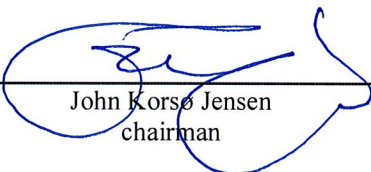


RESIDENTIAL AIR CON HOLDING APS
Staktoften 16
2950 Vedbæk

Annual report for 2017

Adopted at the annual general meeting on
29 May 2018


John Korsø Jensen
chairman

CVR-nr. 36 96 69 04

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COMPANY DETAILS

The company	Residential Air Con Holding ApS Staktoften 16 2950 Vedbæk
	Telephone: +45 45 89 01 33 Fax: +45 45 89 31 33
	CVR no.: 36 96 69 04
	Reporting period: 1 January - 31 December 2017
	Domicile: Vedbæk
Board of Directors	John Korsø Jensen, chairman Annette Bernhoft Andersen Jesper Bernhoft
Board of Executives	Daniel Williams
Auditors	Mazars Statsautoriseret Revisionspartnerselskab Østerfælled Torv 10, 2. sal 2100 København Ø

STATEMENT BY MANAGEMENT ON THE ANNUAL REPORT

The supervisory and executive boards have today discussed and approved the annual report of Residential Air Con Holding ApS for the financial year 1 January - 31 December 2017.

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 company's financial position at 31 December 2017 and of the results of the company's operations for the financial year 1 January - 31 December 2017.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved at the annual general meeting.


Vedbæk, 29 May 2018

Board of Executives

Daniel Williams

Board of Directors

John Korsø Jensen
chairman



Annette Bernhoft Andersen



Jesper Bernhoft

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Residential Air Con Holding ApS

Opinion

We have audited the financial statements of Residential Air Con Holding ApS for the financial year 1 January - 31 December 2017, which comprise a summary of significant accounting policies, income statement, balance sheet and notes. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2017 and of the results of the company's operations for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

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

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.

Statement on 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.

INDEPENDENT AUDITOR'S REPORT

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 Act. We did not identify any material misstatement of management's review.

Copenhagen, 29 May 2018

MAZARS

Statsautoriseret Revisionspartnerselskab
CVR no. 31 06 17 41



Kurt Christensen
Statsautoriseret revisor
(State-authorised public accountant)
MNE no. mne26824

MANAGEMENT'S REVIEW

Business activities

The Company's activity is developing and marketing solutions within the residential air con industry.

Business review

The Company's income statement for the year ended 31 December shows a profit of DKK 5.205.837, and the balance sheet at 31 December 2017 shows equity of DKK 40.410.896.

In connection with the company's strategy and the pursuit of new business opportunities the company has during 2016 established a new subsidiary and associated company.

Significant events occurring after end of reporting period

No events have occurred after the balance sheet date which could significantly affect the company's financial position.

ACCOUNTING POLICIES

The annual report of Residential Air Con Holding ApS for 2017 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B and the Accounting Standard on small enterprises as well as selected provisions as regards larger entities.

The accounting policies applied are consistent with those of last year.

The annual report for 2017 is presented in DKK

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 amortisation, depreciation and impairment losses, 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 the asset 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 the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue, changes in inventories of finished goods and work in progress and other operating income less raw materials and consumables and other external expenses.

Other external expenses

Other external expenses include expenses related to administration etc.

ACCOUNTING POLICIES

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, realised and unrealised capital/exchange gains and losses on securities and foreign currency transactions etc.

Profit/loss from investments in subsidiaries and associates

The proportionate share of the results after tax of the individual subsidiaries is recognised in the income statement of the company after full elimination of intra-group profits/losses.

The proportionate share of the results after tax of the associates is recognised in the company income statement after elimination of the proportionate share of intra-group profits/gains.

Tax on profit/loss for the year

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, including changes arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to entries directly in equity.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are measured at the proportionate share of the net asset value of the entities, calculated on the basis of the group's accounting policies, less or plus unrealised intra-group gains or losses and plus or less any remaining value of positive or negative goodwill made up according to the purchase method.

Investments in subsidiaries and associates with a negative net asset value are measured at DKK 0, and the carrying amount of any receivables from these entities is reduced to the extent that they are considered irrecoverable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the receivable, the balance is recognised under provisions.

Net revaluations of investments in subsidiaries and associates are taken to the net revaluation reserve according to the equity method to the extent that the carrying amount exceeds the cost. Dividends from subsidiaries which are expected to be declared before the annual report of Residential Air Con Holding ApS is adopted are not taken to the net revaluation reserve.

Acquisitions are accounted for using the purchase method, cf. the description of the statement of goodwill above.

Equity

Dividend

Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability at the date of declaration by the annual general meeting.

ACCOUNTING POLICIES

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss allowed for carry forward are measured at the value to which the asset is expected to be realised, either by elimination in tax on future income or by offsetting against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

Liabilities

Liabilities, which include trade receivables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign-exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency transactions are considered cash flow hedges, the value adjustments are taken directly to equity.

