subsidiaries in so far as the dividend does not exceed the accumulated earnings in the subsidiary in the period of ownership.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Balance sheet

Investments in subsidiaries

Investments in subsidiaries and associates are measured at cost. Dividends received that exceed the accumulated earnings in the subsidiary or the associate during the period of ownership are treated as a reduction in the cost of acquisition.

Gains or losses on disposal of subsidiaries and associates are made up as the difference between the sales price and the carrying amount of net assets at the date of disposal including non-amortised goodwill and anticipated costs of disposal. Gains or losses are recognised in the income statement as financial income or financial expenses.

Impairment of fixed assets

The carrying amount of investments in subsidiaries is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other expenses directly attributable to the acquisition.

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 has been impaired, an impairment loss is recognised on an individual basis.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Equity

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Other payables

Other payables are measured at net realisable value.

Convertible loans

Convertible loans are broken down into a liability element and an equity element based on the relevant instrument of debt. On initial recognition, the liability is recognised at the fair value of a similar liability without a conversion right. The remaining amount of the convertible loan is recognised as equity. On subsequent recognition, the liability is measured at amortised cost until converted or repaid. The equity element is not re measured after initial recognition.

2 Going concern uncertainties

In recent financial years, the Company has invested significantly in the marketing of the Company's products and the set-up of the Company's sales channels. As a result, the Company has realised significant accounting deficits and negative cash flows, thereby depleting the Company's current financial resources.

The current convertible loan was increased in 2020. In this connection, it was a prerequisite that the Company's payables to shareholders and Management were converted into equity. The conversion of payables is not affected at the date of signing the annual report.

So far, the Company's operations and investments have been financed through the above-mentioned long-term loans. Management is negotiating with different lenders and investors to provide the necessary financing and liquidity to finance operations. Management has not obtained a commitment to this effect, which is why there is significant uncertainty associated with the financing of the Company's operations and investments, which may cast significant doubt about the Company's ability to continue as a going concern

If commitments are not obtained, the Company may not be able to realise its assets and meet its obligations as part of normal operations. Management estimates that the necessary financing and liquidity will be made available, which is why the financial statements have been prepared under the assumption of the Company's continued operations.

3 Events after the balance sheet date

The Company is significantly affected by the COVID-19 pandemic since there have been problems with international shipping. The Company ran out of stock in the Netherlands in June, and therefore, has not made any significant sales since.

The convertible loan was increased In 2020, which is materially affecting the financial position. It is still uncertain whether the pandemic will have a material effect on the future.

In addition, no events have occurred subsequent to the financial year-end materially affecting the Company's financial position.

Financial statements 1 January - 31 December

Notes to the financial statements

DKK	2019	2018
4 Staff costs		
Wages/salaries	162,925	162,894
	<u>162,925</u>	<u>162,894</u>
	<u>2019</u>	<u>2018</u>
Average number of full-time employees	<u>1</u>	<u>1</u>

DKK	2019	2018
5 Financial income		
Interest receivable, group entities	19,410	22,117
Other financial income	23,985	0
	<u>43,395</u>	<u>22,117</u>

6 Investments

DKK	Investments in group enterprises
Cost at 1 January 2019	249,888
Cost at 31 December 2019	249,888
Value adjustments at 1 January 2019	-249,888
Value adjustments at 31 December 2019	-249,888
Carrying amount at 31 December 2019	<u>0</u>

Name	Legal form	Domicile	Interest	Equity DKK	Profit/loss DKK
Subsidiaries					
Caïo Shea Butter (U) Limited	Limited Liability Company	Uganda	100.00%	-422,736	-79,047

7 Non-current liabilities other than provisions

Of the long-term liabilities, DKK 0 falls due for payment after more than 5 years after the balance sheet date.

8 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2019.