BUUS JENSEN
Statsautoriserede
Revisorer

Cecillie Bahnsen ApS

Vermundsgade 38C, st., 2100 København Ø

Company reg. no. 39 69 94 19

Annual report

1 January - 31 December 2021

The annual report was submitted and approved by the general meeting on the 6 July 2022.

Kristine Hannah Løbner
Chairman of the meeting

Notes:
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Contents

Management's statement

Today, the board of directors and the executive board have presented the annual report of Cecillie Bahnsen ApS for the financial year 1 January - 31 December 2021.

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

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company’s assets, equity and liabilities, and financial position at 31 December 2021 and of the company’s results of activities in the financial year 1 January – 31 December 2021.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved at the Annual General Meeting.

København Ø, 6 July 2022

Executive board

Cecilie Frost Bahnsen Kristine Hannah Løbner

Board of directors

Nils Ulrik Garde Due Cecilie Frost Bahnsen Kristine Hannah Løbner

Elisabeth Dorothea Sophie Von Scwarzkopf

Independent auditor's report

To the Shareholders of Cecillie Bahnsen ApS

Opinion

We have audited the financial statements of Cecillie Bahnsen ApS for the financial year 1 January - 31 December 2021, which comprise income statement, statement of financial position, statement of changes in equity, notes and a summary of significant accounting policies. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 December 2021 and of the results of the company's activities for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section "Auditor's responsibilities for the audit of the financial statements". 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.

Emphasis of matter

Without affecting our conclusion, we refer to note 1 in the annual report that the company's management is aware that the company's liquidity is tight and is dependent on the expected future positive earnings as well as the maintenance of credit facilities by the company's external bank connection. The company's management expects future positive earnings and an improvement in liquidity.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the 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 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 including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing, 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 international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism 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 the 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 preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from 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 disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a 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 the internal control that we identify during our audit.

Independent auditor's report

Statement on the Management’s Review

Management is responsible for the Management’s Review.

Our opinion on the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the Management’s Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that Management’s Review is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the Management’s Review.

Copenhagen, 6 July 2022

BUUS JENSEN

State Authorised Public Accountants
Company reg. no. 16 11 90 40

Ulrik Nørskov
State Authorised Public Accountant
mne29456

Company information

The company	Cecillie Bahnsen ApS Vermundsgade 38C, st. 2100 København Ø	
	Company reg. no.	39 69 94 19
	Established:	29 June 2018
	Financial year:	1 January - 31 December
Board of directors	Nils Ulrik Garde Due Cecilie Frost Bahnsen Kristine Hannah Løbner Elisabeth Dorothea Sophie Von Scwarzkopf	
Executive board	Cecilie Frost Bahnsen Kristine Hannah Løbner	
Auditors	BUUS JENSEN, Statsautoriserede revisorer	
Parent company	Cecilie Bahnsen Holding ApS	

Management´s review

The principal activities of the company

The company's main activity consists in the production of and trading with luxury clothing.

Development in activities and financial matters

The net result for 2021 is a loss of DKK -6.496.583 against DKK 2.269.160 last year, which is in line with expectations.

As per our Strategic Roadmap, 2021 was a year in transition reinvesting in the business in parallel with stabilization due to the Covid 19 pandemic. We succeeded growing our revenue whilst implementing and accelerating strategic initiatives that will ensure a solid foundation for future growth.

The revenue has YoY grown with 34% with a healthy mix of our directly operated Ecommerce platform and our Wholesale partners. Dominated continuously by international growth, our home market represents 1,5 % of global sales with particular growth across Asia and Europe. Particularly growth in Asia is dominated in Hong Kong with 42% increase and Japan with 33% . Within Europe the dominated markets are Italy with 69% and UK with 22% increase.

We successfully launched our Edition replenishment collection and invested in the launch of two new product categories, shoes and bags presented in SS22. Becoming part of the prestigious Paris Fashion Calendar we had our first presentation as part of September Paris Fashion Week and launched a new Ecommerce platform end of December. Furthermore, we signed a lease for the future Copenhagen head quarter as well as initiating the implementation of an ERP system. Lastly, we have invested in attracting experienced team members within product development and production.

