

INNOVATIVE EUROPE APS
CENTER BOULEVARD 5, 2300 KØBENHAVN S
ANNUAL REPORT
1 JANUARY - 31 DECEMBER 2020

The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 25 June 2021

Kevin Douglas Mc Clelland

The English part of this document is an unofficial translation of the original Danish text, and in case of any discrepancy between the Danish text and the English translation, the Danish text shall prevail.

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COMPANY DETAILS

Company	Innovative Europe ApS Center Boulevard 5 2300 Copenhagen S
	CVR No.: 29 15 05 40
	Established: 26 October 2005
	Registered Office: Copenhagen
	Financial Year: 1 January - 31 December
Board of Directors	David Gordon Hoffman, chairman
	Kevin Douglas Mc Clelland
	Mark Matvey Woods
	David Alan Fox
Executive Board	Jesper Lützhøft Christiansen
Auditor	BDO Statsautoriseret revisionsaktieselskab
	Havneholmen 29
	1561 Copenhagen V

BOARD OF DIRECTORS STATEMENT AND MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of Innovative Europe ApS for the financial year 1 January - 31 December 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 Company's assets, liabilities and financial position at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

We recommend the Annual Report be approved at the Annual General Meeting.

Copenhagen, 18 June 2021

Executive Board

Jesper Lützhøft Christiansen

Board of Directors

David Gordon Hoffman
Chairman

Kevin Douglas Mc Clelland

Mark Matvey Woods

David Alan Fox

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Innovative Europe ApS

Opinion

We have audited the Financial Statements of Innovative Europe ApS for the financial year 1 January - 31 December 2020, which comprise income statement, Balance Sheet, statement of changes in equity, notes and 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 assets, liabilities and financial position of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 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 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' 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 evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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.

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 judgment and maintain professional skepticism 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.

INDEPENDENT AUDITOR'S REPORT

- 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.

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, we conclude that 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 of Management's Review.

Copenhagen, 18 June 2021

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Søren Søndergaard Jensen
State Authorised Public Accountant
MNE no. mne32069

MANAGEMENT COMMENTARY

Principal activities

The company sells and distributes products from its parent company, Innovative Office Products Inc., in Europe. The products are mounting solutions to computer monitors.

Development in activities and financial and economic position

The company reports a profit of 965. The Covid-19 pandemic has impacted the industry and the sales negatively. However, the company has managed to adjust costs, and therefore the result is considered satisfactory.

The company's equity is negative and the parent company has therefore issued a statement to the effect that they, with respect to the amount owed to other group companies, which amounts to DKK ('000) 13,051 as of December 31, 2020, will cede priority to the other creditors, and that they will ensure that there will be sufficient liquid funds in the company to cover its current operations, if necessary by means of new loans.

Significant events after the end of the financial year

No events have occurred after the end of the financial year of material importance for the company's financial position.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2020 DKK	2019 DKK
GROSS PROFIT.....		2.731.596	3.869.875
Staff costs.....	1	-2.697.244	-2.870.996
Depreciation, amortisation and impairment.....		-39.189	-89.565
OPERATING LOSS.....		-4.837	909.314
Other financial income.....		1.264.258	0
Other financial expenses.....	2	-294.819	-680.820
PROFIT BEFORE TAX.....		964.602	228.494
Tax on profit/loss for the year.....	3	198.000	97.000
PROFIT FOR THE YEAR.....		1.162.602	325.494
PROPOSED DISTRIBUTION OF PROFIT			
Retained earnings.....		1.162.602	325.494
TOTAL.....		1.162.602	325.494

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2020 DKK	2019 DKK
Other plants, machinery, tools and equipment.....		198.619	89.729
Property, plant and equipment.....	4	198.619	89.729
Rent deposit and other receivables.....		140.420	140.420
Financial non-current assets.....	5	140.420	140.420
NON-CURRENT ASSETS.....		339.039	230.149
Finished goods and goods for resale.....		4.297.906	4.567.412
Inventories.....		4.297.906	4.567.412
Trade receivables.....		2.310.778	2.328.003
Deferred tax assets.....		440.000	242.000
Other receivables.....		115.616	34.257
Joint taxation recivables.....		1.748.451	0
Prepayments and accrued income.....		9.201	14.090
Receivables.....		4.624.046	2.618.350
Cash and cash equivalents.....		857.827	1.721.007
CURRENT ASSETS.....		9.779.779	8.906.769
ASSETS.....		10.118.818	9.136.918

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2020 DKK	2019 DKK
Share capital.....		125.000	125.000
Retained profit.....		-6.042.298	-7.204.900
EQUITY.....		-5.917.298	-7.079.900
Other liabilities.....		289.488	95.682
Non-current liabilities.....	6	289.488	95.682
Prepayments received from customers.....		0	55.209
Trade payables.....		288.851	131.543
Payables to group enterprises.....		13.051.568	15.423.570
Corporation tax.....		1.748.451	0
Other liabilities.....		657.758	510.814
Current liabilities.....		15.746.628	16.121.136
LIABILITIES.....		16.036.116	16.216.818
EQUITY AND LIABILITIES.....		10.118.818	9.136.918
Contingencies etc.	7		
Uncertainty with respect to going concern	8		
Consolidated Financial Statements	9		

