



## Sophia's Dream Group Brief

### The SDG Mission

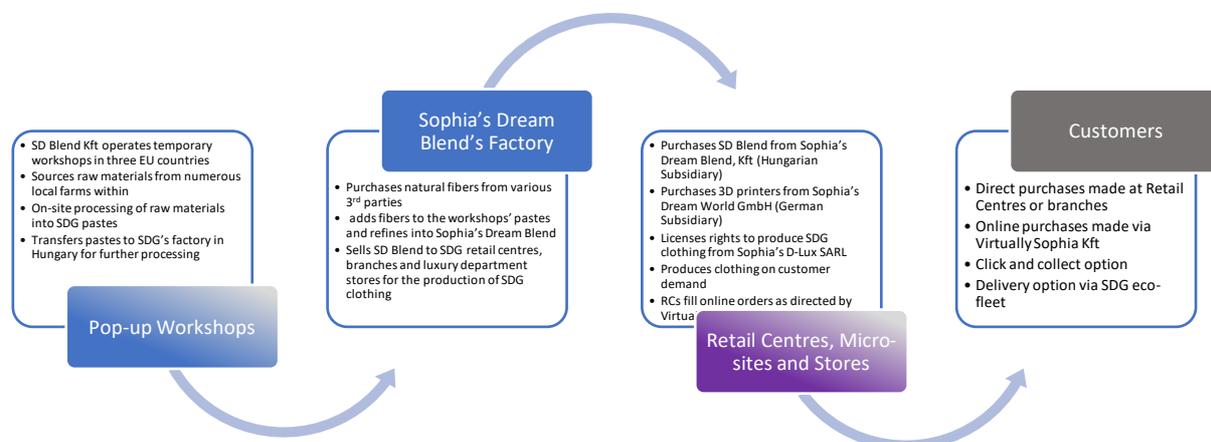
Sophia's Dream Group (SDG) is *the* leading manufacturer and retailer in *eco-fashion* – sustainable and organic clothing. Their mission is to instigate revolutionary changes in the fashion industry's manufacturing, distribution and sales practices. Today, SDG clothing is available online and through retail centres (or micro-sites) and in luxury department stores in various countries. Tomorrow, it will be available in every home!

### The SDG Secret

SDG have developed a technique by which their clothing is manufactured through 3D printing, with the main ingredients for the raw printing material being tomato vines, tulips and deconstructed (up-cycled) natural fiber clothing.

The tomato vines and tulips are by-products of the crops and bulbs grown in Portugal, Greece and the Netherlands. They are initially processed (i.e. reduced to a paste) in *seasonal, fully-automated, pop-up workshops* within those countries. The pastes are then transported to a factory in Hungary where they are refined and blended with the deconstructed natural fibers to create the raw printing material suitable for SDG 3D printing. The raw printing material (known as *Sophia's Dream Blends*) is then sold to five intercompany *retail centres (and micro-sites)* and independent luxury department stores on demand. The SDG supply chain is reflected in the diagram below.

### Diagram: SDG Supply Chain



The five retail centres are fixed establishments for the display, production and distribution of SDG fashion in their respective countries. The centres facilitate direct customer purchases, semi-annual fashion shows (exclusively for SDG fashion), and serve as the main distribution points of origin for online customer purchases. The centres have enhanced their presence and positioning throughout their respective countries (and in some cases, beyond) through multiple *micro-sites*. These micro-sites are simply SDG's 3D printers strategically placed and operated by specially trained, sub-contractors. SDG are also establishing micro-sites in strategic locations in North America and Europe.



## **The Perfect SDG Fit!**

SDG clothing is custom-fitted with precise measurements being digitally determined and recorded through *Sophia's Dream Fit App (SDF-app)*. As personal measurements are essential for the construction of clothing, the SDF-app is freely available for use on any personal device as well as being accessible at SDG retail centres, micro-sites and participating stores. The SDF-App allows a potential customer the opportunity to view themselves as the models of clothing on a device at home or through holographic projections in a retail centre, micro-site or participating store, before placing an order.

## **SDG's novel reach... slam, dunk!**

More than sixty-percent of SDG's turnover are from online sales. The orders are taken through *Virtually Sophia Kft*, a wholly owned subsidiary to Sophia's Dream SL, and processed through the customer's nearest retail centre, micro-site or independent store. Deliveries are made by *autonomous electric vehicles and drones*.

