

**Grad ApS**  
Vesterbrogade 149  
1620 Copenhagen  
Central Business Registration No  
36951842

**Annual report 02.07.2015-  
31.12.2016**

The Annual General Meeting adopted the annual report on <sup>28</sup>06.04.2017

**Chairman of the General Meeting**



Name: Jacob Mosegaard Larsen

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## Entity details

### Entity

Grad ApS  
Vesterbrogade 149  
1620 Copenhagen

Central Business Registration No: 36951842

Registered in: Copenhagen

Financial year: 02.07.2015 - 31.12.2016

### Board of Directors

Tommy Andersen, Chairman  
Stefan Gustav Gunnar Persson  
Max Tomas Lundberg  
Jimmy Fussing Nielsen

### Executive Board

Max Tomas Lundberg

### Auditors

Deloitte Statsautoriseret Revisionspartnerselskab  
Weidekampsgade 6  
PO box 1600  
0900 Copenhagen C

## Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Grad ApS for the financial year 02.07.2015 - 31.12.2016.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations for the financial year 02.07.2015 - 31.12.2016.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

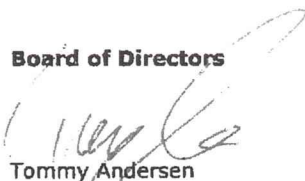
We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 06.04.2017

### Executive Board

Max Tomas Lundberg

### Board of Directors

  
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Chairman

Stefan Gustav Gunnar Persson

Max Tomas Lundberg

Jimmy Fussing Nielsen

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Copenhagen, 06.04.2017

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Chairman

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Jimmy Fussing Nielsen

## Independent auditor's report

### To the shareholders of Grad ApS

#### Opinion

We have audited the financial statements of Grad ApS for the financial year 02.07.2015 - 31.12.2016, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2016 and of the results of its operations for the financial year 02.07.2015 - 31.12.2016 in accordance with the Danish Financial Statements Act.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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.

#### Material uncertainty related to going concern

The Entity is a start-up entity which has not yet generated revenue, and there is a need for additional capital to complete the development and initiate the production and continue the sales activities. This indicates that there is a material uncertainty, which may cast substantial uncertainty about the Entity's ability to continue its operations.

As indicated in the management commentary on page 6 and in note 1, the Entity has positive expectations to obtain additional capital, and Management has, in the presentation of the financial statements, assumed that additional capital will be obtained and, therefore, the financial statements have been prepared assuming that the Entity is a going concern. Our conclusion is not modified in this respect.

#### 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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.

## Independent auditor's report

### Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary 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 the management commentary.

Copenhagen, 06.04.2017

### Deloitte

Statsautoriseret Revisionspartnerselskab  
Central Business Registration No: 33963556



Kim Takata Mücke  
State Authorised Public Accountant

## Management commentary

### Primary activities

The Entity's activities include design, development and sales of innovative cooling solutions.

### Development in activities and finances

The income statement for the period 02.07.2015 – 31.12.2016 shows a loss of DKK (5,842,487). The balance sheet shows an equity of DKK 2,488,713.

During the financial year 02.07.2015 – 31.12.2016, the Entity has invested heavily in the following areas:

- Development of proprietary on demand cooling solutions
- Integration and customisation of the technology in the SNÖ cooler
- Integration and customisation of the technology in the KÖLD cooler
- Intellectual property rights in both the US and Denmark / Worldwide (PCT application)
- European Trademark registration of Grad
- Establishment of Grad Sweden, branch
- Signed global POS (Point of Sale) agreement with The Absolut Company (Absolut Vodka)
- Set-up of lean supply chain and logistic services to support volume sales
- Expanded / complemented the workforce within R&D and sales
- Developed customised cooling solution to Pernod Ricard Germany (Pernod Ricard GmbH)
- Developed customised cooling solution to Heineken Sweden (Spendrups AB)

### Events after the balance sheet date

The Entity is in dialogue with Heineken Sweden and Heineken Denmark regarding roll-out of KÖLD. The Entity has initiated discussion with current angel investors regarding capital increase of approximately DKK 1.7 million to secure financing for the product maturation stages and sales roll-out during 2017.

