

POSTER & FRAME

ART GROUP



ANNUAL REPORT 2023

POSTER & FRAME ART GROUP APS (38152807)
HØRSVINGET 3, 2630 TAASTRUP

Dirigent: Kevin Agerholm. Dato for generalforsamling: 5.7.2024

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COMPANY DETAILS

Company	Poster & Frame Art Group ApS Hørsvinget 3 2630 Taastrup
	CVR No.: 38 15 28 07
	Established: 31 October 2016
	Municipality: Høje-Taastrup
	Financial Year: 1 January - 31 December
Board of Directors	Kevin Agerholm Christensen, chairman Danni Steen Leonhardt Wegner Jens Karstoft
Executive Board	Kevin Agerholm Christensen Danni Steen Leonhardt Wegner Peter Dueholm
Auditor	BDO Statsautoriseret revisionsaktieselskab Havneholmen 29 1561 Copenhagen V

MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of Poster & Frame Art Group ApS for the financial year 1 January - 31 December 2023.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

We recommend the Annual Report be approved at the Annual General Meeting.

Taastrup, 5 July 2024

Executive Board

Kevin Agerholm Christensen

Danni Steen Leonhardt Wegner

Peter Dueholm

Board of Directors

Kevin Agerholm Christensen
Chairman

Danni Steen Leonhardt Wegner

Jens Karstoft

THE INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Poster & Frame Art Group ApS

Conclusion

We have performed an extended review of the Financial Statements of Poster & Frame Art Group ApS for the financial year 1 January - 31 December 2023, which comprise income statement, Balance Sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The Financial Statements are prepared under the Danish Financial Statements Act.

Based on the work performed in our opinion, the Financial Statements give a true and fair view of the Company's financial position at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for Conclusion

We conducted our extended review in accordance with the Danish Business Authority's Assurance Standard for Small Enterprises and FSR - Danish Auditors' standard on extended review of Financial Statements prepared in accordance with the Danish Financial Statements Act. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Extended Review 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 (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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 Extended Review of the Financial Statements

Our responsibility is to express a conclusion on the Financial Statements. This requires that we plan and perform procedures in order to obtain limited assurance for our conclusion on the Financial Statements and in addition perform specifically required supplementary procedures to obtain further assurance for our conclusion.

An extended review comprises procedures that primarily consist of making inquiries of Management and others within the Company, as appropriate, analytical procedures and the specifically required supplementary procedures as well as evaluation of the evidence obtained.

The procedures performed in an extended review are less than those performed in an audit, and accordingly, we do not express an audit opinion on the Financial Statements.

Statement on the Management Commentary

Management is responsible for the Management Commentary.

Our conclusion on the Financial Statements does not cover the Management Commentary, and we do not express any form of assurance conclusion thereon.

THE INDEPENDENT AUDITOR'S REPORT

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 during 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 in the Management Commentary.

Copenhagen, 5 July 2024

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Mads Juul Hansen
State Authorised Public Accountant
MNE no. mne44386



EXPANDING HORIZONS:

Poster & Frame Art Group's Strategic Evolution through Mergers, Rebranding, and Global Growth

Fusion and Rebranding

Strategic Decision-Making and Corporate Evolution

The past year has been characterized by significant strategic decisions, notably the merger of our former subsidiary, Poster&Frame ApS. This transformation led to a significant rebranding initiative, changing our name from "Novictus" to "Poster & Frame Art Group," thereby highlighting our position as a group with a diverse portfolio of sub-brands.

This change has improved our brand visibility and recognition and is believed to creating a better understanding of our portfolio of sub-brands, such as Posterland, Wonderhagen, Simon Holst and our subsidiary, Dialægt/Citatplakat. The consolidation of our companies is set to continue with the anticipated merger of Dialægt/Citatplakat in 2024 – along with a strategic acquisition of the previously competing company, Permild & Rosengreen, which is expected to positively impact our performance in 2024.

Product Development and Production

Optimization and Expansion for Future Growth

The year 2023 was dedicated to optimizing our production capabilities. We successfully implemented a new packaging line, introduced a second large-scale printing line, and expanded our frame production capacity. Notably, in the fourth quarter we witnessed

a doubling of revenue on a month-to-month basis, and this was achieved with the same workforce. This achievement represents a milestone for us, marking the first time we have been able to significantly increase our top-line without a corresponding rise in wage costs. This demonstrates that our investments in production capabilities have strategically positioned us much better for future growth.