EQUITY

	Share capital	Retained profit	Total
Equity at 1 January 2020.....	125.000	-7.204.900	-7.079.900
Proposed profit allocation.....		1.162.602	1.162.602
Equity at 31 December 2020.....	125.000	-6.042.298	-5.917.298

NOTES

	2020 DKK	2019 DKK	Note
Staff costs			1
Average number of employees	4	4	
Wages and salaries.....	2.820.814	2.636.694	
Pensions.....	0	207.599	
Social security costs.....	-125.198	26.703	
Other staff costs.....	1.628	0	
	2.697.244	2.870.996	
Other financial expenses			2
Associated enterprises.....	288.854	340.909	
Other financial expenses.....	5.965	339.911	
	294.819	680.820	
Tax on profit/loss for the year			3
Adjustment of deferred tax.....	-198.000	-97.000	
	-198.000	-97.000	
Property, plant and equipment			4
		Other plants, machinery, tools and equipment	
Cost at 1 January 2020.....		249.683	
Additions.....		148.079	
Cost at 31 December 2020.....		397.762	
Depreciation and impairment losses at 1 January 2020.....		159.954	
Depreciation for the year.....		39.189	
Depreciation and impairment losses at 31 December 2020.....		199.143	
Carrying amount at 31 December 2020.....		198.619	
Financial non-current assets			5
		Rent deposit and other receivables	
Cost at 1 January 2020.....		140.420	
Cost at 31 December 2020.....		140.420	
Carrying amount at 31 December 2020.....		140.420	

NOTES

					Note
Long-term liabilities					6
	31/12 2020 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2019 total liabilities	
Other liabilities.....	289.488	0	0	95.682	
	289.488	0	0	95.682	
Contingencies etc.					7
Joint liabilities					
The Danish companies of the group is jointly and severally liable for tax on the group's jointly taxed income and for certain possible withholding taxes such as dividend tax and royalty tax, and for the joint registration of VAT.					
Tax payable of the group's jointly taxed income amounts to DKK ('000) 1.748 at the balance sheet date.					
Uncertainty with respect to going concern					8
The company's equity was a negative of DKK (000) -6,115 as per. 31. december 2020. The parent company Innovative Office Products LLC has declared that it will provide additional capital and/or liquidity according to requirements. This letter of support is valid until 30. june 2022.					
Consolidated Financial Statements					9
The company is included in the consolidated financial statements of Innovative Office Products LLC, 100 Kuebler Road, Easton, PA18040, USA.					

ACCOUNTING POLICIES

The Annual Report of Innovative Europe ApS for 2020 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B and certain provisions applying to reporting class C.

The Annual Report is prepared consistently with the accounting principles used last year.

INCOME STATEMENT

Net revenue

Net revenue from sale of merchandise and finished goods is recognised in the Income Statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

Net revenue is recognised exclusive of VAT and less duties and discounts related to the sale.

Other operating income

Other operating income includes items of a secondary nature in relation to the Group's and the Company's activities, including profit from sale of intangible and tangible fixed assets. In addition, profit from sale of intangible and tangible fixed assets as well as business interruption and conflict compensations are included. Compensations are recognised when the income is deemed to be realisable.

Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

Other external expenses

Other external expenses include cost of sales, advertising, administration, buildings, bad debts, operational lease expenses, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions and other costs for social security etc. for the company's employees. Repayments from public authorities are deducted from staff costs.

Financial income and expenses

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the income statement by the amounts that relate to the financial year.

Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the income statement by the portion that may be attributed to the profit for the year, and is recognised directly in the equity by the portion that may be attributed to entries directly to the equity.

BALANCE SHEET

Tangible fixed assets

Other plants, fixtures and equipment are measured at cost less accumulated depreciation and write-down. Land is not depreciated.

The depreciation base is cost less estimated residual value after end of useful life.

ACCOUNTING POLICIES

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life	Residual value
Other plant, fixtures and equipment.....	5-10 years	0

Profit or loss on disposal of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

ACCOUNTING POLICIES

Fixed asset investments

Impairment of fixed assets

The carrying amount of intangible and tangible fixed assets together with investments, which are not measured at fair value, are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the net realisable value is lower than the carrying amount, write-down is provided to the lower value.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

Inventories

Inventories are measured at cost using the FIFO-principle. If the net realisable value is lower than cost, write-down is provided to the lower value.

The cost of merchandise is calculated at acquisition price with addition of transportation and similar costs.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is reduced by write-down to meet expected losses.

Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the balance sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

The Company is subject to joint taxation with Danish group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the on account tax scheme. Joint taxation contributions receivable and payable are recognised in the Balance Sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against 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 under the legislation in force on the balance sheet date would be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

ACCOUNTING POLICIES

Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the income statement over the term of loan.

Amortised cost of current liabilities corresponds usually to nominal value.

Foreign currency translation

Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the income statement as a financial income or expense.

Receivables, payables and other monetary items in foreign currencies that are not settled on the balance sheet date are translated at the exchange rate on the balance sheet date. The difference between the exchange rate on the balance sheet date and the exchange rate at the time of occurrence of the receivables or payables is recognised in the income statement as financial income or expenses.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.