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BDO Statsautoriseret revisionsaktieselskab
Havneholmen 29
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CVR no. 20 22 26 70

RUFAC APS

FYNSVEJ 27, 5500 MIDDELFART

ANNUAL REPORT

1 OCTOBER 2019 - 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.

CVR NO. 31 87 39 16

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COMPANY DETAILS

Company	RUFAC ApS Fynsvej 27 5500 Middelfart	
	CVR No.:	31 87 39 16
	Established:	2 December 2008
	Registered Office:	Middelfart
	Financial Year:	1 October 2019 - 31 December 2020
Board of Directors	Mark Matvey Woods, chairman Kristen Leslie Manos Andre Puong David Alan Fox Brian Robert Kerr John Anthony Hogan Jr David Gordon Hoffman	
Executive Board	Claus Hansson	
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 RUFAC ApS for the financial year 1 October 2019 - 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 October 2019 - 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.

Middelfart, 18 June 2021

Executive Board

Claus Hansson

Board of Directors

Mark Matvey Woods Chairman	Kristen Leslie Manos	Andre Puong
David Alan Fox	Brian Robert Kerr	John Anthony Hogan Jr
David Gordon Hoffman		

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 October 2019 - 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 October 2019 - 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.

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'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 develops and manufactures ergonomic furniture.

Development in activities and financial and economic position
The financial figures include 15 months this year, as a result of the extention of the financial year until end of December, as the company during 2020 became a member of the American group Innovative Ergonomic Solutions.

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 – but below the expected.
A positive result is expected for the next financial year.

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 OCTOBER - 31 DECEMBER

	Note	2019/20 DKK	2018/19 DKK
GROSS PROFIT		**31.480.228**	**37.036.402**
Staff costs	1	-13.739.284	-7.174.183
Depreciation, amortisation and impairment		-1.249.075	-970.140
OPERATING PROFIT		**16.491.869**	**28.892.079**
Other financial income	2	600.808	1.382.182
Other financial expenses	3	-2.390.340	-184.039
PROFIT BEFORE TAX		**14.702.337**	**30.090.222**
Tax on profit/loss for the year	4	-3.272.596	-6.585.997
PROFIT FOR THE YEAR		**11.429.741**	**23.504.225**

PROPOSED DISTRIBUTION OF PROFIT

Extraordinary dividend		38.578.118	0
Retained earnings		-27.148.377	23.504.225
TOTAL		**11.429.741**	**23.504.225**

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2020 DKK	2019 DKK
Land and buildings		3.760.978	3.870.941
Other plants, machinery, tools and equipment		1.933.151	2.858.639
Property, plant and equipment	5	**5.694.129**	**6.729.580**
NON-CURRENT ASSETS		**5.694.129**	**6.729.580**
Raw materials and consumables		10.629.214	8.648.478
Inventories		**10.629.214**	**8.648.478**
Trade receivables		815.561	118.587
Receivables from group enterprises		19.064.728	57.629.834
Other receivables		467.166	1.233.616
Prepayments and accrued income		42.870	107.684
Receivables		**20.390.325**	**59.089.721**
Cash and cash equivalents		**777.573**	**10.040.630**
CURRENT ASSETS		**31.797.112**	**77.778.829**
ASSETS		**37.491.241**	**84.508.409**

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2020 DKK	2019 DKK
Share capital		125.000	125.000
Retained profit		25.576.573	52.550.150
EQUITY		**25.701.573**	**52.675.150**
Provision for deferred tax		55.394	100.000
PROVISIONS		**55.394**	**100.000**
Other liabilities		707.131	0
Non-current liabilities	6	**707.131**	**0**
Trade payables		5.474.538	14.680.006
Payables to group enterprises		0	7.507.608
Corporation tax		3.317.202	2.982.789
Joint taxation contribution payable		0	5.263.104
Other liabilities		2.235.403	1.299.752
Current liabilities		**11.027.143**	**31.733.259**
LIABILITIES		**11.734.274**	**31.733.259**
EQUITY AND LIABILITIES		**37.491.241**	**84.508.409**
Contingencies etc.	7		
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EQUITY

	Share capital	Retained profit	Proposed dividend	Total
Equity at 1 October 2019	125.000	52.550.150	0	52.675.150
Proposed profit allocation		-27.148.377	38.578.118	11.429.741
Transactions with owners				
Extraordinary dividend paid			-38.578.118	-38.578.118
Other legal bindings				
Other adjustments to equity value		174.800		174.800
Equity at 31 December 2020	**125.000**	**25.576.573**	**0**	**25.701.573**

NOTES

	2019/20 DKK	2018/19 DKK	Note
Staff costs			1
Average number of employees	23	19	
Wages and salaries	11.684.122	6.145.150	
Pensions	1.111.628	543.829	
Social security costs	624.959	322.943	
Other staff costs	318.575	162.261	
	13.739.284	**7.174.183**	
Other financial income			2
Group enterprises	600.808	911.798	
Other financial income	0	470.384	
	600.808	**1.382.182**	
Other financial expenses			3
Group enterprises	0	58.282	
Other financial expenses	2.390.340	125.757	
	2.390.340	**184.039**	
Tax on profit/loss for the year			4
Calculated tax on taxable income of the year	3.317.202	6.598.983	
Adjustment of tax for previous years	0	-34.986	
Adjustment of deferred tax	-44.606	22.000	
	3.272.596	**6.585.997**	

Property, plant and equipment 5

	Land and buildings	Other plants, machinery, tools and equipment
Cost at 1 October 2019	4.213.396	6.251.041
Additions	0	217.124
Disposals	0	-148.023
Cost at 31 December 2020	**4.213.396**	**6.320.142**
Depreciation and impairment losses at 1 October 2019	342.455	3.392.402
Reversal of depreciation of assets disposed of	0	-148.023
Depreciation for the year	109.963	1.142.612
Depreciation and impairment losses at 31 December 2020	**452.418**	**4.386.991**
Carrying amount at 31 December 2020	**3.760.978**	**1.933.151**

NOTES

Note

Long-term liabilities 6

	31/12 2020 total liabilities	Repayment next year	Debt outstanding after 5 years	30/9 2019 total liabilities
Other liabilities	969.182	262.051	707.131	0
	969.182	**262.051**	**707.131**	**0**

Contingencies etc. 7

Contingent liabilities
Unrecognized liabilities under rental or lease agreements until maturity amounts totally to t.DKK 296 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.

Charges and securities 8
Bank debt is secured by way of a company pledge with a security in an all-moneys mortage 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:

	2020 DKK'000	2019 DKK'000
Receivables from group enterprises	18.908	20.848
Trade receivables	816	119
Inventories	10.629	8.649
Plant and machinery	1.933	2.859

Bank debt is furthermore secured by a mortgage of DKK 8 million comprising real estate with a carrying amount of DKK 3,8 million.

ACCOUNTING POLICIES

The Annual Report of RUFAC ApS for 2019/20 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

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.

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. 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.

Impairment of fixed assets
The carrying amount of tangible assets 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.

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.