



Reform Group Holding ApS

Otto Busses Vej 9
2450 Copenhagen
CVR No. 38262416

Annual report 2023

The Annual General Meeting adopted the annual report on 12.06.2024

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: 01.01.2023 - 31.12.2023

Board of Directors

Michael Andersen

Jeppe Christensen

Amélie Gosselin-Furno

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 01.01.2023 - 31.12.2023.

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 31.12.2023 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2023 - 31.12.2023.

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, 12.06.2024

Executive Board

Jeppe Christensen
CEO

Michael Andersen
CSO

Board of Directors

Michael Andersen

Jeppe Christensen

Amélie Gosselin-Furno

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 01.01.2023 - 31.12.2023, 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 31.12.2023 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2023 - 31.12.2023 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 by relevant law and regulations.

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 in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Copenhagen, 12.06.2024

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Claus Jorch Andersen

State Authorised Public Accountant
Identification No (MNE) mne33712

Arif Aygar

State Authorised Public Accountant
Identification No (MNE) mne50634

Management commentary

Financial highlights

	2023	2022	2021	2020
	DKK'000	DKK'000	DKK'000	DKK'000
Key figures				
Gross profit/loss	37,338	23,921	22,856	20,937
Operating profit/loss	(55,325)	(72,719)	(51,200)	(13,874)
Net financials	(1,054)	(3,373)	(2,512)	(1,301)
Profit/loss for the year	(56,751)	(76,345)	(54,229)	(13,799)
Balance sheet total	140,430	185,369	108,555	56,380
Investments in property, plant and equipment	12,542	10,397	9,816	1,374
Equity	11,075	54,932	(48,608)	6,217
Cash flows from operating activities	(41,432)	(76,858)	(31,971)	4,934
Cash flows from investing activities	(17,138)	(17,502)	(17,946)	(5,134)
Cash flows from financing activities	14,733	158,225	43,043	23,264
Ratios				
Equity ratio (%)	7.89	29.63	(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 (%):

$\frac{\text{Equity} * 100}{\text{Balance sheet total}}$

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 re 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.

During 2023 Reform opened 5 new showroom in US. 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 (56,817,237) DKK, which is in line with management's expectations.

Outlook

In 2024 Reform expects to continue its investments, growth and scalability opportunities. Management expects a negative net result for 2024, in the range of 20-30 million DKK. 4 new showrooms are expected to open during 2024.

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

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

Consolidated income statement for 2023

	Notes	2023 DKK	2022 DKK
Gross profit/loss	1	37,338,334	23,921,116
Staff costs	2	(93,835,841)	(89,763,449)
Depreciation, amortisation and impairment losses	3	(9,413,956)	(6,657,865)
Other operating expenses	4	10,586,448	(218,780)
Operating profit/loss		(55,325,015)	(72,718,978)
Other financial income	5	1,226,048	51,028
Other financial expenses	6	(2,279,674)	(3,424,356)
Profit/loss before tax		(56,378,641)	(76,092,306)
Tax on profit/loss for the year	7	(371,891)	(252,965)
Profit/loss for the year	8	(56,750,532)	(76,345,271)

Consolidated balance sheet at 31.12.2023

Assets

	Notes	2023 DKK	2022 DKK
Completed development projects	10	18,813,039	13,953,984
Development projects in progress	10	1,030,944	2,614,720
Intangible assets	9	19,843,983	16,568,704
Other fixtures and fittings, tools and equipment		736,852	753,305
Leasehold improvements		20,956,299	16,523,121
Property, plant and equipment	11	21,693,151	17,276,426
Deposits		3,294,376	3,697,982
Financial assets	12	3,294,376	3,697,982
Fixed assets		44,831,510	37,543,112
Raw materials and consumables		26,836,108	37,698,796
Manufactured goods and goods for resale		1,179,373	5,628,049
Prepayments for goods		10,746,322	5,163,531
Inventories		38,761,803	48,490,376
Trade receivables		7,461,527	6,304,464
Deferred tax	13	210,000	223,000
Other receivables		3,527,387	2,889,152
Prepayments	14	1,775,316	2,561,017
Receivables		12,974,230	11,977,633
Cash		43,862,473	87,357,379
Current assets		95,598,506	147,825,388
Assets		140,430,016	185,368,500

