Cecilie Bahnsen ApS

Vermundsgade 38C, st., 2100 København Ø

Company reg. no. 39 69 94 19

Annual report

1 January - 31 December 2023

The annual report was submitted and approved by the general meeting on the 28 June 2024.

Kristine Hannah Løbner
Chairman of the meeting

Buus Jensen I/S
Lersø Parkalle 112
DK-2100 København Ø
CVR 16119040
+45 3929 0800
info@buusjensen.dk
www.buusjensen.dk

Contents

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 %.

Management's statement

Today, the board of directors and the executive board have presented the annual report of Cecilie Bahnsen ApS for the financial year 1 January - 31 December 2023.

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 2023 and of the company's results of activities in the financial year 1 January – 31 December 2023.

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, 28 June 2024

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 Cecilie Bahnsen ApS

Opinion

We have audited the financial statements of Cecilie Bahnsen ApS for the financial year 1 January - 31 December 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 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 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.

Material Uncertainty Related to Going Concern

Without affecting our conclusion, we refer to note 1 in the annual report, which states 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 financial support received from the company’s existing and new shareholders.
The company's management expects future positive earnings and an improvement in liquidity.

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.

Independent auditor's report

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.

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, 28 June 2024

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

Ulrik Nørskov
State Authorised Public Accountant
mne29456

Company information

The company	Cecilie 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 of production of and trading with luxury clothing and related activities.

Development in activities and financial matters

The net result for 2023 is a loss of DKK -12.622.411 against DKK -2.443.879 last year, which is in line with expectations.

Management is pleased to report that we currently sit within expectations toward the 2024 budget and a positive year result. While we acknowledge the challenges faced in 2023 and note that we are dissatisfied with the result, we have seen a positive turn-around and are poised to continue this trajectory through 2024. We remain committed to achieving our goals in 2024 and beyond and to this end have acquired a credit line to support operations.

2023 presented several significant challenges primarily due to reduced demand within our wholesale channel. 3rd party E-tailers and traditional department stores throughout the industry have seen significant declines year on year. An encouraging shift towards specialty and concept stores, however, emerged during the year which we are actively pursuing. These efforts have helped bolster our wholesale channel.

There were positive signals in 2023. Our Direct-to-Consumer channel significantly outperformed 2022 at index 211. In 2023 management made the decision to write off raw materials from previous seasons. Importantly, our intention is to upcycle these materials. Additionally, we adopted a more conservative approach to provisioning for loss on receivables due to the challenges in the wholesale market. The total of these two items represents over 3.2 million kroner towards the loss in 2023. Further to this will be an upside in 2024 as we move away from external manufacturing agents, this will increase our margins substantially.

Outlook

On the back of strong 2023 and Q1 2024 DTC results, we have chosen to prioritize this channel. In early 2024, we launched our Made-to-Order and Bridal program, which has so far positively performed. For the second half of 2024, we have a solid line up of pop-ups, global collaborations in key markets and continued participation in Paris Fashion Week. Our activities have contributed to strong brand momentum and community building around the Cecilie Bahnsen universe. We look forward to continuing our exciting collaborations through 2024 and 2025.

In 2024, we are concentrating on new business and prospecting, and have secured a healthy number of new, brand elevating doors while leveraging our existing long-term partners. The 2024 wholesale order book contains three out of four seasons, and we see positive indications for the fourth and final season on the way to a positive outlook in 2024.

The existing and new shareholders have supported us through the difficult period stemming from 2023, including a capital increase of 5.1 million kroner in 2023 and 7.8 million kroner in 2024. The company has also secured a credit line to support expected operations. Management is therefore optimistic about the future and is dedicated to leveraging the opportunities in 2024 to drive growth and profitability. On this basis the annual report is based on the going concern principle.

Income statement 1 January - 31 December

All amounts in DKK.

Note		2023	2022
	Gross profit	**4.257.749**	**12.615.546**
2	Staff costs	-15.078.963	-13.188.642
	Depreciation, amortisation, and impairment	-929.563	-647.414
	Operating profit	**-11.750.777**	**-1.220.510**
	Other financial income	6.836	31.394
3	Other financial expenses	-971.530	-1.254.763
	Pre-tax net profit or loss	**-12.715.471**	**-2.443.879**
	Tax on net profit or loss for the year	93.060	0
	Net profit or loss for the year	**-12.622.411**	**-2.443.879**
	Proposed distribution of net profit:		
	Allocated from retained earnings	-12.622.411	-2.443.879
	Total allocations and transfers	**-12.622.411**	**-2.443.879**

Balance sheet at 31 December

All amounts in DKK.

Assets

Note		2023	2022
	Non-current assets		
4	Patents and rights, IT system and software	1.281.150	1.643.239
	Total intangible assets	1.281.150	1.643.239
5	Other fixtures and fittings, tools and equipment	87.035	121.732
6	Leasehold improvements	1.577.000	2.086.315
	Total property, plant, and equipment	1.664.035	2.208.047
7	Deposits	926.720	926.363
	Total investments	926.720	926.363
	Total non-current assets	**3.871.905**	**4.777.649**
	Current assets		
	Raw materials and consumables	3.910.800	1.590.428
	Manufactured goods and goods for resale	5.359.000	7.345.921
	Prepayments for goods	286.445	2.852.836
	Total inventories	9.556.245	11.789.185
	Trade receivables	6.169.916	12.560.403
	Other receivables	366.074	1.405.323
	Prepayments	0	344.449
	Total receivables	6.535.990	14.310.175
	Cash and cash equivalents	416.580	76.371
	Total current assets	**16.508.815**	**26.175.731**
	Total assets	**20.380.720**	**30.953.380**

Balance sheet at 31 December

All amounts in DKK.

