

Hello Retail ApS

Vesterbrogade 6 D, 9., 1620 København V

CVR no. 32 44 97 43

Annual report 2020

Approved at the Company's annual general meeting on 26 May 2021

Chair of the meeting:

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**Building a better
working world**

Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	5
Financial statements 1 January - 31 December	8
Income statement	8
Balance sheet	9
Statement of changes in equity	10
Notes to the financial statements	11

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Hello Retail ApS for the financial year 1 January - 31 December 2020.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020.

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, 26 May 2021
Executive Board:

Kasper Refskou Jensen

Board of Directors:

Niels Henrik Rasmussen
Chair

Kasper Refskou Jensen

Jesper Genter Lohmann

Independent auditor's report

To the shareholders of Hello Retail ApS

Opinion

We have audited the financial statements of Hello Retail ApS for the financial year 1 January - 31 December 2020, which comprise 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 financial position of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Management's responsibilities 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 as 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 applicable in Denmark will always detect a material misstatement when it exists. Misstatements can 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 taken on the basis of the 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 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.

Independent auditor's report

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

Copenhagen, 26 May 2021
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Mogens Andreasen
State Authorised Public Accountant
mne28603

Management's review

Company details

Name	Hello Retail ApS
Address, Postal code, City	Vesterbrogade 6 D, 9., 1620 København V
CVR no.	32 44 97 43
Established	15 September 2009
Registered office	København
Financial year	1 January - 31 December
Board of Directors	Niels Henrik Rasmussen, Chair Kasper Refskou Jensen Jesper Genter Lohmann
Executive Board	Kasper Refskou Jensen
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark
Bankers	Danske Bank Jyske Bank

Management's review

Business review

Hello Retail offers a suite of products for online retailers who seek to increase both the conversion and retention rates on their ecommerce platforms.

Our Software-as-a-Service solution has become a market leader in our home market (the Nordics) within our core customer segment.

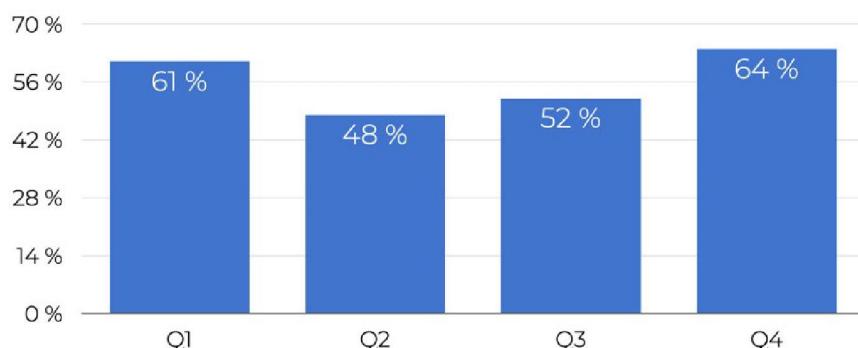
Financial review

New development of activities and financial matters

During 2020 we witnessed a substantial change in traffic and sales with our customers' ecommerce business, due to the Covid-19 lockdowns and sales moving from offline to online, driving general focus on and growth in the ecommerce space.

Our core customer segment representing more than 75% of our total ARR (annualized recurring revenue) showed a substantial increase compared to 2019.

Year-on-Year growth in Core segment - 2019 to 2020

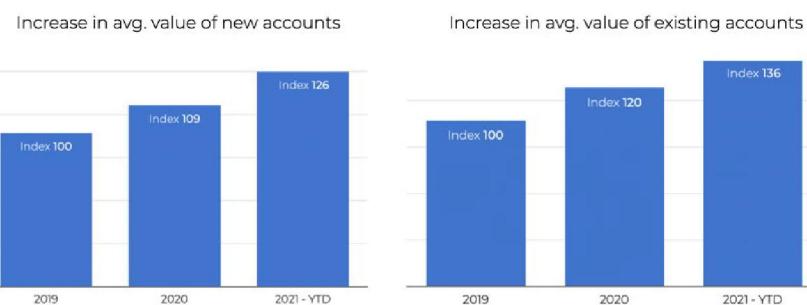


We have a very strong company culture, to which we have welcomed more than 30 new colleagues as we scaled the company.

The management considers the net result of 2020 very satisfactory and according to our ambitious growth plans.

Present year activities and R&D new developments

The growth experienced in 2020 with a strong ARR-increase is continuing in 2021. We experience a very positive development in both entry subscription price and the average account value from existing customers, as shown on the percentage increase of average entry price and average account value



Management's review

Our ability to increase the value in the main customer segment is very satisfactory.

