

**Rufac ApS**  
Fynsvej 27  
5500 Middelfart  
Business Registration No  
31873916

**Annual report 01.10.2017  
- 30.09.2018**

The Annual General Meeting adopted the annual report on 29.11.2018

**Chairman of the General Meeting**

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Name: Lars Aaen

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## Entity details

### Entity

Rufac ApS  
Fynsvej 27  
5500 Middelfart

Central Business Registration No (CVR): 31873916

Registered in: Middelfart, Denmark

Financial year: 01.10.2017 - 30.09.2018

### Board of Directors

Lars Aaen, chairman

### Executive Board

Claus Hansson, CEO

### Auditors

Deloitte Statsautoriseret Revisionspartnerselskab  
Egtved Allé 4  
6000 Kolding

## Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Rufac ApS for the financial year 01.10.2017 - 30.09.2018.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.09.2018 and of the results of its operations for the financial year 01.10.2017 - 30.09.2018.

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.

Middelfart, 29.11.2018

### Executive Board

Claus Hansson  
CEO

### Board of Directors

Lars Aaen  
chairman

# Independent auditor's report

## To the shareholders of Rufac ApS

### Opinion

We have audited the financial statements of Rufac ApS for the financial year 01.10.2017 - 30.09.2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.09.2018 and of the results of its operations for the financial year 01.10.2017 - 30.09.2018 in accordance with the Danish Financial Statements Act.

### Basis for opinion

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

### Management's responsibilities for the financial statements

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

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

### Auditor's responsibilities for the audit of the financial statements

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

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

## Independent auditor's report

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

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

### **Statement on the management commentary**

Management is responsible for the management commentary.

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

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

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

## **Independent auditor's report**

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

Kolding, 29.11.2018

### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
Central Business Registration No (CVR) 33963556

Lars Bjerregaard Nielsen  
State Authorised Public Accountant  
Identification No (MNE) mne29393

## Management commentary

### Primary activities

The Company develops and manufactures ergonomic furniture.

### Development in activities and finances

Management considers the profit for the year acceptable.

A positive result is expected for the next financial year.

The development after the balance sheet date follows the budgets and plans made.

### Events after the balance sheet date

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



## Income statement for 2017/18

	<u>Notes</u>	<u>2017/18</u> <u>DKK</u>	<u>2016/17</u> <u>DKK</u>
<b>Gross profit</b>		<b>19.146.409</b>	<b>30.733.301</b>
Staff costs	1	(6.878.369)	(7.820.899)
Depreciation, amortisation and impairment losses		<u>(827.158)</u>	<u>(761.848)</u>
<b>Operating profit/loss</b>		<b>11.440.882</b>	<b>22.150.554</b>
Other financial income	2	3.159.143	3.494.963
Other financial expenses		<u>(317.187)</u>	<u>(94.729)</u>
<b>Profit/loss before tax</b>		<b>14.282.838</b>	<b>25.550.788</b>
Tax on profit/loss for the year	3	<u>(3.142.519)</u>	<u>(5.593.155)</u>
<b>Profit/loss for the year</b>		<b><u>11.140.319</u></b>	<b><u>19.957.633</u></b>
<b>Proposed distribution of profit/loss</b>			
Ordinary dividend for the financial year		10.000.000	10.000.000
Retained earnings		<u>1.140.319</u>	<u>9.957.633</u>
		<b><u>11.140.319</u></b>	<b><u>19.957.633</u></b>

## Balance sheet at 30.09.2018

	<u>Notes</u>	<u>2017/18 DKK</u>	<u>2016/17 DKK</u>
Land and buildings		3.958.911	3.988.878
Other fixtures and fittings, tools and equipment		1.784.260	2.059.351
<b>Property, plant and equipment</b>	4	<b><u>5.743.171</u></b>	<b><u>6.048.229</u></b>
<b>Fixed assets</b>		<b><u>5.743.171</u></b>	<b><u>6.048.229</u></b>
Raw materials and consumables		6.873.028	7.890.165
<b>Inventories</b>		<b><u>6.873.028</u></b>	<b><u>7.890.165</u></b>
Trade receivables		662.850	165.393
Receivables from group enterprises		34.277.188	35.705.892
Other receivables		1.009.840	1.351.243
Income tax receivable		105.367	0
Prepayments		185.731	148.087
<b>Receivables</b>		<b><u>36.240.976</u></b>	<b><u>37.370.615</u></b>
<b>Cash</b>		<b><u>1.983.759</u></b>	<b><u>6.473.259</u></b>
<b>Current assets</b>		<b><u>45.097.763</u></b>	<b><u>51.734.039</u></b>
<b>Assets</b>		<b><u>50.840.934</u></b>	<b><u>57.782.268</u></b>

