



## Reform Group Holding ApS

Otto Busses Vej 9  
2450 Copenhagen  
CVR No. 38262416

## Annual report 2022

The Annual General Meeting adopted the  
annual report on 22.06.2023

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**Michael Andersen**

Chairman of the General Meeting

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# Entity details

## Entity

Reform Group Holding ApS

Otto Busses Vej 9

2450 Copenhagen

Business Registration No.: 38262416

Registered office: Copenhagen

Financial year: 01.01.2022 - 31.12.2022

## Board of Directors

Michael Andersen

Jeppe Christensen

Frédéric Olivier Biousse

Mads Lacoppidan

## Executive Board

Jeppe Christensen, CEO

Michael Andersen, CSO

## 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 01.01.2022 - 31.12.2022.

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 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2022 - 31.12.2022.

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, 22.06.2023

## Executive Board

**Jeppe Christensen**  
CEO

**Michael Andersen**  
CSO

## Board of Directors

**Michael Andersen**

**Jeppe Christensen**

**Frédéric Olivier Biousse**

**Mads Lacoppidan**

# 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 01.01.2022 - 31.12.2022, 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 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2022 - 31.12.2022 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.

### 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, 22.06.2023

**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

	2022 DKK'000	2021 DKK'000	2020 DKK'000
<b>Key figures</b>			
Gross profit/loss	23,921	22,856	20,937
Operating profit/loss	(72,719)	(51,200)	(13,874)
Net financials	(3,373)	(2,512)	(1,301)
Profit/loss for the year	(75,859)	(54,229)	(13,799)
Balance sheet total	184,940	108,555	56,380
Investments in property, plant and equipment	10,397	9,816	1,374
Equity	58,115	(48,608)	6,217
Cash flows from operating activities	(76,858)	(31,971)	4,934
Cash flows from investing activities	(17,502)	(17,946)	(5,134)
Cash flows from financing activities	158,225	43,043	23,264
<b>Ratios</b>			
Equity ratio (%)	31.42	(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 the year Reform Group Holding ApS has increased its group related activities, meaning that group costs formerly held in sales entities have been invoiced to or directly held by the Reform Group Holding ApS. Reform Group Holding ApS owns shares in sales entities in Denmark, Germany and the US from which kitchens are sold to customers in more than 30 countries worldwide.

Main focus for the year has been on investments, growth and scalability, which during the summer led to a Series B funding round was closed, totaling 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.

During 2022 Reform opened 1 new showroom in Frankfurt. 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 (75,859,255) DKK, which is in line with management's expectations.

### Outlook

In 2023 Reform expects to continue its investments, growth and scalability opportunities. Management expects a negative net result for 2023 in the range of 60-70 million DKK. 4 new showrooms are expected to open during 2023.

### 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.

### Foreign branches

The group has a foreign branch in Norway - Reform Furniture NUF, Drammen.

### Events after the balance sheet date

After the balance sheet date Reform is B Corp certified company reaching the highest social and environmental standards. 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 2022

	Notes	2022 DKK	2021 DKK
<b>Gross profit/loss</b>	1	<b>23,921,116</b>	<b>22,855,826</b>
Staff costs	2	(89,763,449)	(69,912,973)
Depreciation, amortisation and impairment losses	3	(6,657,865)	(4,142,431)
Other operating expenses	4	(218,780)	0
<b>Operating profit/loss</b>		<b>(72,718,978)</b>	<b>(51,199,578)</b>
Other financial income	5	51,028	506,698
Other financial expenses	6	(3,424,356)	(3,018,882)
<b>Profit/loss before tax</b>		<b>(76,092,306)</b>	<b>(53,711,762)</b>
Tax on profit/loss for the year	7	233,051	(516,777)
<b>Profit/loss for the year</b>	8	<b>(75,859,255)</b>	<b>(54,228,539)</b>

