

KAFFE BUENO APS
c/o KPH Enghavevej 80
2450 København SV

Annual report for 2018
(2nd Financial year)

Adopted at the annual general meeting on
10 May 2019



chairman

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STATEMENT BY MANAGEMENT ON THE ANNUAL REPORT

The executive board has today discussed and approved the annual report of Kaffe Bueno ApS for the financial year 1 January - 31 December 2018.

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 2018 and of the results of the company's operations for the financial year 1 January - 31 December 2018.

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 by the company in general meeting.

Copenhagen, 10 May 2019

Executive board

Camilo Fernandez

Camilo Jose Fernandez Schembri
CFO

Alejandro Franco

Alejandro Franco Sanchez
CCO

JM

Juan Pablo Medina Ramirez
CEO

INDEPENDENT AUDITOR'S REPORT

To the shareholder of Kaffe Bueno ApS

Opinion

We have audited the financial statements of Kaffe Bueno ApS for the financial year 1 January - 31 December 2018, 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 2018 and of the results of the company's operations for the financial year 1 January - 31 December 2018 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.

Emphasis of matter

Although it has not affected our conclusion, we wish to state that the Company has negative equity as a consequence of losses. We refer to note 4 in which the Management gives an description of the expectations for the future operations of the Company.

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 the 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.

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.

INDEPENDENT AUDITOR'S REPORT

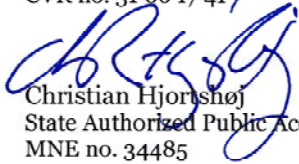
Based on the work we have performed, we conclude that management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of management's review.

Copenhagen, 10 May 2019

MAZARS

Statsautoriseret Revisionspartnerselskab

CVR no. 31 06 17 41



Christian Hjørshøj

State Authorized Public Accountant

MNE no. 34485

COMPANY DETAILS

The company

Kaffe Bueno ApS
c/o KPH Enghavevej 80
2450 København SV

CVR no.: 37 89 40 36

Reporting period: 1 January - 31 December 2018

Incorporated: 15. July 2016

Domicile: Copenhagen

Executive board

Camilo Jose Fernandez Schembri
Alejandro Franco Sanchez, CCO
Juan Pablo Medina Ramirez

Auditors

Mazars
Statsautoriseret Revisionspartnerselskab
Østerfælled Torv 10, 2. sal
2100 København Ø

MANAGEMENT'S REVIEW

Business activities

Kaffe Bueno ApS main activities are recycling spent coffee grounds (with a partner specialized in waste collection) from different hotels and offices around Copenhagen, and using Spent Coffee Grounds as a platform to produce health promoting ingredients for the Wellcare Market, including ingredients used in formulations of cosmetics, nutraceutical, and functional foods. The company has already finished its research and development for the first 2 products derived from the Spent Coffee Grounds, made pilot productions to register and start pre-selling its ingredients. Current capacity (Laboratory Scale), is sufficient to start pre-selling but not to guarantee demand level of potential clients currently under negotiation. Kaffe Bueno also imports green coffee directly traded with small coffee farmers in Colombia, roasting with Nordhavn Coffee Roasters, selling roasted coffee beans to offices.

Business review

The company's income statement for the year ended 31 December shows a loss of DKK 441.403, and the balance sheet at 31 December 2018 shows negative equity of DKK 428.995.

This was due to considerable investments for research and development in order to introduce 6 new ingredients in the company's product portfolio. The current outlook of the company does not reflect its potential for the future, since none of the newly developed products have been introduced into the market.

Financial review

Future Outlook

During 2019, Kaffe Bueno is looking to raise DKK 15 million in order to open its first biorefinery and start commercialising the products down the pipeline. The company expects to launch new biorefineries by 2022 to increase its production capacity and continuously invest in research and development to introduce new ingredients developed from coffee's by-product. Expected revenue in 2024: DKK 440 million. The company will focus on extracting as much value as they can from every ton of coffee waste recycled. This is done by continuous fractionation of coffee waste into its different molecules and continuous analysis to substantiate claims for all the ingredients produced. The company wants to become the leading manufacturer of sustainable WellCare ingredients worldwide.