## Balance sheet at 30.09.2018

	<u>Notes</u>	<u>2017/18</u> <u>DKK</u>	<u>2016/17</u> <u>DKK</u>
Contributed capital	5	125.000	125.000
Retained earnings		29.123.497	28.113.527
Proposed dividend		<u>10.000.000</u>	<u>10.000.000</u>
<b>Equity</b>		<b><u>39.248.497</u></b>	<b><u>38.238.527</u></b>
Deferred tax		<u>78.000</u>	<u>91.000</u>
<b>Provisions</b>		<b><u>78.000</u></b>	<b><u>91.000</u></b>
Trade payables		7.176.300	5.727.181
Payables to group enterprises		166.499	7.049.104
Joint taxation contribution payable		3.155.519	5.594.930
Other payables		<u>1.016.119</u>	<u>1.081.526</u>
<b>Current liabilities other than provisions</b>		<b><u>11.514.437</u></b>	<b><u>19.452.741</u></b>
<b>Liabilities other than provisions</b>		<b><u>11.514.437</u></b>	<b><u>19.452.741</u></b>
<b>Equity and liabilities</b>		<b><u>50.840.934</u></b>	<b><u>57.782.268</u></b>
Unrecognised rental and lease commitments	6		
Contingent liabilities	7		
Assets charged and collateral	8		

## Statement of changes in equity for 2017/18

	<b>Contributed capital DKK</b>	<b>Retained earnings DKK</b>	<b>Proposed dividend DKK</b>	<b>Total DKK</b>
	<u>DKK</u>	<u>DKK</u>	<u>DKK</u>	<u>DKK</u>
Equity beginning of year	125.000	28.113.527	10.000.000	38.238.527
Ordinary dividend paid	0	0	(10.000.000)	(10.000.000)
Other entries on equity	0	(159.026)	0	(159.026)
Tax of entries on equity	0	28.677	0	28.677
Profit/loss for the year	0	1.140.319	10.000.000	11.140.319
<b>Equity end of year</b>	<b>125.000</b>	<b>29.123.497</b>	<b>10.000.000</b>	<b>39.248.497</b>

## Notes

	<b>2017/18</b>	<b>2016/17</b>
	<b>DKK</b>	<b>DKK</b>
<b>1. Staff costs</b>		
Wages and salaries	6.343.814	7.244.327
Other social security costs	350.100	431.312
Other staff costs	184.455	145.260
	<b><u>6.878.369</u></b>	<b><u>7.820.899</u></b>
Average number of employees	<b><u>16</u></b>	<b><u>18</u></b>
	<b>2017/18</b>	<b>2016/17</b>
	<b>DKK</b>	<b>DKK</b>
<b>2. Other financial income</b>		
Financial income arising from group enterprises	942.958	1.052.205
Exchange rate adjustments	2.216.185	2.442.758
	<b><u>3.159.143</u></b>	<b><u>3.494.963</u></b>
	<b>2017/18</b>	<b>2016/17</b>
	<b>DKK</b>	<b>DKK</b>
<b>3. Tax on profit/loss for the year</b>		
Current tax	3.155.519	5.594.930
Change in deferred tax	(13.000)	(1.775)
	<b><u>3.142.519</u></b>	<b><u>5.593.155</u></b>

