Baagøe | Schou
statsautoriseret revisionsaktieselskab

Vreem Studios ApS

H.C. Ørsteds Vej 18, 1., 1879 Frederiksberg

Company reg. no. 37 78 96 23

Annual report

1 April 2022 - 31 March 2023

The annual report was submitted and approved by the general meeting on the 3 October 2023.

Stephane Park
Chairman of the meeting

Contents

Notes to users of the English version of this document:
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points remain unchanged from Danish version of the document. This means that DKK 146.940 corresponds to the English amount of DKK 146,940, and that 23,5 % corresponds to 23.5 %.

Management's statement

Today, the Managing Director has approved the annual report of Vreem Studios ApS for the financial year 1 April 2022 - 31 March 2023.

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

I consider the chosen accounting policy to be appropriate, and in my opinion, the financial statements give a true and fair view of the financial position of the Company at 31 March 2023 and of the results of the Company's operations for the financial year 1 April 2022 – 31 March 2023.

Further, in my 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.

Frederiksberg, 3 October 2023

Managing Director

Stephane Park

To the Shareholders of Vreem Studios ApS

Opinion

We have audited the financial statements of Vreem Studios ApS for the financial year 1 April 2022 - 31 March 2023, 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 March 2023, and of the results of the Company's operations for the financial year 1 April 2022 - 31 March 2023 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.

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.

Independent auditor's report

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, 3 October 2023

Baagøe | Schou
State Authorised Public Accountants
Company reg. no. 21 14 81 48

Torben B. Petersen
State Authorised Public Accountant
mne34097

Company information

The company

Vreem Studios ApS
H.C. Ørsteds Vej 18, 1.
1879 Frederiksberg

Company reg. no.	37 78 96 23
Domicile:	Frederiksberg
Financial year:	1 April - 31 March

Managing Director

Stephane Park

Auditors

Baagøe | Schou
statsautoriseret revisionsaktieselskab
Fiolstræde 44, 3. th.
1171 København K

Subsidiary

EURL VREEM STUDIOS PARIS, France

The principal activities of the company

The principal activities of the company is to provide design and handling solutions for fashion companies, as well as designing and selling its own producs, includin leather accessories.

Development in activities and financial matters

The gross profit for the year totals DKK 299.977 against DKK 545.000 last year. Management considers the net profit or loss for the year satisfactory.

The management of the company is aware that the company has lost its share capital. The share capital is proposed to be re-established by future operating profits in the subsidairy.

The shareholders have agreed to provide the company with sufficient financiel support up to the ordinary general meeting for the financial year 2023/24. Furthermore, the lenders, which primarily comprise shareholders, have agreed not to be demand their loans fully or partially redeemed before the company has the financial capacity ot make repayments on the loan. At March 31 2023, the carrying amount of the loans amounted to DKK 1.189.354.

Events occurring after the end of the financial year

No subsequent events have occurred, that can influence the company's financiel position mentionable.

Income statement 1 April - 31 March

Amounts concerning 2022/23: DKK.
Amounts concerning 2021/22: DKK thousand.

Note		2022/23	2021/22
	Gross profit	**299.977**	**545**
2	Staff costs	-407.272	-385
	Operating profit	**-107.295**	**160**
	Income from investments in subsidiaries	267.661	-9
	Other financial income	0	14
	Other financial expenses	-44.806	-59
	Pre-tax net profit or loss	**115.560**	**106**
3	Tax on net profit or loss for the year	0	0
	Net profit or loss for the year	**115.560**	**106**
	Proposed distribution of net profit:		
	Reserves for net revaluation according to the equity method	267.661	-9
	Transferred to retained earnings	0	115
	Allocated from retained earnings	-152.101	0
	Total allocations and transfers	**115.560**	**106**

Balance sheet at 31 March

Amounts concerning 2023: DKK.
Amounts concerning 2022: DKK thousand.

Assets

Note		2023	2022
	Non-current assets		
4	Investments in group enterprises	1.481.591	262
	Total investments	1.481.591	262
	Total non-current assets	**1.481.591**	**262**
	Current assets		
	Receivables from subsidiaries	497.464	1.326
	Other receivables	11.190	88
	Total receivables	508.654	1.414
	Cash and cash equivalents	11.601	18
	Total current assets	**520.255**	**1.432**
	Total assets	**2.001.846**	**1.694**

Balance sheet at 31 March

Amounts concerning 2023: DKK.
Amounts concerning 2022: DKK thousand.

Note	Equity and liabilities	2023	2022
	Equity		
	Contributed capital	210.000	210
	Reserve for net revaluation according to the equity method	492.395	225
	Retained earnings	-39.520	113
	Total equity	**662.875**	**548**
	Liabilities other than provisions		
	Other payables	1.189.355	1.050
	Total long term liabilities other than provisions	1.189.355	1.050
	Trade payables	67.750	73
	Other payables	52.205	23
	Accrued expenses and deferred income	29.661	0
	Total short term liabilities other than provisions	149.616	96
	Total liabilities other than provisions	**1.338.971**	**1.146**
	Total equity and liabilities	**2.001.846**	**1.694**

1 Uncertainties concerning the enterprise's ability to continue as a going concern
5 Charges and security
6 Contingencies

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Reserve for net revalua-tion according to the eq-uity method	Retained earnings	Total
Equity 1 April 2022	210.000	224.734	112.581	547.315
Share of results	0	267.661	-152.101	115.560
	210.000	**492.395**	**-39.520**	**662.875**

Notes

Amounts concerning 2022/23: DKK.
Amounts concerning 2021/22: DKK thousand.

