



Grad ApS

Vesterbrogade 149
1620 København V
CVR No. 36951842

Annual report 2020

The Annual General Meeting adopted the
annual report on 17.05.2021

Max Tomas Lundberg

Chairman of the General Meeting

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Entity details

Entity

Grad ApS

Vesterbrogade 149

1620 København V

CVR No.: 36951842

Registered office: København

Financial year: 01.01.2020 - 31.12.2020

Board of Directors

Max Tomas Lundberg, Chairman

Jimmy Fussing Nielsen

Stefan Gustav Gunnar Persson

Executive Board

Max Tomas Lundberg, CEO

Per Daniel Bergelin, CFO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Grad ApS for the financial year 01.01.2020 - 31.12.2020.

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 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020.

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, 17.05.2021

Executive Board

Max Tomas Lundberg
CEO

Per Daniel Bergelin
CFO

Board of Directors

Max Tomas Lundberg
Chairman

Jimmy Fussing Nielsen

Stefan Gustav Gunnar Persson

Independent auditor's report

To the shareholders of Grad ApS

Opinion

We have audited the financial statements of Grad ApS for the financial year 01.01.2020 - 31.12.2020, 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 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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.

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.

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.

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, 17.05.2021

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

Kim Takata Mücke

State Authorised Public Accountant

Identification No (MNE) mne10944

Management commentary

Primary activities

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

Development in activities and finances

During the year Grad has continued investing in its cutting edge design and technology. Together with the current product portfolio, we believe that these investments in development projects put Grad in a satisfying position within our industry in the short as well as long term. Because of the global Covid19 pandemic some of these projects have been directed towards new segments within our industry in order to diversify our business while at the same time answer to potential new consumer behaviors. It is our belief that these investments will have a positive impact on our revenue during the fiscal year of 2021.

In the first months of 2020, the development from 2019 continued with growth in revenue and order intake. However, since the break-out of the global Covid19 pandemic, most of the Company's order intake has been put on hold.

During the Covid19 period, the Company has been able to draw on its cash funds, and in 2021, the Company has secured additional funding from selected investors and external sources, which secure that the Company has sufficient funding to go through 2021 with the current cost base and no revenue.

On this basis, the financial statements have been prepared on a going-concern basis.

Events after the balance sheet date

As described above, the Company has secured additional funding from selected investors and external sources after the balance sheet date.

Income statement for 2020

	Notes	2020 DKK	2019 DKK
Gross profit/loss		7,598,462	7,068,193
Staff costs	2	(1,318,408)	(2,055,617)
Depreciation, amortisation and impairment losses	3	(1,728,507)	(1,112,809)
Operating profit/loss		4,551,547	3,899,767
Other financial income		112,761	193,771
Other financial expenses		(1,433,850)	(391,298)
Profit/loss before tax		3,230,458	3,702,240
Tax on profit/loss for the year	4	(458,380)	(625,326)
Profit/loss for the year		2,772,078	3,076,914
Proposed distribution of profit and loss			
Retained earnings		2,772,078	3,076,914
Proposed distribution of profit and loss		2,772,078	3,076,914

Balance sheet at 31.12.2020

Assets

	Notes	2020 DKK	2019 DKK
Completed development projects	6	6,985,000	4,840,000
Intangible assets	5	6,985,000	4,840,000
Other fixtures and fittings, tools and equipment		221,713	39,333
Leasehold improvements		34,545	0
Prepayments for property, plant and equipment		337,195	0
Property, plant and equipment	7	593,453	39,333
Deposits		95,206	28,135
Financial assets		95,206	28,135
Long-term assets		7,673,659	4,907,468
Manufactured goods and goods for resale		372,427	5,159,343
Inventories		372,427	5,159,343
Trade receivables		14,907	1,224,391
Other receivables		79,755	1,568,699
Income tax receivable		0	470,410
Prepayments		161,566	0
Receivables		256,228	3,263,500
Cash		4,833,432	3,896,246
Assets		13,135,746	17,226,557

Equity and liabilities

	Notes	2020 DKK	2019 DKK
Contributed capital	8	78,700	78,700
Reserve for development expenditure		5,448,300	3,775,200
Retained earnings		2,877,988	1,779,010
Equity		8,404,988	5,632,910
Deferred tax	9	1,083,706	625,326
Debt to other credit institutions		1,616,978	1,938,900
Other payables	10	363,739	106,117
Non-current liabilities other than provisions	11	3,064,423	2,670,343
Trade payables		185,984	1,709,926
Other payables	12	769,396	1,234,005
Deferred income		710,955	5,979,373
Current liabilities other than provisions		1,666,335	8,923,304
Liabilities other than provisions		4,730,758	11,593,647
Equity and liabilities		13,135,746	17,226,557
Going concern	1		
Unrecognised rental and lease commitments	13		

