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Financial report 2020/2021

Maharam B.V.
at Amsterdam



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AUDITOR'S REPORT



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Adres • Marconibaan 59 B
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To the shareholders and management of
Maharam B.V.
Prins Hendriklaan 28
1075 BD Amsterdam

1 ENGAGEMENT

In accordance with your instructions we have compiled the annual account as of May 29, 2021 in comparison with June 12, 2020 of your company, including the balance sheet with counts of € 1,290,058 and the profit and loss account with a negative post-tax result of € 370,690.

2 ACCOUNTANT'S COMPILATION REPORT

The financial statements of Maharam B.V. at Amsterdam have been compiled by us using the information provided by you. The financial statements comprise the balance sheet as at May 29, 2021 and the profit and loss account for the year 6/12/2020 / 5/29/2021 with the accompanying explanatory notes. These notes include a summary of the accounting policies which have been applied.

This compilation engagement has been performed by us in accordance with Dutch law, including the Dutch Standard 4410, "Compilation engagements", which is applicable to accountants. The standard requires us to assist you in the preparation and presentation of the financial statements in accordance with Part 9 of Book 2 of the Civil Code. To this end we have applied our professional expertise in accounting and financial reporting.

In a compilation engagement, you are responsible for ensuring that you provide us with all relevant information and that this information is correct. Therefore, we have conducted our work, in accordance with the applicable regulations, on the assumption that you have fulfilled your responsibility. To conclude our work, we have read the financial statements as a whole to consider whether the financial statements as presented correspond with our understanding of Maharam B.V. We have not performed any audit or review procedures which would enable us to express an opinion or a conclusion as to the fair presentation of the financial statements.

During this engagement we have complied with the relevant ethical requirements prescribed by the "Verordening Gedrags- en Beroepsregels Accountants" (VGBA). You and other users of these financial statements may therefore assume that we have conducted the engagement in a professional, competent and objective manner and with due care and integrity and that we will treat all information provided to us as confidential.

Nieuwegein, October 29, 2021

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D. van Randwijk RA

3 FISCAL POSITION

3.1 Taxable amount 2020/2021

The taxable amount for 2020/2021 has been calculated as follows:

	<u>6/12/2020 / 5/29/2021</u>
	€
Result before taxes	(434,276)
<i>Differences in valuation:</i>	
8% compensation Danish branch	<u>(22,219)</u>
Taxable amount 2020/2021	<u><u>(456,495)</u></u>

The calculated corporate income tax amounts:

No corporate income tax is due over the taxable amount.

3.2 Tax losses available for set-off

As at May 29, 2021 the compensable losses amount to € 456,495. These losses can be compensated with future fiscal profits.

For these offsettable losses a deferred tax claim has been included which has been valued at the nominal tax rate of 15,0%.



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FINANCIAL STATEMENTS

1 BALANCE SHEET AS AT MAY 29, 2021
(after appropriation of results)

	<u>May 29, 2021</u>		<u>June 12, 2020</u>	
	€	€	€	€
ASSETS				
<u>FIXED ASSETS</u>				
<u>Financial fixed assets</u> (1)				
Other receivables		68,474		0
<u>CURRENT ASSETS</u>				
<u>Inventories</u> (2)		163,446		0
<u>Receivables, prepayments and accrued income</u> (3)				
Trade receivables	291,762		0	
Receivables from participants and from companies in which participation takes place	0		1	
Taxes and social securities	1,181		0	
		292,943		1
<u>Cash and cash equivalents</u> (4)		765,195		0
TOTAL OF ASSETS		<u>1,290,058</u>		<u>1</u>

	<u>May 29, 2021</u>		<u>June 12, 2020</u>	
	€	€	€	€
EQUITY AND LIABILITIES				
<u>EQUITY</u>	(5)			
Issued share capital	1		1	
Other reserves	(370,690)		0	
		(370,689)		1
<u>CURRENT LIABILITIES</u>	(6)			
Trade creditors	156,325		0	
Amounts due to participants and to companies in which participation takes place	1,185,509		0	
Payables to other related parties	107,334		0	
Taxes and social securities	23,767		0	
Accruals and deferred income	187,812		0	
		1,660,747		0
TOTAL OF EQUITY AND LIABILITIES		<u><u>1,290,058</u></u>		<u><u>1</u></u>