Note	Equity and liabilities	2023	2022
	Equity		
	Contributed capital	67.436	61.923
	Share premium	5.101.228	45.620
	Retained earnings	-9.266.424	-543.995
	Total equity	**-4.097.760**	**-436.452**
	Liabilities other than provisions		
	Other payables	419.183	405.008
	Total long term liabilities other than provisions	419.183	405.008
	Bank loans	6.591.309	14.991.845
	Prepayments received from customers	1.460.004	1.959.650
	Trade payables	9.459.189	9.817.841
	Payables to subsidiaries	3.516.290	600.487
	Other payables	3.032.505	3.615.001
	Total short term liabilities other than provisions	24.059.297	30.984.824
	Total liabilities other than provisions	**24.478.480**	**31.389.832**
	Total equity and liabilities	**20.380.720**	**30.953.380**

1 Material Uncertainty Related to Going Concern

8 Charges and security

9 Contingencies

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Share premium	Retained earnings	Total
Equity 1 January 2022	58.826	0	2.299.884	2.358.710
Cash capital increase	3.097	45.620	0	48.717
Retained earnings for the year	0	0	-2.443.879	-2.443.879
Sell of own capital shares	0	0	-400.000	-400.000
Equity 1 January 2022	61.923	45.620	-543.995	-436.452
Cash capital increase	5.513	5.055.608	0	5.061.121
Retained earnings for the year	0	0	-12.622.411	-12.622.411
Sell of own capital shares	0	0	3.899.982	3.899.982
	67.436	**5.101.228**	**-9.266.424**	**-4.097.760**

Notes

All amounts in DKK.

	2023	2022

1. Material Uncertainty Related to Going Concern

The company's management is aware that the company's liquidity is tight and is highly dependent on expected future positive earnings, as well as financial support received from the company’s existing and new shareholders.

The existing and new shareholders have supported us through the difficult period stemming from 2023, including a capital increase of 5.1 million kroner in 2023 and 7.8 million kroner in 2024. The company has also secured a credit line to support expected operations.

Management expects positive earnings and an improvement in the company's liquidity, and on this basis, the company's management presents the annual report according to the going concern principle.

		2023	2022
2.	**Staff costs**		
	Salaries and wages	14.871.358	12.746.069
	Pension costs	0	196.000
	Other costs for social security	207.605	246.573
		15.078.963	**13.188.642**
	Average number of employees	25	25
3.	**Other financial expenses**		
	Financial costs, group enterprises	29.800	0
	Other financial costs	941.730	1.254.763
		971.530	**1.254.763**

Notes

All amounts in DKK.

4. Patents and rights, IT system and software

Cost 1 January 2023	1.904.293	875.582
Additions during the year	23.462	1.028.711
Cost 31 December 2023	**1.927.755**	**1.904.293**
Amortisation and writedown 1 January 2023	-261.054	0
Amortisation and depreciation for the year	-385.551	-261.054
Depreciation, amortisation, and impairment loss for the year, assets disposed of	0	0
Amortisation and writedown 31 December 2023	**-646.605**	**-261.054**
Carrying amount, 31 December 2023	**1.281.150**	**1.643.239**

5. Other fixtures and fittings, tools and equipment

Cost 1 January 2023	157.489	82.656
Additions during the year	0	74.833
Cost 31 December 2023	**157.489**	**157.489**
Amortisation and writedown 1 January 2023	-35.757	-8.543
Amortisation and depreciation for the year	-34.697	-27.214
Amortisation and writedown 31 December 2023	**-70.454**	**-35.757**
Carrying amount, 31 December 2023	**87.035**	**121.732**

6. Leasehold improvements

Cost 1 January 2023	2.546.575	1.022.085
Additions during the year	0	1.524.490
Cost 31 December 2023	**2.546.575**	**2.546.575**
Depreciation and write-down 1 January 2023	-460.260	-101.114
Amortisation and depreciation for the year	-509.315	-359.146
Depreciation and write-down 31 December 2023	**-969.575**	**-460.260**
Carrying amount, 31 December 2023	**1.577.000**	**2.086.315**

Notes

All amounts in DKK.

		31/12 2023	31/12 2022
7.	**Deposits**		
	Cost 1 January 2023	926.363	926.363
	Additions during the year	357	0
	Cost 31 December 2023	**926.720**	**926.363**
	Carrying amount, 31 December 2023	**926.720**	**926.363**

8. 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 2023:

	DKK in thousands
Inventories	9.556
Trade receivables	6.169
Fixed assets	3.871

9. Contingencies

Contingent liabilities

	31/12 2023 DKK in thousands
Rent commitments, until November 2027	7.134
Total contingent liabilities	**7.134**

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 jointly taxed enterprises' total known net liability to the Danish tax authorities emerges from the financial statements of the administration company.

Notes

All amounts in DKK.

9. Contingencies (continued)

Joint taxation (continued)

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 Cecilie 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.

As discussed in the management report, the condition for going concern has not been met. Assets and liabilities are therefore, in accordance with current accounting policies, measured at expected realizable values.

All value adjustments of assets and liabilities as well as derived operating items are consequently recognized in the income statement, including expected losses, various disposal costs, fees etc.

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 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 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.

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.

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 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.

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:

	Useful life
Other fixtures and fittings, tools and equipment	3-5 years

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.

Investments

Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

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.

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.

Equity

Share premium

Share premium comprises premium payments made in connection with the issue of shares. Costs incurred for carrying through an issue are deducted from the premium.

The premium reserve can be used for dividend, for issuing bonus shares, and for covering losses.

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.

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