



Reform Group Holding ApS

Otto Busses Vej 5
2450 Copenhagen
CVR No. 38262416

Annual report 2021

The Annual General Meeting adopted the
annual report on 22.06.2022

Michael Andersen

Chairman of the General Meeting

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Entity details

Entity

Reform Group Holding ApS

Otto Busses Vej 5

2450 Copenhagen

Business Registration No.: 38262416

Registered office: Copenhagen

Financial year: 01.01.2021 - 31.12.2021

Board of Directors

Michael Andersen

Jeppe Christensen

Erik Balck Sørensen

Frédéric Olivier Biousse

Executive Board

Jeppe Christensen

Michael Andersen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Reform Group Holding ApS for the financial year 01.01.2021 - 31.12.2021.

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2021 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2021 - 31.12.2021.

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, 22.06.2022

Executive Board

Jeppe Christensen

Michael Andersen

Board of Directors

Michael Andersen

Jeppe Christensen

Erik Balck Sørensen

Frédéric Olivier Biousse

Independent auditor's report

To the shareholders of Reform Group Holding ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of Reform Group Holding ApS for the financial year 01.01.2021 - 31.12.2021, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2021 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2021 - 31.12.2021 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 consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group 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.

Other matter

Having effect from this financial year, the Group now falls within the requirement to have its consolidated financial statements audited. We point out that the components financial statements for 2020 have not been audited and, accordingly, the comparative figures in the financial statements for these component remain unaudited as well. We did not modify our opinion in this respect.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and 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 consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and parent 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 consolidated financial statements and the parent 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 Group's and 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 consolidated financial statements and the parent 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 Group's and 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 consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent 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 consolidated financial statements and the parent 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, 22.06.2022

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Claus Jorch Andersen

State Authorised Public Accountant
Identification No (MNE) mne33712

Anders Theilgaard Iversen

State Authorised Public Accountant
Identification No (MNE) mne47797

Management commentary

Financial highlights

	2021 DKK'000	2020 DKK'000
Key figures		
Gross profit/loss	21,018	20,937
Operating profit/loss	(51,200)	(13,874)
Net financials	(2,512)	(1,301)
Profit/loss for the year	(54,229)	(13,799)
Balance sheet total	108,555	56,380
Investments in property, plant and equipment	9,816	1,374
Equity	(48,608)	6,217
Cash flows from operating activities	(31,971)	4,934
Cash flows from investing activities	(17,946)	(5,134)
Cash flows from financing activities	43,043	23,264
Ratios		
Equity ratio (%)	(44.78)	11.03

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Equity ratio (%):

Equity * 100

Balance sheet total

Primary activities

Reform's primary activities consist of import and sale of kitchens as well as developing new designs and support activities to ensure commercial and operational scaling of the Reform brand.

Reform has sales entities and showrooms in Denmark, Germany and the US. Besides physical presence, the Group has remote sales teams. Reform delivers modern kitchen designs to customers around the whole world and has sold kitchens to customers in more than 30 countries worldwide.

Development in activities and finances

The current financial year has been impacted by a significant focus on investments, growth and scalability.

During 2021 Reform opened 3 new showrooms. As planned, Group and Sourcing & supply activities have continued to expand to support sales activities.

Profit/loss for the year in relation to expected developments

The net result for the year for the Group amounts to -53,299,819DKK, which is in line with management's expectations.

Outlook

In 2022 Reform expects to continue its investments, growth and scalability opportunities. Management expects a negative net result for 2022, less negative than 2021. 5 new showrooms are expected to open during 2022.

Research and development activities

Reform invests in technology to ensure scalability and effective internal processes. The investments comprise both already established IT tools with modifications, and own developed IT infrastructure to improve automation.

Events after the balance sheet date

In April 2022 the Group closed a Series B investment round totalling 186,0mDKK (25mEUR) with the French Capital fund, Experienced Capital alongside existing investor Vækstfonden. Out of the total investment, 161,6mDKK was received as a cash injection in the Group. The equity for the Group is considered re-established.

With the investment Reform will continue the current growth momentum.

No other events have occurred after the balance sheet date to this date, which could influence the evaluation of this annual report.

