MOORE STEPHENS

BUUS JENSEN
Statsautoriserede revisorer
Lersø Parkalle 112
DK-2100 København Ø
T +45 39 29 08 00
F +45 39 29 30 88
E buusjensen@buusjensen.dk
www.buusjensen.dk

eHUBnordic ApS

Borupvang 3, 2750 Ballerup

Company reg. no. 36 95 95 17

Annual report

1 January - 31 December 2017

The annual report have been submitted and approved by the general meeting on the 8 June 2018.

Claus Christensen
Chairman of the meeting

Contents

Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points remain unchanged from the Danish version of the document. This means that for instance DKK 146.940 is the same as the English amount of DKK 146,940, and that 23,5 % is the same as the English 23.5 %.

Management's report

The board of directors and the managing director have today presented the annual report of eHUBnordic ApS for the financial year 1 January to 31 December 2017.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position as on 31 December 2017 and of the company's results of its activities in the financial year 1 January to 31 December 2017.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Ballerup, 8 June 2018

Managing Director

Morten Hübenbecker Poulsen

Board of directors

Claus Christensen
chairman

Anders Engel Christensen

Peter Kjær Jensen

Hemming Van

Morten Hübenbecker Poulsen

Independent auditor's report

To the shareholders of eHUBnordic ApS

Opinion

We have audited the annual accounts of eHUBnordic ApS for the financial year 1 January to 31 December 2017, which comprise accounting policies used, profit and loss account, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts 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 to 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 and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section “Auditor’s responsibilities for the audit of the annual accounts”. We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainties concerning the enterprise's ability to continue as a going concern

We draw attention to note 1 to the financial statements which describes the deficit for 2017 and Management Plans for 2018 regarding its cash flow. Based on the current bank credit line and the planned capital increase of DKK 1.000.000, Management forecasts that during the year ending 31 December 2018, its cash flow will be sufficient to cover its operating costs and other needs enabling the Company to continue as a going concern. Our opinion is not qualified in respect of this matter.

Emphasis of matter

We draw attention to note 2 to the financial statements which describes the uncertainty and unpredictability related to the recognised completed development projects, DKK 678.000. Our opinion is not qualified in respect of this matter.

The management's responsibilities for the annual accounts

The management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. The management is also responsible for such internal control as the management determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the management is responsible for evaluating the company’s ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the annual accounts.

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the 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 by the management and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management’s preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about 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 annual accounts 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 annual accounts, including the disclosures in the notes, and whether the annual accounts reflect 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 the internal control that we identify during our audit.

Independent auditor's report

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management’s review, and we do not express any kind of assurance opinion on the management's review.

In connection with our audit of the annual accounts, our responsibility is to read the management’s review and in that connection consider whether the management’s review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, 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 believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Copenhagen, 8 June 2018

Moore Stephens Danmark
State Authorised Public Accountants
Company reg. no. 13 86 45 78

Henrik Paaske
State Authorised Public Accountant
MNE-nr. 10067

Michael Markussen
State Authorised Public Accountant
MNE-nr. 34295

Company data

The company	eHUBnordic ApS Borupvang 3 2750 Ballerup	
	Company reg. no.	36 95 95 17
	Established:	25 June 2015
	Domicile:	Ballerup
	Financial year:	1 January - 31 December 3rd financial year
Board of directors	Claus Christensen, chairman Anders Engel Christensen Peter Kjær Jensen Hemming Van Morten Hübenbecker Poulsen	
Managing Director	Morten Hübenbecker Poulsen	
Auditors	Moore Stephens Danmark, Statsautoriserede revisorer	

The principal activities of the company

Ehubnordic operates in the area of E-commerce. Targeted towards Nordic Business to Consumer brands, the company decompose process complexity for brands who have decided to enter internet portals in geographical areas where culture, language, distance, local requirements to e-commerce are challenging and different compared to their current domestic and regional market places.

Commenced operation in March 2016 Ehubnordic has been granted a pan Nordic license to the Alibaba internet platform in China, which reaches more than 350 million potential consumers.

Uncertainties as to recognition or measurement

The Company has recognised completed development projects with DKK 678.000 cf. note 5 to the financial statements.

The estimates and judgements made are based on budgets and business plans for the coming years, including planned commercial initiatives, but that, by nature, are associated with uncertainty and unpredictability and may therefore prove incomplete or incorrect.

Development in activities and financial matters

The gross loss for the year is DKK -2.235.000 against DKK -576.000 last year. The results after tax are DKK -6.361.000 against DKK -2.155.000 last year.

The result of 2017 is in line with management expectations, as stated in the annual report 2016, and a result of the initial development period of Ehubnordic and its e-commerce activities in China.

During 2016 Ehubnordic has gone live with its international multibrand store on Alibaba Tmall.Global, reaching 350 million potential customers in the Chinese middle class.

All associated processes have been tested in a live environment and Chinese consumers are ordering and receiving Danish premium products, with full satisfaction.

The processes have been expanded to include Chinese onshore logistics setup enabling a faster shipment time as well as capability to handle FMCG style products.