2 PROFIT AND LOSS ACCOUNT 2020/2021

	<u>6/12/2020 / 5/29/2021</u>	
	€	€
<u>NET TURNOVER</u>	(7)	1,053,186
Expenses		
Cost of raw materials and consumables	(8)	955,184
Employee expenses	(9)	454,360
Other operating expenses	(10)	74,748
<u>TOTAL OPERATING EXPENSES</u>		<u>1,484,292</u>
<u>OPERATING RESULT</u>		<u>(431,106)</u>
Financial income and expenses	(11)	<u>(3,170)</u>
<u>RESULT BEFORE TAX</u>		<u>(434,276)</u>
Taxes	(12)	<u>63,586</u>
<u>RESULT AFTER TAX</u>		<u><u>(370,690)</u></u>

3 NOTES TO THE FINANCIAL STATEMENTS

GENERAL

Activities

The activities of Maharam B.V. (CoC file 78276306), with registered offices in Amsterdam mainly consist of the following:

- a. to engage in the marketing, sales and reselling of products;
 - b. to incorporate, to participate in, to manage and supervise other enterprises and companies and to be and acts as a holding company;
 - c. to finance companies and enterprises;
 - d. to advise and render services to enterprises and companies with which the company is structurally associated in a group and to third parties;
 - e. to lend and borrow money and to attract funds under which to issue bonds, debt letters or other securities and to enter into agreements connected thereto;
 - f. to provide guarantees, to bind itself (severally) for debts and to provide security for the debts of enterprises and companies with which the company is structurally associated in a group and to third parties;
 - g. to acquire, manage, exploit and to sell registered property and assets in general;
 - h. to trade in and invest in currencies, securities and assets in general;
 - i. to exploit and trade in patents, trade marks, licenses, know how and other industrial and intellectual property rights;
 - j. to perform any financial, commercial and industrial activities,
- as well as to perform all that is connected with the above or maybe conducive thereto, all to be interpreted in the broadest sense.

GENERAL ACCOUNTING PRINCIPLES FOR THE PREPARATION OF THE ANNUAL ACCOUNTS

The annual accounts have been prepared in accordance with Title 9 Book 2 of the Dutch Civil Code. Valuation of assets and liabilities and determination of the result takes place under the historical cost convention. Unless presented otherwise at the relevant principle for the specific balance sheet item, assets and liabilities are presented at nominal value.

Income and expenses are accounted for on accrual basis. Profit is only included when realized on the balance sheet date. Losses originating before the end of the financial year are taken into account if they have become known before preparation of the financial statements.

Revenues from goods are recognised upon delivery. The cost price of these goods is allocated to the same period. Revenues from services are recognised in proportion to the services rendered. The cost price of these services is allocated to the same period.

Estimates

The preparation of financial statements in conformity with the relevant rules requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. If necessary for the purposes of providing the view required under Section 362(1), Book 2, of the Dutch Civil Code, the nature of these estimates and judgments, including the related assumptions, is disclosed in the notes to the financial statement items in question.

Foreign currency

Foreign currency balances are translated at the corresponding exchange rates prevailing on the balance sheet date. Foreign currency differences resulting from translation are recognised in the income statement.

Assets and liabilities in foreign currency are translated at the exchange rate prevailing as at balance sheet date. Transactions in foreign currency are translated at the exchange rate prevailing on the transaction date. Foreign currency differences resulting from translation at balance sheet date are recognised in the income statement.

The foreign currency components of both hedged balance sheet items and forward currency contracts that function as a hedging instrument, are recognised at the exchange rate at the balance sheet date.

The foreign currency component of forward currency contracts that function as a hedging instrument for hedging future transactions are measured at cost, as long as the hedged item has not yet been recognized in the balance sheet.

