

Trendsales ApS

Gammel Mønt 4, 4.
1117 København K
Denmark

CVR no. 27 98 41 69

Annual report 2019

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

20 May 2020

Olivier Janek Rihs Vauclair
chairman

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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 2019.

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 2019 and of the results of the Company's operations for the financial year 1 January – 31 December 2019.

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 20 May 2020
Executive Board:

DocuSigned by:
Mads Mathiesen
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Mads Aarøe Mathiesen
CEO

DocuSigned by:
Casper Wolffen
BD198A83E5294A1...
Casper Andreas Wolffen

Board of Directors:

DocuSigned by:
Olivier Rils
96F6A2D7A24C4A2...
Olivier Janek Rils Vauclair
Chairman

DocuSigned by:
Andreas Schlenker
D=2DF1A16A1A498...
Andreas Schlenker

DocuSigned by:
Mads Mathiesen
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Mads Aarøe Mathiesen

DocuSigned by:
Martin Lykke Suler
893857BD7A5A4A9...
Martin Lykke Suler

DocuSigned by:
Steen Trier
50500214A8BC46D...
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 2019 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 2019 and of the results of the Company's operations for the financial year 1 January – 31 December 2019 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

The Company's equity is negative with DKK 11 million. Reference is made to note 2 in the financial statements, where Management explain that the Parent Company has provided a credit line to the Company which support the continued operation for a period of at least 12 months.

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



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Independent auditor's report

- 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.

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, 20 May 2020

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Martin Eiler
State Authorised
Public Accountant
mne32271

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Management's review

Company details

Trendsales ApS
Gammel Mønt 4, 4.
1117 København K
Denmark

Website: www.trendsales.dk

CVR no.: 27 98 41 69
Established: 10 August 2004
Registered office: Copenhagen
Financial year: 1 January – 31 December

Board of Directors

Olivier Janek Rihs Vauclair, Chairman
Andreas Schlenker
Mads Aarøe Mathiesen
Martin Lykke Suhr
Steen Trier Hansen

Executive Board

Mads Aarøe Mathiesen, CEO
Caspar Andreas Wolffsen

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
2100 Copenhagen
Denmark

Annual general meeting

The annual general meeting will be held on 20 May 2020.

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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.

Significant matters

Following the merger of the two platforms from Trendsales and Tradono, the company has managed to maintain the same level of revenues and reduced cost of only operating one platform. Business plan towards migrating into one joint Platform is progressing as planned.

Development in activities and financial position

Financial development

The Financial result after Tax is a loss of DKK 25,290 thousands (2018: DKK -1,519 thousand) which operationally largely is in accordance with the business plan.

Financial position

The Company's equity is negative with DKK 10,572 thousand (2018: DKK 14,717 thousand; positive), due to the investment in future growth by credit line.

The Credit line given by majority shareholder, is in combination with a revised 2020 budget which includes cost saving initiatives on staff, marketing and IT, considered sufficient to support the business plan and allow future growth as well as continued operations including fulfilling all external liabilities for a period of at least 12 months.

The Management is convinced that the current plan is sufficiently financed going forward.

Uncertainty regarding measurement

The value of the Company's intangible assets, primarily related to the Company's own-developed IT-platform, amounts to DKK 9,623 thousand as at 31 December 2019. Intangible assets have in 2019 been impaired with DKK 4,000 thousand in accordance with the Management's impairment test. In all material aspect, the Company's development follows the 5-year plan adopted in connection with the merger of Trendsales and Tradono. The 5-year plan's assumption of significant growth is however associated with inherent uncertainty which could lead to a lower outcome than expected.

Subsequent events

Covid-19 has not had significant impact on the business but depending on how Covid-19 develops it represents an uncertainty difficult to quantify.

As such, no subsequent events have occurred that material affect the assessment of the annual report.