Equity and liabilities

	Notes	2023 DKK	2022 DKK
Contributed capital	15	100,766	95,664
Retained earnings		10,974,445	54,836,543
Equity		11,075,211	54,932,207
Debt to other credit institutions		19,586,732	22,193,317
Other payables		1,097,293	1,047,341
Non-current liabilities other than provisions	16	20,684,025	23,240,658
Current portion of non-current liabilities other than provisions	16	4,877,878	1,006,152
Bank loans		712,996	713,335
Prepayments received from customers		70,033,304	63,946,400
Trade payables		10,692,683	15,452,122
Payables to group enterprises		2	0
Tax payable		2,055,889	1,232,666
Other payables	17	20,298,028	24,844,960
Current liabilities other than provisions		108,670,780	107,195,635
Liabilities other than provisions		129,354,805	130,436,293
Equity and liabilities		140,430,016	185,368,500
Contingent assets	19		
Contingent liabilities	20		
Assets charged and collateral	21		
Non-arm's length related party transactions	22		
Subsidiaries	23		

Consolidated statement of changes in equity for 2023

	Contributed capital DKK	Share premium DKK	Retained earnings DKK	Total DKK
Equity beginning of year	95,664	0	58,018,971	58,114,635
Adjustment of material errors	0	0	(3,182,428)	(3,182,428)
Adjusted equity, beginning of year	95,664	0	54,836,543	54,932,207
Increase of capital	5,139	13,412,331	0	13,417,470
Transferred from share premium	0	(13,412,331)	13,412,331	0
Exchange rate adjustments	(37)	0	(523,897)	(523,934)
Profit/loss for the year	0	0	(56,750,532)	(56,750,532)
Equity end of year	100,766	0	10,974,445	11,075,211

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 2023

	Notes	2023 DKK	2022 DKK
Operating profit/loss		(55,325,015)	(72,718,978)
Amortisation, depreciation and impairment losses		9,413,956	6,657,865
Working capital changes	18	5,499,138	(8,303,045)
Adjustments on operating activities in DACH		(430,346)	0
Cash flow from ordinary operating activities		(40,842,267)	(74,364,158)
Financial income received		1,344,524	492,598
Financial expenses paid		(2,398,150)	(3,865,926)
Taxes refunded/(paid)		464,086	879,221
Cash flows from operating activities		(41,431,807)	(76,858,265)
Acquisition etc. of intangible assets		(5,323,361)	(7,156,835)
Acquisition etc. of property, plant and equipment		(12,542,071)	(10,396,993)
Sale of property, plant and equipment		330,807	247,010
Acquisition of fixed asset investments		(160,170)	(328,903)
Sale of fixed asset investments		556,759	133,480
Cash flows from investing activities		(17,138,036)	(17,502,241)
Free cash flows generated from operations and investments before financing		(58,569,843)	(94,360,506)
Loans raised		1,315,093	404,149
Repayments of loans etc.		0	(22,124)
Cash capital increase		13,417,470	161,538,400
Costs incurred during change of contributed capital		0	(3,695,013)
Cash flows from financing activities		14,732,563	158,225,412
Increase/decrease in cash and cash equivalents		(43,837,280)	63,864,906
Cash and cash equivalents beginning of year		87,357,379	23,864,692
Currency translation adjustments of cash and cash equivalents		342,374	(372,219)
Cash and cash equivalents end of year		43,862,473	87,357,379

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

Cash	43,862,473	87,357,379
Cash and cash equivalents end of year	43,862,473	87,357,379

Notes to consolidated financial statements

1 Gross profit/loss

Gross profit includes own work capitalised for DKK 1,249,980 (2022: TDKK 1,911).