Customer deliveries in this manner are expected to be a temporary solution as technological advances mean that 3D printers will soon be as common in the home as microwaves and smart TVs. The Group's R&D Team have already produced a prototype version of SDG's 3D printing technology available for the domestic market. Customers who acquire the printers and *Sophia's Dream blends* will then be able to download the printing software for their chosen garments, upload their personal measurements from the SDF-App, and simply press print! Gone will be the days of delivery vehicles and drones!

## **Turning that frown upside down, the SDG way!**

An estimated 18.6 tones of clothing ended up in landfills last year! In addition to revolutionary changes in fashion production and distribution, SDG is also committed to facilitating *sustainable, responsible fashion consumption*. Therefore, SDG has a *strict no-returns policy*. Unwanted or damaged garments may be recycled for store credit or instantly upcycled (i.e. refitted and/or refashioned) for a simple and straightforward replacement.

## **SDG is taking the fashion world by storm!**

SDG prototypes of new fashion lines are modelled and the technology is demonstrated during *fashion weeks* in major cities (e.g. New York, Los Angeles, Paris, and Milan). While direct sales and resulting profits made during the fashion weeks are substantial, the main objective for participating is raising awareness of the SDG Brand while raising the social and environmental consciousness of consumers and competitors. This is proving very effective as top designers are feeling the pressure to evolve.



## **Sophia's Fabulous Friends' Market Place!**

The Group has decided to create a software platform to which amateur fashion designers (aka *Sophia's BFFs*) can upload their designs which will then be 3-D printable using SDG technology. A user in the Market Place (whether the designer or another user) can then request that the design is printed for them. Until domestic 3D printing is commonplace, this will be done at the nearest retail centre, micro-site or independent luxury department store with SDG 3-D printing capability. The Sophia's BFF will receive a small commission for each such printed design.

## **SDG Coin Offering today for a much better tomorrow!**

In order to raise funds to develop the domestic version of the 3D printer, the Group is planning to launch an initial coin offering. It will sell tokens which are issued on a private blockchain. The tokens may be used as (partial) payment for:

- a print of any design from SDG;
- a print of an independent user's pattern;
- a 3D printer, once the domestic version is completed.

A **functional analysis** of Sophia's Dream Group is given as an **appendix** to this client information.



### Appendix: The Group's Functional Analysis

Company	Functions performed	Assets controlled	Risks borne
<p><b>Sophia's Dream SL</b> (incorporated in Spain in 2008; physically moved to the UK in 2010 and has its CMC in the UK since then. UK &amp; Spanish authorities have agreed the UK to be tax residence until such time that CMC leaves the UK)</p>	<p><b>Limited (Unlisted) Company</b> with three siblings of the De Sousa Family owning 40% of the stock (Maria (15%), Alberto (15%), and Teresa (10%). The remaining 60% is owned by various individuals. The Company holds 100% of the shares in each of the Group's first-tier subsidiaries with the exception of <i>New Tech SC</i> in Romania (see below) in which it holds 40%. The Company has two distinct divisions in the UK, as followings:</p> <p><b>Headquarters (SD-HQ) in London –</b></p> <ul style="list-style-type: none"> <li>- Maintains the shareholder registers and determines the Group's dividend policies;</li> <li>- Determines the strategic direction and overall trading policies of the whole Group;</li> <li>- significant administrative functions for the Group for which it receives annual HQ fees from all subsidiaries.</li> </ul> <p><b>Research and Development (SD-R&amp;D) in Milton Keynes –</b></p> <ul style="list-style-type: none"> <li>- Develops the core eco-fashion software which drives the 3D printers used to make clothes;</li> <li>- Develops the knowhow for 3D Printers (industrial and domestic) that are able to produce Sophia's Dream clothes (the printers are manufactured in <i>Sophia's Dream World GmbH</i>, Germany);</li> <li>- Develops clothes design pattern software which is then produced using the 3D printers (the software is sub-licensed to SD retail centres and select independent department stores in various countries);</li> </ul>	<p>Shareholdings of underlying subsidiaries</p> <p>Eco-fashion development software and knowhow</p> <p>Clothing design software development and knowhow</p> <p>3D Printer development: hardware and knowhow</p> <p>Hologram development: software and knowhow</p> <p>Dream Fit App development; knowhow</p>	<p>Obsolescence of technical knowhow</p> <p>Emergence of competitors in eco-fashion provision market</p> <p>Defection of skilled staff who might share their knowledge with competitors</p> <p>Catastrophic event that compromises tomato and/or tulip crops</p> <p>Reputational risk as SDG franchises out its eco-fashion production and sales to</p>



