
Nornorm A/S

Paradisæblevej 4, DK-2500 Valby

Annual Report for 2022

CVR No. 41 55 41 42

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 5/7 2023

Anders Munk Jepsen
Chairman of the
general meeting



Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Management's Review	
Company information	4
Management's Review	5
Financial Statements	
Income Statement 1 January - 31 December	6
Balance sheet 31 December	7
Statement of changes in equity	9
Notes to the Financial Statements	10

Management's statement

The Executive Board and Board of Directors have today considered and adopted the Financial Statements of Nornorm A/S for the financial year 1 January - 31 December 2022.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2022 of the Company and of the results of the Company operations for 2022.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Financial Statements be adopted at the Annual General Meeting.

Valby, 5 July 2023

Executive Board

Anders Munk Jepsen
Executive Officer

Board of Directors

Eric Jonas Oskar Kjellberg
Chairman

Anders Munk Jepsen

Erik Osmundsen

Independent Auditor's report

To the shareholder of Nornorm A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Nornorm A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the 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 our report. We are independent of the Company 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.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, 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 Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review 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 in Management's Review.

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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's report

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 Company'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 Company'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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, 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.

Hellerup, 5 July 2023

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Nikolaj Erik Johnsen

State Authorised Public Accountant

mne35806

Company information

The Company	Nornorm A/S Paradisæblevej 4 DK-2500 Valby CVR No: 41 55 41 42 Financial period: 1 January - 31 December Incorporated: 31 July 2020 Financial year: 2nd financial year Municipality of reg. office: Copenhagen
Board of Directors	Eric Jonas Oskar Kjellberg, chairman Anders Munk Jepsen Erik Osmundsen
Executive Board	Anders Munk Jepsen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup

Management's review

Key activities

The company's purpose is to conduct business with the development of software and concept for the sale and rental of office furniture to traders and to undertake such rental of furniture directly and through subsidiaries.

Development in the year

The income statement of the Company for 2022 shows a loss of DKK 75,840,005, and at 31 December 2022 the balance sheet of the Company shows positive equity of DKK 133,341,660.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income statement 1 January - 31 December

	Note	2022	2020/21
		DKK 12 months	DKK 17 months
Gross loss		-59,839,678	-42,029,091
Staff expenses	1	-13,038,472	-12,278,063
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	2	-2,441,756	-717,216
Profit/loss before financial income and expenses		-75,319,906	-55,024,370
Financial income	3	269,396	892,506
Financial expenses	4	-1,893,001	-3,229,788
Profit/loss before tax		-76,943,511	-57,361,652
Tax on profit/loss for the year	5	1,103,506	3,352,302
Net profit/loss for the year		-75,840,005	-54,009,350

Distribution of profit

	2022	2020/21
	DKK	DKK
Proposed distribution of profit		
Retained earnings	-75,840,005	-54,009,350
	-75,840,005	-54,009,350

Balance sheet 31 December

Assets

	Note	2022 DKK	2020/21 DKK
Completed development projects		12,004,659	10,688,993
Development projects in progress		0	0
Intangible assets	6	12,004,659	10,688,993
Other fixtures and fittings, tools and equipment		215,415	254,579
Leasehold improvements		264,783	307,989
Property, plant and equipment	7	480,198	562,568
Investments in subsidiaries	8	22,290,755	58,884
Deposits	9	355,585	355,585
Fixed asset investments		22,646,340	414,469
Fixed assets		35,131,197	11,666,030
Trade receivables		479,583	423,054
Receivables from group enterprises		17,272,377	14,743,162
Other receivables		4,133,297	734,033
Corporation tax		1,103,506	3,352,302
Prepayments		479,549	472,177
Receivables		23,468,312	19,724,728
Cash at bank and in hand		136,348,491	10,925,862
Current assets		159,816,803	30,650,590
Assets		194,948,000	42,316,620

Balance sheet 31 December

Liabilities and equity

	Note	2022	2020/21
		DKK	DKK
Share capital		2,684,528	1,815,446
Reserve for development costs		9,363,635	8,337,415
Retained earnings		121,293,497	27,712,141
Equity		133,341,660	37,865,002
Trade payables		3,008,126	3,240,980
Payables to group enterprises		58,016,219	308,835
Other payables		390,224	901,803
Deferred income		191,771	0
Short-term debt		61,606,340	4,451,618
Debt		61,606,340	4,451,618
Liabilities and equity		194,948,000	42,316,620
Contingent assets, liabilities and other financial obligations	10		
Accounting Policies	11		

Statement of changes in equity

	Share capital	Reserve for development costs	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 January	1,815,446	8,337,415	27,712,141	37,865,002
Cash capital increase	869,082	0	170,447,581	171,316,663
Development costs for the year	0	2,774,263	-2,774,263	0
Depreciation, amortisation and impairment for the year	0	-1,748,043	1,748,043	0
Net profit/loss for the year	0	0	-75,840,005	-75,840,005
Equity at 31 December	2,684,528	9,363,635	121,293,497	133,341,660

