BUUS JENSEN
Statsautoriserede
Revisorer

eHUBnordic ApS

Borupvang 3, 2750 Ballerup

Company reg. no. 36 95 95 17

Annual report

1 January - 31 December 2020

The annual report was submitted and approved by the general meeting on the 17 June 2021.

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Claus Christensen
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 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 2020.

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 at 31 December 2020 and of the company's results of its activities in the financial year 1 January to 31 December 2020.

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

We recommend that the annual report be approved by the general meeting.

Ballerup, 17 June 2021

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 2020, which comprise profit and loss account, balance sheet, statement of changes in equity, notes and accounting policies. 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 2020 and of the results of the company's operations for the financial year 1 January to 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 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 in the annual accounts, which indicates that the company incurred a net loss of DKK 4.171.000 during the year ended 31 December 2020 and, as of that date, the company’s current liabilities exceeded its total assets by DKK 10.201.000. As stated in note 1, it is a material condition for the company’s ability to continue as a going concern, that the company can realize the expected growth in new customers and revenue in accordance with the budget for 2021. Based on the budget, Management expects to have the necessary liquidity to finance the planned development and operating activities for the coming year. Our opinion is not modified in respect of this matter.

The management's responsibilities for the annual accounts

Management is responsible for the preparation of annual accounts that give a true and fair view in accordance with the Danish Financial Statements Act. 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, 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 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 management and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of 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

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, 17 June 2021

BUUS JENSEN
State Authorised Public Accountants
Company reg. no. 16 11 90 40

Michael Markussen
State Authorised Public Accountant
mne34295

Company information

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
Board of directors	Claus Christensen, Chairman Anders Engel Christensen Peter Kjær Jensen Hemming Van Morten Hübenbecker Poulsen	
Managing Director	Morten Hübenbecker Poulsen	
Auditors	BUUS JENSEN Statsautoriserede revisorer	
Subsidiary	eHUBnordic Consulting (Shantou) Ltd, China	

Management commentary

The principal activities of the company

Ehubnordic operates in the area of International E-commerce. Targeted towards Nordic Business to Consumer brands, the company decompose process complexity for brands who have decided to enter 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 operates a number of online shops, on JD.COM and Alibaba Tmall.Global with a supporting organization in China and Denmark.

Uncertainties as to recognition or measurement

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. Management expects to recover the capital by being profitable in the coming years, or by converting subordinate loan capital.

Management refers to note 1 in the annual accounts, in which the management describes the company's financial situation.

Development in activities and financial matters

The gross loss for the year is -1.752.000 against DKK -1.810.000 last. The results from ordinary activities after tax are DKK -4.171.000 against DKK -4.315.000 last year.

The global Corona Pandemic has significantly impacted the result of 2020. Ehubnordic has been affected twice by this. First, China closed in January 2020, with no travel, limited freight possibilities, and skyrocketing freight rates. The mobility of employees and customers in China was significantly impacted. In March 2020, as China was beginning to come of the lock-down, Europe closed down, and China closed borders and travels from Europe, again impacting freight of goods.

So while E-commerce in china has been good in the period, getting products to China has been significantly impacted.

The lock-down in Europe also meant a limited desire for companies to focus on export, resulting in no new brands.

Management of china subsidiary has been complex as no travel has been allowed, but has been successfully handled remotely, even hiring new staff.

The Corona pandemic has given rise to even higher demand for a specific international product, with interest growing for functional food products, quality food products, and health supplements while still maintaining interest for high-end global quality products.

The Danish brand Jakobsens Honey continues its growth in China. In 2020 Ehubnordic opened a dedicated flagship store for this brand and opened a reseller channel in China (two-tier sales). Ehubnordic China is now also authorized for import into china and has opened a domestic store.

The growth of the overall business also led to establishing a dedicated KIDS store, in cooperation with several danish kids fashion brands, to drive a dedicated effort into this area.

The expected development

For 2021 management expects that the result will be a loss, but a better result than in 2020, with a positive operational result expected in Q4 2021.

Had it not been for the corona crisis and the delay /impact caused by that, the overall result would be positive.

The development from January to June 2021 supports the revenue in China continues to grow according to expectations.

Income statement 1 January - 31 December

All amounts in DKK.

Note		2020	2019
	Gross loss	**-1.767.304**	**-1.800.609**
2	Staff costs	-1.963.161	-1.945.809
	Depreciation and writedown relating to tangible fixed assets	0	-324.248
	Operating profit	**-3.730.465**	**-4.070.666**
	Other financial income	30	593
3	Other financial costs	-440.910	-244.317
	Pre-tax net profit or loss	**-4.171.345**	**-4.314.390**
4	Tax on ordinary results	0	-1.100
	Net profit or loss for the year	**-4.171.345**	**-4.315.490**
	Proposed appropriation of net profit:		
	Transferred to other statutory reserves	0	-252.913
	Allocated from retained earnings	-4.171.345	-4.062.577
	Total allocations and transfers	**-4.171.345**	**-4.315.490**

Statement of financial position at 31 December

All amounts in DKK.

Note	Assets	2020	2019
	Non-current assets		
	Completed development projects	0	0
	Total intangible assets	0	0
	Equity investments in group enterprises	1	1
	Total investments	1	1
	Total non-current assets	**1**	**1**
	Current assets		
	Manufactured goods and goods for resale	449.051	260.781
	Prepayments for goods	393.570	0
	Total inventories	842.621	260.781
	Trade debtors	77.023	23.464
	Other debtors	724.282	390.093
	Accrued income and deferred expenses	14.573	14.302
	Total receivables	815.878	427.859
	Available funds	401.749	405.475
	Total current assets	**2.060.248**	**1.094.115**
	Total assets	**2.060.249**	**1.094.116**

Statement of financial position at 31 December

All amounts in DKK.

