Trendsales ApS

Langebrogade 6 E, 5.
1411 København K

CVR no. 27 98 41 69

Annual report 2017

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

24 May 2018

Christoph Brandt
chairman

Contents

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 2017.

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 2017 and of the results of the Company's operations for the financial year 1 January – 31 December 2017.

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 24 May 2018
Executive Board:

Mads Aarøe Mathiesen CEO	Caspar Andreas Wolffsen	Mathias Skousbøll Hermansen

Board of Directors:

Christoph Brand Chairman	Andreas Schlenker	Mads Aarøe Mathiesen
Martin Lykke Suhr	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 2017 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 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 rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter regarding matters in the financial statements

Without modifying our opinion, we draw attention to the disclosures in note 2, in which Management describes material uncertainties regarding recognised VAT and income tax liabilities.

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.

Independent auditor's report

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.
- 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.

Independent auditor's report

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 Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 24 May 2018
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Martin Eiler
State Authorised
Public Accountant
MNE no. 32271

Management's review

Company details

Trendsales ApS
Langebrogade 6 E, 5.
1411 København K

Website:	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
Dampfaergevej 28
DK-2100 Copenhagen

Annual general meeting

The annual general meeting will be held on 24 May 2018.

Management's review

Operating review

Principal activities

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

Significant matters

In December 2017, the merger of Trendsales ApS and Tradono ApS was announced. Both companies are significant players in Denmark in the field of digital marketplaces.

As a result of the financial situation for the combined Company, and as part of the merger, the Company announced an extensive layoff, and a new management team was established to ensure a financial turnaround.

The merger plan has four primary value drivers: Consolidation in the market, better offering to users, modernisation of Trendsales' technology, and slimming the organisation.

Development in activities and financial position

The financial result after tax is a loss of DKK 14,066 thousand. The debt to the majority shareholder from the loan issued in 2016 has been waived, and a new credit line has been established, which is sufficient to support the business plan and allow future growth as well as continued operations including fulfilling all external liabilities.

Some of the accounting, VAT and tax issues related to the clean up of bookeeping associated with the dismissal of the former CEO in May 2016 are still being investigated.

The annual report has been prepared based on Management's best estimates and assessments at the date of the presentation of the annual report. The outcome may differ from Management's assessment, and the difference may be significant.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2017	2016
Gross profit		6,444	8,891
Staff costs	4	-22,525	-22,320
Depreciation and impairment		-518	-568
Ordinary operating loss		-16,599	-13,997
Other operating costs		-1	-551
Operating loss		-16,600	-14,548
Financial expenses	5	-804	-279
Loss before tax		-17,404	-14,827
Tax on loss for the year		3,338	0
Loss for the year		-14,066	-14,827

Proposed distribution of loss

Retained earnings		-14,066	-14,827
		-14,066	-14,827

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2017	2016
ASSETS			
Fixed assets			
Intangible assets			
Goodwill		4,661	0
Software		14,964	0
		19,625	0
Property, plant and equipment			
Fixtures and fittings, tools and equipment		198	492
		198	492
Investments			
Equity investments in group entities		0	0
Deposits		825	684
		825	684
Total fixed assets		20,648	1,176
Current assets			
Receivables			
Trade receivables		1,500	833
Receivables from group entities		30	0
Other receivables		885	1,020
Customer credit balance		3,242	3,891
Prepayments		779	923
		6,436	6,667
Cash at bank and in hand		8,732	25,153
Total current assets		15,168	31,820
TOTAL ASSETS		35,816	32,996

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2017	2016
EQUITY AND LIABILITIES			
Equity			
Contributed capital	6	310	125
Retained earnings		15,926	-11,224
Total equity		16,236	-11,099
Liabilities other than provisions			
Non-current liabilities other than provisions			
Subordinated loan from group entities		0	23,500
		0	23,500
Current liabilities other than provisions			
Customer deposits		6,078	8,129
Trade payables		1,338	1,770
Payables to group entities		195	904
Corporation tax		2,083	2,083
Other payables		9,886	7,709
		19,580	20,595
Total liabilities other than provisions		19,580	44,095
TOTAL EQUITY AND LIABILITIES		35,816	32,996

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Financial statements 1 January – 31 December

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1 Accounting policies

The annual report of Trendsales ApS for 2017 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 has merged with Tradono ApS and Tradono Technologies ApS. The merger is between independent parties and has been accounted for according to the acquisition method. The consideration transfered 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.

Financial statements 1 January – 31 December

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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 prodution 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 impairment losses

Depreciation and impairment losses comprise depreciation and impairment losses on property, plant and equipment.

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 on profit/loss for the year

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 wholly-owned Danish affiliated companies. The tax effect of the joint taxation is allocated to 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

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

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

Equity investments in group entities are measured at the proportionate share of the entities' net asset value calculated in accordance with the Group's accounting policies plus or minus unrealised intra-group gains or losses and plus or minus the residual value of positive and negative goodwill calculated in accordance with the acquisition method.

Equity investments in group entities with negative net asset values are measured at DKK 0, and any receivables from these entities are written down by an amount equivalent to the negative net asset value. To the extent that the negative net asset value exceeds the receivable, the residual amount is recognised as provisions.

Net revaluation of equity investments in group entities is tied as a net revaluation reserve under equity according to the equity method to the extent that the carrying amount exceeds cost. Dividends from group entities expected to be adopted in the group entities prior to the approval of the Company's annual report, are not tied up in the revaluation reserve.

Other receivables and deposits are recognised at amortised cost.

Financial statements 1 January – 31 December

Notes

1 **Accounting policies (continued)**

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.

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

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

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 than provisions

Other liabilities are measured at net realisable value.

2 Uncertainty regarding recognition and measurement

Due to the clean-up of the bookkeeping following the dismissal of the former CEO in May 2016, there is, unchanged from last year, uncertainty related to the recognition and measurement of prior years' VAT and income tax liabilities where elements are still being investigated.

The liabilities have been recognised and measured based on Management's best estimates and assessments at the date of the presentation of the annual report. The outcome may differ from Management's assessment, and the difference may be significant.

3 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 to cover all external obligations.

4 Staff costs

	2017	2016
Average number of full-time employees	35	40

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

No new shares has been subscribed during the year.

5 Financial expenses

DKK'000	2017	2016
Interest expense to group entities	399	118
Other financial costs	65	28
Exchange losses	340	133
	804	279

Financial statements 1 January – 31 December

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6 Contributed capital

The share capital consists of 309,605 shares of nom. DKK 1 each. All shares rank equally.

7 Contractual obligations, contingencies, etc.

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 792 thousand.

The Company has entered into operating leases with the latest expiration date being November 2019. Lease payments due within one year amount to DKK 204 thousand.

Joint taxation

Trendsales ApS is jointly taxed with the other Danish company 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.

Contingent assets

The Company's tax asset, mainly related to tax losses, amounts to DKK 7 million and has not been recognised as the utilisation is uncertain.

8 Related party disclosures

Trendsales A/S' related parties comprise the following:

Control

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

Consolidated financial statements

The consolidated financial statements of Tamedia AG can be obtained at the Company's website: www.tamedia.ch.