# Consolidated balance sheet at 31.12.2022

## Assets

	Notes	2022 DKK	2021 DKK
Completed development projects	10	13,953,984	9,176,127
Development projects in progress	10	2,614,720	1,590,686
<b>Intangible assets</b>	9	<b>16,568,704</b>	<b>10,766,813</b>
Other fixtures and fittings, tools and equipment		753,305	833,521
Leasehold improvements		16,095,094	11,084,287
<b>Property, plant and equipment</b>	11	<b>16,848,399</b>	<b>11,917,808</b>
Deposits		3,697,982	3,475,396
<b>Financial assets</b>	12	<b>3,697,982</b>	<b>3,475,396</b>
<b>Non-current assets</b>		<b>37,115,085</b>	<b>26,160,017</b>
Raw materials and consumables		37,698,796	33,477,090
Manufactured goods and goods for resale		5,628,049	1,327,203
Prepayments for goods		5,163,531	6,890,195
<b>Inventories</b>		<b>48,490,376</b>	<b>41,694,488</b>
Trade receivables		6,304,464	8,383,917
Contract work in progress		0	1,410,603
Receivables from group enterprises		0	1,431,624
Deferred tax	13	223,000	0
Other receivables		2,889,152	2,899,247
Tax receivable		0	1,205,474
Prepayments	14	2,561,017	1,505,394
<b>Receivables</b>		<b>11,977,633</b>	<b>16,836,259</b>
<b>Cash</b>		<b>87,357,379</b>	<b>23,864,692</b>
<b>Current assets</b>		<b>147,825,388</b>	<b>82,395,439</b>
<b>Assets</b>		<b>184,940,473</b>	<b>108,555,456</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2022 DKK</b>	<b>2021 DKK</b>
Contributed capital	15	95,664	66,177
Retained earnings		58,018,971	(48,674,147)
<b>Equity</b>		<b>58,114,635</b>	<b>(48,607,970)</b>
Deferred tax	13	0	5,000
Debt to other credit institutions		22,193,317	22,186,388
Other payables		1,047,341	1,137,585
<b>Non-current liabilities other than provisions</b>	<b>16</b>	<b>23,240,658</b>	<b>23,328,973</b>
Current portion of non-current liabilities other than provisions	16	1,006,152	944,961
Bank loans		713,335	309,186
Convertible and profit-sharing debt instruments	17	0	25,000,000
Prepayments received from customers		63,946,400	67,277,661
Trade payables		15,452,122	15,003,668
Tax payable		372,395	703,699
Other payables	18	22,094,776	24,595,278
<b>Current liabilities other than provisions</b>		<b>103,585,180</b>	<b>133,834,453</b>
<b>Liabilities other than provisions</b>		<b>126,825,838</b>	<b>157,163,426</b>
<b>Equity and liabilities</b>		<b>184,940,473</b>	<b>108,555,456</b>
Contingent assets	20		
Contingent liabilities	21		
Assets charged and collateral	22		
Transactions with related parties	23		
Subsidiaries	24		

# Consolidated statement of changes in equity for 2022

	Contributed capital DKK	Share premium DKK	Retained earnings DKK	Total DKK
Equity beginning of year	66,177	0	(48,674,146)	(48,607,969)
Increase of capital	29,487	186,508,913	0	186,538,400
Transferred from share premium	0	(186,508,913)	186,508,913	0
Costs related to equity transactions	0	0	(3,695,013)	(3,695,013)
Exchange rate adjustments	0	0	(261,528)	(261,528)
Profit/loss for the year	0	0	(75,859,255)	(75,859,255)
<b>Equity end of year</b>	<b>95,664</b>	<b>0</b>	<b>58,018,971</b>	<b>58,114,635</b>

