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Tekla ApS

Vestergade 12A, 2. tv, 1456 København K

Company reg. no. 37 85 90 95

Annual report

1 January - 31 December 2021

The annual report was submitted and approved by the general meeting on the 20 May 2022.

Kristoffer Windall Juhl
Chairman of the meeting

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 Tekla 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.

Copenhagen, 20 May 2022

Executive board

Kristoffer Windall Juhl	Christoffer Charlie Nicolai Hedin

Board of directors

Nicolaj Reffstrup	Kristoffer Windall Juhl	Caius William Pawson
Mikael Fabian Schiller	Christoffer Charlie Nicolai Hedin	Alexandra Daisy Hoppen

Independent auditor's report

To the Shareholders of Tekla ApS

Auditor's report on the financial statements

Opinion

We have audited the financial statements of Tekla ApS for the financial year 1 January - 31 December 2021, which comprise a summary of significant accounting policies, income statement, statement of financial position, statement of changes in equity and notes. 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.

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.

Independent auditor's report

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.

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.

Independent auditor's report

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.

Reports in compliance with other legal and regulatory requirements

Violation of the tax law regarding taxation of board members

The company has not taxed a board member who received board fee in the financial year. The company's management may be liable for the violation of the tax law. The situation is at present being recitified.

Violation of VAT registration in EU- and non-EU countries

During the financial year, it was established that the company has exceeded the distance selling limits in a number of EU- and non-EU countries and in relation to this the company has not made timely reporting of VAT in these countries. The situation is at present being recitified.

Copenhagen, 20 May 2022

Grant Thornton
State Authorised Public Accountants
Company reg. no. 34 20 99 36

Casper Christiansen
State Authorised Public Accountant
mne44100

Company information

The company	Tekla ApS Vestergade 12A, 2. tv 1456 København K	
	Company reg. no.	37 85 90 95
	Established:	3 July 2016
	Domicile:	Copenhagen
	Financial year:	1 January - 31 December
Board of directors	Nicolaj Reffstrup Kristoffer Windall Juhl Caius William Pawson Mikael Fabian Schiller Christoffer Charlie Nicolai Hedin Alexandra Daisy Hoppen	
Executive board	Kristoffer Windall Juhl Christoffer Charlie Nicolai Hedin	
Auditors	Grant Thornton, Statsautoriseret Revisionspartnerselskab Stockholmsgade 45 2100 København Ø	

Management´s review

The principal activities of the company

The principal activities are to design, produce and sell textiles as well as other products as interior. The company's secondary activity is to run consulting services and other related activities.

Development in activities and financial matters

The gross profit for the year totals tDKK 13.805 against tDKK 7.769 last year. The result of the year totals tDKK 3.401 against tDKK 4.022 last year.

Management considers the net profit or loss for the year satisfactory.

Treasury shares

The enterprise’s holding of treasury shares is 2.120 shares, corresponding to 1,87% of the contributed capital.

Accounting policies

The annual report for Tekla 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.

Changes in classification

There has been some changes in classification. The changes in classification have no effect on the net profit and equity for the year.

Significant errors

During the year, the company's management has estalished that the accounts for 2020 were erroneous with significant errors regarding the retained earnings.

On the basis of the significance hereof, the management has chosen to treat the matter in accordance with The Danish Financial Statements Act, Section 52, Subsection 2. The errors have been corrected in the comparison year.

The correction has had a negatively effect on the retained earnings for last year of tDKK 262.

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.

Accounting policies

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.

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, other operating income, and external costs.

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 consumables less discounts and changes in inventories.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets. Furthermore, this item comprises received subsidies, damages, and compensation due to the coronavirus situation.

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.

Accounting policies

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.

Statement of financial position

Intangible assets

Completed development projects

Clearly defined and identifiable development projects are recognised as intangible assets provided that they are proven to be technically practiacble, that sufficient resources and a potential market or development opportunity exist, and insofar as the intention is to producere, market or utilise the project. It is, however, a condition that the cost can be reliably calculated and that a sufficiently high degree of certainty indicates that future earnings will cover the costs of production, sales and administration. Other development costs are recognised in the income statement concurrently with their realisation.

Completed development projects are measured at cost with deduction of accumulated amortisations. Completed development projects are amortised on a straight-line basis over the estimated useful economic life. The amotisation period is 5 years.

Goodwill

Acquired goodwill is measured at cost with deduction of accumulated amortisation. Goodwill is amortised on a straightline basis over the amortisation period, which is set at 5 years.

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 3 years.

Investments

Deposits

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

Accounting policies

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

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 face value. In order to meet expected losses, they are written down for impairment to the net realisable value.

Cash on hand and demand deposits

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

Equity

Treasury shares

Purchase prices and sales prices of own shares are recognised directly in equity. The capital reduction arising from the cancellation of own shares will reduce the share capital by an amount corresponding to the nominal value of the shares and increase the results brought forward, respectively.

The dividend of own shares is recognised directly in equity under retained earnings.

Accounting policies

Reserve for development costs

The reserve for development costs comprises recognised development costs less related deferred tax liabilities.

The reserve cannot be used as dividends or for covering losses.

The reserve is reduced or dissolved if the recognised development costs are amortised or abandoned. This is done by direct transfer to the distributable reserves of the equity.

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity.

