



Reform Group Holding ApS

Otto Busses Vej 5
2450 København SV
CVR No. 38262416

Annual report 2020

The Annual General Meeting adopted the
annual report on 02.07.2021

Michael Andersen

Chairman of the General Meeting

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Entity details

Entity

Reform Group Holding ApS

Otto Busses Vej 5

2450 København SV

CVR No.: 38262416

Registered office: København

Financial year: 01.01.2020 - 31.12.2020

Executive Board

Michael Andersen, CEO

Jeppe Christensen, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management

The Executive Board have today considered and approved the annual report of Reform Group Holding ApS for the financial year 01.01.2020 - 31.12.2020.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020.

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, 02.07.2021

Executive Board

Michael Andersen
CEO

Jeppe Christensen
CEO

Independent auditor's report

To the shareholders of Reform Group Holding ApS

Opinion

We have audited the financial statements of Reform Group Holding ApS for the financial year 01.01.2020 - 31.12.2020, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2020 and of the results of its operations for the financial year 01.01.2020 - 31.12.2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Copenhagen, 02.07.2021

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

Claus Jorch Andersen

State Authorised Public Accountant

Identification No (MNE) mne33712

Management commentary

Primary activities

Reform Group Holding ApS' activities consist of carrying out group functions as well as related activities in support of the subsidiaries in the Reform Group.

Development in activities and finances

The current financial year has been impacted by a significant focus on investments, growth and scalability, while maneuvering the global pandemic, Covid 19. 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 in December 2020 led to a significant investment from Vækstfonden.

With the significant investment from Vækstfonden, Reform Group Holding ApS is expected to accelerate growth, why expectations for 2021 are triple digit growth compared to 2020.

Capital and cash situation

Reform Group Holding ApS has in 2020 received investment funds from Vækstfonden by a capital increase of 25.000.000 DKK.

Reform Group Holdings ApS' net result for the year amounts to (10.619.873) DKK, which is in line with management's expectations.

Events after the balance sheet date

After the balance sheet date the investor Vækstfonden has granted Reform a loan of 20.000.000 DKK to support and accelerate further growth. No other significant events have occurred after the balance sheet date.

Income statement for 2020

	Notes	2020 DKK	2019 DKK
Gross profit/loss		(11,650,594)	(63,182)
Depreciation, amortisation and impairment losses		(200,152)	0
Operating profit/loss		(11,850,746)	(63,182)
Other financial income		23,192	0
Other financial expenses		(27,984)	(20,911)
Profit/loss before tax		(11,855,538)	(84,093)
Tax on profit/loss for the year	1	1,235,665	38,254
Profit/loss for the year		(10,619,873)	(45,839)
Proposed distribution of profit and loss			
Retained earnings		(10,619,873)	(45,839)
Proposed distribution of profit and loss		(10,619,873)	(45,839)

Balance sheet at 31.12.2020

Assets

	Notes	2020 DKK	2019 DKK
Completed development projects	3	4,611,939	0
Development projects in progress	3	757,438	816,028
Intangible assets	2	5,369,377	816,028
Investments in group enterprises		6,044,534	1,044,534
Financial assets	4	6,044,534	1,044,534
Fixed assets		11,413,911	1,860,562
Receivables from group enterprises		6,216,883	7,004
Income tax receivable		1,235,665	31,250
Prepayments		87,973	0
Receivables		7,540,521	38,254
Cash		15,806,114	14,367
Current assets		23,346,635	52,621
Assets		34,760,546	1,913,183

Equity and liabilities

	Notes	2020 DKK	2019 DKK
Contributed capital	5	66,177	58,824
Reserve for development expenditure		4,188,114	636,502
Retained earnings		8,466,827	(86,854)
Equity		12,721,118	608,472
Other payables		83,381	242,815
Non-current liabilities other than provisions	6	83,381	242,815
Current portion of non-current liabilities other than provisions	6	159,455	150,236
Trade payables		75,316	0
Payables to group enterprises		21,665,726	877,285
Other payables		55,550	34,375
Current liabilities other than provisions		21,956,047	1,061,896
Liabilities other than provisions		22,039,428	1,304,711
Equity and liabilities		34,760,546	1,913,183
Contingent liabilities	7		
Assets charged and collateral	8		

Statement of changes in equity for 2020

	Contributed capital DKK	Share premium DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	58,824	0	636,502	(86,854)	608,472
Increase of capital	7,353	24,992,647	0	0	25,000,000
Transferred from share premium	0	(24,992,647)	0	24,992,647	0
Costs related to equity transactions	0	0	0	(2,267,481)	(2,267,481)
Transfer to reserves	0	0	3,551,612	(3,551,612)	0
Profit/loss for the year	0	0	0	(10,619,873)	(10,619,873)
Equity end of year	66,177	0	4,188,114	8,466,827	12,721,118

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

1 Tax on profit/loss for the year

	2020 DKK	2019 DKK
Current tax	(1,045,770)	0
Refund in joint taxation arrangement	(189,895)	(38,254)
	(1,235,665)	(38,254)

2 Intangible assets

	Completed development projects DKK	Development projects in progress DKK
Cost beginning of year	0	816,028
Transfers	4,812,091	(4,812,091)
Additions	0	4,753,501
Cost end of year	4,812,091	757,438
Amortisation for the year	(200,152)	0
Amortisation and impairment losses end of year	(200,152)	0
Carrying amount end of year	4,611,939	757,438

3 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.

4 Financial assets

	Investments in group enterprises DKK
Cost beginning of year	1,044,534
Additions	5,000,000
Cost end of year	6,044,534
Carrying amount end of year	6,044,534

Investments in subsidiaries	Registered in	Corporate form	Equity interest %	Equity DKK	Profit/loss DKK
Reform Furniture ApS	København	ApS	100	6,550,313	715,496
Reform Furniture US Inc.	New York	Inc.	100	(3,283,230)	85,583
Reform Group Holding LT UAB	Vilnius	UAB	100	3,027,585	362,279
Reform Furniture Germany GmbH	Berlin	GmbH	100	(2,854,714)	853,414
Reform Projects ApS	København	ApS	100	(373,754)	122,574

5 Share capital

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

6 Non-current liabilities other than provisions

	Due within 12 months 2020 DKK	Due within 12 months 2019 DKK	Due after more than 12 months 2020 DKK
Other payables	159,455	150,236	83,381
	159,455	150,236	83,381

7 Contingent liabilities

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. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

8 Assets charged and collateral

The company has filed a suretyship for the subsidiary Reform Furniture ApS' credit institutions. There is currently no debt pr. 31.12.2020

Accounting policies

Reporting class

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

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

Consolidated financial statements

Referring to section 110 of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Recognition and measurement

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

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

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

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

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

Income statement

Gross profit or loss

Gross profit or loss comprises revenue and external expenses.

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.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to intangible assets comprise depreciation, amortisation and impairment losses for the financial year.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises and net capital or exchange gains on transactions in foreign currencies-

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises and net capital or exchange losses on transactions in foreign currencies.

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.

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

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.

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.

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.