2 Staff costs

	2023	2022
	DKK	DKK
Wages and salaries	84,145,550	80,381,492
Pension costs	534,543	590,672
Other social security costs	270,642	306,679
Other staff costs	8,885,106	8,484,606
	93,835,841	89,763,449

Average number of full-time employees	233	209
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	Remuneration of management 2023 DKK	Remuneration of management 2022 DKK
Total amount for management categories	3,308,800	2,179,855
	3,308,800	2,179,855

3 Depreciation, amortisation and impairment losses

	2023	2022
	DKK	DKK
Amortisation of intangible assets	2,048,082	1,354,943
Depreciation on property, plant and equipment	7,365,874	5,302,922
	9,413,956	6,657,865

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 loss for disposal of assets.

5 Other financial income

	2023	2022
	DKK	DKK
Other interest income	820,554	51,028
Exchange rate adjustments	405,494	0
	1,226,048	51,028

6 Other financial expenses

	2023	2022
	DKK	DKK
Other interest expenses	2,257,386	1,901,171
Exchange rate adjustments	0	1,480,891
Other financial expenses	22,288	42,294
	2,279,674	3,424,356

7 Tax on profit/loss for the year

	2023	2022
	DKK	DKK
Current tax	549,400	859,255
Change in deferred tax	13,000	(228,000)
Adjustment concerning previous years	(190,509)	(378,290)
	371,891	252,965

8 Proposed distribution of profit/loss

	2023	2022
	DKK	DKK
Retained earnings	(56,750,532)	(76,345,271)
	(56,750,532)	(76,345,271)

9 Intangible assets

	Completed development projects DKK	Development projects in progress DKK
Cost beginning of year	16,184,632	2,614,720
Transfers	6,907,137	(6,907,137)
Additions	0	5,323,361
Cost end of year	23,091,769	1,030,944
Amortisation and impairment losses beginning of year	(2,230,648)	0
Amortisation for the year	(2,048,082)	0
Amortisation and impairment losses end of year	(4,278,730)	0
Carrying amount end of year	18,813,039	1,030,944

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

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	2,065,522	28,151,851
Exchange rate adjustments	(9,139)	(407,808)
Additions	315,869	12,226,202
Disposals	0	(1,983,825)
Cost end of year	2,372,252	37,986,420
Depreciation and impairment losses beginning of year	(1,312,217)	(11,628,730)
Exchange rate adjustments	(2,476)	95,731
Depreciation for the year	(320,707)	(7,045,167)
Reversal regarding disposals	0	1,548,045
Depreciation and impairment losses end of year	(1,635,400)	(17,030,121)
Carrying amount end of year	736,852	20,956,299

12 Financial assets

	Deposits DKK
Cost beginning of year	3,697,982
Exchange rate adjustments	(7,017)
Additions	160,170
Disposals	(556,759)
Cost end of year	3,294,376
Carrying amount end of year	3,294,376

13 Deferred tax

	2023 DKK	2022 DKK
Changes during the year		
Beginning of year	223,000	(5,000)
Recognised in the income statement	(13,000)	228,000
End of year	210,000	223,000

Deferred tax has been recognised in the balance sheet as follows	2023	2022
	DKK	DKK
Deferred tax assets	210,000	223,000
	210,000	223,000

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

	Number	Nominal value
	DKK	DKK
A-shares	54,181	54,181
B-shares	13,480	13,480
C-shares	28,003	28,003
D-shares	5,139	5,139
	100,803	100,803

16 Non-current liabilities other than provisions

	Due within 12 months	Due within 12 months	Due after more than 12 months
	2023	2022	2023
	DKK	DKK	DKK
Debt to other credit institutions	4,877,878	1,006,152	19,586,732
Other payables	0	0	1,097,293
	4,877,878	1,006,152	20,684,025

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

17 Other payables

	2023	2022
	DKK	DKK
VAT and duties	3,698,036	6,702,128
Wages and salaries, personal income taxes, social security costs, etc. payable	3,972,711	3,484,656
Other costs payable	12,627,281	14,658,176
	20,298,028	24,844,960

18 Changes in working capital

	2023	2022
	DKK	DKK
Increase/decrease in inventories	9,728,573	(6,795,888)
Increase/decrease in receivables	(1,009,968)	3,876,152
Increase/decrease in trade payables etc.	(3,219,467)	(5,383,309)
	5,499,138	(8,303,045)

19 Contingent assets

The Group has a deferred tax asset that amounts to DKK 45.9 million which has not been capitalized due to the uncertainty of when the group is able to use the asset.