Organizational Development

Structured Management and Team Expansion

In alignment with our growth strategy, we have established a robust organizational structure with clearly defined roles and responsibilities. The addition of a Chief Financial Officer (CFO) has significantly enhanced our decision-making framework. With this addition, our management team is now complete, comprising five directors, each specializing in their respective fields, ensuring a comprehensive and cohesive leadership approach.

Strategy and Customer Relations

International Expansion and Market Diversification

Our previous focus was predominantly on Danish clients; however, we have now expanded our customer base to include larger international customers as well, and this strategic shift has proven to be fruitful.

We have successfully onboarded several major international retail chains as new clients and concluded 2023 by securing contracts with additional significant international clients. Given the substantial outlays for raw material procurement, liquidity management has been a priority. Our commitment to maintaining strong relationships with suppliers has been key in managing our liquidity effectively.

According to feedback from our existing customers, 2023 was a challenging year due to difficult market conditions. This also meant that our growth was primarily driven by the addition of new clients. Overall, we are pleased with the year's results, having achieved growth in both top and bottom lines while making substantial investments in our production capabilities and further developing our organization.

We are grateful for the trust and collaboration of our clients and partners.

Wishing everyone all the best.

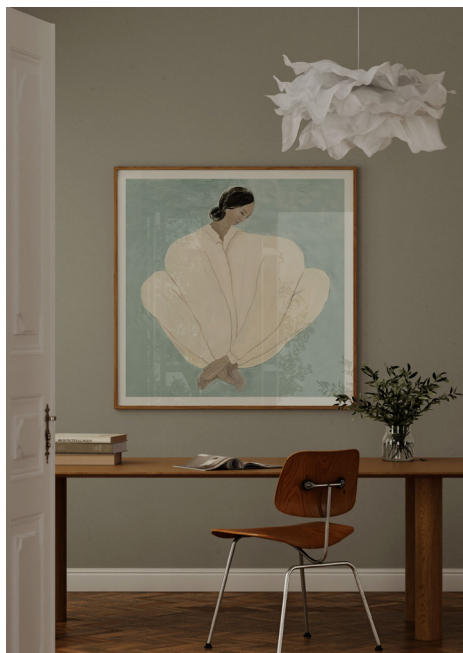
Simon Kullegaard
Simon Kullegaard
COO

Nis Klamer
Nis Klamer
CMO

Kevin Agerholm
Kevin Agerholm
CEO & Co-Founder

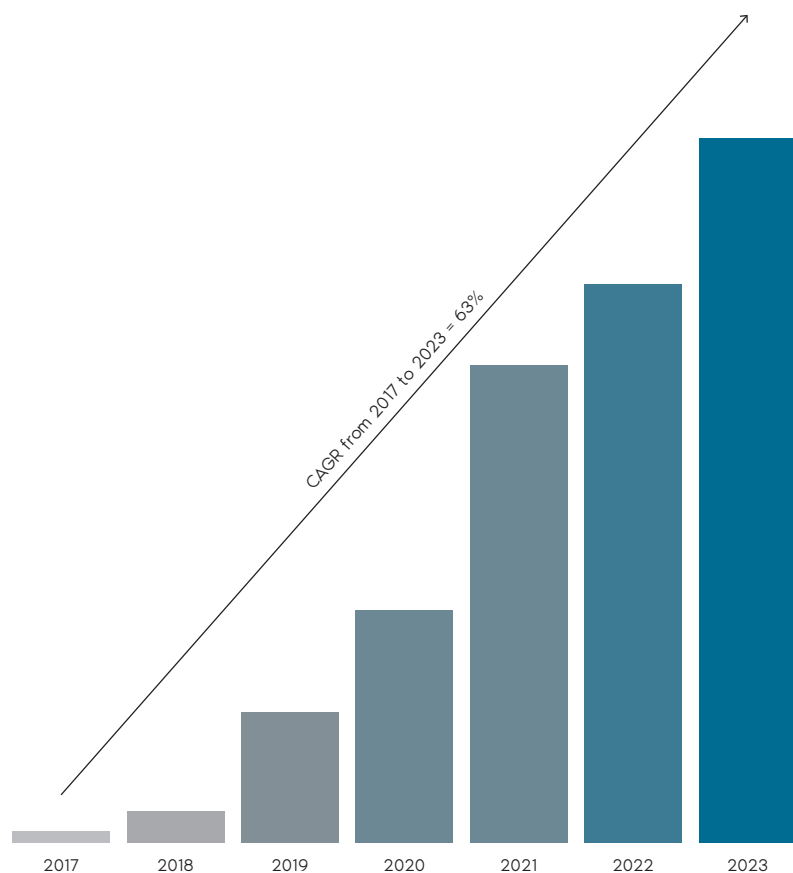
Danni Leonhardt
Danni Leonhardt
CBDO & Co-Founder