No further events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

**Income statement for 02.07.2015-31.12.2016**

	<u>Notes</u>	<b>02.07.2015- 31.12.2016</b> <u>DKK</u>
<b>Gross loss</b>		<b>(2.381.151)</b>
Staff costs	2	<u>(4.405.982)</u>
<b>Operating profit/loss</b>		<b>(6.787.133)</b>
Other financial income		2.500
Other financial expenses		<u>(1.654)</u>
<b>Profit/loss before tax</b>		<b>(6.786.287)</b>
Tax on profit/loss for the year	3	<u>943.800</u>
<b>Profit/loss for the year</b>		<b>(5.842.487)</b>
<b>Proposed distribution of profit/loss</b>		
Retained earnings		<u>(5.842.487)</u>
		<b>(5.842.487)</b>

**Balance sheet at 31.12.2016**

	<u>Notes</u>	<b>31.12.2016</b> <b>DKK</b>
Deposits		<u>28.135</u>
<b>Fixed asset investments</b>		<u><b>28.135</b></u>
<b>Fixed assets</b>		<u><b>28.135</b></u>
Other receivables		88.968
Income tax receivable		<u>943.800</u>
<b>Receivables</b>		<u><b>1.032.768</b></u>
<b>Cash</b>		<u><b>1.947.013</b></u>
<b>Current assets</b>		<u><b>2.979.781</b></u>
<b>Assets</b>		<u><b>3.007.916</b></u>

**Balance sheet at 31.12.2016**

	<u>Notes</u>	<u>31.12.2016</u> <u>DKK</u>
Contributed capital	4	70.706
Retained earnings		<u>2.418.007</u>
<b>Equity</b>		<b><u>2.488.713</u></b>
Other payables	5	<u>519.203</u>
<b>Current liabilities other than provisions</b>		<b><u>519.203</u></b>
<b>Liabilities other than provisions</b>		<b><u>519.203</u></b>
<b>Equity and liabilities</b>		<b><u>3.007.916</u></b>
Going concern	1	
Contingent assets	6	

**Statement of changes in equity for 31.12.2016**

	<b>Contributed capital DKK</b>	<b>Retained earnings DKK</b>	<b>Total DKK</b>
Contributed upon formation	50.000	0	50.000
Increase of capital	20.706	8.260.494	8.281.200
Profit/loss for the year	0	(5.842.487)	(5.842.487)
<b>Equity end of year</b>	<b>70.706</b>	<b>2.418.007</b>	<b>2.488.713</b>

## Notes

### 1. Going concern

The Entity is a start-up entity which has not yet generated revenue, and there is a need for additional capital to complete the development and initiate production and continue the sales activities. This indicates that there is a material uncertainty which may cast substantial uncertainty about the Entity's ability to continue its operations, at least until 31 December 2017.

As indicated in the management commentary on page 6, the Entity has positive expectations to obtain additional capital, and on this basis, Management has prepared the financial statements assuming that the Entity is a going concern.

	<b>02.07.2015- 31.12.2016</b>
	<b>DKK</b>
<b>2. Staff costs</b>	
Wages and salaries	3.599.929
Pension costs	318.949
Other social security costs	103.778
Other staff costs	<u>383.326</u>
	<b>4.405.982</b>
Average number of employees	<u>6</u>

	<b>02.07.2015- 31.12.2016</b>
	<b>DKK</b>
<b>3. Tax on profit/loss for the year</b>	
Tax on current year taxable income	<u>(943.800)</u>
	<b>(943.800)</b>

Tax on current year taxable income represents expected reimbursement of tax value of development costs incurred during the year under the Danish tax credit scheme (LL § 8X).



## Notes

	<u>Number</u>	<u>Par value DKK</u>	<u>Nominal value DKK</u>
<b>4. Contributed capital</b>			
Contributed capital, A-shares	50.000	100	50.000
Contributed capital, B-shares	<u>20.706</u>	100	<u>20.706</u>
	<b><u>70.706</u></b>		<b><u>70.706</u></b>

The Entity is authorised to issue warrants for A-shares for a total amount of up to nominally DKK 5,517. The shares shall be issued at a price corresponding to DKK 400 per A-share of nominally DKK 1.00.

	<u>31.12.2016 DKK</u>
<b>5. Other payables</b>	
Wages and salaries, personal income taxes, social security costs, etc payable	129.103
Holiday pay obligation	343.620
Other costs payable	<u>46.480</u>
	<b><u>519.203</u></b>

### 6. Contingent assets

The Entity has an unrecorded deferred tax asset of DKK 547 thousand.

## Accounting policies

### Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises.

### Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

### Income statement

#### Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and external expenses.

The Entity has presented a condensed gross loss for competitive reasons.

#### Revenue

Revenue is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

#### Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost.

#### Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including development costs and expenses for premises, stationery and office supplies, marketing costs, etc.

#### Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc. for entity staff.

## Accounting policies

### **Other financial income**

Other financial income comprises interest income.

### **Other financial expenses**

Other financial expenses comprise interest expenses, currency losses and tax surcharge under the Danish Tax Prepayment Scheme etc.

### **Tax on profit/loss for the year**

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

### **Balance sheet**

#### **Receivables**

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

#### **Income tax payable or receivable**

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

#### **Cash**

Cash comprises cash in hand and bank deposits.

#### **Other financial liabilities**

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.