

MEREX Holding ApS

Vester Farimagsgade 4, 2., 1606 København V
CVR no. 34 59 31 59

Annual report for 2017

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 22.06.18

Maryam Pirooznejad
Dirigent

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The company

MEREX Holding ApS
Vester Farimagsgade 4, 2.
1606 København V
Tel.: 33 32 13 11
Registered office: København V
CVR no.: 34 59 31 59
Financial year: 01.01 - 31.12

Executive Board

Maryam Pirooznejad

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

Statement of the Board of Directors on the annual report

I have on this day presented the annual report for the financial year 01.01.17 - 31.12.17 for MEREX Holding ApS.

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

In my opinion, the financial statements give a true and fair view of the the company's assets, liabilities and financial position as at 31.12.17 and of the results of the the company's activities for the financial year 01.01.17 - 31.12.17.

I believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Copenhagen, June 22, 2018

Maryam Pirooznejad

To the of MEREX Holding ApS**Opinion**

We have audited the financial statements of MEREX Holding ApS for the financial year 01.01.17 - 31.12.17, which comprise the income statement, balance sheet, statement of changes in equity and notes, inclusive of accounting policies. The financial statements are prepared in accordance with Danish Financial Statements Act

In our opinion the financial statements give a true and fair view of the company's assets, liabilities and financial position at 31.12.17 and of the results of the company's operations for the financial year 01.01.17 - 31.12.17 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 "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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty regarding going concern

Without modifying our conclusion, we draw attention to note 1 in the financial statements, which states that the company has been committed to maintaining long-term debt until 2022. At the same time, management believes that it is possible to reinstate a profitable operation in the Swedish subsidiary and on This will reestablish the company's capital base over the coming years. Based on this, the management reports the financial statements subject to continued operations. We agree with the management in the description of the uncertainties and the choice of accounting principle.

Statement regarding the 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 Statements Acts. We did not identify any material misstatement of management's review.

Management's responsibility for the financial statements

The Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act. Furthermore the Management is responsible for the internal control as the 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 International Standards on Auditing 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 International Standards on Auditing 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.

Soeborg, Copenhagen, June 22, 2018

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Carsten Collin
State Authorized Public Accountant
MNE-no. mne9406

Primary activities

The company's activities comprise to act as a holding company and own the activity in Merex International A/S and Merex International AB.

Development in activities and financial affairs

The income statement for the period 01.01.17 - 31.12.17 shows a profit/loss of DKK -159,540 against DKK -755,841 for the period 01.01.16 - 31.12.16. The balance sheet shows equity of DKK -1,664,878.

Subsequent events

No important events have occurred after the end of the financial year.

Income statement

Note	2017 DKK	2016 DKK
Gross loss	-43.861	-25.000
Income from equity investments in group enterprises	26.172	-117.425
Financial income	67.726	115.287
Impairment losses on financial assets	-173.787	-656.709
Financial expenses	-49.306	-80.115
Profit/loss before tax	-173.056	-763.962
Tax on profit or loss for the year	13.516	8.121
Profit/loss for the year	-159.540	-755.841
Proposed appropriation account		
Retained earnings	-159.540	-755.841
Total	-159.540	-755.841

	31.12.17 DKK	31.12.16 DKK
ASSETS		
Note		
2 Equity investments in group enterprises	168.329	119.877
Total investments	168.329	119.877
Total non-current assets	168.329	119.877
Receivables from group enterprises	0	211.449
Total receivables	0	211.449
Cash	27.306	39.290
Total current assets	27.306	250.739
Total assets	195.635	370.616
EQUITY AND LIABILITIES		
Contributed capital	80.000	80.000
Retained earnings	-1.744.878	-1.585.338
Total equity	-1.664.878	-1.505.338
3 Other payables	1.835.513	1.855.954
Total long-term payables	1.835.513	1.855.954
Other payables	25.000	20.000
Total short-term payables	25.000	20.000
Total payables	1.860.513	1.875.954
Total equity and liabilities	195.635	370.616
4 Contingent liabilities		

Statement of changes in equity

Figures in DKK	Share capital	Retained earnings	Total equity
Statement of changes in equity for 01.01.17 - 31.12.17			
Balance pr. 01.01.17	80.000	-1.585.338	-1.505.338
Net profit/loss for the year	0	-159.540	-159.540
Balance as at 31.12.17	80.000	-1.744.878	-1.664.878

There have been no changes in share capital during the three preceding financial years.