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 2022

	Notes	2022 DKK	2021 DKK
Operating profit/loss		(72,718,978)	(51,199,578)
Amortisation, depreciation and impairment losses		6,657,865	4,142,431
Working capital changes	19	(8,303,045)	17,910,580
<b>Cash flow from ordinary operating activities</b>		<b>(74,364,158)</b>	<b>(29,146,567)</b>
Financial income received		492,598	506,698
Financial expenses paid		(3,865,926)	(3,018,882)
Taxes refunded/(paid)		879,221	(312,494)
<b>Cash flows from operating activities</b>		<b>(76,858,265)</b>	<b>(31,971,245)</b>
Acquisition etc. of intangible assets		(7,156,835)	(6,072,989)
Acquisition etc. of property, plant and equipment		(10,396,993)	(9,816,242)
Sale of property, plant and equipment		247,010	0
Acquisition of fixed asset investments		(328,903)	(2,056,386)
Sale of fixed asset investments		133,480	0
<b>Cash flows from investing activities</b>		<b>(17,502,241)</b>	<b>(17,945,617)</b>
<b>Free cash flows generated from operations and investments before financing</b>		<b>(94,360,506)</b>	<b>(49,916,862)</b>
Loans raised		404,149	45,000,000
Repayments of loans etc.		(22,124)	(563,882)
Incurrence of debt to group enterprises		0	(1,393,370)
Cash capital increase		161,538,400	0
Costs incurred during change of contributed capital		(3,695,013)	0
<b>Cash flows from financing activities</b>		<b>158,225,412</b>	<b>43,042,748</b>
<b>Increase/decrease in cash and cash equivalents</b>		<b>63,864,906</b>	<b>(6,874,114)</b>
Cash and cash equivalents beginning of year		23,864,692	30,869,320
Currency translation adjustments of cash and cash equivalents		(372,219)	(130,514)
<b>Cash and cash equivalents end of year</b>		<b>87,357,379</b>	<b>23,864,692</b>

Cash and cash equivalents at year-end are composed of:

Cash	87,357,379	23,864,692
<b>Cash and cash equivalents end of year</b>	<b>87,357,379</b>	<b>23,864,692</b>

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# Notes to consolidated financial statements

## 1 Gross profit/loss

Gross profit includes own work capitalised for DKK 1,911,019 (2021: TDKK 1,837).

## 2 Staff costs

	<b>2022</b>	<b>2021</b>
	<b>DKK</b>	<b>DKK</b>
Wages and salaries	80,381,492	61,275,215
Pension costs	590,672	451,580
Other social security costs	306,679	345,077
Other staff costs	8,484,606	7,841,101
	<b>89,763,449</b>	<b>69,912,973</b>
Average number of full-time employees	<b>209</b>	<b>186</b>

	<b>Remuneration</b>	<b>Remuneration</b>
	<b>of manage-</b>	<b>of manage-</b>
	<b>ment</b>	<b>ment</b>
	<b>2022</b>	<b>2021</b>
	<b>DKK</b>	<b>DKK</b>
Total amount for management categories	2,179,855	2,073,000
	<b>2,179,855</b>	<b>2,073,000</b>

## 3 Depreciation, amortisation and impairment losses

	<b>2022</b>	<b>2021</b>
	<b>DKK</b>	<b>DKK</b>
Amortisation of intangible assets	1,354,943	675,553
Depreciation on property, plant and equipment	5,302,922	3,466,878
	<b>6,657,865</b>	<b>4,142,431</b>

## 4 Other operating expenses

Other operating costs include costs that are secondary to the Group's activities. For the current fiscal year, other operating expenses comprise of costs to advisors.



