

Year-End Report 2019

1 January 2019 - 31 December 2019 (12 months)



FOURTH QUARTER OCTOBER - DECEMBER 2019

Revenues: 0 KSEK (0). Operating earnings after taxes -1 888 KSEK (-2 947).
Net income per share: -0,21 SEK (-0,12).

JANUARY - DECEMBER 2019

Revenues: 0 KSEK (0). Operating earnings after taxes -7 679 KSEK (-9 781).
Net income per share: -0,87 SEK (-0,42). Solidity: 75% (78).

Net income per share: Net income for the period divided by the average number of shares during the period. Total number of share * as of 30 December 2019 amounted to 8 872 315 shares.

IMPORTANT EVENTS DURING 2019

- On 28 January 2019, the company entered into a loan agreement with the European High Growth Opportunities Securitization Fund (EHGO), through which EHGO paid SEK 1.6 million to the Company. The loan was repaid on July 24.
- Change in quota value, reduction of share capital and aggregation of shares was carried out on 8 March. The aggregation of shares 1:10 (ten existing shares were added together into one share.)
- The company received SEK 1.23 million after a directed rights issue to AB Emendum on June 19. Exchange of convertible bonds and directed rights issues to EHGO and Emendum AB, as well as a rights issue for the Company's shareholders totaled SEK 12 487 889 in 2019.
- Biovation Sciences Ltd. (Biovation) became principal shareholder in QuickCool AB. The holding amounted to 29.95% (equivalent to 1 590 000 shares) of the Company's shares.
- Four new board members were appointed at the Extraordinary General Meeting on June 20. Göran Brorsson (continues as Chairman of the Board), Lennart Sjölund (continues as board member). The four new board members are Patrick Marché, Balász Tüske, Afnan M. Al Khalifa and Victor Humberdot.
- Hired Jim Hansson as Director of Operations, Jonas Wahlfrid, Senior Embedded Software Engineer and Håkan Erlandsson as CTO.
- On November 19, QuickCool entered into a letter of intent with Biovation regarding an RTO in medical cannabis, which was later withdrawn.
- In total, the outstanding debt amounted to EHGO of SEK 7,8 million in 2019-12-31 for not yet exchanged convertible notes.

IMPORTANT EVENTS AFTER THE REPORTING PERIOD

- On February 12, 2020, QuickCool entered into a letter of intent with Esport company, GameCubed Inc, regarding a potentially reverse take-over. According to the proposal, a 100% stake in GameCubed will transfer to QuickCool in exchange for newly issued QuickCool shares. The completion of the transaction is subject to a number of conditions, including the implementation of binding agreements and approval of both the shareholders and the market trading venue.
- No other event has been relevant after the reporting period.

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CEO FREDRIK RADENCRANTZ



The past year

We started the year with a tough, but necessary, decision. I sincerely regret this, but it was necessary to make significant changes to the development project at the beginning of the year in order to reduce technical risks and solve supplier

issues. The consequence resulted in further delay in the project. We believe that this decision was necessary in order to achieve the targets that we have for the QuickCool® SYSTEM.

When one reflects upon the past year, one understands that it has been an eventful year. Participating in Therapeutic Temperature Management in Miami, Post Cardiac Arrest International Symposium and SAMTIT, meetings with potential distributors in different countries, as well as meetings and presentations with investors, Aktiespararna and Aktiedagar are just a few examples of activities in addition to the day-to-day operations where we focus on the development project.

Development

During the year we have changed the way we work. Through continuous testing of components, we ensure a system solution, which meets our requirements. We intend to conclude the development project and all related documentation in accordance with the 1993:584 Law on Medical Devices and EU Regulation 2017/745 (MDR) in 2020.

We have invested in production equipment and machines for our production of balloon catheters. This creates synergies, and enables large-scale production with fewer number of manual handling. Our partners are actively involved in reducing our production costs. We have started production of the first balloon catheters that will be used for long-term tests, validations and the like.

IPR portfolio

We filed a patent application in November, "Device and Method for Cerebral Temperature Control", to PRV that strengthens our patent portfolio. We are working on a few more thoughts and ideas that we intend to pursue in the form of patent applications in the spring.

Quality Management System

The annual review of our quality management system according to ISO 13485:2016 was carried out by TÜV Süd in November. The audit certifies that QuickCool AB has a quality management system that meets the requirements regarding the development, production and distribution of medical devices.

The Market

Treating cardiac arrest patients with mild hypothermia is common practice throughout the Western world. We will address cardiac arrest as our first indication.

