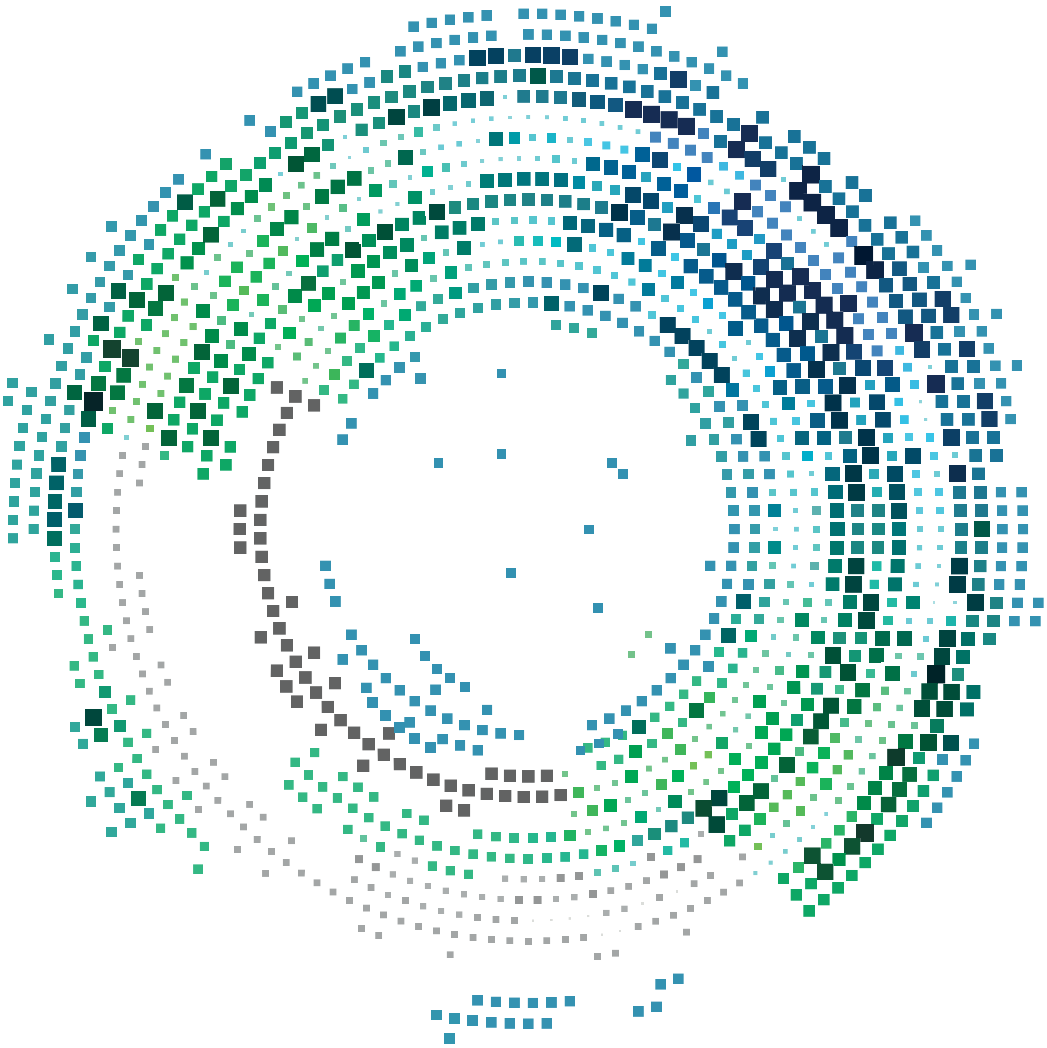

Reform Furniture ApS

Otto Busses Vej 5, 2450 København SV
CVR No. 36397888

Annual report 2019

The Annual General Meeting adopted the annual report on 23.03.2020

Michael Andersen
Chairman of the General Meeting

Contents

Entity details

Entity

Reform Furniture ApS

Otto Busses Vej 5

2450 København SV

CVR No.: 36397888

Registered office: København

Financial year: 01.01.2019 - 31.12.2019

Executive Board

Jeppe Christensen

Michael Andersen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
P. O. Box 1600
0900 Copenhagen C