**5 Other financial income**

	<b>2022</b>	<b>2021</b>
	<b>DKK</b>	<b>DKK</b>
Other interest income	51,028	3,649
Exchange rate adjustments	0	503,049
	<b>51,028</b>	<b>506,698</b>

**6 Other financial expenses**

	<b>2022</b>	<b>2021</b>
	<b>DKK</b>	<b>DKK</b>
Financial expenses from group enterprises	12,140	0
Other interest expenses	1,889,031	1,836,086
Exchange rate adjustments	1,480,891	953,982
Other financial expenses	42,294	228,814
	<b>3,424,356</b>	<b>3,018,882</b>

**7 Tax on profit/loss for the year**

	<b>2022</b>	<b>2021</b>
	<b>DKK</b>	<b>DKK</b>
Current tax	373,239	1,080,110
Change in deferred tax	(228,000)	96,000
Adjustment concerning previous years	(378,290)	20,767
Refund in joint taxation arrangement	0	(680,100)
	<b>(233,051)</b>	<b>516,777</b>

**8 Proposed distribution of profit/loss**

	<b>2022</b>	<b>2021</b>
	<b>DKK</b>	<b>DKK</b>
Retained earnings	(75,859,255)	(54,228,539)
	<b>(75,859,255)</b>	<b>(54,228,539)</b>

## 9 Intangible assets

	Completed development projects DKK	Development projects in progress DKK
Cost beginning of year	10,051,831	1,590,686
Transfers	6,132,801	(6,132,801)
Additions	0	7,156,835
<b>Cost end of year</b>	<b>16,184,632</b>	<b>2,614,720</b>
Amortisation and impairment losses beginning of year	(875,705)	0
Amortisation for the year	(1,354,943)	0
<b>Amortisation and impairment losses end of year</b>	<b>(2,230,648)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>13,953,984</b>	<b>2,614,720</b>

## 10 Development projects

The completed development projects comprise product developments, a branded 3D room visualization software and other IT tools. 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.

## 11 Property, plant and equipment

	<b>Other fixtures and fittings, tools and equipment DKK</b>	<b>Leasehold improvements DKK</b>
Cost beginning of year	1,478,943	17,255,802
Exchange rate adjustments	(372)	135,993
Additions	588,717	9,808,276
Disposals	0	(265,294)
<b>Cost end of year</b>	<b>2,067,288</b>	<b>26,934,777</b>
Depreciation and impairment losses beginning of year	(645,423)	(6,219,365)
Exchange rate adjustments	0	(4,240)
Depreciation for the year	(668,560)	(4,634,362)
Reversal regarding disposals	0	18,284
<b>Depreciation and impairment losses end of year</b>	<b>(1,313,983)</b>	<b>(10,839,683)</b>
<b>Carrying amount end of year</b>	<b>753,305</b>	<b>16,095,094</b>

## 12 Financial assets

	<b>Deposits DKK</b>
Cost beginning of year	3,475,396
Exchange rate adjustments	27,163
Additions	328,903
Disposals	(133,480)
<b>Cost end of year</b>	<b>3,697,982</b>
<b>Carrying amount end of year</b>	<b>3,697,982</b>

## 13 Deferred tax

	<b>2022 DKK</b>	<b>2021 DKK</b>
<b>Changes during the year</b>		
Beginning of year	(5,000)	91,000
Recognised in the income statement	228,000	(96,000)
<b>End of year</b>	<b>223,000</b>	<b>(5,000)</b>

<b>Deferred tax has been recognised in the balance sheet as follows</b>	<b>2022 DKK</b>	<b>2021 DKK</b>
Deferred tax assets	223,000	0
Deferred tax liabilities	0	(5,000)
<b></b>	<b>223,000</b>	<b>(5,000)</b>

#### Deferred tax assets

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

#### 14 Prepayments

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

#### 15 Contributed capital

	<b>Number</b>	<b>Nominal value DKK</b>
A-shares	54,181	54,181
B-shares	13,480	13,480
C-shares	28,003	28,003
<b></b>	<b>95,664</b>	<b>95,664</b>

#### 16 Non-current liabilities other than provisions

	<b>Due within 12 months 2022 DKK</b>	<b>Due within 12 months 2021 DKK</b>	<b>Due after more than 12 months 2022 DKK</b>
Debt to other credit institutions	1,006,152	944,961	22,193,317
Other payables	0	0	1,047,341
<b></b>	<b>1,006,152</b>	<b>944,961</b>	<b>23,240,658</b>

Non-current liabilities other than provisions due after more than 5 years after balance sheet date amounts to 0 DKK.

