martinsen
Rådgivning & Revision

Alustre P/S

Bredgade 35C, 1260 København K

Annual report

2021/22

Company reg. no. 42 80 17 63

The annual report was submitted and approved by the general meeting on the 14 August 2023.

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Edward Wayne Malouf
Chairman of the meeting

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 %.

Contents

Management's statement

Today, the Management has approved the annual report of Alustre P/S for the financial year 2021/22.

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

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 12 October 2021 – 31 December 2022.

Further, in our 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.

København K, 14 August 2023

Executive board

Hans Georg Halse Hornemann

Mike Jimmy Tong Sam

Board of directors

Claus Stoltenborg

Signe Trock Hilstrøm

Edward Wayne Malouf

Marie Pierre Bertrand Boulle

Sarra Dadoul

General partner

JBRD Komplementar ApS

Edward Wayne Malouf

Audrey Irene Hoe-Richardson

Independent auditor's report

To the Shareholder of Alustre P/S

Opinion

We have audited the financial statements of Alustre P/S for the financial year 12 October 2021 - 31 December 2022, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes, 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 December 2022, and of the results of the Company's operations for the financial year 12 October 2021 - 31 December 2022 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.

Independent auditor's report

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, 14 August 2023

Martinsen
State Authorised Public Accountants
Company reg. no. 32 28 52 01

Leif Tomasson
State Authorised Public Accountant
mne25346

Company information

The company	Alustre P/S Bredgade 35C 1260 København K	
	Company reg. no.	42 80 17 63
	Financial year:	12 October - 31 December 1st financial year
Board of directors	Claus Stoltenborg Signe Trock Hilstrøm Edward Wayne Malouf Marie Pierre Bertrand Boulle Sarra Dadoul	
Executive board	Hans Georg Halse Hornemann Mike Jimmy Tong Sam	
General partner	JBRD Komplementar ApS	
Auditors	Martinsen Statsautoriseret Revisionspartnerselskab Øster Allé 42 2100 København Ø	
Parent company	Alustre S.A.	

Management´s review

Description of key activities of the company

The company is a new global luxury nail and beauty brand with cosmetics and perfume as part of our value proposition.

Since our incorporation in 2021, the company has conducted research to map out consumer needs, preferences and behaviours and refined its strategy before developing the company's initial product portfolio, enabling it to go live in March 2023. Since then, new product generations have been developed and made ready for the following seasons and distribution established to cover several markets.

All infrastructure, processes and systems are ready for global scaling that will take place during the coming years.

Development in activities and financial matters

The gross loss for the year totals DKK -12.879.888. Income or loss from ordinary activities after tax totals DKK -21.586.911. Management considers the net profit or loss for the year satisfactory.

The company was incorporated on 12 October 2021 and its first accounting period runs from the incorporation date to 31 December 2022. During the first accounting period, the company total costs incurred for the set up and development of the project amounted to more than DKK 20 mio. This is in line with the budget as per the business plan.

During the period up to 31 December 2022, the company received shareholder loans from JBRD S.A. and Alustrre S.A. amounting to EUR 2,890,000 to finance the project. During 2023, the company received additional financing as follows:

I•Loan from JBRD S.A. in 2023:	EUR 2.406,000
•Loan from bank in April 2023:	EUR 1,300,000

Therefore, total amount of financing received as at 31 July 2023 is EUR 6,600,000.

The ultimate parent company JBRD S.A. has recently approved a further financing of EUR 390,000 for the company, thereby taking the total expected financing for the project to EUR 7,190,000.

The parent company has issued a Comfort Letter where it confirms that it will provide the neccesary financial support so that the company can continue its activites on a going concern basis.

Management´s review

The official external launch of Alûstre to the public took place on 03 March 2023. Several contracts with distributors and wholesales have been signed, sell out looks promising and re-orders has been received, our E-Commerce platform is running and sales-to-date exceeds our projections. The company expects to at least perform in 2023 according to the budget which was presented to the last Board in June 2023.

The management consider the risk profile for Alûstre's shareholders and business partners to be relatively modest, first of all due to the revenue projections confirmed by distributor agreements and secondly due to our policy to credit insure all revenues to avoid the risk of loss on debtors.

Accounting policies

The annual report for Alustre P/S 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 annual report is presented in DKK. The annual report comprises the first financial year and hence comparative figures are not available.

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, write-downs 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.

Income statement

Gross loss

Gross loss 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.

Accounting policies

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 expenses comprise expenses incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

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

Depreciation, amortisation, and write-down for impairment

Depreciation, amortisation, and write-down for impairment comprise depreciation on, amortisation of, and write-down for impairment of intangible and tangible assets, respectively.

