

Trendsales ApS

Vestergade 18B, 1.
1456 København K
Denmark

CVR no. 27 98 41 69

Annual report 2022

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

29 June 2023

Chairman of the annual general meeting

Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	5
Company details	5
Operating review	6
Financial statements 1 January – 31 December	7
Income statement	7
Balance sheet	8
Statement of changes in equity	10
Notes	11

Trendsales ApS
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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 2022.

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 2022 and of the results of the Company's operations for the financial year 1 January – 31 December 2022.

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, 29 June 2023

Executive Board:

Mads Aarøe Mathiesen
CEO

Caspar Andreas Sommer
Wolffsen

Morten Nørgaard Kjær

Board of Directors:

Mads Aarøe Mathiesen
Chairman

Caspar Andreas Sommer
Wolffsen

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 2022 comprising income statement, balance sheet, statement of changes in equity 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 2022 and of the results of the Company's operations for the financial year 1 January – 31 December 2022 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' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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, 29 June 2023

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Martin Eiler
State Authorised
Public Accountant
mne32271

Trendsales ApS
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CVR no. 27 98 41 69

Management's review

Company details

Trendsales ApS
Vestergade 18B, 1.
1456 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

Mads Aarøe Mathiesen, Chairman
Caspar Andreas Sommer Wolffsen

Executive Board

Mads Aarøe Mathiesen, CEO
Caspar Andreas Sommer Wolffsen
Morten Nørgaard Kjær

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK-2100 København Ø
CVR no. 25 57 81 98

Annual general meeting

The annual general meeting will be held on 29 June 2023.

Management's review

Operating review

Principal activities

The Company's principal activity is to offer an online trading platform and related services, and in its business and operations to have a significant positive impact on society and the environment as a whole.

Development in activities and financial position

The Company's income statement for 2022 shows a profit of DKK 1.5 million as against DKK 12.2 million in 2021. The decline is primarily from operation with DKK 7.5 million following investment in growth and secondly from changes in tax income.

Equity in the Company's balance sheet stood at DKK 6.1 million at the end of 2022 compared to DKK 14.0 million on 31 December 2021. The equity reduction occurred as consequence of a directed capital decrease.

Uncertainty regarding measurement

The Company's operational and financial development in 2022 largely follows Management's expectations and budget. The Company's tax asset, mainly related to tax losses, amounts to DKK 17 million (2021: DKK 17 million) whereof DKK 8 million (2021: DKK 5 million) has been capitalised as at 31 December 2022. The valuation is based on a careful assessment of the expectations to utilization over next 4 years where growth and increased profitability is expected. These expectations are in nature associated with uncertainty which Management has discounted in the valuation. Given the nature of the assumptions (future improvement) the actual outcome can differ negatively from the expected outcome and the variance can be significant. This uncertainty is also why full capitalization has not been applied.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2022	2021
Revenue		70,017	55,781
Changes in inventories of finished goods and work in progress		-41,240	-30,400
Other external costs		<u>-12,530</u>	<u>-6,820</u>
Gross profit		16,247	18,561
Staff costs	2	-15,010	-8,936
Depreciation, amortisation and impairment losses		<u>-1,668</u>	<u>-1,559</u>
Profit/loss before financial income and expenses		-431	8,066
Other financial expenses	3	<u>-984</u>	<u>-838</u>
Profit/loss before tax		-1,415	7,228
Tax on profit/loss for the year	4	<u>2,900</u>	<u>4,985</u>
Profit for the year		<u>1,485</u>	<u>12,213</u>
Proposed profit appropriation			
Reserve for development costs		2,122	0
Retained earnings		<u>-637</u>	<u>12,213</u>
		<u>1,485</u>	<u>12,213</u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2022	31/12 2021
ASSETS			
Fixed assets			
Intangible assets			
Software		6,967	6,186
Software projects in progress		203	0
		<u>7,170</u>	<u>6,186</u>
Property, plant and equipment			
Fixtures and fittings, tools and equipment		169	102
Investments			
Deposits		382	260
Total fixed assets		<u>7,721</u>	<u>6,548</u>
Current assets			
Receivables			
Trade receivables		2,046	2,168
Customer credit balance		9,921	7,327
Deferred tax asset	6	7,885	4,985
Prepayments		172	150
		<u>20,024</u>	<u>14,630</u>
Cash at bank and in hand		<u>2,502</u>	<u>10,394</u>
Total current assets		<u>22,526</u>	<u>25,024</u>
TOTAL ASSETS		<u><u>30,247</u></u>	<u><u>31,572</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2022	31/12 2021
EQUITY AND LIABILITIES			
Equity			
Contributed capital		131	176
Reserve for development costs		2,122	0
Retained earnings		<u>3,849</u>	<u>13,788</u>
Total equity		<u>6,102</u>	<u>13,964</u>
Liabilities			
Non-current liabilities			
Debt to credit institutions	5	<u>5,427</u>	<u>6,000</u>
Current liabilities			
Customer deposits		3,892	3,544
Trade payables		12,273	5,520
Other payables		<u>2,553</u>	<u>2,544</u>
		<u>18,718</u>	<u>11,608</u>
Total liabilities		<u>24,145</u>	<u>17,608</u>
TOTAL EQUITY AND LIABILITIES		<u>30,247</u>	<u>31,572</u>
Contractual obligations, contingencies, etc.	6		
Mortgages and collateral	7		

Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	Contributed capital	Reserve for development costs	Retained earnings	Total
Equity at 1 January 2022	176	0	13,788	13,964
Cash capital increase	11	0	0	11
Cash capital reduction	-56	0	-9,302	-9,358
Transferred over the profit appropriation	0	2,122	-637	1,485
Equity at 31 December 2022	131	2,122	3,849	6,102

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Trendsales ApS for 2022 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

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

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

Income comprises membership fees and transactions fees, including shipping. 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.

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.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Cost of sales

Cost of sales comprises costs incurred to generate revenue for the year.

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.

Depreciation and amortisation

Depreciation and amortisation comprise depreciation and amortisation of fixed assets.

Financial expenses

Financial expenses comprise interest expense, 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.

Balance sheet

Intangible assets

Software

Software is measured at cost less accumulated amortisation and impairment losses. Cost comprises the purchase price, any costs directly attributable to the acquisition and subsequent costs (including internal costs) from development projects leading to new or improved features and functions within www.Trendsales.dk.

Development costs comprise costs to external consultants, internal salaries and indirect attributable development costs such as IT, rent etc.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Development projects are recognised as intangible assets when they are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are evidenced, where the Company intends to use the project and provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover the development costs as well as selling costs and administrative expenses. Other development costs are recognised in the income statement as incurred. Software is amortised on a straight-line basis over the remaining estimated life. The estimated useful life is as follows:

Software	9 years
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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.

Financial assets

Deposits are recognised at amortised cost.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

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.

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.

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 and bank deposits.

Equity

Reserve for development costs

The reserve for development costs comprises capitalised development costs. The reserve cannot be used for dividends, distribution or to cover losses. If the recognised development costs are sold or in other ways excluded from the Company's operations, the reserve will be dissolved and transferred directly to the distributable reserves under equity. If the recognised development costs are written down, the part of the reserve corresponding to the write-down of the development costs will be reversed. If a write-down of development costs is subsequently reversed, the reserve will be re-established. The reserve is reduced by amortisation of capitalised development costs on an ongoing basis.

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.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

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

Liabilities are measured at amortised cost.

Financial statements 1 January – 31 December

Notes

DKK'000	<u>2022</u>	<u>2021</u>
2 Staff costs		
Wages and salaries	13,836	8,508
Pensions	755	177
Other social security costs	<u>419</u>	<u>251</u>
	<u>15,010</u>	<u>8,936</u>
Average number of full-time employees	<u>37</u>	<u>19</u>
Incentive schemes		
<p>The Company has set up an incentive scheme for selected employees with the option to subscribe for new shares. In 2022 11.524 new shares have been subscribed (and later repurchased and annulled by the Company). In 2022 new 2.500 warrants have been issued. As at 31 December 2022 17.414 are outstanding. Unless subscribed all warrant agreements will expire (latest in June 2030). The fair value of the warrants is highly depending on whether or not a shareholder exit takes place. Warrants are not recognized.</p>		
3 Financial expenses		
Other financial costs	955	519
Exchange losses	29	19
Loss on investments	<u>0</u>	<u>300</u>
	<u>984</u>	<u>838</u>
4 Tax for the year		
Deferred tax regarding previous years	<u>2,900</u>	<u>4,985</u>
	<u>2,900</u>	<u>4,985</u>
5 Debt to credit institutions		
Credit institutions:		
0-1 years	1,209	572
1-5 years	4,218	5,428
>5 years	<u>0</u>	<u>0</u>
	<u>5,427</u>	<u>6,000</u>

Financial statements 1 January – 31 December

Notes

6 Contractual obligations, contingencies, etc.

Contingent assets

The Company's operational and financial development in FY 2022 largely follows Management's expectations and budget/plan. In coming years further growth and increased profitability is expected which support increased capitalization of the Company's tax asset. The Company's tax asset, mainly related to tax losses, amounts to DKK 17 million (2021: DKK 17 million) whereof DKK 8 million (2021: DKK 5 million) has been capitalised as at 31 December 2022. The valuation is based on a careful assessment of the next 4 years' expected utilisation through growth and improved profitability. These expectations are in nature associated with uncertainty which Management has discounted in the valuation. Given the nature of the assumptions (future improvement) the actual outcome can differ negatively from the expected outcome and the variance can be significant. This uncertainty is also why full capitalization has not been applied.

Operating lease obligations

The Company's contractual lease commitments amounts to DKK 245 thousand in 2023 and DKK 245 in 2024.

7 Mortgages and collateral

The Company's trade receivables, fixed assets and intangible rights have been placed as collateral security (Company pledge DKK 10 million) for a bank credit line which has a positive balance as at 31 December 2022.