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HUMAN ACTIVE TECHNOLOGY APS

ELLEHAVEN 6, 5900 RUDKØBING

ANNUAL REPORT

1 JANUARY - 31 DECEMBER 2023

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 2 July 2024**

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	Human Active Technology ApS Ellehaven 6 5900 Rudkøbing
	CVR No.: 31 87 39 16 Established: 2 December 2008 Municipality: Langeland Financial Year: 1 January - 31 December
Executive Board	Kevin Douglas Mc Clelland Chad Michael Hammerly
Auditor	BDO Statsautoriseret revisionsaktieselskab Havneholmen 29 1561 Copenhagen V
Bank	Danske Bank A/S Holmens Kanal 2-12 1092 Copenhagen K

MANAGEMENT'S STATEMENT

Today the Executive Board have discussed and approved the Annual Report of Human Active Technology ApS for the financial year 1 January - 31 December 2023.

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 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023.

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.

Rudkøbing, 2 July 2024

Executive Board

Kevin Douglas Mc Clelland

Chad Michael Hammerly

THE INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Human Active Technology ApS

Conclusion

We have performed an extended review of the Financial Statements of Human Active Technology ApS for the financial year 1 January - 31 December 2023, which comprise income statement, Balance Sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The Financial Statements are prepared under the Danish Financial Statements Act.

Based on the work performed in our opinion, the Financial Statements give a true and fair view of the Company's financial position at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for Conclusion

We conducted our extended review in accordance with the Danish Business Authority's Assurance Standard for Small Enterprises and FSR - Danish Auditors' standard on extended review of Financial Statements prepared in accordance with the Danish Financial Statements Act. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Extended Review 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 Extended Review of the Financial Statements

Our responsibility is to express a conclusion on the Financial Statements. This requires that we plan and perform procedures in order to obtain limited assurance for our conclusion on the Financial Statements and in addition perform specifically required supplementary procedures to obtain further assurance for our conclusion.

An extended review comprises procedures that primarily consist of making inquiries of Management and others within the Company, as appropriate, analytical procedures and the specifically required supplementary procedures as well as evaluation of the evidence obtained.

The procedures performed in an extended review are less than those performed in an audit, and accordingly, we do not express an audit opinion on the Financial Statements.

Statement on the Management Commentary

Management is responsible for the Management Commentary.

Our conclusion on the Financial Statements does not cover the Management Commentary, and we do not express any form of assurance conclusion thereon.

THE INDEPENDENT AUDITOR'S REPORT

In connection with our extended review 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 during the extended review, 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.

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 in the Management Commentary.

Copenhagen, 2 July 2024

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 develops and manufactures ergonomic furniture.

Development in activities and financial and economic position

he company reports a loss of t.DKK 1.295, which is considered satisfactory.

In 2023 the company has continued the integration of the Innovation Europe activities, which was acquired by the end of 2021.

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	2023 DKK	2022 DKK
GROSS PROFIT		9.180.353	16.190.818
Staff costs.....	1	-10.534.098	-12.512.983
Depreciation, amortisation and impairment.....		-1.763.081	-1.720.725
OPERATING LOSS		-3.116.826	1.957.110
Other financial income.....	2	2.456.526	1.532.229
Other financial expenses.....	3	-993.147	-196.813
LOSS BEFORE TAX		-1.653.447	3.292.526
Tax on profit/loss for the year.....	4	358.228	-765.981
LOSS FOR THE YEAR		-1.295.219	2.526.545
PROPOSED DISTRIBUTION OF PROFIT			
Retained earnings.....		-1.295.219	2.526.545
TOTAL		-1.295.219	2.526.545

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2023 DKK	2022 DKK
Intangible fixed assets acquired.....		381.234	515.787
Goodwill.....		6.916.290	7.799.221
Intangible assets.....	5	7.297.524	8.315.008
Other plants, machinery, tools and equipment.....		864.397	1.273.923
Leasehold improvements.....		806.400	849.600
Property, plant and equipment.....	6	1.670.797	2.123.523
Rent deposit and other receivables.....		2.972.025	2.970.537
Financial non-current assets.....	7	2.972.025	2.970.537
NON-CURRENT ASSETS.....		11.940.346	13.409.068
Raw materials and consumables.....		11.453.744	16.674.451
Inventories.....		11.453.744	16.674.451
Trade receivables.....		2.683.982	4.547.863
Receivables from group enterprises.....		39.358.390	29.456.426
Other receivables.....		769.646	701.995
Receivables corporation tax.....		197.690	0
Prepayments and accrued income.....		331.800	145.976
Receivables.....		43.341.508	34.852.260
Cash and cash equivalents.....		249.105	1.603.367
CURRENT ASSETS.....		55.044.357	53.130.078
ASSETS.....		66.984.703	66.539.146