Notes to the Financial Statements

	<u>2022</u>	<u>2020/21</u>
	DKK	DKK
1. Staff Expenses		
Wages and salaries	12,036,588	11,019,062
Pensions	655,043	993,046
Other social security expenses	152,811	71,333
Other staff expenses	194,030	194,622
	<u>13,038,472</u>	<u>12,278,063</u>
 Average number of employees	 <u>17</u>	 <u>9</u>

	<u>2022</u>	<u>2020/21</u>
	DKK	DKK
2. Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		
Amortisation of intangible assets	2,241,081	516,398
Depreciation of property, plant and equipment	200,675	200,818
	<u>2,441,756</u>	<u>717,216</u>

	<u>2022</u>	<u>2020/21</u>
	DKK	DKK
3. Financial income		
Interest received from group enterprises	0	606,124
Other financial income	0	10,807
Exchange gains	269,396	275,575
	<u>269,396</u>	<u>892,506</u>

Notes to the Financial Statements

	<u>2022</u>	<u>2020/21</u>
	DKK	DKK
4. Financial expenses		
Interest paid to group enterprises	0	1,232,069
Other financial expenses	262,048	409,560
Exchange adjustments, expenses	0	66,922
Exchange loss	1,630,953	1,521,237
	<u>1,893,001</u>	<u>3,229,788</u>

	<u>2022</u>	<u>2020/21</u>
	DKK	DKK
5. Income tax expense		
Current tax for the year	-1,103,506	-3,352,302
	<u>-1,103,506</u>	<u>-3,352,302</u>

6. Intangible fixed assets

	<u>Completed development projects</u>
	DKK
Cost at 1 January	11,205,391
Additions for the year	3,556,747
Cost at 31 December	<u>14,762,138</u>
Impairment losses and amortisation at 1 January	516,398
Amortisation for the year	2,241,081
Impairment losses and amortisation at 31 December	<u>2,757,479</u>
Carrying amount at 31 December	<u>12,004,659</u>

Completed development projects and development projects in progress relate to the Company's development of their digital platform. Development in 2022 has been focused on developing the platform that will support the Company's activities going forward.

The development is going according to plan and by the resources, that Management has deemed necessary to solve these tasks.

Notes to the Financial Statements

7. Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK
Cost at 1 January	313,907	449,479
Additions for the year	49,141	69,164
Cost at 31 December	<u>363,048</u>	<u>518,643</u>
Impairment losses and depreciation at 1 January	59,328	141,490
Depreciation for the year	88,305	112,370
Impairment losses and depreciation at 31 December	<u>147,633</u>	<u>253,860</u>
Carrying amount at 31 December	<u>215,415</u>	<u>264,783</u>
	2022	2020/21
	DKK	DKK

8. Investments in subsidiaries

Cost at 1 January	58,884	0
Additions for the year	22,231,871	58,884
Cost at 31 December	<u>22,290,755</u>	<u>58,884</u>
Carrying amount at 31 December	<u>22,290,755</u>	<u>58,884</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership
NORNORM International Furnishing ApS	Valby	40.000	100%
NORNORM AB	Stockholm	18.414	100%
NORNORM BV	Amsterdam	743	100%
NORNORM PTE. LTD.	Singapore		100%

Notes to the Financial Statements

9. Other fixed asset investments

	Deposits
	DKK
Cost at 1 January	355,585
Cost at 31 December	355,585
Carrying amount at 31 December	355,585

10. Contingent assets, liabilities and other financial obligations

Rental and lease obligations

Rent obligation amounts to 552,650.

Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of JAM Ventures ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

The Company has issued a letter of financial support to its subsidiary NORNORM International Furnishings ApS which is effective until 31 December 2023.

The Company has provided a guarantee to IKEA regarding the loan in NORNORM International Furnishings ApS of DKK 192 million as of 31 December 2022.

Notes to the Financial Statements

11. Accounting policies

The Annual Report of Nornorm A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2022 are presented in DKK.

Consolidated financial statements

With reference to section 110 of the Danish Financial Statements Act, no consolidated financial statements are prepared.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Income statement

Net sales

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Notes to the Financial Statements

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Nornorm Group has not capitalized assembly and installation cost of furniture.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Gross loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, expenses for raw materials and consumables and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Income from investments in subsidiaries

Dividends from subsidiaries are recognised as income in the income statement when adopted at the General Meeting of the subsidiary. However, dividends relating to earnings in the subsidiary before it was acquired by the Parent Company are set off against the cost of the subsidiary.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Notes to the Financial Statements

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance sheet

Intangible fixed assets

Development projects

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item 'Reserve for development costs'. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 5 year.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	4 years
Leasehold improvements	4 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Notes to the Financial Statements

Other fixed asset investments

Other fixed asset investments consist of deposit.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Debts are measured at amortised cost, substantially corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.