## Notes

	<b>Land and buildings DKK</b>	<b>Other fixtures and fittings, tools and equipment DKK</b>
<b>4. Property, plant and equipment</b>		
Cost beginning of year	4.165.060	3.994.593
Additions	48.336	473.764
<b>Cost end of year</b>	<b>4.213.396</b>	<b>4.468.357</b>
Depreciation and impairment losses beginning of year	(176.182)	(1.935.242)
Depreciation for the year	(78.303)	(748.855)
<b>Depreciation and impairment losses end of year</b>	<b>(254.485)</b>	<b>(2.684.097)</b>
<b>Carrying amount end of year</b>	<b>3.958.911</b>	<b>1.784.260</b>

	<b>Number</b>	<b>Par value DKK</b>	<b>Nominal value DKK</b>
<b>5. Contributed capital</b>			
Ordinary shares	250	500	125.000
	<b>250</b>		<b>125.000</b>

The contributed capital has not been divided into classes.

	<b>2017/18 DKK</b>	<b>2016/17 DKK</b>
<b>6. Unrecognised rental and lease commitments</b>		
Liabilities under rental or lease agreements until maturity in total	<b>600.402</b>	<b>769.386</b>

### 7. Contingent liabilities

The Company participates in a Danish joint taxation arrangement in which C. Hansson Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from the financial year 2012/13 for income taxes etc for the jointly taxed companies and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for these companies.

The Company has entered into normal forward exchange rate agreements for hedging purposes, and sold USD amounting to 0,6 m USD on a contract with the bank.

## Notes

### 8. Assets charged and collateral

Bank debt is secured by way of a company pledge with security in an all-moneys mortgage of DKK 18,5 million comprising unsecured debt from sale of goods and services, inventories of raw materials, semi-manufactured goods and finished goods, operating fixture and equipment, plant and machinery as well as goodwill, domain names and intellectual rights.

The carrying amount of the pledged assets is:

	<b>2017/18</b>	<b>2016/17</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Carrying amount of receivables from group enterprises pledged	<b>55.253</b>	<b>28.657</b>
Carrying amount of trade receivables pledged	<b>663</b>	<b>165</b>
Carrying amount of inventories pledged	<b>6.970</b>	<b>7.890</b>
Carrying amount of plant and machinery, etc. pledged	<b>1.784</b>	<b>2.059</b>

The Company has issued a guarantee of payment for bank debt in Midform Holding ApS and Midform A/S.

Bank debt is furthermore secured by a mortgage of DKK 8m. comprising real estate with a carrying amount of DKK 3.9m.

## Accounting policies

### Reporting class

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

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

### Recognition and measurement

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

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

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

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

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

### 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 one 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.

### Income statement

#### Gross profit or loss

Gross profit or loss is an aggregation of revenue for the year (revenue), cost of sales for the year to achieve revenue for the year (cost of sales) and operating and maintenance expenses for the year on property, plant and equipment as well as sales and administrative expenses (other external expenses).

#### Revenue

Revenue 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.



## Accounting policies

### Cost of sales

Cost of sales comprises costs of sales for the financial year measured at cost, adjusted for ordinary inventory write-downs.

### 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 write-downs of receivables recognised in current assets.

### Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

### Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

### Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, net capital gains on payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

### Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as 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.

The Entity is jointly taxed with its Parent and all of the Parent's other Danish subsidiaries. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

### Balance sheet

#### Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

## Accounting policies

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:

Buldings	50 years
Other fixtures and fittings, tools and equipment	3-10 years

Land is not depreciated.

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

The estimated lives and residual are re-assessed on a yearly basis.

### Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost of goods for resale, raw materials and consumables consist of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation on and impairment losses relating to machinery, factory buildings and equipment applied for the manufacturing process as well as costs of factory administration and management.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

### Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

### Income tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.

### Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at amortised cost, which usually corresponds to nominal value.

### Cash

Cash comprises cash in hand and bank deposits.

## Accounting policies

### **Dividend**

Dividend is recognised as a liability at the time of adoption at the general meeting. The proposed dividend for the financial year is disclosed as a separate item in equity.

### **Deferred tax**

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets 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.

### **Other financial liabilities**

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

### **Joint taxation contributions payable or receivable**

Current joint taxation contributions receivable or joint taxation contributions payable are recognised in the balance sheet, calculated as tax computed on the taxable income of the year, which has been adjusted for prepaid tax.