

**Presentation of the company**

**YGM Ltd**

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## Essential Information:

- The Issuer: YGM poslovno svetovanje d.o.o., Štihova ulica 13, 1000 Ljubljana, Slovenia, reg. no.: 8402744000
- LEI code of the Issuer: 485100BEH9WSI4O47H45
- Type of securities issued: GDR – Global Depositary Receipt, CFI code: EDSNDR
- Number of GDRs issued: up to 100,000,000
- ISIN code of securities: SI0031800061
- FISN code: YGED/GDR
- Ticker: YGED1
- GDRs: registered, dematerialized, no par value
- Underlying securities: Regular, no par value, registered shares
- Number of underlying securities: 100,000,000
- Issuer of underlying securities (hereinafter: the “Underlying Issuer” or “YGM” or “YGM HK”): YGM HOLDINGS LIMITED, Flat/Rm A 12/F Kiu Fu Commercial Bldg, 300 Lockhart Road, Wan Chai, Hong Kong 99907, reg. no.: 2881314
- LEI code of the Underlying Issuer: 485100HKYLIWPOBR5Q35
- TOI: Terms of Issue, as kept by KDD d.d.

## Introduction of YGM

YGM HK is a limited liability private company duly incorporated and existing in the Hong Kong Special Administrative Region of the People's Republic of China (hereinafter: "Hong Kong"). YGM is a company specialized in e-commerce and operates a blockchain-based platform empowering e-commerce. YGM focuses on selling items from all over the world to China and currently runs several own overseas warehouses as joint ventures with local partners, including in Frankfurt, London, New York and Sydney. Additional warehouses in Amsterdam and Tokyo are planned in the next 1-2 years.

YGM platform offers full business solutions for cross-border E-commerce as a service to all market participants, including 10 independent modules which can be subscribed to individually: Supply chain management, WMS, Supply chain financing, cross-border digital payment technology and international parcel solution, sale-end APP, sale-end web-service, sale-end wechat-app, SaaS shop and consumer financing to facilitate full business stream. Due to the nature of its business, e-commerce done through YGM enjoy reduced VAT and eliminated import tariffs for goods imported into China.

YGM HK is a mother company of the operator of YGM platform – Chengdu Moyun Technology Ltd. YGM platform is currently operational for more than 5 years, with more than 90% of its sales consisting of formula milk powder, health care products and skin care products.

YGM utilizes blockchain technology on its platform, which brings 2 major advantages. Supply chains are shortened and simplified, and all data is decentralized. All data and traffic is decentralized and shared with users who create it and may create value from it.

All users are rewarded through YGM tokens, which have a total limit of 30 million and are anchored against 30% of the company's stocks. All users and participants are rewarded with tokens, from warehouse co-operators, distributors and customers. Tokens may be cashed out at any time to become euros.

## Financial data, plans and projections

YGM earns money from e-commerce done through its platform and the use of its services. In 2019 the YGM platform received around 600,000 orders with an average price of 50 EUR from about 100,00 unique end customers. Total turnover is therefore around 30 million EUR, with a gross profit of around 4-5 million EUR. After accounting for costs, of which vast majority are spent on staff, warehouses and related services, YGM expects to post a profit of around 1,500,000.00 EUR for 2019.

For 2020, YGM expects total turnover to increase substantially, to around 80 million EUR. However, gross profit margin is expected to decrease slightly as its current level of 15% is well above the industry average, and costs are also set to rise in line with revenue. Profit for 2020 is planned in the region of 5 million EUR.

YGM HK's business year does not differ from calendar year, meaning it starts on 1<sup>st</sup> July and finishes on 30<sup>th</sup> June. The Issuer will provide annual reports as requested by LJSE SI ENTER Rules until the end of August for the previous year. The Issuer anticipates that current working capital

is sufficient for YGM HK operations and there are no plans to raise additional capital at the moment. However, there is no limit or restriction on YGM HK to issue additional securities or raise capital in any other way in the future.

## Information on specific risks

Hereby the Issuer advises on some general and specific risks related to YGM and GDRs. This list shall not be understood as exclusive or complete. The list may not fully and/or correctly reflect the significance of risks presented and there may be additional risks which are not mentioned in this document.

- Customer risk

YGM must attract a sufficient number of customers and partners to its platform to maintain profitability and ensure steady expansion. Failure to do so will negatively impact YGM's performance and profitability.

- Crypto tokens related risks

YGM utilizes crypto tokens to reward participants on its platform, which is currently not heavily regulated. However there exists a risk that the regulatory approach towards the blockchain technology and decentralized systems based on the crypto-assets will change and certain regulatory restrictions will be applied to the Company's business and accordingly, the Company may be obliged to obtain certain regulatory approvals.

