Cirqle ApS

Refshalevej 159A, DK-1432 København K

Annual Report for 1 January - 31 December 2021

CVR No 41 74 28 36

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 30/6 2022

Jan Weber
Chairman of the General Meeting

Contents

Management’s Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Cirqle ApS for the financial year 1 January - 31 December 2021.

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 financial position at 31 December 2021 of the Company and of the results of the Company operations for 2021.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

København K, 30 June 2022

Executive Board

Jan Weber

Board of Directors

Jakob Nordenhof Jønck Chairman	Jan Weber	Eric Alan Rapp

Independent Auditor’s Report

To the Shareholders of Cirqle ApS

Opinion
In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company’s operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Cirqle ApS for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies (”the Financial Statements”).

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’ International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Financials Statements Act.

Based on the work we have performed, in our view, 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 in Management’s Review.

Independent Auditor's Report

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.

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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent Auditor's Report

- 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.

Hellerup, 30 June 2022
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Poul Madsen
statsautoriseret revisor
mne10745

Daniel Nielsen
statsautoriseret revisor
mne45105

Company Information

The Company	Cirqle ApS Refshalevej 159A DK-1432 København K CVR No: 41 74 28 36 Financial period: 1 January - 31 December Incorporated: 1 January 2021 Financial year: 1st financial year Municipality of reg. office: København
Board of Directors	Jakob Nordenhof Jønck, Chairman Jan Weber Eric Alan Rapp
Executive Board	Jan Weber
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Management's Review

Key activities

Cirqle is an organization operating in the circular economy, fighting packaging waste in the food and beverage industry. Cirqle replaces disposable single-use packaging, such as styrofoam and cardboard, with a reusable system where packaging can be used again and again. They thereby reduce waste, resulting in Cirqle having a direct and positive impact on the environment and the climate crisis.

The mission is to transform the packaging industry and, through technology, eliminate disposable packaging for a greener planet.

Cirqle provides "reusable packaging as a service" which consists of four parts: an IT platform and associated web application, reusable packaging with tracking technology, logistics and washing of the packaging.

Development in the year

The income statement of the Company for 2021 shows a loss of DKK 8,348,238, and at 31 December 2021 the balance sheet of the Company shows equity of DKK 18,025,407.

In 2021, Cirqle has established a strong foundation for the company's further scaling. The first version of the packaging "insulated box for meal-kits and e-groceries" has been tested with two customers, a circular supply chain has been built and tested, and the IT platform has been prepared for scaling.

Capital resources

The company closed a financing round in 2021 which resulted in a capital increase of DKK 20.3 million. The capital will be used to get the first reusable packaging solution to the market, on-board new customers and begin scaling.

On the basis of this, the management assesses that the company's capital resources are adequate, and therefore the financial statements are presented on the assumption of continued operations.

Targets and expectations for the year ahead

In late summer 2022, the packaging product built for scaling, will be launched alongside a web application to support the circular supply chain and consumer interaction.

There is a great demand from customers in home market and abroad for the product and the service. In connection with the launch and on-boarding of new customers, revenue is expected to grow from autumn 2022.

Income Statement 1 January - 31 December

	Note	2021 DKK	2020 7. okt. - 31. dec. DKK
Gross profit/loss		**-1.483.870**	**-268.332**
Staff expenses	1	-4.882.324	-336.594
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	-1.849.075	0
Profit/loss before financial income and expenses		**-8.215.269**	**-604.926**
Financial expenses	3	-132.969	-609
Profit/loss before tax		**-8.348.238**	**-605.535**
Tax on profit/loss for the year	4	0	5.080.565
Net profit/loss for the year		**-8.348.238**	**4.475.030**

Distribution of profit

Proposed distribution of profit

Proposed dividend for the year	0	5.080.565
Retained earnings	-8.348.238	-605.535
	-8.348.238	**4.475.030**

Balance Sheet 31 December

Assets

	Note	2021	2020
		DKK	DKK
Completed development projects		5.606.488	0
Development projects in progress		0	7.475.317
Intangible assets	5	**5.606.488**	**7.475.317**
Plant and machinery		72.700	0
Other fixtures and fittings, tools and equipment		188.100	0
Property, plant and equipment	6	**260.800**	**0**
Fixed assets		**5.867.288**	**7.475.317**
Trade receivables		387.025	0
Other receivables		316.661	345.313
Corporation tax		0	5.080.565
Receivables		**703.686**	**5.425.878**
Cash at bank and in hand		**13.994.797**	**0**
Currents assets		**14.698.483**	**5.425.878**
Assets		**20.565.771**	**12.901.195**