Note	Equity and liabilities	2020	2019
	Equity		
	Contributed capital	474.999	474.999
	Results brought forward	-10.675.673	-6.504.328
	Total equity	**-10.200.674**	**-6.029.329**
	Liabilities other than provisions		
	Subordinate loan capital	10.197.077	5.356.671
	Other payables	138.327	55.036
5	Total long term liabilities other than provisions	10.335.404	5.411.707
	Bank debts	1.104.284	1.021.691
	Trade creditors	434.835	535.380
	Other debts	386.400	154.667
	Total short term liabilities other than provisions	1.925.519	1.711.738
	Total liabilities other than provisions	**12.260.923**	**7.123.445**
	Total equity and liabilities	**2.060.249**	**1.094.116**

1 Deficit and Management Plans

6 Contingencies

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Share premium	Reserve for development costs	Retained earnings	Total
Equity 1 January 2019	399.999	0	252.913	-4.616.750	-3.963.838
Cash capital increase	75.000	2.175.000	0	0	2.250.000
Profit or loss for the year brought forward	0	0	0	-4.062.578	-4.062.578
Allovated to reserve for development expenditure for the year	0	0	-252.913	0	-252.913
Dissolution of share premium account	0	-2.175.000	0	2.175.000	0
Equity 1 January 2020	474.999	0	0	-6.504.328	-6.029.329
Profit or loss for the year brought forward	0	0	0	-4.171.345	-4.171.345
	474.999	**0**	**0**	**-10.675.673**	**-10.200.674**

Notes

All amounts in DKK.

		2020	2019
1.	**Deficit and Management Plans**		

The company has incurred a net loss of DKK 4.171.000 during the year ended 31 December 2020 and, as of that date, the company's current liabilities exceeded its total assets by DKK 10.201.000. 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.

It is a material condition for the company's ability to continue as a going concern, that the company can realize the expected growth in new customers and revenue in accordance with the budget for 2021. Based on the budget, Management expects to have the necessary liquidity to finance the planned development and operating activities for the coming year.

		2020	2019
2.	**Staff costs**		
	Salaries and wages	1.933.416	1.916.030
	Other costs for social security	29.745	29.779
		1.963.161	**1.945.809**
	Average number of employees	5	5
3.	**Other financial costs**		
	Other financial costs	440.910	244.317
		440.910	**244.317**
4.	**Tax on ordinary results**		
	Adjustment of tax for previous years	0	1.100
		0	**1.100**

Notes

All amounts in DKK.

5. Liabilities other than provision

	Total payables 31 Dec 2020	Current portion of long term payables	Long term payables 31 Dec 2020	Outstanding payables after 5 years
Subordinate loan capital	10.197.077	0	10.197.077	0
Other payables	138.327	0	138.327	0
	10.335.404	**0**	**10.335.404**	**0**

6. Contingencies

Contingent liabilities

	DKK in thousands
Contingent liabilities in total	50

Charges and security

For bank commitments, the company has provided company pledge secured by a range of the company's assets with the following booked values as of 31 December 2020:

Inventories	843 t.kr.
Trade debtors	77 t.kr.

Accounting policies

The annual report for eHUBnordic ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

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. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

Income statement

Gross loss

Gross loss comprises the revenue, cost of sales, and external costs.

The enterprise will be applying IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue comprises the value of services provided during the year, including outlay for customers less VAT and price concessions directly associated with the sale.

Revenue is recognised in the income statement on the completion of sales. This is generally considered to be the case when:

- The service has been provided before the end of the financial year
- A binding sales agreement exists
- The sales price has been determined
- Payment has been received, or is anticipated with a reasonable degree of certainty.

This ensures that recognition does not take place until the total income and costs and stage of completion at the reporting date can be reliably validated and it seems probable that the economic benefits, including payments, will flow to the enterprise.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

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

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Results from equity investments in group enterprises

Dividend from equity investments in group enterprises is recognised in the financial year in which the dividend is declared.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

Statement of financial position

Intangible assets

Development projects, patents, and licences

Development costs comprise salaries, wages, and amortisation directly attributable to development activities.

Clearly defined and identifiable development projects are recognised as intangible assets provided that they are proven to be technically practicable, that sufficient resources and a potential market or development opportunity exist, and insofar as the intention is to produce, market or utilise the project. It is, however, a condition that the cost can be reliably calculated and that a sufficiently high degree of certainty indicates that future earnings will cover the costs of production, sales, and administration. Other development costs are recognised in the income statement concurrently with their realisation.

Development costs recognised in the statement of financial position are measured at cost less accrued amortisations and writedowns for impairment.

After completion of the development work, capitalised development costs are amortised on a straight-line basis over the estimated useful economic life. The amortisation period is usually 10 years.

Profit and loss from the sale of development projects, patents, and licenses are measured as the difference between the sales price less sales costs and the carrying amount at the time of sale. Profit or loss are recognised in the income statement as other operating income or other operating expenses, respectively.

Investments

Equity investments in group enterprises

Equity investments in group enterprises are measured at cost. If the recoverable amount is lower than the cost, writedown for impairment is done to match this lower value.

Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

Costs of manufactured goods and work in progress comprise the cost of raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance and depreciation of machinery, factory buildings, and equipment used in the production process, and costs for factory administration and factory management. Borrowing expenses are not recognised in cost.

The net realisable value for inventories is recognised as the market price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired.If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, 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. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.