Foreign group companies and non-consolidated subsidiaries qualify as foreign operations with a functional currency other than that of the company. For the conversion of the financial statements of these foreign operations the exchange rate at the balance sheet date for balance sheet items and the exchange rates at the transaction dates for the items in the income statement. The translation differences that occur are recognised in equity.

ACCOUNTING PRINCIPLES APPLIED TO THE VALUATION OF ASSETS AND LIABILITIES

Financial fixed assets

Deferred tax assets are stated under the financial fixed assets if and to the extent it is probable that the tax claim can be realised in due course. The active deferrals are valued against the nominal value and are usually long-term.

The deferred tax claim based on the offsettable loss is valued at the nominal tax rate of 15%.

Inventories

Inventories of raw materials, consumables and goods for resale are valued at acquisition price or lower net realizable value. The lower net income value is determined by the individual assessment of the inventories.

Receivables and deferred assets

Upon initial recognition the receivables on and loans to participations and other receivables are valued at fair value and then valued at amortised cost, which equals the face value, after deduction of any provisions. The fair value and amortised cost equal the face value. Any provisions for the risk of doubtful debts are deducted. These provisions are determined based on individual assessment of the receivables.

Cash and cash equivalents

The cash is valued at face value. If cash equivalents are not freely disposable, then this has been taken into account in the valuation.

Current liabilities

On initial recognition current liabilities are recognised at fair value. After initial recognition current liabilities are recognised at the amortised cost price.

When there are no premiums, discounts or transaction costs, the amortised cost is equal to the nominal value.

ACCOUNTING PRINCIPLES FOR THE DETERMINATION OF THE RESULT

General

The result is defined as the difference between the revenue from goods delivered and services performed on one hand and, on the other hand, the costs and expenses for that year, valued at historical costs.

Net turnover

The net turnover consists of revenue from the sale of goods during the reporting period after deducting discounts, rebates and value added taxes.

Income from the sale of goods is accounted when the significant risks and rewards of ownership have been transferred to the buyer. The cost of these goods is accounted in the same period.

Pension premiums

Maharam B.V. applies the liability approach for all pension schemes. The premium payable during the financial year is charged to the result. Changes in the pension provision are also charged to the result. Please also refer to the valuation principles for assets and liabilities, under Provision for pensions. Reference is also made to the relevant notes with respect to pension schemes of foreign subsidiaries.

Financial income and expenses

Financial income and expenses comprise interest income and expenses for loans (issued and received) during the current reporting period.

Taxes

Corporate income tax is calculated at the applicable rate on the result for the financial year, taking into account permanent differences between profit calculated according to the annual account and profit calculated for taxation purposes, and with which deferred tax assets (if applicable) are only valued insofar as their realisation is likely.

4 NOTES TO THE BALANCE SHEET AS OF MAY 29, 2021

ASSETS

FIXED ASSETS

1. Financial fixed assets

	<u>5/29/2021</u>
	€
<u>Other receivables</u>	
Deferred tax claims	68,474
	<u>68,474</u>
	<u>6/12/2020 / 5/29/2021</u>
	€
<i>Deferred tax claims</i>	
Carrying amount as of June 12, 2020	0
Movement due to loss 2020/2021	68,474
Carrying amount as of May 29, 2021	<u>68,474</u>

As at May 29, 2021 the amount of tax losses, for which a deferred tax asset was recognized, is € 456,495.