	<ul style="list-style-type: none"> <li>- Develops the knowhow for interactive hologram projectors that are able to display interactive holograms wearing SDG fashion (the projectors are manufactured in <i>Sophia's Dream World GmbH</i>, Germany);</li> <li>- Develops the software for interactive holograms that are displayed in retail centres and luxury department stores;</li> <li>- Develops Sophia's Dream Fit app that takes precise customer measurements to ensure the perfect fit of every article of clothing.</li> </ul> <p>There is a <i>branch</i> in Hungary with a small number of autonomous employees who develop customer databases and marketing tools using sophisticated indexing software which has also been developed over the years by these employees. Data and feedback from the use of holograms and information from Sophia's Dream Fit App contribute to these databases. The branch employees are based in the offices of <i>Virtually Sophia Kft</i>.</p> <p>The resulting intellectual property (i.e. patents, copyrights, knowhow, brand, trademarks and various marketing databases and tools) are transferred to <i>Sophia's D-Lux SARL</i>, once <i>technologically viable</i>. This is done by granting the Subsidiary exclusive, indefinite leases for lump sums that cover direct and indirect R&amp;D costs PLUS nominal fixed royalty payments to the Parent Company. Although ultimate ownership of SDG's intellectual property is retained by Sophia's Dream SL, the exploitation of rights are effectively transferred and managed in Luxembourg.</p>	<p>Client database development: software and knowhow</p> <p>Skilled workforce</p> <p>Unused group financing amounts</p> <p>Premises in London and Milton Keynes</p>	<p>independent luxury stores.</p> <p>Interest Rate Risk</p> <p>Rises in property taxes and rents</p>
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<p><b>Sophia's D-Lux SARL</b> (incorporated and POEM in Luxembourg)</p>	<p><b>Wholly owned subsidiary with Intellectual Property (IP) management and exploitation functions.</b></p> <p>Holds exclusive licences for SDG's IP (purchased from Sophia's Dream SL, when viable, for lump-sum payment covers direct and indirect R&amp;D costs) and, in turn, grants sub-licences over that IP to SDG's retail centres, luxury stores and marketing teams. The sub-licenses permit the retail centres and luxury stores to make direct sales to customers in return for the payments of royalties to <i>Sophia's D-Lux SARL</i>. The value of royalties charged is substantial, which is reflective of the underlying value of the IP once it became viable.</p> <p>The company also sub-licences certain IP on a <i>manufacturing-only</i> basis:</p> <ul style="list-style-type: none"> <li>- the secret formulas which produce the Sophia's Dream Blends, (licensed to <i>Sophia's Dream Blend Kft</i>);</li> <li>- the knowhow to produce SDG 3D printers and hologram projectors (licensed to <i>Sophia's Dream World GmbH</i>)</li> </ul> <p>A small group of highly experienced lawyers ensure IP protection as well as oversee basic registration and administration functions.</p>	<p>Exclusive rights of the intellectual property</p> <p>Staff: a small group of highly skilled lawyers</p>	<p>Unsuccessful defence of copyrights and IP</p> <p>Interest Rate Risk</p> <p>Rises in property taxes and rents</p>
<p><b>FIVE Sophia's Dream Retail Centres:</b></p> <p>SDRC-France SAS</p> <p>SDRC-Spain LLC</p>	<p><b>FIVE <u>separate</u> wholly-owned subsidiaries (with multiple micro-sites in each country) acting as <i>retail centres</i> and/or distribution points for SDG eco-fashion.</b></p> <ul style="list-style-type: none"> <li>- Coordinates fashion shows within each country and provides after-sales support to customers in those countries;</li> <li>- Spaces are rented and tend to be located in luxury shopping centres;</li> <li>- House 3D printers used to produce clothing for retail distribution (the printers are purchased from <i>Sophia's Dream World GmbH</i>);</li> </ul>	<p>Sub-licenses for the technical soft/hardware</p> <p>Basic technical knowhow to operate the printers and</p>	<p>Rises in property taxes and rents</p> <p>Loss of skilled workforce to competitors</p> <p>Machine malfunctions</p>