Some 1.5 million Europeans suffer from ischemic stroke every year in Europe. The Euro-HYP-1 study meant to include 2,500 ischemic stroke patients, but only 98 patients were finally included in the study.

Some conclusions from Euro-Hyp-1 are in our favour:

(i) there is a general agreement among the medical profession that 'mild hypothermia' should benefit an ischemic stroke patient in a similar way to a patient who has suffered cardiac arrest. (ii) current surface cooling technology causes shivering. (iii) biomarkers in patients' blood indicate that mild hypothermia is favorable (lower GFAP levels). Treatments did not last long enough to show this scientifically and iv) mild hypothermia treatment does not harm these stroke patients. Our solution does not cause shivering. We will address ischemic strokes as our next indication.

Interest in, and the future application of, mild hypothermia means growing market potential. Total global sales value amounted to approximately USD 1 billion in 2018, and is projected to increase by 6.34% annually and amount to just over USD 1.8 billion by 2027*.

The potential for QuickCool® SYSTEM is confirmed by the interest we encounter with prospective distributors. We will sign additional distributor agreements in 2020, but no sale will take place until after QuickCool® SYSTEM is CE-marked.

Future structure

In 2019, the board investigated a number of alternative solutions to create a better value for the company's shareholders. During the second half of the year, the company's largest shareholder Biovation proposed several alternatives for RTOs. For various reasons, the Board has rejected them. In February 2020, a proposal has been presented to the Board that meets the requirements of the Board of Directors for an RTO. On February 12, 2020, we signed a letter of intent with the Canadian Esport company GameCubed Inc. and its shareholders, according to which the shareholders of GameCubed will transfer a 100% stake in GameCubed to QuickCool in exchange for newly issued QuickCool shares.

The completion of the transaction is subject to a number of conditions, including the implementation of binding agreements and approval by both shareholders and the market trading venue.

At the same time as the completion of the reverse acquisition, all assets/operations/employees in QuickCool's existing operations will be spun off into a newly formed 100% subsidiary of QuickCool ("New QuickCool") and restructured. The Board evaluates the possibility of distributing the shares in New QuickCool to the shareholders of QuickCool, through a dividend or similar structure. The Board of Directors will revert in March with more information and proposals for a decision on the future structure.

February 27, 2020

Fredrik Radencrantz, CEO

* Research Nester, 2019.

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GENERAL ABOUT THE BUSINESS

During cardiac arrest, the supply of blood and oxygen to the body's organs ceases, which has dramatic consequences for the brain, which already after a few minutes without oxygen suffers damage – damage that continues to develop negatively when the heart starts again. Cooling of the body and brain can slow down the harmful processes, which means that brain damage can decrease significantly and give the cardiac arrest patient a greater chance of survival.

QuickCool develops a portable and battery-powered cooling system with rapid intranasal application for body temperature control of intensive care patients. QuickCool's system only occupies the nasal cavity, the healthcare professional has full access to the patient for monitoring and other treatments, if required.

The market in general

Sweden is a pioneering market in hypothermia treatment and almost all major hospitals in the country are currently cooling cardiac arrest patients. In most European countries, the trend is the same in terms of cardiac arrest patients, while in other markets, such as the United States, it has taken much longer to introduce hypothermia as standard after cardiac arrest despite recommendations from American Heart Association (AHA). Studies are underway examining whether mild hypothermia benefits clinical outcomes in several areas. Some interesting indications include ischemic stroke, sepsis and Traumatic Brain Injuries (TBI).

DEVELOPMENT IN FIGURES

Turnover

Net sales for 2019 amounted to SEK 0 (0).

Results

The company's profit after tax in the fourth quarter amounted to SEK -1,888,000 (-2,947). Profit after tax for the full year 2019 amounted to SEK -7,679,K (-9,781).

Financial position, cash flow and investments

Outgoing cash and cash equivalents at year-end amounted to SEK 36 K (263). During the fourth quarter, intangible assets totaled SEK 2,126 K (3,285), consisting of balanced expenditure on development work 2,126 KSEK (3,181) and KSEK 104 (104) were acquired in respect of expenditure on patents and trademarks. In total for the year, the corresponding figures were SEK 9,657 k (11,694), consisting of balanced expenditure 9,657 (11,494) and 0 KSEK (200) for patents and trademarks.

Dividend

The Board of Directors proposes that no dividend be paid.

Transactions with related parties

The company defines senior executives, board members and close family members of these individuals as related parties. All related transactions during the period have been made at market prices.

Share

There is one type of share in QuickCool AB. QuickCool's share is listed on spotlight stock market under the ticker symbol "QUICK". As of December 30, 2019, the number of shares in QuickCool was 8,872,315 and the number of warrants was 3 860 212.

