



konges sløjd

Annual Report 2021 // Konges Sløjd A/S

CVR: 36718714, Store Kongensgade 77 1F, 1264 Copenhagen K

Letter from founder

As I look back over 2021 it has been a remarkable year. During the year - again and again - I have been touched by all the stories and comments from our followers from all over the world. I am truly honored and humble to see how Konges Sløjd products are creating joy, memories and helping moms in their everyday life. This is what it is all about to me and has been from the start.

We have said welcome to so many new colleagues in 2021. I can't believe that in the beginning of the year we were less than twenty employees and now we are more than 70. I want to thank each and every one of you for your dedicated efforts and contributions.

I am pleased with our strong financial results which enables us to continue our journey and connect with even more moms out there. I look forward to seeing what 2022 brings to Konges Sløjd.

Sincere thanks must also go to our partners and suppliers for their endless support and trust during this year.

Looking to the future we will continue making quality conscious and imaginative design whilst saluting the wild, varied and perfectly imperfect life with children. At Konges Sløjd we embrace the ups and downs of parenthood and hope to bring a little bit of simplicity into your lives through our comfy, technical and versatile collections. Nothing is, nor will ever be perfect and life with kids is often chaotic. But what a wonderful chaos it is.

With love, Emilie Konge, founder





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Company details

Company
Konges Sløjd A/S
CVR-nr.: 36718714
Registered in: Copenhagen
Financial period: 1 January to 31 December

Web: www.kongessloejd.com

Board of Directors
Peter Duedahl Sørensen, Chairman
Emilie Konge Breindal
Kåre Konge Breindal

Executive Board
Emilie Konge Breindal

Company auditors
Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Københavns S

The Annual General Meeting adopted the
annual report on 15 June 2022

Chairman of the General Meeting

Karsten Pedersen

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Konges Sløjd A/S for the financial year 1 January to 31 December 2021.

The annual report is prepared in accordance with the Danish Financial Statement Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position and results at 31 December 2021 as well as the Company's profit and loss for the financial year 1 January to 31 December 2021.

In our opinion, the management commentary contains a fair review of the development of the Company's business and financial matters, the results for the year and the Company's financial position, together with a description of the principal risks and uncertainties that the Company face.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen 15 June 2022

Executive Board

Emilie Konge Breindal
Chief Executive Officer

Board of Directors

Peter Duedahl Sørensen
Chairman

Emilie Konge Breindal

Kåre Konge Breindal

Independent auditor's report

To the shareholders of Konges Sløjd A/S

Opinion

We have audited the financial statements of Konges Sløjd A/S for the financial year 1 January 2021 – 31 December 2021, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31 December 2021 and of the results of its operations and cash flows for the financial year 1 January 2021 – 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 (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 judgement 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 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit 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 of the management commentary.

Copenhagen, 15 June 2022

Deloitte
Statsautoriseret Revisionspartnerselskab
Business Registration No 33 96 35 56

Claus Jorch Andersen
State-Authorised Public Accountant
Identification No (MNE) 33712





Management commentary

Primary activities

Konges Sløjd designs and produces children clothing, home interior and toys with sales to retailers and direct to consumers through own e-com channels.

Financial highlights

t.DKK	2021	2020	2019	2018	2017
Key figures					
Gross profit	97,408	61,247	23,302	11,883	4,385
Profit from primary activities	79,958	51,798	19,087	8,997	2,208
Net financials	2,148	(149)	(312)	(113)	3
Profit for the year	64,072	39,843	14,640	6,935	1,718
Balance sheet total	125,937	61,549	28,493	14,278	6,521
Investments in properties, plant & equipment	2,755	261	73	172	178
Equity	98,110	51,038	20,265	9,025	2,790
Ratios					
Return on equity	86%	112%	100%	117%	79%
Number of employees	32	14	8	3	3

The return on equity percentage is calculated as profit for the year divided by average equity.

Development in activities and finances

Profit for the year amounted to t.DKK 64,072 which management considers satisfactory.

In 2021, Konges Sløjd more than doubled revenues as a result of the continued globalisation of our brand now having authorised resellers and direct digital sales in more than 70 markets worldwide.

We managed to maintain satisfactory margins, despite significantly increasing logistics costs, especially for overseas transportation, increasing prices on certain raw materials, and a stronger US dollar.

To fuel our global ambitions, we established a professional board of directors, appointed an executive management team from a combination of experienced internal and external talents and significantly expanded our organization, especially within operations and sales. We also invested a new e-commerce platform as well as IT systems to support our significant ambitions within digital sales and digitalization of our operations in general.

Events after the balance sheet date

In March 2022 the company changed from "ApS" to "A/S". No other events have occurred in 2022 which affects the 2021 annual report.

Outlook

Continued strong revenue growth is expected in 2022 primarily as a result of investments in a larger sales organization, dedicated e-com team and new e-commerce platform. Management expects sales to grow especially in the European and Asian markets, with direct-to-consumer sales becoming a larger share of total revenue. Profits are also expected to grow in 2022 despite many of the growth investments not having full revenue effect already in 2022.

