

# Trendsales ApS

Langebrogade 6 E, 5.  
1411 København K  
Denmark

CVR no. 27 98 41 69

## Annual report 2018

The annual report was presented and approved at the  
Company's annual general meeting on

DocuSigned by:

Christophe Brand

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## Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Trendsales ApS for the financial year 1 January – 31 December 2018.

The annual report has been 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 assets, liabilities and financial position at 31 December 2018 and of the results of the Company's operations for the financial year 1 January – 31 December 2018.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen 27 May 2019  
Executive Board:

DocuSigned by:  
*Mads Mathiesen*  
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Mads Aarøe Mathiesen  
CEO

DocuSigned by:  
*Casper Wolfesen*  
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Casper Andreas Wolfesen

DocuSigned by:  
*Mathias Hermansen*  
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Mathias Hermansen

Board of Directors:

DocuSigned by:  
*Christoph Brand*  
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Christoph Brand  
Chairman

DocuSigned by:  
*Andreas Schlenker*  
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Andreas Schlenker

DocuSigned by:  
*Mads Mathiesen*  
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Mads Aarøe Mathiesen

DocuSigned by:  
*Martin Suler Madsen*  
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Martin Suler Madsen

DocuSigned by:  
*Steen Trier*  
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Steen Trier Hansen



## Independent auditor's report

### To the shareholders of Trendsales ApS

#### Opinion

We have audited the financial statements of Trendsales ApS for the financial year 1 January – 31 December 2018 comprising income statement, balance sheet and notes, including 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 Company's assets, liabilities and 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 rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Management's responsibility 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 that 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 as to 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made 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 company 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.



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## Independent auditor's report

- 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 the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the 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 the Management's review.

Copenhagen, 27 May 2019

**KPMG**

Statsautoriseret Revisionspartnerselskab  
CVR no. 25 57 81 98

A handwritten signature in blue ink, appearing to read 'ME', written over a light blue grid background.

Martin Eiler  
State Authorised  
Public Accountant  
mne32271

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## Management's review

### Company details

Trendsales ApS  
Langebrogade 6 E, 5.  
1411 København K  
Denmark

Website: [www.trendsales.dk](http://www.trendsales.dk)

CVR no.: 27 98 41 69  
Financial year: 1 January – 31 December

### Board of Directors

Christoph Brand, Chairman  
Andreas Schlenker  
Mads Aarøe Mathiesen  
Martin Lykke Suhr  
Steen Trier Hansen

### Executive Board

Mads Aarøe Mathiesen, CEO  
Caspar Andreas Wolffsen  
Mathias Skousbøll Hermansen

### Auditor

KPMG  
Statsautoriseret Revisionspartnerselskab  
Dampfærgevej 28  
2100 Copenhagen  
Denmark

### Annual general meeting

The annual general meeting will be held on 27 May 2019.

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## **Management's review**

### **Operating review**

#### **Principal activities**

The Company's principal activity is to offer an online trading platform and associated services.

#### **Development in activities and financial position**

The Company reported a loss after tax of DKK 1,519 thousand, which was significantly influenced by tax (income), DKK 4,156 thousand, partly from the tax credit scheme regarding development costs. Overall, operating results for 2018 were in line with the expectations following the merger at 1 December 2017 with Tradono ApS. Equity stood at DKK 14,717 thousand at 31 December 2018.

The majority shareholder provided a new credit line, which is sufficient to support the business plan and allow future growth as well as continued operations including meeting all external liabilities.

#### **Events after the balance sheet date**

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

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## Financial statements 1 January – 31 December

### Income statement

DKK'000	Note	2018	2017
<b>Gross profit</b>		11,923	6,444
Staff costs	3	-14,196	-22,525
Depreciation and amortisation		-3,165	-518
<b>Ordinary operating profit/loss</b>		-5,438	-16,599
Other operating costs		0	-1
<b>Operating profit/loss</b>		-5,438	-16,600
Financial expenses	4	-237	-804
<b>Profit/loss before tax</b>		-5,675	-17,404
Tax	5	4,156	3,338
<b>Profit/loss for the year</b>		-1,519	-14,066
<b>Proposed distribution of loss</b>			
Retained earnings		-1,519	-14,066



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## Financial statements 1 January – 31 December