Consolidated income statement for 2021

	Notes	2021 DKK	2020 DKK
Gross profit/loss		21,018,490	20,936,783
Staff costs	2	(68,075,637)	(32,753,687)
Depreciation, amortisation and impairment losses		(4,142,431)	(2,056,980)
Operating profit/loss		(51,199,578)	(13,873,884)
Other financial income	3	506,698	238,113
Other financial expenses	4	(3,018,882)	(1,539,403)
Profit/loss before tax		(53,711,762)	(15,175,174)
Tax on profit/loss for the year	5	(516,777)	1,375,746
Profit/loss for the year	6	(54,228,539)	(13,799,428)

Consolidated balance sheet at 31.12.2021

Assets

	Notes	2021 DKK	2020 DKK
Completed development projects	8	9,176,127	4,611,939
Development projects in progress	8	1,590,686	757,438
Intangible assets	7	10,766,813	5,369,377
Other fixtures and fittings, tools and equipment		833,521	682,997
Leasehold improvements		11,084,287	4,443,135
Property, plant and equipment	9	11,917,808	5,126,132
Deposits		3,475,396	1,419,009
Financial assets	10	3,475,396	1,419,009
Fixed assets		26,160,017	11,914,518
Raw materials and consumables		33,477,090	5,888,495
Work in progress		6,627,634	2,286
Manufactured goods and goods for resale		1,327,203	557,331
Prepayments for goods		262,561	0
Inventories		41,694,488	6,448,112
Trade receivables		8,383,917	3,778,806
Contract work in progress		1,410,603	334,092
Receivables from group enterprises		1,431,624	38,254
Deferred tax	11	0	91,000
Other receivables		2,899,247	1,190,206
Tax receivable		1,205,474	1,243,665
Prepayments	12	1,505,394	471,802
Receivables		16,836,259	7,147,825
Cash		23,864,692	30,869,320
Current assets		82,395,439	44,465,257

Assets	108,555,456	56,379,775
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Equity and liabilities

	Notes	2021 DKK	2020 DKK
Contributed capital	13	66,177	66,177
Retained earnings		(48,674,147)	6,150,684
Equity		(48,607,970)	6,216,861
Deferred tax	11	5,000	0
Debt to other credit institutions		22,186,388	0
Other payables		1,137,585	3,954,088
Non-current liabilities other than provisions	14	23,328,973	3,954,088
Current portion of non-current liabilities other than provisions	14	944,961	1,187,914
Bank loans		309,186	284,808
Convertible and profit-sharing debt instruments	15	25,000,000	0
Deposits		0	30,352
Prepayments received from customers		67,277,661	24,653,390
Trade payables		15,003,668	9,951,330
Tax payable		703,699	633,607
Other payables	16	24,595,278	9,467,425
Current liabilities other than provisions		133,834,453	46,208,826
Liabilities other than provisions		157,163,426	50,162,914
Equity and liabilities		108,555,456	56,379,775
Events after the balance sheet date	1		
Contingent assets	18		
Contingent liabilities	19		
Assets charged and collateral	20		
Transactions with related parties	21		
Group relations	22		
Subsidiaries	23		

Consolidated statement of changes in equity for 2021

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	66,177	6,150,684	6,216,861
Costs related to equity transactions	0	(35,000)	(35,000)
Exchange rate adjustments	0	(561,292)	(561,292)
Profit/loss for the year	0	(54,228,539)	(54,228,539)
Equity end of year	66,177	(48,674,147)	(48,607,970)

For the purpose of offering incentive pay in the form of warrants, the Company's Board of Directors are authorized for the period until December 1st 2025 once or several times to increase the Company's share capital with up to nominally 1.385 shares in total without pre-emption right for the Company's shareholders. The authorization empowers the Board of Directors to determine the terms for the granted share options, including the exercise price.

