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RUFAC APS
ELLEHAVEN 6, 5900 RUDKØBING
ANNUAL REPORT
1 JANUARY - 31 DECEMBER 2021

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 30 June 2022**

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.

CVR NO. 31 87 39 16

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COMPANY DETAILS**Company**

RUFAC ApS
Ellehaven 6
5900 Rudkøbing

CVR No.: 31 87 39 16
Established: 2 December 2008
Municipality: Middelfart
Financial Year: 1 January - 31 December

Executive Board

Kevin Douglas Mc Clelland

Auditor

BDO Statsautoriseret revisionsaktieselskab
Havneholmen 29
1561 Copenhagen V

MANAGEMENT'S STATEMENT

Today the Executive Board have discussed and approved the Annual Report of RUFAC ApS for the financial year 1 January - 31 December 2021.

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

In my opinion the Financial Statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021.

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

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

Middelfart, 28 June 2022

Executive Board

Kevin Douglas Mc Clelland

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of RUFAC ApS

Opinion

We have audited the Financial Statements of RUFAC ApS for the financial year 1 January - 31 December 2021, 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 2021 and of the results of the Company's operations for the financial year 1 January - 31 December 2021 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' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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.

INDEPENDENT AUDITOR'S REPORT

- 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.

Statement on Management Commentary

Management is responsible for Management Commentary.

Our opinion on the Financial Statements does not cover 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 Management Commentary and, in doing so, consider whether Management Commentary 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 Commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that 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 Management Commentary.

Copenhagen, 28 June 2022

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Søren Søndergaard Jensen
State Authorised Public Accountant
MNE no. mne32069

MANAGEMENT COMMENTARY

Principal activities

The Company develops and manufactures ergonomic furniture.

Development in activities and financial and economic position

In 2021-Q4 the company purchased the business activity from a group company, and customers, employees etc. where successfully transferred to Rufac.

Also in 2021-Q4 the company sold its production and warehouse property in Rudkøbing in a sale-and-lease arrangement.

The company reports a profit of t.DKK 15.822. The profit is positively influenced by the sale of the property.

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

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	2021 DKK	2020 DKK
GROSS PROFIT		30.850.092	31.480.228
Staff costs.....	1	-12.041.258	-13.739.284
Depreciation, amortisation and impairment.....		-1.010.136	-1.249.075
OPERATING PROFIT		17.798.698	16.491.869
Other financial income.....	2	2.516.921	600.808
Other financial expenses.....	3	-84.922	-2.390.340
PROFIT BEFORE TAX		20.230.697	14.702.337
Tax on profit/loss for the year.....	4	-4.408.662	-3.272.596
PROFIT FOR THE YEAR		15.822.035	11.429.741
PROPOSED DISTRIBUTION OF PROFIT			
Extraordinary dividend.....		0	38.578.118
Retained earnings.....		15.822.035	-27.148.377
TOTAL		15.822.035	11.429.741

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2021 DKK	2020 DKK
Intangible fixed assets acquired.....		650.340	0
Goodwill.....		8.682.152	0
Intangible assets.....	5	9.332.492	0
Land and buildings.....		0	3.760.978
Other plants, machinery, tools and equipment.....		1.739.270	1.933.151
Property, plant and equipment.....	6	1.739.270	5.694.129
Rent deposit and other receivables.....		2.970.537	0
Financial non-current assets.....	7	2.970.537	0
NON-CURRENT ASSETS.....		14.042.299	5.694.129
Raw materials and consumables.....		15.817.450	10.629.214
Inventories.....		15.817.450	10.629.214
Trade receivables.....		4.137.994	815.561
Receivables from group enterprises.....		26.260.616	19.064.728
Other receivables.....		1.125.183	467.166
Prepayments and accrued income.....		140.925	42.870
Receivables.....		31.664.718	20.390.325
Cash and cash equivalents.....		510.606	777.573
CURRENT ASSETS.....		47.992.774	31.797.112
ASSETS.....		62.035.073	37.491.241

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2021 DKK	2020 DKK
Share capital.....		125.000	125.000
Retained profit.....		41.398.608	25.576.573
EQUITY.....		41.523.608	25.701.573
Provision for deferred tax.....		334.351	55.394
PROVISIONS.....		334.351	55.394
Other liabilities.....		858.382	707.131
Non-current liabilities.....	8	858.382	707.131
Trade payables.....		6.448.772	5.474.538
Payables to group enterprises.....		4.001.144	0
Corporation tax.....		5.695.707	3.317.202
Other liabilities.....		3.173.109	2.235.403
Current liabilities.....		19.318.732	11.027.143
LIABILITIES.....		20.177.114	11.734.274
EQUITY AND LIABILITIES.....		62.035.073	37.491.241
 Contingencies etc.	 9		
Charges and securities	10		

EQUITY

	Share capital	Retained profit	Total
Equity at 1 January 2021.....	125.000	25.576.573	25.701.573
Proposed profit allocation.....		15.822.035	15.822.035
Equity at 31 December 2021	125.000	41.398.608	41.523.608