Balance Sheet 31 December

Liabilities and equity

	Note	2021	2020
		DKK	DKK
Share capital		90.712	50.000
Reserve for development costs		4.373.061	5.830.747
Retained earnings		13.561.634	136.898
Proposed dividend for the year		0	5.080.565
Equity		**18.025.407**	**11.098.210**
Credit institutions		0	199.861
Trade payables		255.892	1.261.797
Payables to group enterprises		1.923.241	205.737
Payables to owners and Management		4.568	0
Other payables		356.663	135.590
Short-term debt		**2.540.364**	**1.802.985**
Debt		**2.540.364**	**1.802.985**
Liabilities and equity		**20.565.771**	**12.901.195**
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Statement of Changes in Equity

	Share capital	Reserve for development costs	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	50.000	5.830.747	136.898	5.080.565	11.098.210
Cash capital increase	40.712	0	20.315.288	0	20.356.000
Depreciation, amortisation and impairment for the year	0	-1.457.686	1.457.686	0	0
Net profit/loss for the year	0	0	-8.348.238	-5.080.565	-13.428.803
Equity at 31 December	**90.712**	**4.373.061**	**13.561.634**	**0**	**18.025.407**

Notes to the Financial Statements

		2021	2020
		DKK	7. okt. - 31. dec. DKK
1	**Staff expenses**		
	Wages and salaries	4.703.589	335.174
	Other social security expenses	106.348	1.420
	Other staff expenses	72.387	0
		4.882.324	**336.594**
	Average number of employees	**10**	**3**
2	**Depreciation, amortisation and impairment of intangible assets and property, plant and equipment**		
	Amortisation of intangible assets	1.849.075	0
		1.849.075	**0**
3	**Financial expenses**		
	Other financial expenses	132.862	609
	Exchange loss	107	0
		132.969	**609**
4	**Tax on profit/loss for the year**		
	Current tax for the year	0	-5.080.565
		0	**-5.080.565**

Notes to the Financial Statements

5 Intangible assets

	Completed development projects	Development projects in progress
	DKK	DKK
Cost at 1 January	0	7.475.317
Transfers for the year	7.475.317	-7.475.317
Cost at 31 December	7.475.317	0
Amortisation for the year	1.868.829	0
Impairment losses and amortisation at 31 December	1.868.829	0
Carrying amount at 31 December	**5.606.488**	**0**

Udviklingsprojekter vedrører udvikling af bæredygtig genbrugsemballage og konceptudvikling i forbindelse hermed med fokus på fødevare- og drikkevareindustrien.

6 Property, plant and equipment

	Plant and machinery	Other fixtures and fittings, tools and equipment
	DKK	DKK
Cost at 1 January	0	0
Additions for the year	72.700	188.100
Cost at 31 December	72.700	188.100
Carrying amount at 31 December	**72.700**	**188.100**

Notes to the Financial Statements

7 Contingent assets, liabilities and other financial obligations

Contingent assets

The company has deferred tax to be used in future positive income of DKK 54.5 mio. The nominal value hereof amounts 22%, in total DKK 12 mio. The deferred tax asset has not been recorgnized due to the uncertainty about the time for use of the tax losses.

Contingent liabilities

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Feast Kitchen ApS, which is the management company of the joint taxation purposes. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

8 Accounting Policies

The Annual Report of Cirqle ApS for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The Financial Statements for 2021 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset 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 out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined

Notes to the Financial Statements

8 Accounting Policies (continued)

on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, expenses for raw materials and consumables and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

8 Accounting Policies (continued)

Balance Sheet

Intangible assets

Development projects are measured initially at cost. The cost of development projects comprises costs, including salaries and depreciation directly attributable to the development projects, which are necessary to complete the project, from the date when the development project first qualifies for recognition as an asset. Reimbursements and grants for development projects are deducted from the cost in line with the completion.

Completed development projects are amortised over the expected useful life. The amortisation period is normally 4 years. For development projects protected by intellectual property rights, the maximum amortisation period is the remaining term of the rights.

An amount corresponding to the capitalised development projects in the Balance Sheet has been recognised under Equity as Reserve for development costs. The reserve is reduced with amortisation of development projects.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Plant and machinery	5-10	years
Other fixtures and fittings, tools and equipment	5-10	years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Notes to the Financial Statements

8 Accounting Policies (continued)

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.