Consolidated cash flow statement for 2021

	Notes	2021 DKK	2020 DKK
Operating profit/loss		(51,199,578)	(13,873,884)
Amortisation, depreciation and impairment losses		4,142,431	2,056,980
Working capital changes	17	17,910,580	17,668,366
Cash flow from ordinary operating activities		(29,146,567)	5,851,462
Financial income received		506,698	238,113
Financial expenses paid		(3,018,882)	(1,539,403)
Taxes refunded/(paid)		(312,494)	383,406
Cash flows from operating activities		(31,971,245)	4,933,578
Acquisition etc. of intangible assets		(6,072,989)	(2,792,390)
Acquisition etc. of property, plant and equipment		(9,816,242)	(1,374,205)
Acquisition of fixed asset investments		(2,056,386)	(967,796)
Cash flows from investing activities		(17,945,617)	(5,134,391)
Free cash flows generated from operations and investments before financing		(49,916,862)	(200,813)
Loans raised		45,000,000	0
Repayments of loans etc.		(563,882)	538,421
Incurrence of debt to group enterprises		(1,393,370)	0
Cash capital increase		0	22,725,166
Cash flows from financing activities		43,042,748	23,263,587
Increase/decrease in cash and cash equivalents		(6,874,114)	23,062,774
Cash and cash equivalents beginning of year		30,869,320	7,656,707
Currency translation adjustments of cash and cash equivalents		(130,514)	149,839
Cash and cash equivalents end of year		23,864,692	30,869,320
Cash and cash equivalents at year-end are composed of:			
Cash		23,864,692	30,869,320

Cash and cash equivalents end of year	23,864,692	30,869,320
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Notes to consolidated financial statements

1 Events after the balance sheet date

In April 2022 the Group closed a Series B investment round totalling 186,0mDKK (25mEUR) with the French Capital fund, Experienced Capital alongside existing investor Vækstfonden. Out of the total investment, 161,6mDKK was received as a cash injection in the Group. The equity for the Group is considered re-established.

With the investment Reform will continue the current growth momentum.

No other events have occurred after the balance sheet date to this date, which could influence the evaluation of this annual report.

2 Staff costs

	2021	2020
	DKK	DKK
Wages and salaries	61,275,215	29,924,346
Pension costs	451,580	188,984
Other social security costs	345,077	1,388,448
Other staff costs	7,841,101	1,251,909
	69,912,973	32,753,687
Staff costs classified as assets	(1,837,336)	0
	68,075,637	32,753,687

Average number of full-time employees	186	66
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	Remuneration of manage- ment 2021 DKK	Remuneration of manage- ment 2020 DKK
Total amount for management categories	2,073,000	1,790,376
	2,073,000	1,790,376

3 Other financial income

	2021	2020
	DKK	DKK
Other interest income	3,649	1,981
Exchange rate adjustments	503,049	236,132
	506,698	238,113

4 Other financial expenses

	2021	2020
	DKK	DKK
Other interest expenses	1,836,086	790,154
Exchange rate adjustments	953,982	707,270
Other financial expenses	228,814	41,979
	3,018,882	1,539,403

5 Tax on profit/loss for the year

	2021	2020
	DKK	DKK
Current tax	1,080,110	(1,042,761)
Change in deferred tax	96,000	(91,000)
Adjustment concerning previous years	20,767	(52,090)
Refund in joint taxation arrangement	(680,100)	(189,895)
	516,777	(1,375,746)

6 Proposed distribution of profit/loss

	2021	2020
	DKK	DKK
Retained earnings	(54,228,539)	(13,799,428)
	(54,228,539)	(13,799,428)

7 Intangible assets

	Completed development projects DKK	Development projects in progress DKK
Cost beginning of year	4,812,091	757,438
Transfers	5,239,741	(5,239,741)
Additions	0	6,072,989
Cost end of year	10,051,832	1,590,686
Amortisation and impairment losses beginning of year	(200,152)	0
Amortisation for the year	(675,553)	0
Amortisation and impairment losses end of year	(875,705)	0
Carrying amount end of year	9,176,127	1,590,686

8 Development projects

The completed development projects comprise product developments and a branded 3D room visualization software. The product developments are used by the Group to sell kitchens to customers. The branded 3D room visualization software are used by the Group's customers and employees to visually control the validity of the individual orders.

The development projects in progress comprise product developments. The product developments will be used by the Company to sell kitchens to customers.