#### 17 Convertible and profit-sharing debt instruments

	<b>Conversion price</b>
Convertible loan agreement	4,080

Convertible loan agreement is converted into equity investment in the fiscal year,

**18 Other payables**

	<b>2022</b>	<b>2021</b>
	<b>DKK</b>	<b>DKK</b>
VAT and duties	6,702,128	10,811,900
Wages and salaries, personal income taxes, social security costs, etc. payable	3,484,656	5,355,602
Other costs payable	11,907,992	8,427,776
	<b>22,094,776</b>	<b>24,595,278</b>

**19 Changes in working capital**

	<b>2022</b>	<b>2021</b>
	<b>DKK</b>	<b>DKK</b>
Increase/decrease in inventories	(6,795,888)	(35,246,376)
Increase/decrease in receivables	3,876,152	(2,564,319)
Increase/decrease in trade payables etc.	(5,383,309)	55,721,275
	<b>(8,303,045)</b>	<b>17,910,580</b>

**20 Contingent assets**

The Group has a deferred tax asset that amounts to DKK 35.9 million which has not been capitalized due to the uncertainty of when the group is able to use the asset.

**21 Contingent liabilities**

	<b>2022</b>	<b>2021</b>
	<b>DKK</b>	<b>DKK</b>
Other contingent liabilities	26,614,744	33,646,072
<b>Contingent liabilities</b>	<b>26,614,744</b>	<b>33,646,072</b>

**22 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 40,013,301 (2021: 40,998 thousand).

**23 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.

**24 Subsidiaries**

	<b>Registered in</b>	<b>Ownership %</b>
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 NJ, LLC	United States	100.00
Reform Furniture Germany GmbH	Germany	100.00
Reform Supply & Logistics UAB	Lithuania	100.00

# Parent income statement for 2022

	Notes	2022 DKK	2021 DKK
<b>Gross profit/loss</b>	1	<b>(17,383,809)</b>	<b>(409,658)</b>
Staff costs	2	(22,164,286)	(17,881,860)
Depreciation, amortisation and impairment losses	3	(1,569,873)	(806,172)
Other operating expenses		(40,967,469)	(38,528,866)
<b>Operating profit/loss</b>		<b>(82,085,437)</b>	<b>(57,626,556)</b>
Other financial income	4	1,581,993	607,725
Other financial expenses	5	(3,369,091)	(3,220,928)
<b>Profit/loss before tax</b>		<b>(83,872,535)</b>	<b>(60,239,759)</b>
Tax on profit/loss for the year	6	1,086,189	680,100
<b>Profit/loss for the year</b>	7	<b>(82,786,346)</b>	<b>(59,559,659)</b>

# Parent balance sheet at 31.12.2022

## Assets

	Notes	2022 DKK	2021 DKK
Completed development projects	9	13,953,984	9,176,127
Development projects in progress	9	2,614,720	1,590,686
<b>Intangible assets</b>	8	<b>16,568,704</b>	<b>10,766,813</b>
Leasehold improvements		299,238	514,168
<b>Property, plant and equipment</b>	10	<b>299,238</b>	<b>514,168</b>
Investments in group enterprises		6,044,534	6,044,534
Receivables from group enterprises		16,042,223	16,518,168
Deposits		346,980	232,542
<b>Financial assets</b>	11	<b>22,433,737</b>	<b>22,795,244</b>
<b>Fixed assets</b>		<b>39,301,679</b>	<b>34,076,225</b>
Trade receivables		0	399,548
Receivables from group enterprises		15,569,285	13,339,368
Other receivables		261,061	1,273,919
Tax receivable		1,132,557	680,100
Prepayments	12	1,263,144	493,857
<b>Receivables</b>		<b>18,226,047</b>	<b>16,186,792</b>
<b>Cash</b>		<b>60,937,476</b>	<b>10,143,133</b>
<b>Current assets</b>		<b>79,163,523</b>	<b>26,329,925</b>
<b>Assets</b>		<b>118,465,202</b>	<b>60,406,150</b>