In order to strengthen market reach in China outside the Alibaba environment as well as strengthen marketing capabilities on Chinese social media enabling brand building for our clients, Ehubnordic made a strategic partnership cooperation with the English company Avenue51 and went live with this in Q3 2017.

Avenue51 has in the past 5 years build a successful similar UK operation, running the British Royal mail store. Ehubnordic is now able to leverage that experience, specifically in the area of social media marketing as well as the infrastructure to reach +20 other international marketplaces in China.

This set-up resulted in the Nordic store growing more than the market in Q4 2017, attracting the attention of Alibaba.

From a Nordic brand point of view, 2017 has been the year where the set-up has proven its value and generated valuable references, with positive ROIs, attracting attention of numerous brands outside the first mover category.

The little work associated with going live in China, the low risk and relative little investment and the proven set-up/references gives the basis for a substantial growth in 2018, both in terms of Nordic brands as well as orders shipped to Chinese consumers.

The Ehubnordic concept has also attracted attention from other Nordic countries and Ehubnordic expect to see the first brands outside Denmark join the store in 2018.

The expected development

As the equity represents less than half of the subscribed capital, the Company is subject to the Danish Companies Act section 119 regarding loss of capital. The Management expects to recover the capital by completing a capital increase of DKK 1.000.000 in 2018 and potentially converting the subordinate loan capital, DKK 2.062.000.

For 2018 management expect that the result will be a loss, but a better result than in 2017, with a positive operational result expected in Q1 2019.

Based on the current bank credit line and the planned capital increase of DKK 1.000.000, Management forecasts that during the year ending 31 December 2018, its cash flow will be sufficient to cover its operating costs and other needs enabling the Company to continue as a going concern.

Accounting policies used

The annual report for eHUBnordic ApS is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class B enterprises. Furthermore, the company has chosen to comply with some of the rules applying for class C enterprises.

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

Fixed assets and other non-monetary assets acquired in foreign currency and which are not considered to be investment assets purchased in foreign currencies are measured at the exchange rate on the transaction date.

The profit and loss account

Gross loss

The gross loss comprises the net turnover and external costs.

The net turnover comprises the value of services provided during the year, including outlay for customers less VAT and price reductions directly associated with the sale.

The turnover is recognised in the profit and loss account when the sale has been completed. This is generally considered to be the case when:

- The service has been provided before the end of the financial year
- There is a binding sales agreement
- The sales price has been determined
- The payment has been received, or it can with reasonable assurance be expected to be received.

Hereby, it is ensured that recognition does not take place until the total income and costs as well as the scope of completion on the balance sheet date can be determined reliably, and when it is likely that the economic benefits, including payments, will be received by the enterprise.

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing cost.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The balance sheet

Intangible fixed assets

Development projects, patents, and licences

Development costs comprise e.g. salaries, wages, and amortisation which directly refer to the development activities.

Clearly defined and identifiable development projects are recognised as intangible fixed assets provided that the technical feasibility, sufficient resources, and a potential market or a development opportunity can be demonstrated, and provided that it is the intention to produce, market or utilise the project. It is, however, a condition that the cost can be calculated reliably and that a sufficiently high degree of certainty indicates that future earnings will cover the costs for production, sales, and administration. Other development costs are recognised in the profit and loss account concurrently with their realisation.

Development costs recognised in the balance sheet are measured at cost with deduction of accrued depreciation and writedown.

After completion of the development work, capitalised development costs are amortised on a straight line basis over the estimated financial useful life. Usually, the amortisation period is 3 years.

Gain and loss from the sale of development projects, patents, and licenses are measured as the difference between the sales price with deduction of sales costs and the book value at the time of the sale. Gain or loss are recognised in the profit and loss account as other operating income or other operating expenses respectively.

Writedown of fixed assets

The book values of intangible fixed assets are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets respectively. Writedown takes place to the recoverable amount, if this value is lower than the book value.

The recoverable value is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow deriving from the use of the asset or the group of assets.

Previously recognised writedown is reversed when the condition for the writedown no longer exist. Writedown relating to goodwill is not reversed.

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank and in hand.

Equity

Reserves for development costs

Reserves for development costs comprise recognised development costs with deduction of related deferred tax liabilities. The reserves can not be used as dividend or for payment of losses. The reserves are reduced or dissolved if the recognised development costs are amortised or abandoned. This takes place by direct transfer to the distributable reserves of the equity.

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax assets, including the tax value of tax losses eligible for carry-over, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities

Other liabilities are measured at amortised cost which usually corresponds to the nominal value.

Profit and loss account 1 January - 31 December

All amounts in DKK.

Note		2017	2016
	Gross loss	**-2.235.454**	**-576.041**
3	Staff costs	-3.458.522	-2.153.559
	Amortisation and writedown relating to intangible fixed assets	-353.725	-29.477
	Operating profit	**-6.047.701**	**-2.759.077**
	Other financial costs	-52.084	-966
	Results before tax	**-6.099.785**	**-2.760.043**
4	Tax on ordinary results	-261.542	605.000
	Results for the year	**-6.361.327**	**-2.155.043**
	Proposed distribution of the results:		
	Allocated to other statutory reserves	-275.906	804.724
	Allocated from results brought forward	-6.085.421	-2.959.767
	Distribution in total	**-6.361.327**	**-2.155.043**

Balance sheet 31 December

All amounts in DKK.