Statement of changes in equity for 2020

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	78,700	3,775,200	1,779,010	5,632,910
Transfer to reserves	0	1,673,100	(1,673,100)	0
Profit/loss for the year	0	0	2,772,078	2,772,078
Equity end of year	78,700	5,448,300	2,877,988	8,404,988

Notes

1 Going concern

The company has had a very positive development in revenue in 2019 and 2020, until the impact of the Covid19 pandemic resulted in a set back in the sales to the HORECA industry in 2020. Until now, the Company has been able to draw on its cash funds, and in 2021, the Company has secured additional funding from selected investors and external sources whereby the Company will be able to go through 2021 with the current cost base and without any revenue.

2 Staff costs

	2020	2019
	DKK	DKK
Wages and salaries	4,361,899	3,720,883
Pension costs	457,066	303,093
Other social security costs	52,988	21,378
Other staff costs	126,455	110,263
	4,998,408	4,155,617
Staff costs classified as assets	(3,680,000)	(2,100,000)
	1,318,408	2,055,617
Average number of full-time employees	7	6

3 Depreciation, amortisation and impairment losses

	2020	2019
	DKK	DKK
Amortisation of intangible assets	1,705,000	1,110,000
Depreciation of property, plant and equipment	23,507	2,809
	1,728,507	1,112,809

4 Tax on profit/loss for the year

	2020	2019
	DKK	DKK
Change in deferred tax	458,380	625,326
	458,380	625,326

5 Intangible assets

	Completed development projects DKK
Cost beginning of year	6,600,000
Additions	3,850,000
Cost end of year	10,450,000
Amortisation and impairment losses beginning of year	(1,760,000)
Amortisation for the year	(1,705,000)
Amortisation and impairment losses end of year	(3,465,000)
Carrying amount end of year	6,985,000

6 Development projects

Development projects cover the development of the Company's products including refinement and improvement of its product portfolio. Being a growth and development company there is inherent uncertainty as to the future commercial success and future profitability. Based on the success of the products launched to date, Management assess that the value of future likely earnings at least equal the carrying value at 31 December 2020 of completed and ongoing development projects.

7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	42,142	0
Additions	201,324	39,108
Cost end of year	243,466	39,108
Depreciation and impairment losses beginning of year	(2,809)	0
Depreciation for the year	(18,944)	(4,563)
Depreciation and impairment losses end of year	(21,753)	(4,563)
Carrying amount end of year	221,713	34,545

8 Share capital

	Number	Par value DKK	Nominal value DKK
Contributed capital, A-shares	50,000	1	50,000
Contributed capital, B-shares	28,700	1	28,700
	78,700		78,700

The Entity is authorised to issue warrants for A-shares for a total amount of up to nominally DKK 6,533, of which 2,864 warrants have been issued at 31.12.2020 where 310 issued warrants entitle the holder to subscribe A-

shares at a subscription price of DKK 400 per A-share and 2,554 issued warrants entitle the holder to subscribe A-shares at a subscription price of DKK 100 per A-share. The subscription price has not yet been determined for the warrants not yet issued.

9 Deferred tax

	2020	2019
	DKK	DKK
Intangible assets	471,900	1,005,400
Property, plant and equipment	36,700	1,700
Tax losses carried forward	(458,995)	(381,774)
Deferred tax	49,605	625,326

10 Other payables

	2020	2019
	DKK	DKK
Holiday pay obligation	363,739	106,117
	363,739	106,117

11 Non-current liabilities other than provisions

Long-term debt from credit institutions represent a loan from Vækstfonden with a principal of DKK 2 million. Loan costs of DKK 73,320 has been capitalized and is amortised over the term of the loan, whereby the carrying value of the loan is DKK 1,616,978 at 31 December 2020. Interest is paid on a quarterly basis. No part of the debt falls due after 5 years.

12 Other payables

	2020	2019
	DKK	DKK
Wages and salaries, personal income taxes, social security costs, etc payable	533,938	1,022,073
Holiday pay obligation	182,903	186,985
Other costs payable	52,555	24,947
	769,396	1,234,005

13 Unrecognised rental and lease commitments

The Company has entered into a rent contract, the rent contract have an expected term up to 6 months, and the total outstanding commitment is DKK 136,060.

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 with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

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 less cost of sales and external expenses.

The Entity has presented a condensed gross profit 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 non-capitalizable development costs and expenses for premises, it-costs, marketing costs, etc.

Staff costs

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

for entity staff.

Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

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

Development projects

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and other costs that are directly and indirectly attributable to the development projects.

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	5 years
Leasehold improvements	3-5 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials and consumables.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

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

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.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Other financial liabilities

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

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.