Peter Dueholm
Peter Dueholm
CFO



FROM SIMPLE ORIGINS
TO VALUABLE MILESTONES:

Celebrating a Remarkable 63% CAGR and Steady Growth Since 2017



Since our humble beginnings in 2017, our company has experienced significant growth in revenue, achieving a CAGR of 64% by 2023. This growth reflects the hard work and dedication of our team, as well as our ability to adapt to changing market conditions. We are grateful for the opportunities we've had and remain committed to continued improvement as we move forward.

Thanks to all employees for your dedication. Our journey from the start to this growth is a testament to our collective efforts. Looking back, we're grateful for what we've achieved, and looking forward, we are excited for the future. Together, we'll keep striving for excellence. Thank you all for being part of this journey.

Management Commentary

Principal activities

The principal activities comprise, as in previous years, have consisted of operating a business in service, art, design, and wholesale trade, as well as any business related thereto.

Unusual matters

During the financial year, the company's management completed a merger of the companies Poster&Frame ApS and Poster & Frame Art Group ApS, with Poster & Frame Art Group ApS as the continuing company, effective from January 1, 2022.

Development in activities and financial and economic position

The company's income statement for 2023 shows a profit of DKK'000 1,107, and the company's balance sheet as of December 31, 2023, shows a positive equity of DKK'000 13,917.

Significant events after the end of the financial year

No events have occurred after the end of the financial year of material importance for the Company's financial position.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2023 DKK	2022 DKK
GROSS PROFIT		19.062.279	17.844.214
Staff costs.....	1	-16.869.592	-12.890.255
Depreciation, amortisation and impairment losses.....		-477.548	-501.136
OPERATING PROFIT		1.715.139	4.452.823
Other financial income.....	2	14.638	3.522
Impairment of asset investments.....		-6.083	0
Other financial expenses.....	3	-284.608	-129.349
PROFIT BEFORE TAX		1.439.086	4.326.996
Tax on profit/loss for the year.....	4	-331.881	-1.017.929
PROFIT FOR THE YEAR		1.107.205	3.309.067
PROPOSED DISTRIBUTION OF PROFIT			
Proposed dividend for the year.....		0	300.000
Retained earnings.....		1.107.205	3.009.067
TOTAL		1.107.205	3.309.067

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2023 DKK	2022 DKK
Goodwill.....		336.534	469.057
Intangible assets.....	5	336.534	469.057
Other plant, machinery tools and equipment.....		272.348	597.677
Furnishing of leased premises.....		145.308	0
Property, plant and equipment.....	6	417.656	597.677
Investments in subsidiaries.....		6.355.256	5.481.222
Rent deposit and other receivables.....		1.907.512	1.004.768
Financial non-current assets.....	7	8.262.768	6.485.990
NON-CURRENT ASSETS.....		9.016.958	7.552.724
Raw materials and consumables.....		806.405	0
Finished goods and goods for resale.....		7.917.598	5.141.365
Inventories.....		8.724.003	5.141.365
Trade receivables.....		8.865.688	2.023.492
Receivables from group enterprises.....		0	1.642.017
Deferred tax assets.....		92.657	154.943
Other receivables.....		107.282	795.359
Corporation tax receivable.....		47.798	0
Joint tax contribution receivable.....		9.607	0
Prepayments.....		577.636	79.217
Receivables.....		9.700.668	4.695.028
Cash and cash equivalents.....		1.262.754	1.974.383
CURRENT ASSETS.....		19.687.425	11.810.776
ASSETS.....		28.704.383	19.363.500

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2023 DKK	2022 DKK
Share Capital.....		52.994	52.994
Retained earnings.....		13.864.017	12.756.813
Proposed dividend.....		0	300.000
EQUITY.....		13.917.011	13.109.807
Prepayments from customers.....		151.119	11.678
Trade payables.....		7.145.466	2.466.565
Debt to Group companies.....		1.064.096	651.114
Payables to owners and management.....		2.003.369	218.011
Corporation tax payable.....		0	540.715
Joint tax contribution payable.....		0	340.042
Other liabilities.....		4.423.322	2.025.568
Current liabilities.....		14.787.372	6.253.693
LIABILITIES.....		14.787.372	6.253.693
EQUITY AND LIABILITIES.....		28.704.383	19.363.500
 Contingencies etc.	 8		