Along with our expansion to new markets, we also plan to finalize the implementation of a new version of our core engine and product, bringing new opportunities in new offerings for the ecommerce space. As the ecommerce space is seeing an increased demand for privacy and regulatory compliance for data handling, we plan to offer our customer segments completely new ways to create a very streamlined and personalized customer journey for our customers' ecommerce business.

Events after the balance sheet date

No events have occurred after the balance sheet date, which materially affect the financial position of the company

Outlook

The company plans to take further steps for growing internationally and have initiated sales activities towards new markets and increased focus on partnerships. The financial development of the company is looking healthy and we expect both the ARR and the value of our existing customer base to grow significantly. Our main focus is to strengthen and further develop our product offering as well as scale further in new markets as well as established markets (Nordics and Benelux).

Financial statements 1 January - 31 December

Income statement

Note	DKK	2020	2019
	Gross profit	13,961,635	12,331,407
2	Staff costs	-16,606,902	-13,421,355
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-680,050	0
	Profit/ loss before net financials	-3,325,317	-1,089,948
	Financial income	101,957	2,275
	Financial expenses	-731,101	-471,146
	Profit/ loss before tax	-3,954,461	-1,558,819
3	Tax for the year	1,353,070	1,218,084
	Profit/ loss for the year	<u>-2,601,391</u>	<u>-340,735</u>

Recommended appropriation of profit/ loss

Reserve for development costs	2,610,621	2,322,840
Retained earnings/ accumulated loss	-5,212,012	-2,663,575
	<u>-2,601,391</u>	<u>-340,735</u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2020	2019
ASSETS			
Non-current assets			
4	Intangible assets		
	Completed development projects	5,148,950	0
	Development projects in progress and prepayments for intangible assets	2,167,000	3,969,000
		7,315,950	3,969,000
Financial assets			
	Deposits, investments	392,048	392,048
		392,048	392,048
	Total non-current assets	<u>7,707,998</u>	<u>4,361,048</u>
Current assets			
Receivables			
	Trade receivables	2,255,800	2,322,088
	Income taxes receivable	1,595,241	999,851
	Other receivables	7,570,868	27,525
	Deferred income	53,392	160
		11,475,301	3,349,624
	Cash	<u>1,851,720</u>	<u>320,608</u>
	Total current assets	<u>13,327,021</u>	<u>3,670,232</u>
	TOTAL ASSETS	<u>21,035,019</u>	<u>8,031,280</u>
EQUITY AND LIABILITIES			
Equity			
5	Share capital	404,804	389,506
	Share premium account	16,463,388	13,978,686
	Reserve for development costs	5,706,441	3,095,820
	Retained earnings	-22,196,022	-16,984,010
	Total equity	<u>378,611</u>	<u>480,002</u>
Liabilities			
6	Non-current liabilities		
	Deferred tax	242,171	0
	Payables to shareholders and management	11,885,069	3,356,780
	Other payables	1,689,780	632,481
	Total non-current liabilities	<u>13,817,020</u>	<u>3,989,261</u>
Current liabilities			
	Trade payables	585,912	946,887
	Payables to shareholders and management	1,362,602	431,373
	Other payables	4,890,874	2,183,757
	Total current liabilities	<u>6,839,388</u>	<u>3,562,017</u>
		<u>20,656,408</u>	<u>7,551,278</u>
	TOTAL EQUITY AND LIABILITIES	<u>21,035,019</u>	<u>8,031,280</u>

- 1 Accounting policies
- 7 Contractual obligations and contingencies, etc.
- 8 Collateral

Financial statements 1 January - 31 December

Statement of changes in equity

DKK	Share capital	Share premium account	Reserve for development costs	Retained earnings	Total
Equity at 1 January 2020	389,506	13,978,686	3,095,820	-16,984,010	480,002
Capital increase	15,298	2,484,702	0	0	2,500,000
Transfer through appropriation of loss	0	0	2,610,621	-5,212,012	-2,601,391
Equity at 31 December 2020	404,804	16,463,388	5,706,441	-22,196,022	378,611

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Hello Retail ApS for 2020 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

Effective from the financial year 2020, the Company has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Company's accounting policies on recognition and measurement of assets and liabilities but has solely entailed a requirement for further disclosures. The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish kroner (DKK).

Income statement

Revenue

Income from the rendering of services is recognised as revenue as the services are rendered. Accordingly, revenue corresponds to the market value of the services rendered during the year (percentage-of-completion method).