<p>SDRC-Italy Srl SDRC-Britain Ltd SDRC-Hungary Kft  (incorporated and POEM in each respective country)</p>	<ul style="list-style-type: none"> <li>- Purchases the raw printing material for producing clothing from <i>Sophia's Dream Blend, Kft</i>;</li> <li>- Manages the production and distribution of clothing to online customers as directed by <i>Virtually Sophia Kft</i>; inter-Group repayments cover processing and delivery costs incurred by the retail centre (or micro-site) plus a nominal commission;</li> <li>- Sub-licenses rights to produce SDG eco-clothing, paying substantial royalties to Sophia's D-Lux SARL</li> <li>- Leases fully-automated electric vehicles and drones from <i>New Tech SC</i> for customer deliveries.</li> </ul> <p>The five respective Retail Centres coordinate in-country processing and distribution through their multiple micro-sites. Two of the five Retail Centres have established micro-sites in other tax jurisdictions:</p> <ul style="list-style-type: none"> <li>- SDRC-Britain now has two micro-sites in The Republic of Ireland;</li> <li>- SDRC-Spain now has two micro-sites in Portugal.</li> </ul> <p>SDG use the term <i>micro-site</i> to mean the placement of a 3D printer and/or a holographic projector in an independent luxury store. The machinery is operated by trained, independent agents on commission-only contracts. The floorspace for the placement of the hardware is rented at non-competitive rates due to the novelty and prestige for the participating stores. The stores may at a later date choose to operate as SDG franchises (independent retailers of SDG fashion), and the hardware would then be transferred at significant discounts. The micro-sites provide independents with valuable market evidence.</p>	<p>hologram projectors</p> <p>A core group of skilled staff in the centres</p> <p>Pools of trained, sub-contracted personnel operating in the micro-sites</p> <p>Electric cars and drones</p>	<p>that delay distributions</p> <p>Loss of trained sub-contracted personnel and delays in replacements and/or filling orders</p> <p>Increases in the costs of production (i.e. the blends)</p> <p>Delays in procuring blends and fulfilling orders in a timely manner</p> <p>Liability of operating driverless cars and drones</p>
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<p><b>New Tech SC</b> (incorporated and POEM in Romania)</p>	<p><b>Manufacturing company to which SDG is its largest client, accounting for 80% of their net profits.</b></p> <p>Alberto De Sousa owns 25% of the shares and the remaining 75% is owned by 1 cousin and 2 close friends from University.</p> <p>The Company manufactures and services electric vans, cars and drones for various clients, including SDG, on long-term leases and service contracts.</p>	<p>Vehicle/drone fleets</p> <p>Insurance and maintenance contracts for vans, cars and drones</p> <p>Skilled staff</p> <p>Premises</p>	<p>Claims of mechanical or operating problems with the vans, cars and drones</p> <p>Loss of skilled workforce to competitors</p> <p>Rises in taxes</p>
<p><b>Dream Tech JV-SC</b> (incorporated and POEM in Hungary)</p>	<p><i>New Tech SC</i> has entered into a <b>Joint Venture</b> with <i>Sophia's Dream Blend Kft</i>, forming a separate legal entity: <b>Dream Tech JV SC</b>, registered and effectively managed in Hungary. <i>New Tech SC</i> has a 60% interest in the JV, and <i>SDB Kft</i> has the remaining 40% interest.</p> <p><b>Dream Tech JV-SC</b> manufactures and maintains fully-automated, movable workshops for exclusive use by SDG:</p> <ul style="list-style-type: none"> <li>- Manufactures machines which are housed in trailers which are hitched to <i>New Tech</i> electric vans;</li> <li>- Sells the full transportable workshop (machines, trailers and vans) to <i>Sophia Dream Blend Kft</i> at what is proposed to be the FMV for this innovation;</li> <li>- Provides after-sales maintenance contracts to <i>SDB Kft</i> for a fee.</li> </ul> <p>The joint venture necessitates <i>Dream Tech</i> personnel to regularly engage in specialised technical training programmes in Romania; and rotational secondments of technicians and engineers from/to <i>New Tech SC</i>.</p>	<p>Contract with SDG to develop and manufacture transportable workshops</p>	<p>Mechanical problems with the movable workshops</p>