- Software operation risks

YGM's main product is its software and platform. While YGM is confident that its products are of good quality, every software is subject to some general risks. Software might not run as intended, have loopholes allowing access to unwanted third parties or be unreliable in another way.

- Legal and Business standards and practices

YGM operates in various jurisdictions, including in some which are rapidly developing and at times unpredictable. Business practices, legal standards, their understanding and application might differ from those experienced in other countries or jurisdictions. Any failure of YGM to correctly understand and fully apply legal and regulatory provisions might have a severe negative impact on its operations.

- Social stability

Most of YGM's customers and operations are based in stable societies. However, YGM HK is incorporated in Hong Kong, which in 2019 experienced continued unrest and disruption. So far this has left no negative consequences for YGM HK but continued severe unrest in Hong Kong or other areas important for YGM could result in a disruption of business operations. The risk of instability in Hong Kong increased at the end of May 2020 due to a new "security law" possibly being passed.

- Competition

The market for provision of e-commerce is fast developing and growing. The number of E-commerce platforms is already extremely big and will probably increase in the future. Any

failure of YGM to remain competitive and capture a sufficient share of the market may make its operations non-viable.

- Listing of GDRs

While the Issuer is confident that the developed mechanism is safe and appropriate for delivering all rights and benefits arising from YGM HK shares to holders of GDRs, there may be some risks which are outside of the Issuer's control. Issuance of GDRs relies on many parties, and while carefully chosen, any failure on part of any party involved for any potential reason might disrupt the timely delivery of rights for the benefit of the holders of GDRs or the operation of issuance mechanism as intended. Additionally, while the Issuer will apply for listing on SI ENTER, a MTF trading venue operated by LJSE, there is no guarantee of listing at this time and, if and once the GDRs are listed on SI ENTER, there is no guarantee of listing continuing for any period of time.

- Trading risks

Shall GDRs be listed there is no guarantee that a liquid market in these GDRs will develop. As with all listed securities there may be significant risks related to price swings, execution of trades, volume, order book depth and other market-related risks. The Issuer makes no representation that it will shield investors from any of those risks. The Issuer has not concluded any agreements for market making or stabilization for GDRs.

## Mechanism of Issuance

The Issuer issued Global Depositary receipts with ISIN code SI0031800061 (hereinafter: GDRs), duly issued and kept in central depository managed by KDD – Centralna klirinško depotna družba, delniška družba (hereinafter: the "KDD"). Each GDR represents 1 share of YGM HK, owned by the Issuer in the share registry in Hong Kong.

The Issuer will confer any and all rights, receivables and/or other benefits arising from the shares of YGM HK held by the Issuer to holders of GDRs, with YGM HK standing as guarantor for obligations of the Issuer against the holders of GDRs. The Issuer holds the shares for the sole benefit of the Holders and shall not sell, transfer, dispose of or encumber the shares of YGM HK unless permitted to do so by TOI and the law firm Pun & Associates Solicitors from Hong Kong. The underlying instruments are ordinary shares and carry all rights normally expected, including a share of future profits of YGM and the voting rights. More information on rights arising from the instruments and enjoying those rights are available in TOI.

Any holder may request from the Issuer to, in accordance with applicable TOI provisions, redeem any number of unencumbered GDRs held by the holder and confer upon the holder the corresponding amount of YGM HK shares. Likewise, a holder of unencumbered shares of YGM HK may request from the Issuer to accept and take any number of shares and confer upon him a corresponding number of GDRs in the KDD's registry. The Issuer reserves a right to charge appropriate fees for providing any services or measures described here in accordance with TOI. Any holder of GDRs or shares of YGM HK shall only be able to exercise rights provided to him by

this document or TOI if he/she is technically and legally able to exercise those rights. All holders shall themselves ensure they have an existing securities account at the corresponding registry and there is no law preventing them to dispose, accept or hold those securities.

Any transfers, issuances, custody or other similar issues are governed by TOI and applicable law, with shares of YGM being governed by Hong Kong law and GDRs by Slovenian law. This also includes any rules or instructions of relevant institutions involved (such as KDD or LJSE). Should information contained in this document differ from or contravene any provisions of TOI or the applicable law, provisions of TOI or the law shall always prevail and apply. All persons shall read TOI in full before becoming a holder of GDRs.

It shall be noted that a competent authority (which may include institutions as KDD and LJSE for issues within their competence and powers granted by law) may at any time demand from the Issuer or any other involved party to take a specific action, refrain from taking an action or install upon the Issuer or other party any other obligation. The Issuer or any other party addressed will always comply in full with any such request or demand, regardless of whether the Issuer, holders and/or any other party involved may consider this demand or request to be illegitimate or illegal.