NOTES

	2021 DKK	2020 DKK	Note
Staff costs			1
Average number of employees	22	23	
Wages and salaries.....	10.327.981	11.684.122	
Pensions.....	966.605	1.111.628	
Social security costs.....	499.225	624.959	
Other staff costs.....	247.447	318.575	
	12.041.258	13.739.284	
Other financial income			2
Group enterprises.....	621.082	600.808	
Other financial income.....	1.895.839	0	
	2.516.921	600.808	
Other financial expenses			3
Other financial expenses.....	84.922	2.390.340	
	84.922	2.390.340	
Tax on profit/loss for the year			4
Calculated tax on taxable income of the year.....	4.129.705	3.317.202	
Adjustment of deferred tax.....	278.957	-44.606	
	4.408.662	3.272.596	
Intangible assets			5
	Intangible fixed assets acquired	Goodwill	
Additions.....	672.766	8.829.307	
Cost at 31 December 2021.....	672.766	8.829.307	
Amortisation for the year.....	22.426	147.155	
Amortisation at 31 December 2021.....	22.426	147.155	
Carrying amount at 31 December 2021.....	650.340	8.682.152	

NOTES

				Note
Property, plant and equipment				6
		Land and buildings	Other plants, machinery, tools and equipment	
Cost at 1 January 2021.....	4.213.396		6.320.142	
Additions.....	0		546.264	
Disposals.....	-4.213.396		0	
Cost at 31 December 2021.....	0		6.866.406	
Depreciation and impairment losses at 1 January 2021.....	452.418		4.386.991	
Reversal of depreciation of assets disposed of.....	-525.727		0	
Depreciation for the year.....	73.309		740.145	
Depreciation and impairment losses at 31 December 2021....	0		5.127.136	
Carrying amount at 31 December 2021.....	0		1.739.270	
Financial non-current assets				7
			Rent deposit and other receivables	
Additions.....			2.970.537	
Cost at 31 December 2021.....			2.970.537	
Carrying amount at 31 December 2021.....			2.970.537	
Long-term liabilities				8
	31/12 2021 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2020 total liabilities
Other liabilities.....	858.382	0	707.131	969.182
	858.382	0	707.131	969.182
Contingencies etc.				9
Contingent liabilities				
Unrecognized liabilities under rental or lease agreements until maturity amounts totally to t.DKK 29.496 at the balance sheet date.				
Joint liabilities				
The company is jointly and severally liable together with the parent company and the other group companies in the joint taxable group for tax on the group's joint taxable income and for certain possible withholding taxes, such as dividend tax, etc.				
Tax payable on the Group's joint taxable income is stated in the annual report of Innovative Europe ApS, which serves as management company for the joint taxation.				

NOTES

Note

Charges and securities

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Bank debt is secured by way of a company pledge with a security in an all-moneys mortgage of DKK 3 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:

	2021 DKK'000	2020 DKK'000
Receivables from group enterprises.....	26.261	18.908
Trade receivables.....	4.138	816
Inventories.....	15.817	10.629
Plant and machinery.....	1.739	1.933

ACCOUNTING POLICIES

The Annual Report of RUFAC ApS for 2021 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 applied 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 advertising, administration, buildings, bad debts, 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

Intangible fixed assets

Acquired goodwill is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the expected useful life which is estimated to 5 years. The period of amortisation is determined based on an assessment of the acquired company's position in the market and earnings profile, and the industry-specific conditions.

ACCOUNTING POLICIES

Patents and licences are measured at the lower of cost less accumulated amortisation and the recoverable amount. Patents are amortised over the remaining patent period and licences are amortised over the period of the agreement, however, no more than 8 years.

Profit or loss from sale of intangible fixed assets is calculated at the difference between the sales price and the carrying amount at the time of the sale. Profit and loss are recognised in the Income Statement under other operating income or other operating expenses.

Tangible fixed assets

Land and buildings, production plant and machinery, other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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

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. As regards self-manufactured assets, the cost price includes cost of materials, components, subcontractors, direct payroll and indirect production costs.

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
Buildings.....	50 years	0 %
Other plant, fixtures and equipment.....	3-20 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.

Fixed asset investments

Deposits include rental deposits which are recognised and measured at amortised cost. Deposits are not depreciated.

Impairment of fixed assets

The carrying amount of intangible fixed and tangible assets together with fixed assets, 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 recoverable amount is lower than the carrying amount, the asset is written down to the carrying amount.

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.

ACCOUNTING POLICIES

Inventories

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

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

The cost of finished goods and work in progress includes cost of raw materials, consumables, direct payroll cost and indirect production cost. Indirect production costs include indirect materials and payroll and maintenance and depreciation of the machines, factory buildings and equipment used in the production process, cost of factory administration and management and capitalised development costs relating to the products.

The net realisable value of inventories is stated at sales price less completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written 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 tax-on-account 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 will 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.

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 for short-term liabilities usually corresponds to the nominal value.