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Reform Furniture ApS for the financial year 01.01.2019 - 31.12.2019.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

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

Copenhagen, 23.03.2020

Executive Board

Jeppe Christensen **Michael Andersen**

Independent auditor's report

To the shareholders of Reform Furniture ApS

Opinion

We have audited the financial statements of Reform Furniture ApS for the financial year 01.01.2019 - 31.12.2019, 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 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019 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, 23.03.2020

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Claus Jorch Andersen
State Authorised Public Accountant
Identification No (MNE) mne33712

Management commentary

Primary activities

Reform Furniture ApS activities are furniture manufacturing as well as import and sale of kitchens and other related activities.

Description of material changes in activities and finances

Management finds the performance for 2019 satisfactory. During a year with significant focus on investments, growth and scalability Reform Furniture ApS has managed to deliver a positive EBITDA and positive Earnings.

A significant contribution to this has been a constant focus on, and performance improvement of, gross profit. This has been achieved through leveraging consolidation of activities which has enabled a more efficient cost structure.

Focus for 2020 will be to further improve gross profit by expanding the product portfolio, rapid growth in international sales, increasing the awareness of Reform as a brand and expanding the reach of existing and future showrooms.

Reform Furniture ApS has spent 2019 with developing a branded 3D room visualisation software. This has been a significant investment and is projected to deliver a steep increase in the average order size, whilst at the same time improving gross profit by eliminating errors. This is achieved by enabling customers and sales representatives to visually control the validity of the individual order’s content, i.e. the product to be produced.

As part of the continued process of aligning the product portfolio with customer demand, Reform Furniture ApS has invested in product development related to new designs, but also through several novel introductions to the product offering. This will enable Reform Furniture ApS to capture further market share in both domestic and foreign markets, whilst at the same time continuously improving quality and perception of the brand.

As projected in the 2018 annual report Reform Furniture ApS has experienced an increase in the number of incoming orders of 18% and an increase in the average order size of 10%. This has resulted in positive EBITDA, earnings and retained earnings by the end of 2019. In addition to this excellent result, Reform Group is also projected to deliver positive retained earnings.

Management notes that Reform Furniture ApS in addition to its sales functions supports Reform Furniture DACH GmbH, Reform Furniture US Inc. and Reform LT UAB with management and marketing activities, and hence still in the years to come is expected to deliver a lower Operating Profit/Loss than the pure sales entities.
In 2019 the company sold its shares in Reform Furniture DACH GmbH to the parent company Reform Group Holding ApS.

Development in activities and finances

Reform Furniture ApS has in 2019 re-established it's share capital. The movement to the share capital in 2019 is solely coming from a positive net result of 2019.

Events after the balance sheet date

At the date of the Annual report 2019, the COVID-19 virus has set it's marks throughout the whole world. Management expects that the lockdown in Denmark and other countries will have a negative economic impact on the core markets and as a result; a negative financial impact on the expected results for 2020. Management expects that the results for 2020 will be affected, due to fewer incoming orders than expected before the Coronavirus occurred. However, management expects that Reform Furniture ApS will still be able to continue business, but with lower speed than the initial plan.

