

**MTI Group ApS**  
Ørstedesvej 18 B  
6760 Ribe  
Business Registration No  
37329983

## **Annual report 2017**

The Annual General Meeting adopted the annual report on 11.06.2018

### **Chairman of the General Meeting**

---

Name: Claus Petersen Lundtofte

# Contents

	<b><u>Page</u></b>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's reports	3
Management commentary	5
Income statement for 2017	6
Balance sheet at 31.12.2017	7
Statement of changes in equity for 2017	9
Notes	10
Accounting policies	13

## Entity details

---

### Entity

MTI Group ApS  
Ørstedesvej 18 B  
6760 Ribe

Central Business Registration No (CVR): 37329983

Registered in: Esbjerg

Financial year: 01.01.2017 - 31.12.2017

### Executive Board

Claus Petersen Lundtofte

### Auditors

Deloitte Statsautoriseret Revisionspartnerselskab  
Dokken 8  
Postbox 200  
6701 Esbjerg

## Statement by Management on the annual report

-----  
The Executive Board have today considered and approved the annual report of MTI Group ApS for the financial year 01.01.2017 - 31.12.2017.

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

In my opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017.

I believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Ribe, 11.06.2018

**Executive Board**

Claus Petersen Lundtofte

## Independent auditor's reports

### To the shareholders of MTI Group ApS

#### Report on extended review of the financial statements

We have performed an extended review of the financial statements of MTI Group ApS for the financial year 01.01.2017 - 31.12.2017. The financial statements, which comprise the income statement, balance sheet, statement of changes in equity, notes and accounting policies, are prepared in accordance with the Danish Financial Statements Act.

#### Management's responsibility 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.

#### Auditor's responsibility

Our responsibility is to express an opinion on the financial statements. We conducted our extended review in accordance with the assurance engagement standard for small enterprises as issued by the Danish Business Authority and the standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act as issued by FSR - Danish Auditors.

This requires that we comply with the Danish Public Accountants Act and FSR – Danish Auditors' Code of Conduct and plan and perform procedures to obtain limited assurance about our opinion on the financial statements and that we perform specifically required supplementary procedures for the purpose of obtaining additional assurance about our opinion.

An extended review consists of making inquiries, primarily of management and, if appropriate, of other entity personnel, performing analytical procedures and specifically required supplementary procedures as well as evaluating the evidence obtained.

The procedures performed in an extended review are less in scope than in an audit, and accordingly we do not express an audit opinion on the financial statements.

#### Conclusion

Based on our extended review, in our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2017 and of the results of its operations for the financial year 01.01.2017 - 31.12.2017 in accordance with the Danish Financial Statements Act.

#### Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

## Independent auditor's reports

In connection with our extended review of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the extended review or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Esbjerg, 11.06.2018

### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
Central Business Registration No (CVR) 33963556

Peder Rene Pedersen  
State Authorised Public Accountant  
Identification No (MNE) mne23334

## Management commentary

### Primary activities

The Company's primary activity consists of capital management.

### Development in activities and finances

During the year, the Company has realised a loss of DKK 555k, which was expected.

### Equity loss

The Company is covered by the regulations of equity loss in the Companies Act § 119, as the company has lost the entire share capital as per 31.12.2017. SDI Invest Ltd have issued a financial support statement as follows:

"As the owner of SDI Invest Ltd, I hereby grant our full financial support to our company MTI Group ApS in Denmark.

As MTI Group ApS has lost its equity during the first to years of trading involving large renovations, expansions of brands and extensive start up investments, SDI Invest Ltd states its 100% support in confirming that the current loan with total amount of USD 2,447,799 granted to MTI Group ApS, Ribe shall not be paid back any earlier than 01.01.2019 and there will not apply any interest to this loan."

The Company's management expect the equity to be re-established through future profit in the MTI-group.

### Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

## Income statement for 2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
<b>Gross profit</b>		<b>620.593</b>	<b>438.473</b>
Staff costs	1	<u>(840.168)</u>	<u>(724.556)</u>
<b>Operating profit/loss</b>		<b>(219.575)</b>	<b>(286.083)</b>
Income from investments in associates		(2.282.796)	(3.727.965)
Other financial income	2	2.092.615	0
Other financial expenses	3	<u>(2.328)</u>	<u>(959.992)</u>
<b>Profit/loss before tax</b>		<b>(412.084)</b>	<b>(4.974.040)</b>
Tax on profit/loss for the year	4	<u>(143.285)</u>	<u>0</u>
<b>Profit/loss for the year</b>		<b><u>(555.369)</u></b>	<b><u>(4.974.040)</u></b>
<b>Proposed distribution of profit/loss</b>			
Retained earnings		<u>(555.369)</u>	<u>(4.974.040)</u>
		<b><u>(555.369)</u></b>	<b><u>(4.974.040)</u></b>



## Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Investments in group enterprises		<u>0</u>	<u>0</u>
<b>Fixed asset investments</b>	5	<u>0</u>	<u>0</u>
<b>Fixed assets</b>		<u>0</u>	<u>0</u>
Receivables from group enterprises	6	10.055.108	11.447.032
Other receivables		<u>95.553</u>	<u>37.954</u>
<b>Receivables</b>		<u>10.150.661</u>	<u>11.484.986</u>
<b>Cash</b>		<u>70.088</u>	<u>2.034.719</u>
<b>Current assets</b>		<u>10.220.749</u>	<u>13.519.705</u>
<b>Assets</b>		<u>10.220.749</u>	<u>13.519.705</u>

## Balance sheet at 31.12.2017

	<u>Notes</u>	<u>2017 DKK</u>	<u>2016 DKK</u>
Contributed capital		50.000	50.000
Retained earnings		<u>(5.529.409)</u>	<u>(4.974.040)</u>
<b>Equity</b>		<b><u>(5.479.409)</u></b>	<b><u>(4.924.040)</u></b>
Payables to shareholders and management		<u>14.433.698</u>	<u>18.067.857</u>
<b>Non-current liabilities other than provisions</b>	<b>7</b>	<b><u>14.433.698</u></b>	<b><u>18.067.857</u></b>
Current portion of long-term liabilities other than provisions	7	750.000	0
Trade payables		8.120	0
Payables to shareholders and management		0	26.935
Income tax payable		143.285	0
Other payables		<u>365.055</u>	<u>348.953</u>
<b>Current liabilities other than provisions</b>		<b><u>1.266.460</u></b>	<b><u>375.888</u></b>
<b>Liabilities other than provisions</b>		<b><u>15.700.158</u></b>	<b><u>18.443.745</u></b>
<b>Equity and liabilities</b>		<b><u>10.220.749</u></b>	<b><u>13.519.705</u></b>

## Statement of changes in equity for 2017

	<b>Contributed capital DKK</b>	<b>Retained earnings DKK</b>	<b>Total DKK</b>
Equity beginning of year	50.000	(4.974.040)	(4.924.040)
Profit/loss for the year	<u>0</u>	<u>(555.369)</u>	<u>(555.369)</u>
<b>Equity end of year</b>	<b><u>50.000</u></b>	<b><u>(5.529.409)</u></b>	<b><u>(5.479.409)</u></b>

## Notes

	<b>2017</b>	<b>2016</b>
	<b>DKK</b>	<b>DKK</b>
<b>1. Staff costs</b>		
Wages and salaries	812.519	714.642
Pension costs	22.572	8.778
Other social security costs	5.077	1.136
	<b>840.168</b>	<b>724.556</b>
 Average number of employees	 <b>2</b>	
 <b>2. Other financial income</b>		
Exchange rate adjustments	2.092.615	0
	<b>2.092.615</b>	<b>0</b>
 <b>3. Other financial expenses</b>		
Other interest expenses	958	6.553
Exchange rate adjustments	0	953.439
Other financial expenses	1.370	0
	<b>2.328</b>	<b>959.992</b>
 <b>4. Tax on profit/loss for the year</b>		
Current tax	143.285	0
	<b>143.285</b>	<b>0</b>