9 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	1,062,371	7,781,562
Exchange rate adjustments	(100)	74,670
Additions	416,672	9,399,570
Cost end of year	1,478,943	17,255,802
Depreciation and impairment losses beginning of year	(379,374)	(3,338,427)
Exchange rate adjustments	33	(20,343)
Depreciation for the year	(266,081)	(2,812,745)
Depreciation and impairment losses end of year	(645,422)	(6,171,515)
Carrying amount end of year	833,521	11,084,287

10 Financial assets

	Deposits DKK
Cost beginning of year	1,419,009
Additions	2,056,396
Cost end of year	3,475,405
Carrying amount end of year	3,475,405

11 Deferred tax

	2021 DKK	2020 DKK
Changes during the year		
Beginning of year	91,000	0
Recognised in the income statement	(96,000)	91,000
End of year	(5,000)	91,000

Deferred tax has been recognised in the balance sheet as follows	2021 DKK	2020 DKK
Deferred tax assets	0	91,000
Deferred tax liabilities	(5,000)	0
	(5,000)	91,000

Deferred tax assets

Deferred tax liabilities refers to temporary differences between accounting values and tax values for plant, equipment and leasehold improvements.

12 Prepayments

Prepayments under assets comprise costs related to subsequent financial years such as subscriptions, service agreements and insurances.

13 Contributed capital

	Number	Nominal value DKK
A-shares	58,824	58,824
B-shares	7,353	7,353
	66,177	66,177

14 Non-current liabilities other than provisions

	Due within 12 months 2021 DKK	Due within 12 months 2020 DKK	Due after more than 12 months 2021 DKK	Outstanding after 5 years 2021 DKK
Debt to other credit institutions	944,961	0	22,186,388	1,756,944
Other payables	0	1,187,914	1,137,585	0
	944,961	1,187,914	23,323,973	1,756,944

15 Convertible and profit-sharing debt instruments

	Amounts outstanding DKK	Conversion price
Convertible loan agreement	25,000,000	4,080
	25,000,000	

Debt to be paid within 12 months relating to convertible debt instruments contains DKK 25 million, which is converted into equity investment in subsequent period.

16 Other payables

	2021 DKK	2020 DKK
VAT and duties	10,811,900	4,174,628
Wages and salaries, personal income taxes, social security costs, etc. payable	5,355,602	2,607,562
Other costs payable	8,427,776	2,685,235
	24,595,278	9,467,425

17 Changes in working capital

	2021 DKK	2020 DKK
Increase/decrease in inventories	(35,246,376)	(5,258,740)
Increase/decrease in receivables	(2,564,319)	(8,742,451)
Increase/decrease in trade payables etc.	55,721,275	31,669,557
	17,910,580	17,668,366

18 Contingent assets

The Group has a deferred tax asset that amounts to DKK 18,5 million which has not been capitalized due to the uncertainty of when the group is able to use the asset.

19 Contingent liabilities

	2021 DKK	2020 DKK
Other contingent liabilities	41,999,476	23,607,938
Contingent liabilities	41,999,476	23,607,938

20 Assets charged and collateral

As security for debt obtained from Danske Bank, Vækstfonden and QB Invest, there are registered several corporate mortgages amounting to 13,500,000 DKK. These securities includes intangible assets, property and equipment, inventories and trade receivables. The carrying amount is DKK 28,984,382 (2020: 20,846 thousand).

21 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

22 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Reform Holding ApS - Otto Busses Vej 5A, 2450 København SV

23 Subsidiaries

	Registered in	Ownership %
Reform Furniture ApS	Denmark	100.00
Reform Projects ApS	Denmark	100.00
Reform Furniture US inc.	United States	100.00
Reform Furniture Santa Monica, Inc.	United States	100.00
Reform Furniture DUMBO, LLC	United States	100.00
Reform Furniture Germany GmbH	Germany	100.00
Reform Supply & Logistics UAB	Lithuania	100.00

Parent income statement for 2021

	Notes	2021 DKK	2020 DKK
Gross profit/loss		(2,330,360)	(7,178,153)
Staff costs	2	(16,044,524)	0
Depreciation, amortisation and impairment losses	3	(806,172)	(200,152)
Other operating expenses		(38,445,502)	(10,392,836)
Operating profit/loss		(57,626,558)	(17,771,141)
Other financial income	4	607,726	23,192
Other financial expenses	5	(3,220,928)	(27,984)
Profit/loss before tax		(60,239,760)	(17,775,933)
Tax on profit/loss for the year	6	680,100	1,235,665
Profit/loss for the year	7	(59,559,660)	(16,540,268)