Corporate Social Responsibility

Quality and safety for children have always been key values of Konges Sløjd. Konges Sløjd is born from the will to design sparkling and thoughtful products that ease moms' life and reenchant their everyday, especially in a core industry like textile, that is part of the many social and environmental challenges they experience.

During 2021 we redefined our mission statement and designed a 2025 ESG agenda. We structured our teams and internal processes, to build sustainable operations and sales practices, that align our values with our everyday commitments:

Safety & Compliance on an international scale

Based on our long-term commitment to product safety, we structured and aligned our compliance and ESG teams to challenge, assess and test all our production towards high international standard. New internal processes and new supply chain commitments have been launched to increase our risk management capacities and align our requirements and good practices from design to production.

Better material and certified fibers

In parallel with design initiatives on sustainable fabrics and materials, like our biowaste-based coating for rainwear, we achieved GOTS certification before summer. GOTS certifies both the organic content of our cotton-based textile but also the social responsibility of all tiers in our supply chain.

Responsible production

In 2021 we issued our first Code of conduct that has been signed by all our suppliers, and that led the path to a renewed partnership relation with our supply chain. We launched a social, environmental and compliance assessment of our suppliers to better identify challenges and opportunities in our supply chain.

Aligning Business and ESG strategy

In 2021 we redefined our core mission statement and our values, to use them as a compass to design our ESG strategy for 2025. Aligning with the UN SDGs, we designed and shared with our employees our key objectives and initiatives to increase our commitments and transparency around two key ideas: Empowering moms & Responsible production. This agenda is going to drive all our ESG/CSR actions in the next years and help us share our commitments to all our stakeholders.

Income statement for 2021

		2021	2020
	Notes	DKK	t.DKK
Gross profit		97.408.194	61.247
Staff costs	1	(16.958.109)	(7,308)
Depreciations and amortisation	2	(492,478)	(141)
Other operating expenses		0	(2,000)
Profit from primary activities (EBIT)		79,957,607	51,798
Financial income	3	3,355,658	1,008
Financial expenses	4	(1,207,298)	(1,157)
Profit before tax		82,105,967	51,649
Tax on profit for the year	5	(18,033,935)	(11,805)
Profit for the year	6	64,072,032	39,843

Balance sheet at 31 December 2021

	Notes	2021 DKK	2020 t.DKK
Completed development projects	7	240,449	0
Intangible assets		240,449	0
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Fixtures and fittings, tools and equipment		1,521,566	147
Leasehold improvements		1,168,364	241
Property, plant and equipment	8	2,689,930	388
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Deposits		809,532	192
Financial assets		809,532	192
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Fixed assets		3,739,911	580
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Manufactured goods		44,586,137	16,037
Prepayments for goods		13,170,544	7,734
Inventories		57,756,681	23,771
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Trade receivables		15,201,739	6,328
Receivables from group enterprises		19,627,101	4,769
Deferred tax assets	9	0	176
Tax receivable		0	205
Other receivable		102,609	0
Receivables		34,931,449	11,478
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Cash		29,508,707	25,720
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Current assets		122,196,837	60,969
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Assets		125,936,748	61,549

Balance sheet at 31 December 2021

	Notes	2021 DKK	2020 t.DKK
Contributed capital		50,000	50
Retained earnings		78,060,488	33,988
Proposed dividends		20,000,000	17,000
Equity		98,110,488	51,038
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Other provisions	10	1,294,701	2,000
Tax	9	69,111	0
Provisions		1,363,812	2,000
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Other payables	11	0	298
Non-current liabilities other than provisions		0	298
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Trade payables		19,086,472	4,663
Payables to management		6,208	2
Tax payable		788,989	0
Other payables	12	6,580,779	3,548
Current liabilities other than provisions		26,084,203	8,213
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Liabilities other than provisions		26,084,203	8,511
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Equity and liabilities		125,936,748	61,549
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Unrecognised rental and lease commitments	13		
Contingent liabilities	14		
Related parties with controlling interest	15		
Group relations	16		
Transactions with related parties	17		

Statement of changes in equity for 2021

DKK	Contributed capital	Retained earnings	Proposed dividends	Total
Equity beginning of year	50,000	33,988,456	17,000,000	51,038,456
Paid dividend	0		(17,000,000)	(17,000,000)
Profit for the year	0	44,477,852	20,000,000	64,072,032
Equity end of year	50,000	78,060,488	20,000,000	98,110,488

In march 2022 contributed capital was increased to DKK 400.000 due to change from "ApS" to "A/S".