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2023 DKK	2022 DKK
Share Capital.....		125.000	125.000
Retained profit.....		42.629.933	43.925.152
EQUITY.....		42.754.933	44.050.152
Provision for deferred tax.....		34.587	392.815
PROVISIONS.....		34.587	392.815
Trade payables.....		17.061.507	6.559.772
Payables to group enterprises.....		3.485.121	11.454.955
Corporation tax.....		0	417.515
Other liabilities.....		3.648.555	3.663.937
Current liabilities.....		24.195.183	22.096.179
LIABILITIES.....		24.195.183	22.096.179
EQUITY AND LIABILITIES.....		66.984.703	66.539.146
 Contingencies etc.	 8		
Charges and securities	9		

EQUITY

DKK	Share Capital	Retained profit	Total
Equity at 1 January 2023.....	125.000	43.925.152	44.050.152
Proposed profit allocation.....		-1.295.219	-1.295.219
Equity at 31 December 2023	125.000	42.629.933	42.754.933

NOTES

	2023 DKK	2022 DKK	Note
	2023 DKK	2022 DKK	
Staff costs			1
Average number of full time employees	19	22	
Wages and salaries.....	8.677.611	10.748.113	
Pensions.....	783.928	861.013	
Social security costs.....	620.957	571.973	
Other staff costs.....	451.602	331.884	
	10.534.098	12.512.983	
Other financial income			2
Group enterprises.....	2.456.526	723.684	
Other financial income.....	0	808.545	
	2.456.526	1.532.229	
Other financial expenses			3
Other financial expenses.....	993.147	196.813	
	993.147	196.813	
Tax on profit/loss for the year			4
Calculated tax on taxable income of the year.....	0	707.515	
Adjustment of deferred tax.....	-358.228	58.466	
	-358.228	765.981	
Intangible assets			5
DKK	Intangible fixed assets acquired	Goodwill	
Cost at 1 January 2023.....	672.766	8.829.307	
Cost at 31 December 2023.....	672.766	8.829.307	
Amortisation at 1 January 2023.....	156.979	1.030.086	
Amortisation for the year.....	134.553	882.931	
Amortisation at 31 December 2023.....	291.532	1.913.017	
Carrying amount at 31 December 2023.....	381.234	6.916.290	

NOTES

			Note
Property, plant and equipment			6
	Other plants, machinery, tools and equipment	Leasehold improvements	
DKK			
Cost at 1 January 2023.....	7.089.900	864.000	
Additions.....	292.870	0	
Disposals.....	-45.676	0	
Cost at 31 December 2023.....	7.337.094	864.000	
Depreciation and impairment losses at 1 January 2023.....	5.815.977	14.400	
Reversal of depreciation of assets disposed of.....	-36.541	0	
Depreciation for the year.....	693.261	43.200	
Depreciation and impairment losses at 31 December 2023....	6.472.697	57.600	
Carrying amount at 31 December 2023.....	864.397	806.400	
 Financial non-current assets			 7
		Rent deposit and other receivables	
DKK			
Cost at 1 January 2023.....		2.970.537	
Additions.....		1.488	
Cost at 31 December 2023.....		2.972.025	
Carrying amount at 31 December 2023.....		2.972.025	
 Contingencies etc.			 8
Contingent liabilities			
Unrecognized liabilities under rental or lease agreements until maturity amounts totally to t.DKK 27.793 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:

	2023 DKK'000	2022 DKK'000
The following assets have been provided as security for debt		
Receivables from group enterprises.....	39.358	29.456
Trade receivables.....	2.684	4.548
Inventories.....	11.454	16.674
Plant and machinery.....	1.671	2.123

ACCOUNTING POLICIES

The Annual Report of Human Active Technology ApS for 2023 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 10 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 5 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:

	<i>Useful life</i>	<i>Residual value</i>
<i>Buildings.....</i>	<i>50 years</i>	<i>0 %</i>
<i>Other plant, fixtures and equipment.....</i>	<i>3-20 years</i>	<i>0</i>

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.

Financial non-current assets

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.