EQUITY

DKK	Share Capital	Retained earnings	Proposed dividend	Total
Equity at 1 January 2023.....	52.994	12.445.041	300.000	12.798.035
Additions/disposals relating to equity by mergers and acquisitions.....		311.771		311.771
Adjusted equity at 1 January 2023.....	52.994	12.756.812	300.000	13.109.806
Proposed profit allocation.....		1.107.205		1.107.205
Transactions with owners				
Dividend paid.....			-300.000	-300.000
Equity at 31 December 2023.....	52.994	13.864.017	0	13.917.011

NOTES

	2023 DKK	2022 DKK	Note
Staff costs			1
Average number of full time employees	77	47	
Wages and salaries.....	15.577.986	12.100.423	
Pensions.....	532.288	194.006	
Social security costs.....	656.952	448.574	
Other staff costs.....	102.366	147.252	
	16.869.592	12.890.255	
Other financial income			2
Group enterprises.....	0	3.520	
Other interest income.....	14.638	2	
	14.638	3.522	
Other financial expenses			3
Group enterprises.....	55.420	0	
Other interest expenses.....	229.188	129.349	
	284.608	129.349	
Tax on profit/loss for the year			4
Calculated tax on taxable income of the year.....	269.595	982.757	
Adjustment of deferred tax.....	62.286	35.172	
	331.881	1.017.929	
Intangible assets			5
DKK		Goodwill	
Cost at 1 January 2023.....		932.000	
Cost at 31 December 2023.....		932.000	
Amortisation at 1 January 2023.....		462.943	
Amortisation for the year.....		132.523	
Amortisation at 31 December 2023.....		595.466	
Carrying amount at 31 December 2023.....		336.534	

NOTES

		Note
Property, plant and equipment		6
DKK	Other plant, machinery tools and equipment	Leasehold improvements
Cost at 1 January 2023.....	2.207.269	0
Additions.....	0	165.003
Cost at 31 December 2023.....	2.207.269	165.003
Depreciation and impairment losses at 1 January 2023.....	1.609.591	0
Depreciation for the year.....	325.330	19.695
Depreciation and impairment losses at 31 December 2023....	1.934.921	19.695
Carrying amount at 31 December 2023.....	272.348	145.308

Financial non-current assets		7
DKK	Investments in subsidiaries	Rent deposit and other receivables
Cost at 1 January 2023.....	5.532.484	1.004.768
Additions.....	932.773	902.744
Disposals.....	-110.001	0
Cost at 31 December 2023.....	6.355.256	1.907.512
Revaluation at 1 January 2023.....	-51.262	0
Other adjustments.....	51.262	0
Revaluation at 31 December 2023.....	0	0
Carrying amount at 31 December 2023.....	6.355.256	1.907.512

Investments in subsidiaries (DKK)

Name and domicil	Equity	Ownership
Dialægt/Citatplakat ApS, ...	125.000	100 %

Contingencies etc. **8****Contingent liabilities**

The company has entered into total non-recognized rental and leasing commitments amounting to DKK'000 14,809 (2022: DKK'000 13,385) as of the Balance Sheet date.

Joint liabilities

The Danish companies of the group is jointly and severally liable for tax on the group's jointly taxed income and for certain possible withholding taxes such as dividend tax and royalty tax, and for the joint registration of VAT.

Tax payable of the group's jointly taxed income amounts to DKK ('000) 326 at the Balance Sheet date.

ACCOUNTING POLICIES

The Annual Report of Poster & Frame Art Group ApS for 2023 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B and certain provisions applying to reporting class C.

The Annual Report is prepared consistently with the accounting principles applied last year.

Merger

Management has in the financial year 2023 merged former Poster&Frame ApS, with Poster & Frame Art Group ApS, as the continuing company.

Merger acquisitions within the group are recognized in the financial statement in accordance with the combination method. The combination method is applied when acquiring enterprises within the Group according to which method the combination is regarded as having taken place from the earliest financial period included in the Financial Statements and using the carrying amounts of the assets and liabilities taken over. Therefore, comparative figures has been adjusted compared to the annual report 2022.

INCOME STATEMENT

Net revenue

Net revenue from the sale of merchandise and finished goods is recognised in the Income Statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received.

Net revenue is recognised exclusive of VAT and less duties and discounts related to the sale.

Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

Other operating income

Other operating income includes items of a secondary nature in relation to the enterprises' principal activities, including profit from sale of intangible and tangible assets, operating loss and conflict compensations, as well as salary refunds. Compensations are recognised when the income is estimated to be realisable.