20 Contingent liabilities

	2023	2022
	DKK	DKK
Other contingent liabilities	29,683,057	26,614,744
Contingent liabilities	29,683,057	26,614,744

21 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 45,434,261 (2022: 40,013 thousand).

22 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.

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 NJ, LLC	United States	100.00
Reform Furniture Germany GmbH	Germany	100.00
Reform Supply & Logistics UAB	Lithuania	100.00
Reform Furniture Retail, LLC	United States	100.00

Parent income statement for 2023

	Notes	2023 DKK	2022 DKK
Gross profit/loss	1	(29,816,555)	(17,383,809)
Staff costs	2	(23,244,473)	(22,164,286)
Depreciation, amortisation and impairment losses	3	(2,128,301)	(1,569,873)
Other operating expenses	4	(9,481,994)	(41,969,306)
Operating profit/loss		(64,671,323)	(83,087,274)
Other financial income	5	1,796,420	1,581,993
Other financial expenses	6	(2,002,782)	(3,369,091)
Profit/loss before tax		(64,877,685)	(84,874,372)
Tax on profit/loss for the year	7	582,206	1,086,189
Profit/loss for the year	8	(64,295,479)	(83,788,183)

Parent balance sheet at 31.12.2023

Assets

	Notes	2023 DKK	2022 DKK
Completed development projects	10	18,813,039	13,953,984
Development projects in progress	10	1,030,944	2,614,720
Intangible assets	9	19,843,983	16,568,704
Other fixtures and fittings, tools and equipment		57,996	0
Leasehold improvements		111,720	299,238
Property, plant and equipment	11	169,716	299,238
Investments in group enterprises		6,044,534	6,044,534
Receivables from group enterprises		12,897,673	16,042,223
Deposits		7,281	346,980
Financial assets	12	18,949,488	22,433,737
Fixed assets		38,963,187	39,301,679
Receivables from group enterprises		4,778,137	15,569,285
Other receivables		1,614,816	261,061
Tax receivable		582,206	1,132,557
Prepayments	13	1,124,562	1,263,144
Receivables		8,099,721	18,226,047
Cash		19,187,653	60,937,476
Current assets		27,287,374	79,163,523
Assets		66,250,561	118,465,202

Equity and liabilities

	Notes	2023 DKK	2022 DKK
Contributed capital		100,803	95,664
Reserve for development costs		19,843,983	16,568,704
Retained earnings		(29,013,711)	25,144,716
Equity		(9,068,925)	41,809,084
Debt to other credit institutions		19,586,732	21,724,901
Non-current liabilities other than provisions	14	19,586,732	21,724,901
Current portion of non-current liabilities other than provisions	14	4,389,804	0
Trade payables		2,896,818	4,923,566
Payables to group enterprises		44,333,020	46,252,039
Other payables	15	4,113,112	3,755,612
Current liabilities other than provisions		55,732,754	54,931,217
Liabilities other than provisions		75,319,486	76,656,118
Equity and liabilities		66,250,561	118,465,202
Contingent assets	16		
Contingent liabilities	17		
Non-arm's length related party transactions	18		

Parent statement of changes in equity for 2023

	Contributed capital DKK	Share premium DKK	Reserve for development costs DKK	Retained earnings DKK	Total DKK
Equity beginning of year	95,664	0	16,568,704	30,598,737	47,263,105
Adjustment of material errors	0	0	0	(5,454,021)	(5,454,021)
Adjusted equity, beginning of year	95,664	0	16,568,704	25,144,716	41,809,084
Increase of capital	5,139	13,412,331	0	0	13,417,470
Transferred from share premium	0	(13,412,331)	0	13,412,331	0
Transfer to reserves	0	0	3,275,279	(3,275,279)	0
Profit/loss for the year	0	0	0	(64,295,479)	(64,295,479)
Equity end of year	100,803	0	19,843,983	(29,013,711)	(9,068,925)

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 1,249,980 (2022: TDKK 1,911).