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.

Statement of financial position

Intangible assets

Development projects, patents, and licences

Development costs and internally generated rights are recognised in the income statement as costs in the acquisition year.

Property, plant, and equipment

Other property, plant, and equipment are measured at cost less accrued depreciation and write-down for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

Accounting policies

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Other fixtures and fittings, tools and equipment	3-5 years	0-20 %

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

As regards self-constructed assets, the cost comprises direct costs for materials, components, deliveries from suppliers, payroll costs, and borrowing costs from specific and general borrowing concerning the construction of each individual asset.

Leases

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets 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. write-down 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.

Accounting policies

Leasehold improvements

Leasehold improvements are measured at cost less accrued depreciations. Depreciation is done on a straightline basis over the estimated useful life of the asset, which is set at 5 years.

Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

Costs of manufactured goods and work in progress comprise the cost of raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance and depreciation of machinery, factory buildings, and equipment used in the production process, and costs for factory administration and factory management. Borrowing expenses are not recognised in cost.

The net realisable value for inventories is recognised as the estimated selling price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

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.

Accounting policies

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and on hand.

Liabilities other than provisions
Mortgage loans and bank loans are thus measured at amortised cost which, for cash loans, corresponds to the outstanding payables. For bond loans, the amortised cost corresponds to an outstanding payable calculated as the underlying cash value at the date of borrowing, adjusted by amortisation of the market value on the date of the borrowing effectuated over the repayment period.

Liabilities other than provisions relating to investment properties are measured at amortised cost.

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

Income statement

All amounts in DKK.

Note		12/10 2021 - 31/12 2022
	Gross profit	**-12.879.888**
1	Staff costs	-8.409.643
	Depreciation, amortisation, and impairment	-42.811
	Operating profit	**-21.332.342**
	Other financial expenses	-254.569
	Pre-tax net profit or loss	**-21.586.911**
	Net profit or loss for the year	**-21.586.911**
	Proposed distribution of net profit:	
	Allocated from retained earnings	-21.586.911
	Total allocations and transfers	**-21.586.911**

Balance sheet

All amounts in DKK.

Note	Assets	31/12 2022
	Non-current assets	
2	Development projects in progress and prepayments for intangible assets	1.914.000
	Total intangible assets	1.914.000
3	Other fixtures, fittings, tools and equipment	839.139
	Total property, plant, and equipment	839.139
	Total non-current assets	**2.753.139**
	Current assets	
	Raw materials and consumables	1.232.225
	Total inventories	1.232.225
	Receivables from group enterprises	15.000
	Other receivables	1.215.164
	Total receivables	1.230.164
	Cash and cash equivalents	712.860
	Total current assets	**3.175.249**
	Total assets	**5.928.388**

Balance sheet

All amounts in DKK.

	Equity and liabilities	
Note		31/12 2022
	Equity	
	Contributed capital	400.000
	Results brought forward	-21.586.911
	Total equity	**-21.186.911**
	Liabilities other than provisions	
	Bank loans	80.474
	Trade creditors	2.665.740
4	Payables to group enterprises	22.808.512
	Other debts	1.560.573
	Total short term liabilities other than provisions	27.115.299
	Total liabilities other than provisions	**27.115.299**
	Total equity and liabilities	**5.928.388**

5 Contingencies

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Retained earnings	Total
Equity 12 October 2021	400.000	0	400.000
Profit or loss for the year brought forward	0	-21.586.911	-21.586.911
	400.000	**-21.586.911**	**-21.186.911**

Notes

All amounts in DKK.

		12/10 2021 - 31/12 2022
1.	**Staff costs**	
	Salaries and wages	8.315.962
	Pension costs	35.837
	Other costs for social security	24.708
	Other staff costs	33.136
		8.409.643
	Average number of employees	7
2.	**Development projects in progress and prepayments for intangible assets**	
	Additions during the year	1.914.000
	Cost 31 December 2022	**1.914.000**
	Carrying amount, 31 December 2022	**1.914.000**
3.	**Other fixtures, fittings, tools and equipment**	
	Additions during the year	881.950
	Cost 31 December 2022	**881.950**
	Depreciation for the year	-42.811
	Depreciation and write-down 31 December 2022	**-42.811**
	Carrying amount, 31 December 2022	**839.139**

4. Payables to group enterprises

The ultimate parent company has issued a Comfort Letter where it confirms that it will provide the neccesary financial support so that the company can continue its activites on a going concern basis.

Notes

All amounts in DKK.

5. Contingencies

Contingent assets

Tax value of taxable deficit, 4,8 mio DKK is not included due to uncertainty of when it will be used.