**Equity and liabilities**

	<b>Notes</b>	<b>2022 DKK</b>	<b>2021 DKK</b>
Contributed capital		95,664	66,177
Reserve for development costs		16,568,704	10,766,813
Retained earnings		30,598,737	(63,626,926)
<b>Equity</b>		<b>47,263,105</b>	<b>(52,793,936)</b>
Debt to other credit institutions		21,724,901	20,713,260
Other payables		0	84,576
<b>Non-current liabilities other than provisions</b>	<b>13</b>	<b>21,724,901</b>	<b>20,797,836</b>
Convertible and profit-sharing debt instruments	14	0	25,000,000
Trade payables		4,923,566	1,164,257
Payables to group enterprises		40,798,018	60,480,602
Other payables	15	3,755,612	5,757,391
<b>Current liabilities other than provisions</b>		<b>49,477,196</b>	<b>92,402,250</b>
<b>Liabilities other than provisions</b>		<b>71,202,097</b>	<b>113,200,086</b>
<b>Equity and liabilities</b>		<b>118,465,202</b>	<b>60,406,150</b>
Contingent assets	16		
Contingent liabilities	17		
Transactions with related parties	18		

# Parent statement of changes in equity for 2022

	Contributed capital DKK	Share premium DKK	Reserve for development costs DKK	Retained earnings DKK	Total DKK
Equity beginning of year	66,177	0	10,766,813	(63,626,926)	(52,793,936)
Increase of capital	29,487	186,508,913	0	0	186,538,400
Transferred from share premium	0	(186,508,913)	0	186,508,913	0
Costs related to equity transactions	0	0	0	(3,695,013)	(3,695,013)
Transfer to reserves	0	0	5,801,891	(5,801,891)	0
Profit/loss for the year	0	0	0	(82,786,346)	(82,786,346)
<b>Equity end of year</b>	<b>95,664</b>	<b>0</b>	<b>16,568,704</b>	<b>30,598,737</b>	<b>47,263,105</b>

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 Gross profit/loss

Gross profit includes own work capitalised for DKK 1,911,019 (2021: TDKK 1,837).

## 2 Staff costs

	2022 DKK	2021 DKK
Wages and salaries	21,100,800	17,359,154
Pension costs	389,841	285,093
Other staff costs	673,645	237,613
	<b>22,164,286</b>	<b>17,881,860</b>
Average number of full-time employees	<b>36</b>	<b>33</b>

	Remuneration of Manage- ment 2022 DKK	Remuneration of Manage- ment 2021 DKK
Total amount for management categories	2,179,855	2,073,000
	<b>2,179,855</b>	<b>2,073,000</b>

## 3 Depreciation, amortisation and impairment losses

	2022 DKK	2021 DKK
Amortisation of intangible assets	1,354,943	675,553
Depreciation on property, plant and equipment	214,930	130,619
	<b>1,569,873</b>	<b>806,172</b>

## 4 Other financial income

	2022 DKK	2021 DKK
Financial income from group enterprises	1,581,993	565,395
Exchange rate adjustments	0	42,330
	<b>1,581,993</b>	<b>607,725</b>

**5 Other financial expenses**

	<b>2022</b>	<b>2021</b>
	<b>DKK</b>	<b>DKK</b>
Financial expenses from group enterprises	894,063	1,384,546
Other interest expenses	1,421,392	1,122,917
Exchange rate adjustments	1,052,972	547,930
Other financial expenses	664	165,535
	<b>3,369,091</b>	<b>3,220,928</b>

**6 Tax on profit/loss for the year**

	<b>2022</b>	<b>2021</b>
	<b>DKK</b>	<b>DKK</b>
Adjustment concerning previous years	46,368	0
Refund in joint taxation arrangement	(1,132,557)	(680,100)
	<b>(1,086,189)</b>	<b>(680,100)</b>