1. Information as regards going concern

The company has obtained commitments from the major lenders comprising loans for approx. 1.8 million. In addition, the subsidiaries have received similar commitments for the maintenance of loans to 2022, including loans for 4.7 million. Kr. It is management's view that based on the operational development achieved in the subsidiary in Denmark, where a positive result for 2017 has been created, it will also be able to restore a profit in Sweden in the coming years. Restructuring of the company's capital base is thus expected by management to be based on own earnings.

2. Equity investments in group enterprises

Figures in DKK	Equity invest- ments in group enterprises
Cost pr. 01.01.17	1.333.157
Additions during the year	50.000
Disposals during the year	-27.720
Cost as at 31.12.17	1.355.437
Depreciation and impairment losses pr. 01.01.17	-1.213.280
Reversal of impairment losses in respect of previous years	26.172
Depreciation and impairment losses as at 31.12.17	-1.187.108
Carrying amount as at 31.12.17	168.329
Name and Registered office:	Ownership interest
Group enterprises:	
Merex International A/S, Copenhagen, Denmark	100%
Horizon Consulting Group ApS, Copenhagen, Denmark (DK)	100%
Merex International AB, Gothenburg, Sweden	100%

3. Longterm payables

Figures in DKK	Total payables at 31.12.17	Total payables at 31.12.16
Other payables	1.835.513	1.855.954
Total	1.835.513	1.855.954

Of the long-term liabilities, DKK 0 falls due for payment after more than five years after the balance sheet date.

4. Contingent liabilities

Other contingent liabilities

The company is taxed jointly with the other Danish companies in the group and has joint, several and unlimited liability for income taxes and any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies.

5. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for enterprises in reporting class B.

The accounting policies have been applied consistently with previous years.

In accordance with section 110 of the Danish Financial Statements Act, the company has not prepared consolidated financial statements.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

5. Accounting policies - continued -**CURRENCY**

The annual report is presented in Danish kroner (DKK).

INCOME STATEMENT**Gross loss**

Gross loss comprises other external expenses.

Other external expenses

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

Income from equity investments in group enterprises

For equity investments in subsidiaries, measured using the equity method, the share of the enterprises' profit or loss is recognised in the income statement after elimination of unrealised intercompany profits and losses and less any goodwill amortisation and impairment losses.

Income from equity investments in subsidiaries comprises gains and losses on the sale of equity investments.

Impairment losses on financial assets

Impairment losses on financial assets comprise impairment of investments at a lower recoverable amount and write-downs of financial current assets at a lower net realisable value.

Other net financials

Interest income and interest expenses etc. are recognised in other net financials.

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and

5. Accounting policies - continued -

directly in equity with the portion attributable to amounts recognised directly in equity.

The company is jointly taxed with Danish consolidated enterprises. The parent is the administration company for the joint taxation and thus settles all income tax payments with the tax authorities.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

BALANCE SHEET

Equity investments in group enterprises

Equity investments in subsidiaries are recognised and measured according to the equity method, meaning that these equity investments are measured at the proportionate share of the enterprises' equity value, determined according to the accounting policies of the parent, adjusted for the remaining value of positive or negative goodwill and gains and losses on transactions with the enterprises in question.

Gains or losses on the divestment of subsidiaries are determined as the difference between the divestment consideration and the carrying amount of net assets at the time of sale, including non-amortised goodwill, as well as the expected costs of divestment or discontinuation. Gains and losses are recognised in the income statement under income from equity investments.

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation/amortisation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying

5. Accounting policies - continued -

amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Cash

Cash includes deposits in bank accounts as well as operating cash.

Equity

The net revaluation of equity investments in subsidiaries is recognised in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds the cost.

Current and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the tax-

5. Accounting policies - continued -

able income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Payables

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.