## Notes

	<b>Invest- ments in group enterprises DKK</b>
<b>5. Fixed asset investments</b>	
Cost beginning of year	18.677
<b>Cost end of year</b>	<b>18.677</b>
Impairment losses beginning of year	(18.677)
Share of profit/loss for the year	(2.282.796)
Investments with negative equity value depreciated over receivables	2.282.796
<b>Impairment losses end of year</b>	<b>(18.677)</b>
<b>Carrying amount end of year</b>	<b>0</b>

## 6. Receivables from group enterprises

MTI Group ApS have issued a financial support statement as follows:

"We, the owners of MTI Group ApS hereby grant our full financial support to our company MTI Retail Oy in Helsinki operating retail stores from Fabianinkatu 29 and Fabianinkatu 31.

As MTI Retail Oy has lost its equity during the second trading year involving new large and extensive start up investments and to ensure MTI Retail Oy as ongoing concern, MTI Group ApS states its 100% support in confirming that a loan with total amount of Euro 900.000,00 granted to MTI Retail Oy, Helsinki is through this document converted into capital loan.

To the conversion of the loan into capital loan we confirm the following:

1. The principal and interest are subordinate to all other debts in the liquidation and bankruptcy of the company.
2. The principal may be otherwise repaid and interest paid only in so far as the sum total of the unrestricted equity and all of the capital loans of the company at the time of payment exceed the loss on the balance sheet to be adopted for the latest financial period or the loss on the balance sheet from more recent financial statements; and
3. The company or a subsidiary shall not post security for the payment of the principal and interest.

This letter thus serves as a contract on a capital loan granted by MTI Group ApS Denmark to MTI Retail Oy, Helsinki, Finland."

## Notes

	<b>Due within 12 months 2017 DKK</b>	<b>Due after more than 12 months 2017 DKK</b>	<b>Outstanding after 5 years DKK</b>
<b>7. Liabilities other than provisions</b>			
Payables to shareholders and management	750.000	14.433.698	10.666.371
	<b>750.000</b>	<b>14.433.698</b>	<b>10.666.371</b>

SDI Invest Ltd have issued a financial support statement as follows:

"As the owner of SDI Invest Ltd, I hereby grant our full financial support to our company MTI Group ApS in Denmark.

As MTI Group ApS has lost its equity during the first to years of trading involving large renovations, expansions of brands and extensive start up investments, SDI Invest Ltd states its 100% support in confirming that the current loan with total amount of USD 2,447,799 granted to MTI Group ApS, Ribe shall not be paid back any earlier than 01.01.2019 and there will not apply any interest to this loan."

## Accounting policies

### Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

### Consolidated financial statements

Referring to section 110 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

### Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

When recognising foreign associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date.

### Income statement

#### Gross profit or loss

Gross profit or loss comprises external expenses.

#### Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

#### Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

#### Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including stationery and office supplies, marketing costs, etc.

#### Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

## Accounting policies

### Income from investments in associates

Income from investments in associates comprises the pro rata share of the individual associates' profit/loss after elimination of intra-group profits or losses.

### Other financial income

Other financial income comprises net capital or exchange gains on payables and transactions in foreign currencies.

### Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on payables and transactions in foreign currencies.

### Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

### Balance sheet

#### Investments in group enterprises

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus or minus unrealised intra-group profits or losses.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation is imminent, a provision is recognised that is measured at present value of the costs deemed necessary to incur to settle the obligation.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

### Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

### Cash

Cash comprises bank deposits.

### Other financial liabilities

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



## Accounting policies

### **Income tax receivable or payable**

Current tax receivable or payable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.