Other external expenses

Other external expenses include other production, sales, delivery and administrative costs, including costs of energy, marketing, premises, loss on bad debts, lease expenses, etc

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions, and other costs of social security etc., for the Company's employees.

Income from investments in subsidiaries

Dividend from subsidiaries is recognised in the financial year in which the dividend is declared. In connection with transfers, potential profits are recognised when the economic rights related to the sold equity interests are transferred, however, at the earliest when the profit has been realised or is regarded as realisable. Moreover, realised losses other than impairments are included where identified.

Financial income and expenses

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from securities, debt and transactions in foreign currencies, as well as charges and allowances under the tax-on-account scheme, etc. Financial income and expenses are recognised by the amounts that relate to the financial year. Interest income and expenses are calculated on amortised cost prices.

ACCOUNTING POLICIES

Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the Income Statement by the share that may be attributed to the profit for the year, and is recognised directly in equity by the share that may be attributed to entries directly to equity.

BALANCE SHEET

Intangible fixed assets

Acquired goodwill is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the expected useful life which is estimated to 7 years. The period of amortisation is determined based on an assessment of the acquired Company's position in the market and earnings profile, and the industry-specific conditions.

Profit or loss from sale of intangible fixed assets is calculated at the difference between the sales price and the carrying amount at the time of the sale. Profit and loss are recognised in the Income Statement under other operating income or other operating expenses.

Tangible fixed assets

Other plant, machinery tools and equipment and furnishing of leased premises are measured at cost less accumulated depreciation and impairment losses.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Other plant, machinery tools and equipment.....	3-5 years	0%
Furnishing of leased premises.....	3-5 years	0%

Profit or loss on sale of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the date of sale. Profit or loss is recognised in the Income Statement as other operating income or other operating expenses.

Financial non-current assets

Investments in subsidiaries are measured at cost. If the cost exceeds the net realisable value, this is written down to the lower value.

Deposits include rental deposits which are recognised and measured at cost. Deposits are not depreciated.

ACCOUNTING POLICIES

Impairment of fixed assets

The carrying amount of intangible fixed and tangible assets together with fixed assets, which are not measured at fair value,, are assessed annually for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the recoverable amount is lower than the carrying amount, the asset is written down to the recoverable amount.

The recoverable amount is calculated at the higher of the capital value and the sales value less expected costs of a sale. The capital value is determined as the Company's share in the current value of the net cash flows which the subsidiary is expected to generate through its activities and from sale of assets after the end of their useful lives. A discount rate is used which reflects the risk-free market rate and the owners' minimum return on interest requirements for similar assets. The growth rate in the terminal period is determined in accordance with the standards within the industry.

Inventories

Inventories are measured at cost using the FIFO-principle. If the net realisable amount is lower than cost, the inventories are written down to the lower amount.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct payroll cost and other direct production cost.

The net realisable value of inventories is stated at the expected sales price less direct completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price of the inventories.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.

Write-off is performed to provide for losses when an objective indication has been assessed to have incurred that a receivable or a portfolio of receivables are impaired. If there is an objective indication that an individual receivable is impaired, the write-off is performed at individual level.

Receivables for which there are no objective indication of impairment at individual level are assessed at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' registered office and credit rating in accordance with the Company's policy for credit risk management. The objective indicators, which are applied for portfolios, are determined based on the historical loss experiences.

Write-off is determined as the difference between the carrying amount of receivables and the present value of the expected cash flows, including realisable value of any received collaterals. The effective interest rate is used as discount rate for the single receivable or portfolio.

Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the Balance Sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

ACCOUNTING POLICIES

The Company is subject to joint taxation with Danish Group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the tax-on-account scheme. Joint taxation contributions receivable and payable are recognised in the Balance Sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carryforwards, are measured at the amount at which the asset is expected to be used within a reasonable number of years, either by setoff against tax on future earnings or by setoff against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the Balance Sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less transaction costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the loan period.

The amortised cost of current liabilities corresponds usually to the nominal value.

Foreign currency translation

Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the Income Statement as a financial income or expense.

Receivables, payables and other monetary items in foreign currencies that are not settled on the Balance Sheet date are translated at the exchange rate on the Balance Sheet date. The difference between the exchange rate on the Balance Sheet date and the exchange rate at the date when the receivables or payables come into existence recognised in the Income Statement as financial income or expenses.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.

Financial highlights mentioned in management commentary

$$\text{CAGR} = (\text{V}_{\text{final}} / \text{V}_{\text{begin}})^{1/t} - 1$$

CAGR = compound annual growth rate

V_{begin} = beginning value

V_{final} = final value

t = time in years