Foreign group entities and associates are considered separate entities. The income statements are translated at the average exchange rates for the month, and the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of the opening balance of equity of such entities at the exchange rates at the balance sheet date and on translation of the income statements from the exchange rates at the transaction date to the exchange rates at the balance sheet date are taken directly to equity.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables or other payables, respectively.

ACCOUNTING POLICIES

Fair value adjustments of derivative financial instruments designated as and qualifying for recognition as a fair value hedge of recognised assets and liabilities are recognised in the income statement together with changes in the fair value of the hedged asset or liability.

Fair value adjustments of derivative financial instruments designated as and qualifying for hedging of future cash flows are recognised in other receivables or other payables and in equity. If the future transaction results in recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the future transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects the income statement.

As for derivative financial instruments that do not qualify for hedge accounting, fair value adjustments are recognised in the income statement on a current basis.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2017 DKK	2016 TDKK
Other external expenses		-608.205	-461
Gross profit		-608.205	-461
Staff costs	1	-25.189	-25
Profit/loss before financial income and expenses		-633.394	-486
Income from investments in subsidiaries		-4.045.041	-2.818
Income from investments in associates		10.456.723	6.818
Financial income		129.467	228
Financial costs		-701.918	-20
Profit/loss before tax		5.205.837	3.722
Tax on profit/loss for the year		0	0
Net profit/loss for the year		5.205.837	3.722
 Proposed distribution of profit			
Reserve for net revaluation under the equity method		6.411.682	4.000
Retained earnings		-1.205.845	-278
		5.205.837	3.722

BALANCE SHEET 31 DECEMBER

	Note	2017 DKK	2016 TDKK
ASSETS			
Investments in subsidiaries	2	545.672	255
Investments in associates	3	33.281.624	29.421
Fixed asset investments		33.827.296	29.676
Fixed assets total		33.827.296	29.676
Receivables from subsidiaries		5.246.324	1.807
Other receivables		0	139
Receivables		5.246.324	1.946
Current asset investments		0	5.130
Current asset investments		0	5.130
Cash at bank and in hand		1.777.828	386
Current assets total		7.024.152	7.462
Assets total		40.851.448	37.138

BALANCE SHEET 31 DECEMBER

	Note	2017 DKK	2016 TDKK
LIABILITIES AND EQUITY			
Share capital		125.000	125
Reserve for net revaluation under the equity method		8.372.355	8.066
Retained earnings		31.913.541	26.870
Equity	4	40.410.896	35.061
Provisions relating to investments in group entities		0	1.901
Provisions total		0	1.901
Trade payables		167.917	67
Payables to associates		272.635	2
Other payables		0	107
Short-term debt		440.552	176
Debt total		440.552	176
Liabilities and equity total		40.851.448	37.138
Contingent assets, liabilities and other financial obligations	5		

NOTES

	2017 DKK	2016 TDKK
1 STAFF COSTS		
Wages and salaries	25.189	25
	25.189	25
Average number of employees	0	0
 2 INVESTMENTS IN SUBSIDIARIES		
Cost at 1 January 2017	462.800	91
Additions for the year	11.167	372
Cost at 31 December 2017	473.967	463
Revaluations at 1 January 2017	-208.073	0
Exchange adjustment	333.305	0
Net profit/loss for the year	-4.045.041	-2.818
Other equity movements, net	105.517	1.901
Equity investments with negative net asset value amortised over receivables	3.885.997	709
Revaluations at 31 December 2017	71.705	-208
Carrying amount at 31 December 2017	545.672	255
Remaining positive difference included in the above carrying amount at 31 December 2017	168.447	

NOTES

	2017 DKK	2016 TDKK
3 INVESTMENTS IN ASSOCIATES		
Cost at 1 January 2017	18.750.000	18.750
Cost at 31 December 2017	18.750.000	18.750
Revaluations at 1 January 2017	10.670.733	8.801
Exchange adjustment	-316.919	-446
Net profit/loss for the year	10.456.723	6.818
Received dividend	-6.250.000	-4.500
Fair value adjustment of hedging instruments for the year	-28.913	-2
Revaluations at 31 December 2017	14.531.624	10.671
Carrying amount at 31 December 2017	33.281.624	29.421
Remaining positive difference included in the above carrying amount at 31 December 2017	6.323.547	6.674

NOTES

4 EQUITY

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
Equity at 1 January 2017	125.000	8.066.059	26.869.386	35.060.445
Exchange adjustments	0	67.991	0	67.991
Fair value adjustment of hedging instruments	0	-28.913	0	-28.913
Other equity movements	0	105.536	0	105.536
Net profit/loss for the year	0	6.411.682	-1.205.845	5.205.837
Distributed dividends from investments in associates	0	-6.250.000	6.250.000	0
Equity at 31 December 2017	<u>125.000</u>	<u>8.372.355</u>	<u>31.913.541</u>	<u>40.410.896</u>

5 CONTINGENT ASSETS, LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

The Company was founded as a spin off from a split of Multi-Wing Group Holding ApS as per 29. April 2015. As a result the company is on a pro-rata appointment liable for existing and potential liabilities towards Multi-Wing Group Holding ApS as per that date.