### Balance sheet

DKK'000	Note	31/12 2018	31/12 2017
<b>ASSETS</b>			
<b>Fixed assets</b>			
<b>Intangible assets</b>			
Goodwill		4,190	4,661
Software		12,432	14,964
		<u>16,622</u>	<u>19,625</u>
<b>Property, plant and equipment</b>			
Fixtures and fittings, tools and equipment		86	198
<b>Investments</b>			
Deposits		745	825
<b>Total fixed assets</b>		<u>17,453</u>	<u>20,648</u>
<b>Current assets</b>			
<b>Receivables</b>			
Trade receivables		1,223	1,500
Receivables from group entities		0	30
Other receivables		152	885
Customer credit balance		2,602	3,242
Joint taxation		2,072	0
Prepayments		275	779
		<u>6,324</u>	<u>6,436</u>
<b>Cash at bank and in hand</b>		<u>4,379</u>	<u>8,732</u>
<b>Total current assets</b>		<u>10,703</u>	<u>15,168</u>
<b>TOTAL ASSETS</b>		<u><u>28,156</u></u>	<u><u>35,816</u></u>

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## Financial statements 1 January – 31 December

### Balance sheet

DKK'000	Note	<u>31/12 2018</u>	<u>31/12 2017</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Contributed capital	6	310	310
Retained earnings		<u>14,407</u>	<u>15,926</u>
<b>Total equity</b>		<u>14,717</u>	<u>16,236</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Subordinate loan from group entities	7	<u>5,492</u>	<u>0</u>
<b>Current liabilities</b>			
Customer deposits		4,058	6,078
Trade payables		973	1,338
Payables to group entities		0	195
Corporation tax		0	2,083
Other payables		<u>2,916</u>	<u>9,886</u>
		<u>7,947</u>	<u>19,580</u>
<b>Total liabilities</b>		<u>13,439</u>	<u>19,580</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>28,156</u>	<u>35,816</u>
<b>Capital resources</b>	2		
<b>Contractual obligations, contingencies, etc.</b>	8		
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## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies

The annual report of Trendsales ApS for 2018 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in of specific provisions for reporting class C.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

#### Business combinations

In 2017 the Company merged with Tradono ApS and Tradono Technologies ApS. The merger was accounted for according to the acquisition method. The consideration transferred as part of the merger is shares in the merged Company.

When acquiring new entities, the purchase method is applied, under which identifiable assets and liabilities are measured at fair value at the date of acquisition. Restructuring costs recognised in the acquirer at the acquisition date that are not a part of the acquisition are included in the pre-acquisition balance sheet and thus the determination of goodwill. Restructuring that is adopted after the acquisition is recognised in the income statement. The tax effect of revaluations is recognised as deferred tax.

Positive differences (goodwill) between cost and the fair value of identifiable assets and liabilities acquired, including restructuring provisions, are recognised as intangible assets and amortised systematically in the income statement based on an individual assessment of the useful life. Negative goodwill is recognised as income in the income statement at the acquisition date when the usual conditions for recognition of income are met.

Goodwill and negative goodwill from acquired entities may be adjusted until 12 months after the acquisition date.

### Income statement

#### Gross profit

Pursuant to Section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

Gross profit comprises revenue, cost of sales and other external costs.

#### Revenue

Income comprises membership fees and fees for goods that are put up for auction and sales fees as well as any other relevant end-of-auction commission. Income from membership fees is recognised as revenue when the membership is purchased. All other fees are recognised as revenue when the transactions are completed.

Moreover, the Company recognises advertising packages that are offered to the sellers of products on the Company's website. The Company recognises advertising revenue when the relevant advertising service has been delivered.

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#### 1 Accounting policies (continued)

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts granted are deducted from revenue.

#### Other external costs

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

#### Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

#### Depreciation and amortisation

Depreciation and amortisation comprise depreciation and amortisation of fixed assets.

#### Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities, etc.

#### Tax

Tax for the year comprises current tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity.

The Company is jointly taxed with Danish affiliated entities. The tax effect of the joint taxation is allocated to the Danish entities in proportion to their taxable incomes.

### Balance sheet

#### Intangible assets

##### *Software*

Software is measured at cost less accumulated amortisation and impairment losses. Software is amortised on a straight-line basis over the remaining estimated life. The estimated useful life is as follows:

Software	6 years
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## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### *Goodwill*

Goodwill is measured at cost less accumulated amortisation and impairment losses. Goodwill is amortised on a straight-line basis over the estimated useful life determined on the basis of Management's experience within the individual business areas. The amortisation period is 10 years.

