BUUS JENSEN
Statsautoriserede
Revisorer

eHUBnordic ApS

Borupvang 3, 2750 Ballerup

Company reg. no. 36 95 95 17

Annual report

1 January - 31 December 2021

The annual report was submitted and approved by the general meeting on the 29 June 2022.

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Claus Christensen
Chairman of the meeting

Contents

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 statement

Today, the Board of Directors and the Managing Director have approved the annual report of eHUBnordic ApS for the financial year 1 January - 31 December 2021.

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

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations for the financial year 1 January – 31 December 2021.

Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

Ballerup, 29 June 2022

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 financial statements of eHUBnordic ApS for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies, for the Company. The financial statements are prepared under 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 2021, and of the results of the Company's operations for the financial year 1 January - 31 December 2021 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.

Material Uncertainty Related to Going Concern

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 2022. 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.

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 about 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 these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism 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.

- 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 Management’s Review

Management is responsible for Management’s Review.

Our opinion on the financial statements does not cover 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 Management’s Review and, in doing so, consider whether 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 Management’s Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that 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 Management’s Review.

Copenhagen, 29 June 2022

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	eHub Consultant LTD, China	

Management´s review

The principal activities of the company

Ehubnordic operates in the area of International E-commerce. Targeted towards Nordic Business to Consumer brands, the company decomposes process complexity for brands who have decided to enter geographical areas where culture, language, distance, and local requirements for 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 about 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 totals DKK -1.598.000 against DKK -1.785.000 last year. The results ordinary activities after tax totals DKK -3.932.000 against DKK -4.171.000 last year. Management considers the net loss for the year unsatisfactory.

The result of 2021 has been significantly impacted by the global Corona Pandemic and the subsequent logistics challenges around the world.

Ehubnordic has been impacted by this in several ways, with close-down in Europe limiting the transport of goods to China and close-downs in China limiting the delivery of goods to the China consumers.

The global logistics bottleneck also impacted delivery of goods to China and availability of goods for the Chinese consumer.

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

The lockdown in Europe also meant a limited desire for companies to focus on export, resulting in limited new brands.

Management of the Chinese subsidiary has been difficult as no travel has been allowed, but has been successfully handled remotely, with even hiring of new staff.

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

The Danish brand KALOHAS (dried green Kale) is an example of this, where the brand after its introduction in the summer of 2021 has seen significant growth.

Expected developments

For 2022 management expects that the result will be a loss.

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

Income statement 1 January - 31 December

All amounts in DKK.

Note		2021	2020
	Gross profit	**-1.597.966**	**-1.784.643**
2	Staff costs	-1.664.914	-1.945.822
	Operating profit	**-3.262.880**	**-3.730.465**
	Other financial income	8.773	30
3	Other financial expenses	-677.424	-440.910
	Pre-tax net profit or loss	**-3.931.531**	**-4.171.345**
	Tax on net profit or loss for the year	0	0
	Net profit or loss for the year	**-3.931.531**	**-4.171.345**
	Proposed appropriation of net profit:		
	Allocated from retained earnings	-3.931.531	-4.171.345
	Total allocations and transfers	**-3.931.531**	**-4.171.345**

Balance sheet at 31 December

All amounts in DKK.

Note	Assets	2021	2020
	Non-current assets		
	Investments in subsidiaries	1	1
	Total investments	1	1
	Total non-current assets	**1**	**1**
	Current assets		
	Manufactured goods and goods for resale	1.311.661	449.051
	Prepayments for goods	0	393.570
	Total inventories	1.311.661	842.621
	Trade receivables	108.262	77.023
	Other receivables	662.665	724.282
	Prepayments	110.286	14.573
	Total receivables	881.213	815.878
	Cash and cash equivalents	162.870	401.749
	Total current assets	**2.355.744**	**2.060.248**
	Total assets	**2.355.745**	**2.060.249**

Balance sheet at 31 December

All amounts in DKK.

Note	Equity and liabilities	2021	2020
	Equity		
	Contributed capital	474.999	474.999
	Retained earnings	-14.607.204	-10.675.673
	Total equity	**-14.132.205**	**-10.200.674**
	Liabilities other than provisions		
4	Subordinate loan capital	13.828.065	10.197.077
	Other payables	141.158	138.327
5	Total long term liabilities other than provisions	13.969.223	10.335.404
	Bank loans	1.096.850	1.104.284
	Trade payables	1.103.136	434.835
	Other payables	318.741	386.400
	Total short term liabilities other than provisions	2.518.727	1.925.519
	Total liabilities other than provisions	**16.487.950**	**12.260.923**
	Total equity and liabilities	**2.355.745**	**2.060.249**

1 Uncertainties concerning the enterprise's ability to continue as a going concern

6 Contingencies

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Retained earnings	Total
Equity 1 January 2020	474.999	-6.504.328	-6.029.329
Profit or loss for the year brought forward	0	-4.171.345	-4.171.345
Equity 1 January 2021	474.999	-10.675.673	-10.200.674
Profit or loss for the year brought forward	0	-3.931.531	-3.931.531
	474.999	**-14.607.204**	**-14.132.205**

Notes

All amounts in DKK.

	2021	2020

1. Uncertainties concerning the enterprise's ability to continue as a going concern

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.

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 2022. Based on the budget, Management expects to have the necessary liquidity to finance the planned development and operating activities for the coming year.

2. Staff costs

	2021	2020
Salaries and wages	1.621.805	1.916.077
Other costs for social security	43.109	29.745
	1.664.914	**1.945.822**
Average number of employees	5	5

3. Other financial expenses

	2021	2020
Other financial costs	677.424	440.910
	677.424	**440.910**

4. Subordinate loan capital

	2021	2020
Total subordinate loan capital	**13.828.065**	**10.197.077**

5. Long term labilities other than provisions

	Total payables 31 Dec 2021	Current portion of long term payables	Long term payables 31 Dec 2021	Outstanding payables after 5 years
Subordinate loan capital	13.828.065	0	13.828.065	0
Other payables	141.158	0	141.158	0
	13.969.223	**0**	**13.969.223**	**0**

Notes

All amounts in DKK.

6. Contingencies

Contingent liabilities

	DKK in thousands
Total contingent liabilities	45

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 2021:

Inventories	1.312
Trade debtors	108

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 expenses comprise expenses incurred for distribution, sales, advertising, administration, premises, 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.

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, 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 investments in subsidiaries

Dividend from investments in subsidiaries 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

Investments

Investments in subsidiaries

Investments in subsidiaries arerecognised and measured at cost. If the recoverable amount is lower than the cost price, it shall be written down for impairment to 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

Prepaymentsrecognised under assets comprise incurred costs concerning the following financial year.

Cash and cash equivalents

Cash and cash equivalents 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.