Significant events occurring after end of reporting period

Kaffe Bueno became part of L'Oreal's Accelerator Programme in January 2019 where the company could potentially secure a long-term relationship with L'Oreal. The company also signed Letters of Intent with TER Chemicals for a distribution agreement in Germany, Austria and Switzerland. Lastly, the company won an Innovation Competition sponsored by Mondelez, giving them the opportunity, similar to L'Oreal's case, to form a long-term relationship to co create a distribute products using their portfolio of ingredients. No other major events have occurred after the balance sheet date which could significantly affect the company's financial position.

ACCOUNTING POLICIES

The annual report of Kaffe Bueno ApS for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act concerning reporting class B entities.

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

The annual report for 2018 is presented in DKK

Correction of material misstatements

The figures from 2017 are change compared to declared financial Statements from 2017. This is a result of significant mistakes in the booking for 2017. The change has an effect on the profit/loss on DKK 80.356 and an effect on equity corresponding to DKK 42.889.

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.

Income statement

Revenue

Income from the sale of goods for resale and finished goods is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

Raw materials and consumables

Costs of raw materials and consumables include the raw materials and consumables used in generating the year's revenue.

ACCOUNTING POLICIES

Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

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, amortisation of mortgage loans and surcharges and allowances under the advance-payment-of-tax scheme, etc.

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, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Stocks

Stocks are measured at cost using the FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

The cost of goods for resale, raw materials and consumables comprises the purchase price plus delivery costs.

Receivables

Receivables are measured at amortised cost.

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 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

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest method. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

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

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2018 DKK	2017 DKK
Revenue		181.045	172.516
Other income - grants		172.300	162.700
Raw materials and consumables		-71.550	-169.816
Other external expenses		-692.403	-192.445
Gross profit		-410.608	-27.045
Financial income		0	122
Financial costs	1	-30.795	-10.669
Profit/loss before tax		-441.403	-37.592
Tax on profit/loss for the year	2	0	0
Profit/loss for the year		-441.403	-37.592
Retained earnings		-441.403	-37.592
		-441.403	-37.592

BALANCE SHEET 31 DECEMBER

	Note	2018	2017
		DKK	DKK
ASSETS			
Plant and machinery		0	15.079
Tangible assets		0	15.079
Other fixed asset investments		3.725	3.725
Deposits		1.500	1.500
Fixed asset investments		5.225	5.225
Total non-current assets		5.225	20.304
Raw materials and consumables		22.000	0
Stocks		22.000	0
Trade receivables		7.827	6.821
Other receivables		0	19.076
Prepayments		16.381	0
Receivables		24.208	25.897
Cash at bank and in hand		248.945	129.912
Total current assets		295.153	155.809
Total assets		300.378	176.113

BALANCE SHEET 31 DECEMBER

	Note	2018 DKK	2017 DKK
EQUITY AND LIABILITIES			
Share capital		50.000	50.000
Retained earnings		-478.995	-37.592
Equity	3	-428.995	12.408
Other payables		524.753	0
Total non-current liabilities		524.753	0
Trade payables		62.924	22.942
Payables to shareholders		140.763	140.763
Other payables		933	0
Total current liabilities		204.620	163.705
Total liabilities		729.373	163.705
Total equity and liabilities		300.378	176.113
Uncertainty about the continued operation (going concern)	4		
Mortgages and collateral	5		

NOTES

	2018 DKK	2017 DKK	
1 FINANCIAL COSTS			
Other financial costs	30.787	10.669	
Exchange adjustments costs	8	0	
	30.795	10.669	
 2 TAX ON PROFIT/LOSS FOR THE YEAR			
	0	0	
 3 EQUITY			
	Share capital	Retained earnings	Total
Equity at 1 January 2018	50.000	-37.592	12.408
Net profit/loss for the year	0	-441.403	-441.403
Equity at 31 December 2018	50.000	-478.995	-428.995

There have been no changes in the share capital during the last 5 years.

4 UNCERTAINTY ABOUT THE CONTINUED OPERATION (GOING CONCERN)

The annual report is prepared under the assumption of going concern. The Company is working to attract external investors and the management expect to have an agreement signed with investors in the coming 3-4 months based on the dialog in May 2019. A capital increase will help the Company to reach the targets referred to in the management review and achieve positive equity.

5 MORTGAGES AND COLLATERAL

In the loan contract with external lender, a clause regarding sales of assets is inserted, which is if the management leave the company or the company is being dissolved. This clause is effective until some milestones are achieved.