<p><b>Sophia's Dream Blend Kft</b> (incorporated and POEM in Hungary)</p>	<p><b>Wholly-owned subsidiary and manufacturing company which produces the raw printing material, <i>Sophia's Dream Blend</i>, for use in the 3D Printers.</b></p> <ul style="list-style-type: none"> <li>- Purchases transportable workshops from <i>Dream Tech JV SC</i>;</li> <li>- Deploys and operates workshops in Greece, Netherlands and Portugal (traveling between farms in the 3 countries; collecting by-products (tomato vines and tulips) for nominal fees to farmers; processing by-products into pastes while on site producing pastes;</li> <li>- Pastes are then transported to the Hungarian Factory for further processing;</li> <li>- Refines and combines pastes with natural fibres from deconstructed (up-cycled) clothing to create the raw printing material, <i>Sophia's Dream Blend</i>, for use in the 3D printers.</li> <li>- Purchases the natural fibres used in the raw printing material from third parties (charities and other sources for second hand clothing);</li> <li>- Sells the blends to <i>Sophia's Dream Retail Centres</i> (and micro-sites) as well as independent luxury stores, on demand.</li> </ul>	<p>Factory and land</p> <p>Mobile processing units (workshops)</p> <p>Long term supply contracts with farms for raw materials</p>	<p>Weather and similar risks to crops – lack of availability of raw material</p> <p>Mechanical problems with the movable workshops</p> <p>Increases in the costs of producing the blends</p> <p>Shortages of blend on demand</p> <p>Loss of skilled workforce to competitors</p> <p>Rises in property and corporate taxes in Hungary</p>
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<p><b>Virtually Sophia Kft</b> (incorporated and POEM in Hungary)</p>	<p><b>Wholly-owned subsidiary that maintains and develops the online presence of SDG.</b></p> <ul style="list-style-type: none"> <li>- Receives and co-ordinates the fulfilment of online orders through the online site;</li> <li>- Liaises with <i>Sophia's Dream Retail Centres</i> (which may in turn liaise with one of their micro-sites) to fill online orders by processing and delivering to geo-specific customers;</li> <li>- Liaises directly with micro-sites outside the remit of the five Retail Centres (i.e. select cities in North America and across Europe, including Lithuania) to fill other online orders by processing and delivering to geo-specific customers.</li> </ul> <p>The server used by <i>Virtually Sophia Kft</i> for the SDG online presence is leased from an external provider in Lithuania.</p> <p>Offices are provided to <i>Sophia's Dream SL's</i> Marketing Director and her team, so they may develop customer databases and marketing tools on site. The team pulls and processes information from Virtually Sophia Kft (i.e. internet activity and customer data) as well as data from interactive holograms and SD Fit App transferred from Sophia's Dream World GmbH (see below). The information, databases, lists and tools are the intellectual property of the Parent Company, but exclusive exploitation rights are indefinitely licensed to <i>Sophia's D-Lux SARL</i> (see above). The marketing activities provided by this team include:</p> <ul style="list-style-type: none"> <li>- Generating valuable marketing databases from refined mining of online activity and SD customer information and history;</li> <li>- Co-ordinating the electronic and conventional marketing of SDG eco-fashion;</li> <li>- Selective selling of advertising space/time through SDG the website and, once viable, Sophia's Fabulous Friends' Market Place.</li> <li>- Selling SDG customer data (when authorised to do so) to Sophia-approved eco-warrior organisations and retailers.</li> </ul>	<p>Highly trained staff,</p> <p>Premises</p> <p>Leased server</p>	<p>Staff being poached</p> <p>Destruction or disturbance of the online provision</p>
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<p><b>Sophia's Dream Finance Ltd</b> (incorporated and POEM in Austria)</p>	<p><b>Wholly-owned subsidiary that provides centralised finance co-ordination for SDG.</b></p> <ul style="list-style-type: none"> <li>- Borrows in bulk from external banks (no other companies within the Group have any external borrowings);</li> <li>- Makes finance available to the operating companies, sometimes in the form of cumulative, redeemable, fixed-rate preference shares;</li> <li>- Deals with SDG's foreign currency requirements.</li> </ul> <p>The interest rates charged by <i>Sophia's Dream Finance Ltd</i> to other group companies are at the upper-end of open market rates in each country.</p> <p><i>Sophia's Dream Finance Ltd</i> was granted a tax ruling by the Austrian Government in 2012 which provides that corporation tax payable by the Company in Austria will be at an effective rate of 2% of profits before taxation each year until 2022.</p> <p>A small team of accountants from <i>Sophia's Dream Finance Ltd</i> have been seconded to work with IT technicians from the <i>Sophia's Dream World GmbH</i> for the purposes of developing Sophia's Dream Tokens technology and its underlying private blockchain. The coin (token) offering will be launched July 2022. The work is predominantly, but not exclusively, being carried out in Germany.</p>	<p>Cash balances</p> <p>Loans outstanding and preference shares from other Subsidiaries in the Group</p> <p>Skilled staff</p> <p>Premises</p>	<p>Interest rate risk, Currency risk (both these are usually hedged)</p> <p>Favoured tax arrangement</p> <p>Rises in property and corporate taxes in Austria</p> <p>Loss of skilled workforce to competitors</p>
<p><b>Sophia's Dream World GmbH</b> (incorporated and POEM in Germany)</p>	<p><b>Wholly-owned subsidiary that provides centralised technology and manufacturing co-ordination for SDG.</b></p> <ul style="list-style-type: none"> <li>- Provides 24/7 IT support to SDG;</li> <li>- Manufactures hologram projectors to specifications developed by Sophia's Dream SL</li> <li>- Supplies and maintains hologram projectors in luxury stores and provides after-sales support services to the stores;</li> </ul>	<p>Technical services for maintenance of the printers</p> <p>Technical services for maintenance</p>	<p>Liability if printers are not promptly fixed and production is compromised</p>