**7 Proposed distribution of profit and loss**

	<b>2022</b>	<b>2021</b>
	<b>DKK</b>	<b>DKK</b>
Retained earnings	(82,786,346)	(59,559,659)
	<b>(82,786,346)</b>	<b>(59,559,659)</b>

**8 Intangible assets**

	<b>Completed development projects DKK</b>	<b>Development projects in progress DKK</b>
Cost beginning of year	10,051,831	1,590,686
Transfers	6,132,801	(6,132,801)
Additions	0	7,156,835
<b>Cost end of year</b>	<b>16,184,632</b>	<b>2,614,720</b>
Amortisation and impairment losses beginning of year	(875,705)	0
Amortisation for the year	(1,354,943)	0
<b>Amortisation and impairment losses end of year</b>	<b>(2,230,648)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>13,953,984</b>	<b>2,614,720</b>

## 9 Development projects

The completed development projects comprise product developments and a branded 3D room visualization software and other IT tools. 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.

## 10 Property, plant and equipment

	<b>Leasehold improvements DKK</b>
Cost beginning of year	644,787
<b>Cost end of year</b>	<b>644,787</b>
Depreciation and impairment losses beginning of year	(130,619)
Depreciation for the year	(214,930)
<b>Depreciation and impairment losses end of year</b>	<b>(345,549)</b>
<b>Carrying amount end of year</b>	<b>299,238</b>

## 11 Financial assets

	<b>Investments in group enterprises DKK</b>	<b>Deposits DKK</b>
Cost beginning of year	6,044,534	232,542
Additions	0	114,438
<b>Cost end of year</b>	<b>6,044,534</b>	<b>346,980</b>
<b>Carrying amount end of year</b>	<b>6,044,534</b>	<b>346,980</b>

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

	<b>Due after more than 12 months 2022 DKK</b>
Debt to other credit institutions	21,724,901
	<b>21,724,901</b>

Non-current liabilities other than provisions due after more than 5 years after balance sheet date amounts to 0 DKK.

### 14 Convertible and profit-sharing debt instruments

	<b>Conversion price</b>
Convertible loan agreement fully converted in the fiscal year	4,080

Convertible loan agreement is converted into equity investment in the fiscal year,

### 15 Other payables

	<b>2022 DKK</b>	<b>2021 DKK</b>
VAT and duties	214,661	3,255,204
Wages and salaries, personal income taxes, social security costs, etc. payable	638,543	1,863,785
Other costs payable	2,902,408	638,402
	<b>3,755,612</b>	<b>5,757,391</b>

### 16 Contingent assets

The company has a deferred tax asset that amounts to DKK 35.5 million which has not been capitalized due to the uncertainty of when the group is able to use the asset.

### 17 Contingent liabilities

	<b>2022 DKK</b>	<b>2021 DKK</b>
Other contingent liabilities	823,865	1,276,510
<b>Contingent liabilities</b>	<b>823,865</b>	<b>1,276,510</b>

The Entity serves as the administration company in a Danish joint taxation arrangement. 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 these entities.

### 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).

## Changes in accounting policies

The Group and the Parent have changed their accounting policies with regard to staff costs classified as assets.

An amount of DKK 477.162 (2021: DKK1.837 thousand) has been reclassified so that the figures previously offset under "staff costs" (staff costs classified as assets) in the future will be recognized under the item "Own work capitalised". The change in classification has no effect on the net profit or loss for the year, only on the classification in the income statement for the current financial year and the previous financial year.

The comparative figures have been restated following the change in accounting policies.

Apart from the areas mentioned above, the annual report has been presented applying the accounting policies consistently with 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.

## 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).

**Own work capitalised**

Own work capitalised comprises staff costs incurred in the financial year and recognised in cost for proprietary intangible assets.

**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.

**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:

	<b>Useful life</b>
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.