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.

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.

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

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

Accruals and deferred income

Payments received concerning future income are recognised under accruals and deferred income.

Income statement 1 January - 31 December

All amounts in DKK.

Note		2021	2020
	Gross profit	**13.804.745**	**7.769.034**
2	Staff costs	-8.575.423	-2.309.519
	Depreciation, amortisation, and impairment	-385.523	-201.138
	Operating profit	**4.843.799**	**5.258.377**
	Other financial income	13.033	0
	Other financial expenses	-458.303	-87.210
	Pre-tax net profit or loss	**4.398.529**	**5.171.167**
	Tax on net profit or loss for the year	-997.837	-1.149.235
	Net profit or loss for the year	**3.400.692**	**4.021.932**
	Proposed appropriation of net profit:		
	Transferred to retained earnings	3.400.692	4.021.932
	Total allocations and transfers	**3.400.692**	**4.021.932**

Balance sheet at 31 December

All amounts in DKK.

Note	Assets	2021	2020
	Non-current assets		
3	Completed development projects, including patents and similar rights arising from development projects	1.046.108	685.656
	Goodwill	446.095	576.660
	Total intangible assets	1.492.203	1.262.316
	Leasehold improvements	60.520	0
	Total property, plant, and equipment	60.520	0
	Deposits	251.500	251.500
	Total investments	251.500	251.500
	Total non-current assets	**1.804.223**	**1.513.816**
	Current assets		
	Manufactured goods and goods for resale	11.372.012	3.438.409
	Prepayments for goods	445.654	0
	Total inventories	11.817.666	3.438.409
	Trade receivables	10.067.673	4.702.851
	Total receivables	10.067.673	4.702.851
	Cash and cash equivalents	2.922.420	3.043.712
	Total current assets	**24.807.759**	**11.184.972**
	Total assets	**26.611.982**	**12.698.788**

Balance sheet at 31 December

All amounts in DKK.

Note	Equity and liabilities	2021	2020
	Equity		
	Contributed capital	113.316	113.316
	Reserve for development expenditure	815.965	534.812
	Retained earnings	8.955.842	5.836.303
	Total equity	**9.885.123**	**6.484.431**
	Provisions		
	Provisions for deferred tax	207.565	130.494
	Total provisions	**207.565**	**130.494**
	Liabilities other than provisions		
	Prepayments received from customers	0	71.755
	Trade payables	10.008.933	2.547.621
	Income tax payable	920.766	824.164
	Other payables	5.543.913	2.619.947
	Deferred income	45.682	20.376
	Total short term liabilities other than provisions	16.519.294	6.083.863
	Total liabilities other than provisions	**16.519.294**	**6.083.863**
	Total equity and liabilities	**26.611.982**	**12.698.788**

1 Special items

4 Charges and security

5 Contingencies

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Reserve for development costs	Retained earnings	Total
Equity 1 January 2020	113.316	0	2.374.183	2.487.499
Adjustment due to ÅRL §52, stk. 2 regarding the reserve for development costs	0	262.443	-262.443	0
Profit or loss for the year brought forward	0	0	4.021.932	4.021.932
Adjustment due to ÅRL §52, stk. 2 regarding the reserve for development costs	0	272.369	-272.369	0
Purchase of own shares	0	0	-25.000	-25.000
Equity 1 January 2021	113.316	534.812	5.836.303	6.484.431
Profit or loss for the year brought forward	0	0	3.400.692	3.400.692
Adjustment due to ÅRL §52, stk. 2 regarding the reserve for development costs	0	281.153	-281.153	0
	113.316	**815.965**	**8.955.842**	**9.885.123**

Notes

All amounts in DKK.

1. Special items

Special items include significant income and expenses of a special nature relative to the enterprise's ordinary operating activities, such as the cost of extensive structuring of processes and fundamental structural adjustments and any related gains on disposal and losses which, over time, have a significant impact. Special items also include other significant amounts of a nonrecurring nature.

As mentioned in the management commentary, the net profit or loss for the year is affected by a number of factors that differ from what is considered by management to be part of operating activities.

Special items for the year are specified below, indicating where they are recognised in the income statement.

	2021	2020
Income:		
Covid-19 Salary Compensation	0	24.750
	0	24.750
Special items are recognised in the following items in the financial statements:		
Gross profit	0	24.750
Profit of special items, net	**0**	**24.750**

2. Staff costs

	2021	2020
Salaries and wages	8.296.442	2.296.706
Pension costs	239.408	0
Other costs for social security	39.573	12.813
	8.575.423	**2.309.519**
Average number of employees	17	4

Notes

All amounts in DKK.

3. Completed development projects, including patents and similar rights arising from development projects

Completed development costs primarily relate to further development of the company's ecommerce and internal systems. The completed projects are essential for maintenance of the turnover and cost savings.

The company's management have not identified indications of impairment in relation to the booked value.

4. Charges and security

For bank loans, DKK 0, the company has provided security in company assets representing a nominal value of tDKK 3.000. This security comprises the assets below, stating the carrying amounts:

	DKK in thousands
Inventories	11.372
Trade receivables	10.068
Tangible assets	61
Intangible assets	1.492

5. Contingencies

Contingent liabilities

The company has entered into a rental agreement with a term of 31 months with a commitment of t.DKK 1.127.