Freight- and price increases are impacting our direct costs. On top of the above investments the result is significantly affected by non-recurring costs with the termination fee of a sales agent securing full control of our distribution with a newly hired in-house sales team.

Total non-recurring costs amounts to DKK 5.742.507 and the result of ordinary operations is DKK –754.076.

Outlook

The Management expects positive earnings in 2022. Focus will be to grow own channels through the new ecommerce platform, community services and pop ups as well as entering new marketplace models and grow with our existing wholesalers’ partners and 3rd party e-tailers.

On the costs side the new ERP system and a strengthened product development teams is expected to improve direct costs and GM.

The Leadership Team will in 2022 be strengthened by a newly created Head of Marketing position and a US based Head of Sales. During 1st half of 2022 Cecilie Bahnsen will move into the new Copenhagen HQ that houses our office, design studio and showroom for private appointments.
Continuously, we will focus on the design and development of the brand with a responsible mindset, in 2022 with an increasing focus on our upcycling business.”

Income statement 1 January - 31 December

All amounts in DKK.

Note		2021	2020
	Gross profit	**6.688.846**	**8.838.315**
2	Staff costs	-12.871.588	-5.886.148
	Depreciation, amortisation, and impairment	-93.515	-16.142
	Operating profit	**-6.276.257**	**2.936.025**
	Other financial income	337.785	615.316
3	Other financial expenses	-558.111	-656.985
	Pre-tax net profit or loss	**-6.496.583**	**2.894.356**
	Tax on net profit or loss for the year	0	-625.196
	Net profit or loss for the year	**-6.496.583**	**2.269.160**
	Proposed appropriation of net profit:		
	Transferred to retained earnings	0	2.269.160
	Allocated from retained earnings	-6.496.583	0
	Total allocations and transfers	**-6.496.583**	**2.269.160**

Balance sheet at 31 December

All amounts in DKK.

Note	Assets	2021	2020
	Non-current assets		
4	Patents and rights	875.582	0
	Total intangible assets	875.582	0
5	Other fixtures and fittings, tools and equipment	74.113	0
6	Leasehold improvements	920.971	107.384
	Total property, plant, and equipment	995.084	107.384
	Total non-current assets	**1.870.666**	**107.384**
	Current assets		
	Raw materials and consumables	2.826.529	2.890.132
	Manufactured goods and goods for resale	3.783.559	1.227.629
	Prepayments for goods	6.692.969	4.326.729
	Total inventories	13.303.057	8.444.490
	Trade receivables	8.366.715	5.957.325
	Receivables from subsidiaries	0	5.655
	Other receivables	747.343	303.075
	Prepayments	646.115	54.660
	Total receivables	9.760.173	6.320.715
	Cash and cash equivalents	1.091.409	1.012.047
	Total current assets	**24.154.639**	**15.777.252**
	Total assets	**26.025.305**	**15.884.636**

Balance sheet at 31 December

All amounts in DKK.

Note	Equity and liabilities	2021	2020
	Equity		
	Contributed capital	58.826	58.826
	Retained earnings	2.299.884	8.796.467
	Total equity	**2.358.710**	**8.855.293**
	Liabilities other than provisions		
	Bank loans	6.976.623	0
	Prepayments received from customers	2.769.065	1.367.071
	Trade payables	6.752.183	3.904.686
	Payables to subsidiaries	219.131	0
	Income tax payable	0	596.196
	Other payables	6.949.593	1.161.390
	Total short term liabilities other than provisions	23.666.595	7.029.343
	Total liabilities other than provisions	**23.666.595**	**7.029.343**
	Total equity and liabilities	**26.025.305**	**15.884.636**

1 The Company's financial situation

7 Charges and security

8 Contingencies

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Retained earnings	Total
Equity 1 January 2020	58.826	6.527.307	6.586.133
Retained earnings for the year	0	2.269.160	2.269.160
Equity 1 January 2021	58.826	8.796.467	8.855.293
Retained earnings for the year	0	-6.496.583	-6.496.583
	58.826	**2.299.884**	**2.358.710**

Notes

All amounts in DKK.