Notes

	2021	2020
	DKK	t.DKK
1. Staff costs		
Salaries and wages	15,544,464	7,029
Pension contributions	72,580	31
Social security expenses	119,186	47
Other staff costs	1,221,879	201
	16,958,109	7,308
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Average number of employees	32	14
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Remuneration of the Executive Board and Board of Directors amounted to DKK 1,418,000 in 2021.		
2. Depreciations and amortisation		
Intangible assets	45,181	0
Property, plant and equipment	448,550	141
Gain at sale	(1,253)	0
	492,478	141
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3. Financial income		
Financial income from group enterprises	22,863	259
Other interest income	0	38
Currency exchange rate income	3,303,944	691
Other financial income	28,851	20
	3,355,658	1,008
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4. Financial expenses		
Other interest expense	220,220	119
Currency exchange rate expenses	987,078	1,002
Other financial expenses	0	36
	1,207,298	1,157
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Notes

	2021	2020
	DKK	t.DKK
5. Tax on profit for the year		
Current tax	17,788,986	11,983
Change in deferred tax	244,949	(178)
	18,033,935	11,805
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6. Proposed distribution of profit		
Proposed dividends	20,000,000	17,000
Retained earnings	44,477,852	22,843
	64,477,852	39,843
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7. Intangible assets		Completed development projects
Cost at 1 January 2021		0
Additions		285,630
Cost at 31 December 2021		285,630
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Depreciations at 1 January 2021		0
Depreciations for the year		(45,181)
Depreciation at 31 December 2021		(45,181)
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Carring value at 31 December 2021		240,449
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Completed development projects relate to construction and improvement of own webshop. Costs which add new functionality or add new domains to the webshop are capitalized when sales are expected to increase from this. Management expects that revenue from own webshop will account for an increasingly larger portion of the total revenue the next five years.

Notes

	Fixtures and- fittings, tools and equipment DKK	Household improvement DKK
8. Property, plant and equipment		
Cost at 1 January 2021	244,956	439,306
Additions	1,643,352	1,111,861
Disposals	0	(21,456)
Cost at 31 December 2021	1,888,308	1,529,711
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Depreciations at 1 January 2021	(98,073)	(198,631)
Depreciations for the year	(268,669)	(179,881)
Disposals	0	17,165
Depreciation at 31 December 2021	(366,742)	(361,347)
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Carrying value at 31 December 2021	1,521,566	1,168,364
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	2021 DKK	2020 t.DKK
9. Deferred tax		
Property, plant and equipment	(245,600)	(1)
Prepayments	176,489	177
	(69,111)	176
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Changes during the year		
Beginning of year	175,838	(2)
Changes in deferred tax	(244,949)	178
End of year	(69,111)	176
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10. Other Provisions		
Warranty reserve	1,294,701	2,000
	1,294,701	2,000

Notes

	2021 DKK	2020 t.DKK
11. Other payables, non-current		
Other payables	0	298
	0	298
<hr/>		
12. Other payables		
VAT and duties	5,280,796	2,167
Wages and salaries, personal income taxes, social security costs etc. payable	476,368	1,209
Holiday pay obligations	718,115	114
Other costs payable	105,500	58
	6,580,779	3,548
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13. Unrecognised rental and lease commitments.		
The company has entered into housing lease agreements which is irrevocable as per 31 December 2021.		
Liabilities under rental or lease agreements until maturity in total		
	4,064,137	1,691

14. Contingent liabilities

The Company participates in a Danish joint taxation arrangement where L. Konge Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the company is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

15. Related parties with controlling interest

L. Konge Holding ApS, Store Kongensgade 77 1F, 1264 Copenhagen K, Denmark, owns 100% of the shares of the Company.

16. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest and smallest group: L. Konge Holding ApS, Store Kongensgade 77 1F, 1264 Copenhagen K, Denmark.

17. Transactions with related parties

In the annual report only transactions with related parties which are not processed on market terms are described. No such transactions are processed in the financial year.



Accounting principles

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial State-ments Act governing reporting class C enterprises (large).

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement

Gross profit

Gross profit includes revenue, changes to inventories and other external expenses.

Revenue

Revenue from the sale of goods is recognised in the income statement when delivery is made and risk has passed to the buyer, and revenue from fees is recognised in the income statement when the service is performed.

Revenue is recognised net of VAT, and duties and is measured at fair value of the consideration fixed.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Company's ordinary activities, including expenses for distribution, logistics, premises, marketing costs, IT-costs and corporate costs. This item also includes writedowns of receivables recognized in current assets.

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for staff.

Depreciation, amortisation and impairment losses

Depreciation relating to property, plant and equipment comprise depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of property, plant and equipment.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises and currency gains.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises and currency losses.

Other operating expenses

Other operating expenses includes costs of secondary character to the company's main activities.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Company is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Intangible assets

Intangibles assets includes ongoing and completed development projects which are clearly defined and identifiable and for which future income is expected.

Development projects are amortised over the expected usage period. Internally developed software is amortised over 3 years.

Items of intangible assets are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3- 5 years
Leasehold improvements	5 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of the assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Tax receivable and tax payable

Current tax receivables and tax payables is recognized in the balance sheet based on tax computed for the taxable income for the year adjusted for any on account taxes paid.

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity.

Other provisions

Other provisions include warranty costs. Other provisions are recognized and measured based on an estimate of expected costs to cover the liabilities.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Cash flow statement

Cash flow statement has not been prepared for the Company as the cash flow is included in the cash flow statement of the consolidated financial statements of the ultimate parent company cf. the Danish Financial Statements Act § 86 (4).