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Income statement

DKK'000	Note	2019	2018
Gross profit/loss		-29	11,923
Staff costs	3	-14,610	-14,196
Depreciation, amortisation and impairment losses		-7,076	-3,165
Operating loss		-21,715	-5,438
Financial expenses	4	-1,503	-237
Loss before tax		-23,218	-5,675
Tax on profit/loss for the year	5	-2,072	4,156
Loss for the year		-25,290	-1,519
Proposed distribution of loss			
Retained earnings		-25,290	-1,519

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Balance sheet

DKK'000	Note	31/12 2019	31/12 2018
ASSETS			
Fixed assets			
Intangible assets			
Goodwill		0	4,190
Software		9,623	12,432
		<u>9,623</u>	<u>16,622</u>
Property, plant and equipment			
Fixtures and fittings, tools and equipment		116	86
Investments			
Deposits		729	745
Total fixed assets		<u>10,468</u>	<u>17,453</u>
Current assets			
Receivables			
Trade receivables		1	1,223
Other receivables		2,456	152
Customer credit balance		2,234	2,602
Tax		0	2,072
Prepayments		230	275
		<u>4,921</u>	<u>6,324</u>
Cash at bank and in hand		<u>4,132</u>	<u>4,379</u>
Total current assets		<u>9,053</u>	<u>10,703</u>
TOTAL ASSETS		<u><u>19,521</u></u>	<u><u>28,156</u></u>

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Balance sheet

DKK'000	Note	31/12 2019	31/12 2018
EQUITY AND LIABILITIES			
Equity			
Contributed capital	6	310	310
Retained earnings		<u>-10,882</u>	<u>14,407</u>
Total equity		<u>-10,572</u>	<u>14,717</u>
Liabilities			
Non-current liabilities			
Subordinate loan from group entities	7	<u>22,447</u>	<u>5,492</u>
Current liabilities			
Customer deposits		2,548	4,058
Trade payables		2,724	973
Other payables		<u>2,374</u>	<u>2,916</u>
		<u>7,646</u>	<u>7,947</u>
Total liabilities		<u>30,093</u>	<u>13,439</u>
TOTAL EQUITY AND LIABILITIES		<u>19,521</u>	<u>28,156</u>
Capital resources	2		
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1 Accounting policies

The annual report of Trendsales ApS for 2019 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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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 at bank and in hand

Cash at bank and in hand 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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2 Capital resources

The Company's equity is negative with DKK 11 millions as at 31 December 2019 and a loss is expected in 2020. 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 for a period of at least 12 months. The Management is convinced that the current plan is sufficiently financed going forward.

DKK'000	<u>2019</u>	<u>2018</u>
3 Staff costs		
Wages and salaries	13,169	12,645
Pensions	369	296
Other social security costs	28	295
Other staff costs	<u>1,044</u>	<u>960</u>
	<u>14,610</u>	<u>14,196</u>
Average number of full-time employees	<u>30</u>	<u>30</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.

4 Financial expenses

Interest expense to group entities	563	126
Other financial costs	266	42
Exchange losses	<u>674</u>	<u>69</u>
	<u>1,503</u>	<u>237</u>

5 Tax

Tax credit scheme (development costs) for the year	-667	667
Adjustment of tax concerning previous years	0	2,083
Tax credit scheme (development costs) concerning previous years	<u>-1,405</u>	<u>1,405</u>
	<u>-2,072</u>	<u>4,155</u>

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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.

7 Loan from group entities

The majority shareholder has provided a credit line to support the company and its investment. The debt falls due 8 December 2021 or in case of change of control. Cf. also note 2.

8 Contractual obligations, contingencies, etc.

Contingent assets

The Company's tax asset, mainly related to tax losses, amounts to DKK 15 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 until 31.03.2021. The rent for this period amounts to DKK 1.129.728.

The Company has entered into operating leases with the latest expiry date in November 2019. Lease payments due within one year amount to DKK 34 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.