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

The shareholders have agreed to provide the company with sufficient financiel support up to the ordinary general meeting for the financial year 2022/23. Furthermore, the lenders, which primarily comprise shareholders, have agreed not to be demand their loans fully or partially redeemed before the company has the financial capacity to make repayments on the loan. At March 31 2023, the carriyng amount of the loans amounted to DKK 1.189.354.

	2022/23	2021/22
2. Staff costs		
Salaries and wages	403.864	384
Other costs for social security	3.408	1
	407.272	**385**
Average number of employees	1	1
3. Tax on net profit or loss for the year		
Tax of the results for the year, parent company	0	0
Adjustment for the year of deferred tax	0	0
	0	**0**

Notes

Amounts concerning 2022/23: DKK.
Amounts concerning 2021/22: DKK thousand.

		31/3 2023	31/3 2022
4.	**Investments in group enterprises**		
	Acquisition sum, opening balance 1 April 2022	37.311	37
	Additions during the year	951.885	0
	Disposals during the year	0	0
	Cost 31 March 2023	**989.196**	**37**
	Revaluations, opening balance 1 April 2022	224.734	234
	Results for the year before goodwill amortisation	267.661	-9
	Revaluation 31 March 2023	**492.395**	**225**
	Carrying amount, 31 March 2023	**1.481.591**	**262**

Group enterprises:

	Domicile	Equity interest
EURL VREEM STUDIOS PARIS	France	100 %

5. Charges and security

There are no pledges or collateral for the company.

6. Contingencies

The company has an unused deffered tax assets of 261 TDKK.

Contingent liabilities

	DKK in thousands
Other contingent liabilities	24
Total contingent liabilities	**24**

The annual report for Vreem Studios 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.

Group enterprises abroad, associates, and equity investments are considered to be independent entities. The income statements are translated at an average exchange rate for the month, and the balance sheet items are translated at the closing rates. Currency translation differences, arising from the translation of the equity of group enterprises abroad at the beginning of the year to the closing rate and from the translation of income statements from average prices to the closing rate, are recognised directly in equity in the fair value reserve in the Consolidated Financial Statement. This also applies to differences arising from translation of income statements from average exchange rate to closing rate.

Translation adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in equity in the fair value reserve. Likewise, foreign exchange gains and losses on loans and derived financial instruments for currency hedging independent group enterprises abroad are recognised directly in equity.

When recognising foreign group enterprises which are integral units, the monetary items are translated using the closing rate. Non-monetary items are translated using the exchange rate prevailing at the time of acquisition or at the time of the subsequent revaluation or write-down for impairment of the asset. Income statement items are translated using the exchange rate prevailing at the date of the transaction. However, items in the income statement derived from non-monetary items are translated using historical prices.

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, own work capitalised, other operating income, and external costs.

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Revenue is measured at the fair value of the consideration promised exclusive of VAT and taxes and less any discounts relating directly to sales.

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

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, financial expenses from financial leasing, 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 equity investments in subsidiaries

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the equity investment in the individual group enterprises are recognised in the income statement as a proportional share of the group enterprises' post-tax profit or loss.

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 are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

Investments in subsidiaries are recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

Investments in subsidiaries with a negative equity value are measured at DKK 0, and any accounts receivable from these enterprises are written down to the extent that the account receivable is uncollectible. To the extent that the parent has a legal or constructive obligation to cover an negative balance that exceeds the account receivable, the remaining amount is recognised under provisions.

To the extent the equity exceeds the cost, the net revaluation of equity investments in subsidiaries transferred to the reserve under equity for net revaluation according to the equity method. Dividends from subsidiaries expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in subsidiaries.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in subsidiaries are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

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.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Equity

Reserve for net revaluation according to the equity method

The reserve for net revaluation according to the equity method comprises net revaluation of equity investments in subsidiaries, associates and equity interests proportional to cost.

The reserve may be eliminated in the event of losses, realisation of equity investments, or changes in the accounting estimates.

The reserve cannot be recognised by a negative amount.

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 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

Liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Accruals and deferred income

Payments received concerning future income are recognised under accruals and deferred income.

Stephane Park

Navnet returneret af dansk MitID var:
Stephane Park
Direktør
ID: bd0c600f-f9d1-425d-a610-49ef0d239469
CPR-match med dansk MitID
Dato for underskrift: 03-10-2023
Underskrevet med MitID

Torben B. Petersen

Navnet returneret af dansk NemID var:
Torben B. Petersen
Revisor
ID: 1295939049169
CVR-match med dansk NemID
Dato for underskrift: 04-10-2023
Underskrevet med NemID

Stephane Park

Navnet returneret af dansk MitID var:
Stephane Park
Dirigent
ID: bd0c600f-f9d1-425d-a610-49ef0d239469
CPR-match med dansk MitID
Dato for underskrift: 04-10-2023
Underskrevet med MitID