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

Gross profit

The items revenue, change in inventories of finished goods and work in progress, work performed for own account and capitalised, other operating income and external expenses have been aggregated into one item in the income statement called gross margin in accordance with section 32 of the Danish Financial Statements Act.

Other external expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Balance sheet

Intangible assets

Development costs comprise expenses, salaries and amortisation directly or indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are identifiable and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

On completion of a development project, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually 5 years.

Impairment of non-current assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Equity

Reserve for development costs

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividend or cover losses. The reserve will be reduced or dissolved if the recognised development costs are amortised or are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to 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. Deferred tax assets are recognised at the expected value of their utilisation; 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. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Other payables

Other payables are measured at net realisable value.

Financial statements 1 January - 31 December

Notes to the financial statements

	DKK	2020	2019
2 Staff costs			
Wages/ salaries	16,477,707	13,261,991	
Other social security costs	118,670	122,707	
Other staff costs	10,525	36,657	
	16,606,902	13,421,355	
Average number of full-time employees	37	30	
3 Tax for the year			
Estimated tax charge for the year	-1,595,241	-999,851	
Deferred tax adjustments in the year	242,171	-218,233	
	-1,353,070	-1,218,084	

Tax receivable comprises of the tax value of the company's total development activities in 2020, which will be paid to the company in November 2021 in accordance with the Danish Tax Assessment Act § 8X.

4 Intangible assets

DKK	Completed development projects	Development projects in progress and prepayments for intangible assets	Total
Cost at 1 January 2020	0	3,969,000	3,969,000
Additions in the year	0	4,027,000	4,027,000
Transfer from other accounts	5,829,000	-5,829,000	0
Cost at 31 December 2020	5,829,000	2,167,000	7,996,000
Amortisation/ depreciation in the year	680,050	0	680,050
Impairment losses and amortisation at 31 December 2020	680,050	0	680,050
Carrying amount at 31 December 2020	5,148,950	2,167,000	7,315,950

Financial statements 1 January - 31 December

Notes to the financial statements

	DKK	2020	2019		
5 Share capital					
Analysis of the share capital:					
404,804 shares of DKK 1.00 nominal value each		404,804	389,506		
		<hr/> 404,804	<hr/> 389,506		
Analysis of changes in the share capital over the past 5 years:					
DKK	2020	2019	2018	2017	2016
Opening balance	389,506	384,381	235,989	235,989	235,989
Capital increase	15,298	5,125	148,392	0	0
	<hr/> 404,804	<hr/> 389,506	<hr/> 384,381	<hr/> 235,989	<hr/> 235,989
6 Non-current liabilities					
DKK	Total debt at 31/12 2020	Repayment, next year	Long-term portion	Outstanding debt after 5 years	
Deferred tax	242,171	0	242,171	0	
Payables to shareholders and management	13,247,671	1,362,602	11,885,069	5,524,254	
Other payables	1,689,780	0	1,689,780	0	
	<hr/> 15,179,622	<hr/> 1,362,602	<hr/> 13,817,020	<hr/> 5,524,254	
7 Contractual obligations and contingencies, etc.					
Other financial obligations					
Other rent and lease liabilities:					
DKK	2020	2019			
Rent and lease liabilities	504,972	486,325			

8 Collateral

The Company has provided a company charge comprising unsecured claims regarding the sale of goods and services, goodwill, domain names and rights under the Patents Act, the Trademark Act, the Design Act, the Utility Model Act and the Patents and Designs Act, fixtures and fittings, tools and equipment as well as plant and machinery and other consumables totalling DKK 3,500 thousand as security for debt to the Danish Growth Fund (Vækstfonden).

The Company has not provided any security or other collateral in assets at 31 December 2020.

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Kasper Refskou Jensen

Direktion

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NEM ID 

Kasper Refskou Jensen

Dirigent

På vegne af: Hello Retail ApS

Serienummer: PID:9208-2002-2-098098227945

IP: 152.115.xxx.xxx

2021-05-27 09:08:59Z

NEM ID 

Niels Henrik Rasmussen

Bestyrelse

På vegne af: Hello Retail ApS

Serienummer: PID:9208-2002-2-503546358334

IP: 2.104.xxx.xxx

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NEM ID 

Jesper Genter Lohmann

Bestyrelse

På vegne af: Hello Retail ApS

Serienummer: PID:9208-2002-2-106163488861

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Kasper Refskou Jensen

Bestyrelse

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Mogens Andreasen

Statsautoriseret revisor

På vegne af: EY Godkendt Revisionspartnerselskab

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