CURRENT ASSETS

	<u>5/29/2021</u>
	€
2. <u>Inventories</u>	
Finished goods and goods for resale	163,446
	<u>163,446</u>
<u>Finished goods and goods for resale</u>	
Finished goods	165,981
Provision for finished goods and goods for resale	(2,535)
	<u>163,446</u>

3. Receivables, prepayments and accrued income

Trade receivables

Debtors	293,228
Doubtful debtor provision	(1,466)
	<u>291,762</u>

Taxes and social securities

	<u>5/29/2021</u>
	€
VAT	
VAT IT	<u>1,181</u>

4. Cash and cash equivalents

Euro bank account	678,449
GBP bank account	66,693
DKK bank account	19,916
Money in transit	<u>137</u>
	<u>765,195</u>

EQUITY AND LIABILITIES

5. EQUITY

	<u>5/29/2021</u>
	€
<u>Issued share capital</u>	
Subscribed and paid up 1 ordinary shares at par value € 1.00	1
	<u>1</u>
The statutory share capital amounts to € 1.	
	<u>6/12/2020 /</u>
	<u>5/29/2021</u>
	€
<u>Other reserves</u>	
Carrying amount as of June 12, 2020	0
Allocation of financial year nett result	(370,690)
	<u>(370,690)</u>
Carrying amount as of May 29, 2021	<u>(370,690)</u>

6. CURRENT LIABILITIES

	<u>5/29/2021</u>
	€
<u>Trade creditors</u>	
Creditors	156,325
	<u>156,325</u>
<u>Amounts due to participants and to companies in which participation takes place</u>	
Participating interest Maharam USA	1,185,509
	<u>1,185,509</u>
<u>Payables to other related parties</u>	
Herman Miller UK	107,334
	<u>107,334</u>
<u>Taxes and social securities</u>	
Corporate income tax	4,888
VAT	18,421
Pay-roll tax	458
	<u>23,767</u>

	<u>5/29/2021</u>
	€
<u>Corporate income tax</u>	
Income tax Danish branch	4,888
	<u><u>4,888</u></u>
<u>VAT</u>	
VAT NL	2,304
VAT UK	16,117
	<u>18,421</u>
	<u><u>18,421</u></u>
<u>Accruals and deferred income</u>	
Accrued salary payable	50,335
Accrued bonus payable	77,674
Accrued royalties payable	9,977
Other accrued expenses	49,826
	<u>187,812</u>
	<u><u>187,812</u></u>

5 NOTES TO THE PROFIT AND LOSS ACCOUNT 2020/2021

	6/12/2020 / 5/29/2021
	€
7. <u>Net turnover</u>	
Gross sales	1,297,151
Discounts	(220,331)
Sales returns	(23,581)
Cash discounts	(53)
	<u>1,053,186</u>
8. <u>Cost of raw materials and consumables</u>	
Standard direct material	807,219
Freight in	89,971
Freight out	68,014
Material variance	(10,020)
	<u>955,184</u>
9. <u>Employee expenses</u>	
Wages and salaries	430,186
Social security charges	911
Pension costs	23,263
	<u>454,360</u>
<u>Wages and salaries</u>	
Gross wages	168,102
Bonus	70,613
Allocated labour costs	191,471
	<u>430,186</u>
<u>Social security charges</u>	
Social charges	306
Health insurance	605
	<u>911</u>
<u>Pension costs</u>	
Pension costs	<u>23,263</u>
10. <u>Other operating expenses</u>	
Office expenses	1,545
Selling and distribution expenses	68,181
General expenses	5,022
	<u>74,748</u>

	6/12/2020 / 5/29/2021
	€
<u>Office expenses</u>	
Office supplies	1,545
<u>Selling and distribution expenses</u>	
Representation costs	4,368
Travelling expenses	14,837
Royalties	10,083
Allocation to accrual doubtful debtors	1,466
Sample expense	37,427
	<u>68,181</u>
<u>General expenses</u>	
Consultancy fees	<u>5,022</u>
11. <u>Financial income and expenses</u>	
Interest and similar income	1,284
Interest and similar expenses	(4,454)
	<u>(3,170)</u>
<u>Interest and similar income</u>	
Currency variance	<u>1,284</u>
<u>Interest and similar expenses</u>	
Bank charges	<u>(4,454)</u>
12. <u>Taxes</u>	
Movement of deferred tax assets	68,474
Income tax Danish branch	(4,888)
	<u>63,586</u>

Signing of the financial statements

Creation financial statements

The financial statements are created by the management.

Amsterdam, October 27, 2021



J.M. Stutz



J.H. Rice