2 Staff costs

	2023 DKK	2022 DKK
Wages and salaries	21,565,673	21,100,800
Pension costs	386,166	389,841
Other staff costs	1,292,634	673,645
	23,244,473	22,164,286
Average number of full-time employees	28	36

	Remuneration of Management 2023 DKK	Remuneration of Management 2022 DKK
Total amount for management categories	3,308,800	2,179,855
	3,308,800	2,179,855

3 Depreciation, amortisation and impairment losses

	2023 DKK	2022 DKK
Amortisation of intangible assets	2,048,082	1,354,943
Depreciation on property, plant and equipment	80,219	214,930
	2,128,301	1,569,873

4 Other operating expenses

Other operating costs include costs that are secondary to the Company's activities. For the current fiscal year, other operating expenses comprise of costs for transfer pricing adjustments.

5 Other financial income

	2023 DKK	2022 DKK
Financial income from group enterprises	1,455,820	1,581,993
Other interest income	225,589	0
Exchange rate adjustments	115,011	0
	1,796,420	1,581,993

6 Other financial expenses

	2023	2022
	DKK	DKK
Financial expenses from group enterprises	0	894,063
Other interest expenses	2,001,538	1,421,392
Exchange rate adjustments	0	1,052,972
Other financial expenses	1,244	664
	2,002,782	3,369,091

7 Tax on profit/loss for the year

	2023	2022
	DKK	DKK
Adjustment concerning previous years	0	46,368
Refund in joint taxation arrangement	(582,206)	(1,132,557)
	(582,206)	(1,086,189)

8 Proposed distribution of profit and loss

	2023	2022
	DKK	DKK
Retained earnings	(64,295,479)	(83,788,183)
	(64,295,479)	(83,788,183)

9 Intangible assets

	Completed development projects DKK	Development projects in progress DKK
Cost beginning of year	16,184,632	2,614,720
Transfers	6,907,137	(6,907,137)
Additions	0	5,323,361
Cost end of year	23,091,769	1,030,944
Amortisation and impairment losses beginning of year	(2,230,648)	0
Amortisation for the year	(2,048,082)	0
Amortisation and impairment losses end of year	(4,278,730)	0
Carrying amount end of year	18,813,039	1,030,944

10 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.

11 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	0	644,787
Additions	65,245	96,994
Disposals	0	(450,126)
Cost end of year	65,245	291,655
Depreciation and impairment losses beginning of year	0	(345,549)
Depreciation for the year	(7,249)	(72,970)
Reversal regarding disposals	0	238,584
Depreciation and impairment losses end of year	(7,249)	(179,935)
Carrying amount end of year	57,996	111,720

12 Financial assets

	Investments in group enterprises DKK	Deposits DKK
Cost beginning of year	6,044,534	346,980
Disposals	0	(339,699)
Cost end of year	6,044,534	7,281
Carrying amount end of year	6,044,534	7,281

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

13 Prepayments

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

14 Non-current liabilities other than provisions

	Due within 12 months 2023 DKK	Due after more than 12 months 2023 DKK
Debt to other credit institutions	4,389,804	19,586,732
	4,389,804	19,586,732

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

15 Other payables

	2023 DKK	2022 DKK
VAT and duties	0	214,661
Wages and salaries, personal income taxes, social security costs, etc. payable	1,563,574	638,543
Other costs payable	2,549,538	2,902,408
	4,113,112	3,755,612

16 Contingent assets

The company has a deferred tax asset that amounts to DKK 45.3 million which has not been capitalized due to the uncertainty of when the group is able to use the asset.

17 Contingent liabilities

	2023 DKK	2022 DKK
Other contingent liabilities	524,847	823,865
Contingent liabilities	524,847	823,865

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).

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 financial statements. The error relates to adjustments for processing of TP regulation in previous years with a subsidiary.

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 income statement for 2022 of DKK 1.002 thousand and equity in total with DKK 5.5 million. Parent liabilities have been increased by DKK 5.5 million. The error has no tax effect in the 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.

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 normal 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:

	Useful life
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.

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.