	<ul style="list-style-type: none"> <li>- Supplies and maintains projectors to the retail centres and their respective, multiple micro-sites at significantly discounted rates (close to cost of production);</li> <li>- Manufactures 3D printers to specifications developed by Sophia's Dream SL</li> <li>- Supplies and maintains printers in independent luxury stores and provides after-sales support services to the stores;</li> <li>- Supplies and maintains printers to Virtually Sophia Kft, the five retail centres and their respective, multiple micro-sites at significantly discounted rates (close to cost of production);</li> <li>- Maintains Sophia's Dream Fit App;</li> <li>- Collects data from interactive holograms and SD Fit App and transfers data to Sophia's Dream SL's branch in Hungary</li> </ul> <p>Sells projectors and printers to external stores, but provides this hardware to SDG's retail centres and their respective micro-sites very close to the cost of their production. Charges technical service fees from luxury stores, for the above technical services; but the retail centres (and their micro-sites) are supported without any technical service charge.</p> <p>The IT team are now developing the software platform (Sophia's Dream Market Place) that will soon be made available to external designers and users. Amateur fashion designers (aka <i>Sophia's BFFs</i>) can upload their designs which will then be 3-D printable using SDG eco-technology. A user in the Market Place (whether the designer or another user) will then be able to request that the design is printed for them. This will be done at the nearest retail centre, micro-site or independent luxury department store with SDG 3-D printing capability. The garments will be priced according to production and delivery costs, plus a 25% mark-up. Sophia's BFF will receive a small commission (5% of the mark-up) for each such printed design. The objective is not financial gain, but leading the eco-fashion revolution.</p>	<p>of the hologram projectors</p> <p>Skilled staff</p> <p>Blockchain</p> <p>Premises</p>	<p>Loss of skilled workforce to competitors</p> <p>Delay in the launch of Sophia's Dream Tokens</p>
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	<p>A small team of accountants from <i>Sophia's Dream Finance Ltd</i> have been seconded to work with IT technicians from the <i>Sophia's Dream World GmbH</i> for the purposes of developing Sophia's Dream Tokens technology and its underlying private blockchain. The coin (token) offering will be launched July 2022. The work is predominantly, but not exclusively being carried out in Germany.</p>		
<p><b>Sophia's Server UAB</b> (incorporated in Lithuania)</p>	<p>Dormant Subsidiary that once owned the SDG server; now a server is leased from an external provider.</p> <p>Several SDG micro-sites have been established in Lithuania as well as in other European and North American countries in which the Group has no separate legal entities registered / incorporated.</p>	<p>none</p>	<p>none</p>