Largest shareholders as of 31/12 2019

Name	Shares and votes %
Biovation Sciences Ltd.	17,93%
Parkallén Invest AB	10,10%
Nordnet Pensionsförsäkring	7,86%
Aktiebolaget Emendum	6,88%
Mats Danielsson	2,69%

Principles for the establishment of the year-end report

The report has been prepared in accordance with the same accounting principles as in the Company's latest annual report, i.e. in accordance with BFNAR 2012:1, Annual Report and Consolidated Financial Statements (K3). The report was prepared in Swedish kronor.

VALUATION PRINCIPLES

Intangible fixed assets

Development costs have been accounted for and activated to the extent that they were not financed with grants. Depreciation begins when the project is essentially completed. To the extent that the development costs activated and financed by grants, these contributions have been depreciated against the amount capitalised. External expenditure on processed patents and trademarks has been balanced. Depreciation starts when sales of the company's products and its services began. Where the carrying amount of an asset exceeds its estimated recoverable amount, the asset is immediately written off to its recoverable amount.

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Risks and uncertainties

QuickCool's operations and markets are affected by a number of risk factors, which may, individually or taken together, pose a risk to the Company's operations, financial position and earnings. The following risk factors are described without mutual order.

- QuickCool is a development company which may mean that it may be some time before the company can account for sales revenue.
- Development costs are difficult to estimate in advance. Costs may be higher than anticipated.
- Validation studies may result in unforeseen negative research results.
- There is a risk that QuickCool will not receive the necessary registrations to sell and market its products.
- QuickCool is subject to several government regulations that are subject to change.

Annual General Meeting and the availability of the annual report

The Annual General Meeting will be held in Lund on May 7, 2020.

The annual report will be available for download in PDF format on the Company's website (www.quickcool.se) starting from 2020-04-16.

Auditor review

The year-end report has not been reviewed by the Company's auditor.

Report calendar

- Year-end report for January-December 2019 will be published on 27 February 2020
- The annual report 2019 and interim report for January-March 2020 will be published on 7 May 2020
- Interim report for January-June 2020 will be published on 27 August 2020
- Interim report for January-September 2020 will be published on November 5, 2019
- The interim report for Q4 and full year 2020 will be published on 25 February 2021.

Lund, 27 February 2020

QuickCool AB

Board of Directors

For further information, please contact:

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Göran Brorsson, Chairman of the Board,

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CONDENSED INCOME STATEMENT

	2019-10-01 2019-12-31 3 months	2018-10-01 2018-12-31 3 months	2019-01-01 2019-12-31 12 months	2018-01-01 2018-12-31 12 months
Operating revenues, Inventories etc.				
Revenues	0	0	0	0
Capitalised work for own account	2 125 730	3 180 678	9 656 920	11 494 307
Other operating income	0	5 494	45 453	9 516
Total Operating revenues, Inventories etc.	2 125 730	3 186 172	9 702 373	11 503 822
Operating costs				
Raw materials and consumables	-704 016	-537 814	-2 273 548	-1 372 814
Other external expenses	-2 134 138	-4 352 665	-9 331 734	-15 500 813
Personnel costs	-1 098 238	-1 142 961	-5 238 347	-4 173 057
Depreciations/Amortizations	-58 715	-99 314	-61 838	-152 612
Other operating costs	-6 470	0	-13 928	-36 208
Total operating costs	- 4 001 577	-6 132 754	-16 919 395	-21 235 504
Operating Earnings	-1 875 847	-2 946 582	-7 217 022	-9 731 682
Financial items				
Other interest income and similar profit/loss items	0	0	0	0
Interest expenses and similar profit/loss items	-11 893	-710	-462 031	-49 061
Total financial items	-11 893	-710	-462 031	-49 061
Profit after financial items	-1 887 740	-2 947 291	-7 679 053	-9 780 742
Profit before tax	-1 887 740	-2 947 291	-7 679 053	-9 780 742
Profit for the period	-1 887 740	-2 947 291	-7 679 053	-9 780 742

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CONDENSED BALANCE SHEET

	2019-12-31	2018-12-31
ASSETS		
Subscribed capital but not paid	0	844 113
Fixed Assets		
Intangible fixed assets		
Capitalized expenditures for development work and similar work	45 587 878	35 930 958
Concessions, patents, licences, trademarks and similar rights	1 320 049	1 320 049
Total intangible fixed Assets	46 907 927	37 251 007
Tangible fixed Assets		
Inventories, tools and machinery	428 118	15 956
Total tangible Fixed Assets	428 118	15 956
Total Fixed Assets	47 336 045	37 266 963
Working capital		
Inventory		
Inventory etc.	34 577	34 577
Total Inventory	34 577	34 577
Current receivables		
Other receivables	264 340	298 458
Prepaid expenses and accrued income	475 145	509 965
Total current Receivables	739 485	808 423
Liquid assets		
Cash and bank	36 419	263 370
Total Liquid Assets	36 419	263 370
Total current receivables	810 481	1 950 483
Total Assets	48 146 526	39 217 446