Parent balance sheet at 31.12.2021

Assets

	Notes	2021 DKK	2020 DKK
Completed development projects	9	9,176,127	4,611,939
Development projects in progress	9	1,590,686	757,438
Intangible assets	8	10,766,813	5,369,377
Leasehold improvements		514,168	0
Property, plant and equipment	10	514,168	0
Investments in group enterprises		6,044,534	6,044,534
Receivables from group enterprises		16,518,168	0
Deposits		232,542	0
Financial assets	11	22,795,244	6,044,534
Fixed assets		34,076,225	11,413,911
Trade receivables		399,548	0
Receivables from group enterprises		14,613,286	3,105,586
Tax receivable		680,100	1,235,665
Prepayments	12	493,857	87,973
Receivables		16,186,791	4,429,224
Cash		10,143,133	15,806,114
Current assets		26,329,924	20,235,338
Assets		60,406,149	31,649,249

Equity and liabilities

	Notes	2021 DKK	2020 DKK
Contributed capital		66,177	66,177
Reserve for development costs		10,766,813	5,369,377
Retained earnings		(63,626,927)	1,365,169
Equity		(52,793,937)	6,800,723
Debt to other credit institutions		20,713,260	0
Other payables		84,576	83,381
Non-current liabilities other than provisions	13	20,797,836	83,381
Current portion of non-current liabilities other than provisions	13	0	159,455
Convertible and profit-sharing debt instruments	14	25,000,000	0
Trade payables		1,164,257	31,566
Payables to group enterprises		60,480,602	24,474,824
Other payables	15	5,757,391	99,300
Current liabilities other than provisions		92,402,250	24,765,145
Liabilities other than provisions		113,200,086	24,848,526
Equity and liabilities		60,406,149	31,649,249
Events after the balance sheet date	1		
Contingent liabilities	16		
Related parties with controlling interest	17		
Transactions with related parties	18		

Parent statement of changes in equity for 2021

	Contributed capital DKK	Reserve for development costs DKK	Retained earnings DKK	Total DKK
Equity beginning of year	66,177	5,369,377	7,285,564	12,721,118
Adjustment of material errors	0	0	(5,920,395)	(5,920,395)
Adjusted equity, beginning of year	66,177	5,369,377	1,365,169	6,800,723
Costs related to equity transactions	0	0	(35,000)	(35,000)
Transfer to reserves	0	5,397,436	(5,397,436)	0
Profit/loss for the year	0	0	(59,559,660)	(59,559,660)
Equity end of year	66,177	10,766,813	(63,626,927)	(52,793,937)

For the purpose of offering incentive pay in the form of warrants, the Company's Board of Directors are authorized for the period until December 1st 2025 once or several times to increase the Company's share capital with up to nominally 1.385 shares in total without pre-emption right for the Company's shareholders. The authorization empowers the Board of Directors to determine the terms for the granted share options, including the exercise price.

Notes to parent financial statements

1 Events after the balance sheet date

After the balance sheet date the group has raised a round of funding amounting to DKK 161.5 million.

No other events have occurred after the balance sheet date to this date, which could influence the evaluation of this annual report.

2 Staff costs

	2021 DKK	2020 DKK
Wages and salaries	17,359,154	0
Pension costs	285,093	0
Other staff costs	237,613	0
	17,881,860	0
Staff costs classified as assets	(1,837,336)	0
	16,044,524	0
Average number of full-time employees	33	0

	Remuneration of Management 2021 DKK
Total amount for management categories	2,073,000
	2,073,000

3 Depreciation, amortisation and impairment losses

	2021 DKK	2020 DKK
Amortisation of intangible assets	675,553	200,152
Depreciation on property, plant and equipment	130,619	0
	806,172	200,152

4 Other financial income

	2021 DKK	2020 DKK
Financial income from group enterprises	565,396	0
Exchange rate adjustments	42,330	23,192
	607,726	23,192

5 Other financial expenses

	2021	2020
	DKK	DKK
Financial expenses from group enterprises	1,384,546	0
Other interest expenses	1,122,917	25,587
Exchange rate adjustments	547,930	2,397
Other financial expenses	165,535	0
	3,220,928	27,984

6 Tax on profit/loss for the year

	2021	2020
	DKK	DKK
Current tax	0	(1,045,770)
Refund in joint taxation arrangement	(680,100)	(189,895)
	(680,100)	(1,235,665)

7 Proposed distribution of profit and loss

	2021	2020
	DKK	DKK
Retained earnings	(59,559,660)	(16,540,268)
	(59,559,660)	(16,540,268)