	2021	2020

1. The Company's financial situation

The company's management is aware that the company's liquidity is tight and is dependent on expected future positive earnings and continued maintenance of credit facilities by the company's external bank connections.

The Management expects positive earnings and to the improv company's liquidity, including to maintain current credit facilities. On this basis, the company's management presents the annual report according to the going concern principle.

2. Staff costs

	2021	2020
Salaries and wages	11.662.246	5.413.818
Other costs for social security	229.561	83.011
Other staff costs	979.781	389.319
	12.871.588	**5.886.148**

	2021	2020
Average number of employees	20	13

Incentive programme for key staff provides the possibility of subscribing shares of up to 5.3% of the present share capital at a price of DKK 15.7305 per share. None have been exercised in 2021 and exercise period expires in 2023.

3. Other financial expenses

	2021	2020
Other financial costs	558.111	656.985
	558.111	**656.985**

Notes

All amounts in DKK.

4. Patents and rights

Cost 1 January 2021	0	0
Additions during the year	875.582	0
Cost 31 December 2021	**875.582**	**0**
Amortisation and writedown 1 January 2021	0	0
Depreciation, amortisation, and impairment loss for the year, assets disposed of	0	0
Carrying amount, 31 December 2021	**875.582**	**0**

5. Other fixtures and fittings, tools and equipment

Cost 1 January 2021	0	0
Additions during the year	82.656	0
Cost 31 December 2021	**82.656**	**0**
Amortisation and writedown 1 January 2021	0	0
Amortisation and depreciation for the year	-8.543	0
Amortisation and writedown 31 December 2021	**-8.543**	**0**
Carrying amount, 31 December 2021	**74.113**	**0**

6. Leasehold improvements

Cost 1 January 2021	123.526	60.825
Additions during the year	898.559	62.701
Cost 31 December 2021	**1.022.085**	**123.526**
Depreciation and writedown 1 January 2021	-16.142	0
Amortisation and depreciation for the year	-84.972	-16.142
Depreciation and writedown 31 December 2021	**-101.114**	**-16.142**
Carrying amount, 31 December 2021	**920.971**	**107.384**

Notes

All amounts in DKK.

7. Charges and security

For bank commitments DKK 8.000.000, the company has provided company pledge secured by a range of the company's assets with the following booked values as of 31 December 2021:

	DKK in thousands
Inventories	13.303
Trade receivables	8.367
Fixed assets	1.871

8. Contingencies

Contingent liabilities

	31/12 2021 DKK in thousands
Rent commitments	90
Total contingent liabilities	**90**

Joint taxation

With Cecilie Bahnsen Holding ApS as administration company, the company is subject to the Danish scheme of joint taxation and unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for the total corporation tax.

The company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

The total tax payable under the joint taxation scheme totals DKK 0.

The liability relating to obligations in connection with withholding tax on dividends, interest, and royalties represents an estimated maximum of DKK 0.

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the company's liabilities.

Accounting policies

The annual report for Cecillie Bahnsen 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.

Income statement

Gross profit

Gross profit reflects an aggregation of revenue, changes in inventories of finished goods and work in progress and other operating income less costs of raw materials and consumables and other external expenses.

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. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, and loss on receivables.

Staff costs

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

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown 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.

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.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Statement of financial position

Intangible assets

Patents and rights

Patents and rights are measured at cost less accrued amortisation. Patents are amortised on a straight line basis over 5 years.

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

Profit and loss from the sale of development projects, patents, and licenses are measured as the difference between the sales price less sales costs and the carrying amount at the time of sale. Profit or loss are recognised in the income statement as other operating income or other operating expenses, respectively.

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and writedown 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.

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.

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.

The net realisable value for inventories is recognised as the market 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.

Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

Cash on hand and demand deposits

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

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.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as ”Income tax receivable” or “Income tax payable”.

According to the rules of joint taxation, Cecillie Bahnsen ApS is unlimitedly, jointly, and severally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

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.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

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

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Accounting policies

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