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Shareholders' Equity and Liabilities

	2019-12-31	2018-12-31
Shareholders Equity and Liabilities		
Tied capital		
Share capital , 8 872 315 shares, Quota value 1 SEK	8 872 315	13 924 368
Non-registered share capital	500 000	2 576 470
Reserve fund	0	5 597 197
Development expenditure fund	36 532 428	26 875 508
Total tied equity	45 904 743	48 973 543
Unrestricted equity		
Retained earnings	-7 556 721	-10 656 128
Share premium	5 240 713	2 064 172
Profit for the period	-7 679 053	-9 780 742
Total unrestricted equity	-9 995 061	-18 372 698
Total Equity	35 909 682	30 600 845
Long term liabilities		
Convertible loan	7 800 000	4 600 000
Other liabilities	578 303	0
Total long-term liabilities	8 378 303	4 600 000
Current liabilities		
Accounts payable	1 716 827	1 864 954
Current tax liabilities	61 127	109 245
Other liabilities	423 730	213 581
Accrued expenses and deferred income	1 656 857	1 828 821
Total Current Liabilities	3 858 541	4 016 601
Total Equity and Liabilities	48 146 526	39 217 446

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CONDENSED CASH FLOW STATEMENT

	2019-10-01 2019-12-31 3 months	2018-10-01 2018-12-31 3 months	2019-01-01 2019-12-31 12 months	2018-01-01 2018-12-31 12 months
Operating activities				
Operating profit after financial items	-1 887 740	-2 947 291	-7 679 053	-9 780 743
Depreciation/Amortization	58 715	457 709	61 838	152 612
Change in accounts receivables	- 54 630	- 729 569	913 051	1 456 534
Change in current liabilities	-349 971	1 051 694	-158 060	777 381
Change in Inventory	0	-34 577	0	-34 577
Cash flow from operating activities	-2 233 626	-2 202 034	-6 862 224	-7 428 793
Investment activities				
Acquisitions of intangible fixed assets	-2 125 731	-3 284 487	-9 656 920	-11 694 231
Acquisitions of tangible fixed assets	0	0	-474 000	0
Cash flow from investing activities	-2 125 731	-3 284 487	-10 130 920	-11 694 231
Financing activities				
New issue/option proceeds/loans	4 392 347	5 705 544	16 766 193	12 763 693
Cash flow from financing activities	4 392 347	5 705 544	16 766 193	12 763 693
Cash flow for the period	32 990	219 023	-226 951	- 6 359 331
Liquid funds at beginning of period	3 429	44 347	263 370	6 622 701
Liquid funds at end of period	36 419	263 370	36 419	263 370

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CHANGE IN EQUITY IN SUMMARY

	Share-capital	Fund for development costs	Reserve Fund	Premium Fund	Retained Earnings	Net Income	Total
2018							
Amount at beginning of year:	14 676 106	15 381 201	5 597 197	6 152 958	-4 552 984	-5 036 584	32 217 894
Appropriation of earnings according to the AGM:							
To be capitalized in new account				-6 152 958	1 116 374	5 036 584	0
Rights issue	6 099 521			2 064 172			8 163 693
Change in fund for development costs		11 494 307			-11 494 307		0
Reduction in share capital	-4 274 789				4 274 789		
Profit for the period						-9 780 742	-9 780 742
Amount at year-end	16 500 838	26 875 508	5 597 197	2 064 172	-10 656 128	-9 780 742	30 600 845
2019							
Amount at beginning of year:	16 500 838	26 875 508	5 597 197	2 064 172	-10 656 128	-9 780 742	30 600 845
Appropriation of earnings according to Board's proposal:							
To be capitalized in new account			-5 597 197	-2 064 172	-2 119 373	9 780 742	0
Rights issue and exchange of convertible notes	7 247 177			5 240 712			12 487 889
Non-registered share capital	500 000						500 000
Change in fund for development costs		9 656 920			-9 656 920		0
Reduction in share capital	-14 875 700				14 875 700		0
Profit for the period						-7 679 053	-7 679 053
Amount at year-end	9 372 315	36 532 428	0	5 240 712	-7 556 721	-7 679 053	35 909 681