Income statement for 2019

	Notes	2019 DKK	2018 DKK
Gross profit/loss		**13,581,168**	**9,346,208**
Staff costs	2	(7,504,064)	(8,727,105)
Depreciation, amortisation and impairment losses	3	(1,242,839)	(427,951)
Operating profit/loss		**4,834,265**	**191,152**
Other financial income	4	103,244	136,265
Other financial expenses	5	(507,358)	(340,082)
Profit/loss before tax		**4,430,151**	**(12,665)**
Tax on profit/loss for the year	6	56,332	0
Profit/loss for the year		**4,486,483**	**(12,665)**
Proposed distribution of profit and loss			
Retained earnings		4,486,483	(12,665)
Proposed distribution of profit and loss		**4,486,483**	**(12,665)**

Balance sheet at 31.12.2019

Assets

	Notes	2019 DKK	2018 DKK
Completed development projects	8	97,176	0
Development projects in progress	8	1,863,934	0
Intangible assets	7	**1,961,110**	**0**
Other fixtures and fittings, tools and equipment		232,142	117,367
Leasehold improvements		2,615,386	1,992,870
Property, plant and equipment	9	**2,847,528**	**2,110,237**
Investments in group enterprises		0	185,928
Deposits		151,000	135,000
Other financial assets		**151,000**	**320,928**
Fixed assets		**4,959,638**	**2,431,165**
Manufactured goods and goods for resale		444,122	99,169
Inventories		**444,122**	**99,169**
Trade receivables		81,804	68,889
Receivables from group enterprises		5,457,253	1,589,195
Income tax receivable		8,000	0
Prepayments		21,266	3,000
Receivables		**5,568,323**	**1,661,084**
Cash		**2,194,529**	**2,807,440**
Current assets		**8,206,974**	**4,567,693**
Assets		**13,166,612**	**6,998,858**

Equity and liabilities

	Notes	2019 DKK	2018 DKK
Contributed capital		58,824	58,824
Reserve for development expenditure		1,453,869	0
Retained earnings		(560,289)	(3,592,903)
Equity		**952,404**	**(3,534,079)**
Other payables		4,180,135	2,186,519
Non-current liabilities other than provisions	10	**4,180,135**	**2,186,519**
Current portion of non-current liabilities other than provisions	10	150,236	81,374
Bank loans		96,265	180,572
Prepayments received from customers		3,547,456	3,921,809
Trade payables		906,356	707,844
Payables to group enterprises		1,407,133	414,312
Payables to shareholders and management		34,652	34,652
Other payables	11	1,891,975	3,005,855
Current liabilities other than provisions		**8,034,073**	**8,346,418**
Liabilities other than provisions		**12,214,208**	**10,532,937**
Equity and liabilities		**13,166,612**	**6,998,858**
Events after the balance sheet date	1		
Contingent liabilities	12		
Assets charged and collateral	13		

Statement of changes in equity for 2019

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	58,824	0	(3,592,903)	(3,534,079)
Transfer to reserves	0	1,453,869	(1,453,869)	0
Profit/loss for the year	0	0	4,486,483	4,486,483
Equity end of year	**58,824**	**1,453,869**	**(560,289)**	**952,404**

Notes

1 Events after the balance sheet date

At the date of the Annual report 2019, the COVID-19 virus has set it's marks throughout the whole world. Management expects that the lockdown in Denmark and other countries will have a negative economic impact on the core markets and as a result; a negative financial impact on the expected results for 2020. Management expects that the results for 2020 will be affected, due to fewer incoming orders than expected before the Coronavirus occurred. However, management expects that Reform Furniture ApS will still be able to continue business, but with lower speed than the initial plan.

2 Staff costs

	2019 DKK	2018 DKK
Wages and salaries	6,324,651	8,169,524
Pension costs	61,951	0
Other social security costs	157,565	106,282
Other staff costs	959,897	451,299
	7,504,064	**8,727,105**

Average number of full-time employees	**25**	**19**

In relation to the above-mentioned staff costs, DKK 753.286 has been capitalised and DKK 2.646.652 has been allocated to other Group entities.