Note	Assets	2017	2016
	Fixed assets		
5	Completed development projects	677.972	1.031.697
	Intangible fixed assets in total	677.972	1.031.697
6	Deposits	58.310	66.150
	Financial fixed assets in total	58.310	66.150
	Fixed assets in total	**736.282**	**1.097.847**
	Current assets		
	Trade debtors	142.544	150.000
	Deferred tax assets	0	605.000
	Receivable corporate tax	343.458	0
	Other debtors	171.817	115.009
	Accrued income and deferred expenses	16.730	34.662
	Debtors in total	674.549	904.671
	Available funds	1.314.714	3.317.919
	Current assets in total	**1.989.263**	**4.222.590**
	Assets in total	**2.725.545**	**5.320.437**

Balance sheet 31 December

All amounts in DKK.

Note	Equity and liabilities	2017	2016
	Equity		
7	Contributed capital	366.666	333.333
9	Reserve for development expenditure	528.818	804.724
10	Results brought forward	-1.320.794	3.797.970
	Equity in total	**-425.310**	**4.936.027**
	Liabilities		
	Subordinate loan capital	2.061.549	0
	Long-term liabilities in total	2.061.549	0
	Bank debts	137.957	98
	Trade creditors	472.023	155.000
	Other debts	479.326	229.312
	Short-term liabilities in total	1.089.306	384.410
	Liabilities in total	**3.150.855**	**384.410**
	Equity and liabilities in total	**2.725.545**	**5.320.437**

1 Deficit and Management Plans

2 Uncertainties concerning recognition and measurement

11 Contingencies

Notes

All amounts in DKK.

	2017	2016

1. Deficit and Management Plans

The results for the year 2017 are DKK -6.361.000 and the equity is -425.000 DKK as of 31 December 2017. As the equity represents less than half of the subscribed capital, the Company is subject to the Danish Companies Act section 119 regarding loss of capital. Based on the current bank credit line and the planned capital increase of DKK 1.000.000, Management forecasts that during the year ending 31 December 2018, its cash flow will be sufficient to cover its operating costs and other needs enabling the Company to continue as a going concern.

2. Uncertainties concerning recognition and measurement

The Company has recognised completed development projects with DKK 678.000 cf. note 5.

The estimates and judgements made are based on budgets and business plans for the coming years, including planned commercial initiatives, but that, by nature, are associated with uncertainty and unpredictability and may therefore prove incomplete or incorrect.

3. Staff costs

	2017	2016
Salaries and wages	3.402.021	2.113.757
Other costs for social security	23.747	4.734
Other staff costs	32.754	35.068
	3.458.522	**2.153.559**
Average number of employees	4	2

4. Tax on ordinary results

	2017	2016
Tax of the results for the year, parent company	-343.458	0
Adjustment for the year of deferred tax	605.000	-605.000
	261.542	**-605.000**

Notes

All amounts in DKK.

		31/12 2017	31/12 2016
5.	**Completed development projects**		
	Cost 1 January 2017	1.061.174	0
	Additions during the year	0	1.061.174
	Cost 31 December 2017	**1.061.174**	**1.061.174**
	Amortisation and writedown 1 January 2017	-29.477	0
	Amortisation for the year	-353.725	-29.477
	Amortisation and writedown 31 December 2017	**-383.202**	**-29.477**
	Book value 31 December 2017	**677.972**	**1.031.697**

If an indication of a reduction in the value or useful life exists, the asset is tested for impairment and is written down if necessary. This judgement is made annually and based on budgets and business plans for the coming years, including planned commercial initiatives.

		31/12 2017	31/12 2016
6.	**Deposits**		
	Cost 1 January 2017	66.150	0
	Additions during the year	0	66.150
	Disposals during the year	-7.840	0
	Cost 31 December 2017	**58.310**	**66.150**
	Book value 31 December 2017	**58.310**	**66.150**
7.	**Contributed capital**		
	Contributed capital 1 January 2017	333.333	50.000
	Cash capital increase	33.333	283.333
		366.666	**333.333**
8.	**Share premium account**		
	Share premium account for the year	966.657	6.766.657
	Dissolution of share premium account	-966.657	-6.766.657
		0	**0**

All amounts in DKK.

		31/12 2017	31/12 2016
9.	**Reserve for development expenditure**		
	Reserve for development expenditure 1 January 2017	804.724	0
	Allovated to reserve for development expenditure for the year	-275.906	804.724
		528.818	**804.724**
10.	**Results brought forward**		
	Results brought forward 1 January 2017	3.797.970	-8.920
	Profit or loss for the year brought forward	-6.085.421	-2.959.767
	Dissolution of share premium account	966.657	6.766.657
		-1.320.794	**3.797.970**

11. Contingencies

Contingent liabilities

	DKK in thousands
Contingent liabilities in total	80