##### **Property, plant and equipment**

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

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Fixtures and fittings, tools and equipment	3-5 years
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The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

##### **Investments**

Other receivables and deposits are recognised at amortised cost.

##### **Receivables**

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating in accordance with the Company's credit risk management policy. The objective indicators used in relation to portfolios are determined on the basis of historical loss experience.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

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#### 1 Accounting policies (continued)

##### **Prepayments**

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

##### **Cash and cash equivalents**

Cash and cash equivalents comprise cash.

##### **Equity**

###### *Dividends*

Proposed dividends are recognised as a liability at the date on which they are adopted at the annual general meeting (declaration date). The expected dividend payment for the year is disclosed as a separate item under equity.

###### *Share-based incentive schemes*

Share-based incentive schemes for the Company's Management and employees with the option to subscribe for shares in the Parent Company (warrants) are considered a matter of the relevant shareholders, and the fair value of warrants granted is therefore not recognised in the income statement as estimated payroll costs on an ongoing basis.

##### **Corporation tax and deferred tax**

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

##### **Liabilities**

Other liabilities are measured at net realisable value.

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## Financial statements 1 January – 31 December

### Notes

#### 2 Capital resources

In order to ensure sufficient liquidity, Tamedia AG has provided a credit line which will sufficiently allow future growth as well as continued operations, including meeting all external liabilities.

#### 3 Staff costs

DKK'000	2018	2017
Wages and salaries	12,645	20,225
Pensions	296	934
Other social security costs	295	212
Other staff costs	960	1,154
	<u>14,196</u>	<u>22,525</u>
Average number of full-time employees	<u>30</u>	<u>35</u>

#### Incentive schemes

The Company has set up an incentive scheme for the Executive Board and selected employees with the option to subscribe for new shares.

No new shares have been subscribed for during the year under review.

DKK'000	2018	2017
Interest expense to group entities	126	399
Other financial costs	42	65
Exchange losses	69	340
	<u>237</u>	<u>804</u>

#### 4 Financial expenses

Interest expense to group entities	126	399
Other financial costs	42	65
Exchange losses	69	340
	<u>237</u>	<u>804</u>

#### 5 Tax

Tax credit scheme (development costs) for the year	667	0
Deferred tax for the year	0	3,338
Adjustment of tax concerning previous years	2,084	0
Tax credit scheme (development costs) concerning previous years	1,405	0
	<u>4,156</u>	<u>3,338</u>

#### 6 Contributed capital

The contributed capital consists of 309,605 shares of a nominal amount of DKK 1 each. All shares rank equally.

During the last five years, the contributed capital was increased by DKK 184,605 in December 2017 in connection with the Company's merger with Tradono ApS.

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## Financial statements 1 January – 31 December

### Notes

#### 7 Subordinate loan from group entities

Following the losses in prior years, the Company has received financial support from the majority shareholder in form of subordinate loan that will allow continued operations. The loan is subordinated in regard to all other external debt. According to the loan agreements dividends may not be paid out until the loan has been fully repaid. The loan has no expiry date (open-ended).

#### 8 Contractual obligations, contingencies, etc.

##### Contingent assets

The Company's tax asset, mainly related to tax losses, amounts to DKK 10 million and has not been recognised as utilisation is uncertain.

##### Operating lease obligations

The Company has entered into a property lease, which is non-terminable for the lessee for 24 months. The rent for this period amounts to DKK 396 thousand.

The Company has entered into operating leases with the latest expiry date in November 2019. Lease payments due within one year amount to DKK 102 thousand.

##### Joint taxation

Trendsales ApS is jointly taxed with the other Danish entity in the Tamedia Group. The joint taxation also covers withholding tax in the form of tax on dividends, royalties and interest. The Danish companies are jointly and severally liable for the joint taxation. Any subsequent corrections to the taxable income subject to joint taxation or withholding tax may lead to a higher liability.

#### 9 Related party disclosures

Trendsales ApS' related parties comprise the following:

##### Control

Tamedia AG, Werdstrasse 21, Postfach, 8021 Zurich, Switzerland

##### Consolidated financial statements

Trendsales ApS is part of the consolidated financial statements of Tamedia AG which is the smallest group in which the Company is included as a subsidiary.

The consolidated financial statements of Tamedia AG can be obtained at the Company's website: [www.tamedia.ch](http://www.tamedia.ch).