3 Depreciation, amortisation and impairment losses

	2019 DKK	2018 DKK
Amortisation of intangible assets	10,797	0
Depreciation of property, plant and equipment	1,018,995	427,951
Profit/loss from sale of intangible assets and property, plant and equipment	213,047	0
	1,242,839	**427,951**

4 Other financial income

	2019 DKK	2018 DKK
Financial income from group enterprises	67,003	130,447
Other interest income	200	0
Exchange rate adjustments	36,041	5,818
	103,244	**136,265**

5 Other financial expenses

	2019 DKK	2018 DKK
Financial expenses from group enterprises	0	55,235
Other interest expenses	402,317	262,298
Exchange rate adjustments	48,381	22,058
Other financial expenses	56,660	491
	507,358	**340,082**

6 Tax on profit/loss for the year

	2019 DKK	2018 DKK
Change in deferred tax	(56,332)	0
	(56,332)	**0**

7 Intangible assets

	Completed development projects DKK	Development projects in progress DKK
Additions	107,973	1,863,934
Cost end of year	**107,973**	**1,863,934**
Amortisation for the year	(10,797)	0
Amortisation and impairment losses end of year	**(10,797)**	**0**
Carrying amount end of year	**97,176**	**1,863,934**

8 Development projects

The completed development projects comprise product developments, which the Company uses in its operations. The product developments are used by the Company to sell kitchens to customers.

The development projects in progress comprise product developments and a branded 3D room visualization software. The product developments will be used by the Company to sell kitchens to customers. The branded 3D room visualization software will be used by the Company's customers and employees to visually control the validity of the individual orders.

With reference to section 83(2) of the Danish Financial Statement Act, deferred tax is set off against the capitalised costs for development projects in the reserve for development costs under equity.

9 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	235,010	2,523,281
Additions	183,357	1,785,976
Disposals	0	(426,094)
Cost end of year	**418,367**	**3,883,163**
Depreciation and impairment losses beginning of year	(117,643)	(530,411)
Depreciation for the year	(68,582)	(950,413)
Reversal regarding disposals	0	213,047
Depreciation and impairment losses end of year	**(186,225)**	**(1,267,777)**
Carrying amount end of year	**232,142**	**2,615,386**

10 Non-current liabilities other than provisions

	Due within 12 months 2019 DKK	Due within 12 months 2018 DKK	Due after more than 12 months 2019 DKK
Other payables	150,236	81,374	4,180,135
	150,236	**81,374**	**4,180,135**

Of the DKK 4,180,135 non-current liabilities, DKK 0 is due after more than 5 years from the balance sheet date.

11 Other payables

	2019 DKK	2018 DKK
VAT and duties	1,042,530	1,704,941
Wages and salaries, personal income taxes, social security costs, etc payable	634,135	1,039,165
Other costs payable	215,310	261,749
	1,891,975	**3,005,855**

12 Contingent liabilities

In connection with the sale of kitchens, the Company has provided standard guarantee commitments.

The Entity participates in a Danish joint taxation arrangement where Reform Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity 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.

13 Assets charged and collateral

Other long-term debt of DKK 4.1 million are secured by way of a company charge on operating equipment, inventories, intellectual property rights and unsecured claims. The carrying amount of assets covered by the charge amounts to DKK 10.8 million at 31 December 2019.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Changes in accounting estimates

In previous years, development costs were recognised as costs in the income statement given that the Company's Management assessed that the criteria for identifying the costs separately were not met. With effect from the financial year 2019, Management now assesses that all criteria for a capitalisation of the development costs have been met. The changed estimate has a positive effect of DKK 1.961 thousand on results for the year before tax and, correspondingly, the balance sheet and equity (before tax) at 31.12.2019 have improved by DKK 1.961 thousand. The comparative figures have not been restated.

Except from this, the accounting policies applied to these financial statements are consistent with those applied last year.

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 Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity 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 Entity, 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 or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods, other operating income, cost of sales and other external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other operating income
Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

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 Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

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

Depreciation, amortisation and impairment losses
Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Other financial income
Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses
Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

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.

Balance sheet

Intellectual property rights etc
Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 10 years.

Intellectual property rights etc 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	3-10 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

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.

Investments in group enterprises
Investments in group enterprises are measured at cost. Investments 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.

Income tax payable or receivable
Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash
Cash comprises cash in hand and bank deposits.

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

Prepayments received from customers
Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.