8 Intangible assets

	Completed development projects DKK	Development projects in progress DKK
Cost beginning of year	4,812,091	757,438
Transfers	5,239,741	(5,239,741)
Additions	0	6,072,989
Cost end of year	10,051,832	1,590,686
Amortisation and impairment losses beginning of year	(200,152)	0
Amortisation for the year	(675,553)	0
Amortisation and impairment losses end of year	(875,705)	0
Carrying amount end of year	9,176,127	1,590,686

9 Development projects

The completed development projects comprise product developments and a branded 3D room visualization software. The product developments are used by the Group to sell kitchens to customers. The branded 3D room visualization software are used by the Group's customers and employees to visually control the validity of the individual orders.

The development projects in progress comprise product developments. The product developments will be used by the Company to sell kitchens to customers.

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.

10 Property, plant and equipment

	Leasehold improvements DKK
Additions	644,787
Cost end of year	644,787
Depreciation for the year	(130,619)
Depreciation and impairment losses end of year	(130,619)
Carrying amount end of year	514,168

11 Financial assets

	Investments in group enterprises DKK	Deposits DKK
Cost beginning of year	6,044,534	0
Additions	0	232,542
Cost end of year	6,044,534	232,542
Carrying amount end of year	6,044,534	232,542

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

12 Prepayments

Prepayments under assets comprise costs related to subsequent financial years such as subscriptions, service agreements and insurances.

13 Non-current liabilities other than provisions

	Due within 12 months 2020 DKK	Due after more than 12 months 2021 DKK	Outstanding after 5 years 2021 DKK
Debt to other credit institutions	0	20,713,260	1,756,944
Other payables	159,455	84,576	0
	159,455	20,797,836	1,756,944

14 Convertible and profit-sharing debt instruments

	Amounts outstanding DKK	Conversion price
Convertible loan agreement	25,000,000	4,080
	25,000,000	

Debt to be paid within 12 months relating to convertible debt instruments contains DKK 25 million, which is converted into equity investment in subsequent period.

15 Other payables

	2021 DKK	2020 DKK
VAT and duties	3,255,204	0
Wages and salaries, personal income taxes, social security costs, etc. payable	1,863,785	23,050
Other costs payable	638,402	76,250
	5,757,391	99,300

16 Contingent liabilities

	2021 DKK
Other contingent liabilities	1,276,510
Contingent liabilities	1,276,510

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 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends 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.

17 Related parties with controlling interest

Reform Holding ApS - Otto Busses Vej 5A, 2450 København SV owns the majority of shares in the Entity, thus exercising control.

18 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

Accounting policies

Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

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

Material errors in previous years

The company has identified material errors concerning previous years in the parent company financial statements. The error relates to incorrect processing of TP regulation in previous years. With the application of the rules on the correction of significant errors from previous years, the adjustment of the error has been made in the opening balance sheet and comparative figures have been adjusted. The error has an effect on the parent income statement and parent equity with DKK 5.9 million. Parent assets have been reduced by DKK 3.1 million and parent liabilities have increased by DKK 2.8 million. The error has no tax effect in the parent financial statements.

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.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for

consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in the translation reserve in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are recognised directly in the translation reserve in equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, costs of raw materials and consumables and 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.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds

to the selling price of the work performed in the financial year (the percentage-of-completion method).

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.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

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.

Property costs

Property costs include costs incurred to operate the Entity's properties in the financial year, including repair and maintenance costs, property tax and electricity, water and heating, which are not charged directly from the lessee.

Staff costs

Staff costs comprise wages and salaries, 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 and amortisation for the financial year, and gains and losses from the sale of property, plant and equipment.

Other operating expenses

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

Other financial income

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

Other financial expenses

Other financial expenses comprise interest expenses, 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 in the 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.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation on property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

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

Plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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

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.

Receivables

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

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. Cost of manufactured goods and work in progress consists of costs of raw materials and consumables.

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

Contract work in progress

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress.

If the selling price of a contract in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet in receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts, and finance costs are recognised in the income statement as incurred.

Deferred tax

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

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes, and financial income, financial expenses and income tax paid.

Cash flows from investing activities comprise payments in connection with fixed asset investments, development and property, plant and equipment.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans and repayments of interest-bearing debt.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.