

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6057(b) and 6058(a) of the Internal Revenue Code (the Code). <p style="text-align: center;">▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	OMB Nos. 1210-0110 1210-0089 2021 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2021 or fiscal plan year beginning <u>01/01/2021</u> and ending <u>12/31/2021</u>	
A	This return/report is for: <div style="display: flex; justify-content: space-between;"> <div> ☐ a multiemployer plan ☒ a single-employer plan </div> <div> ☐ a multiple-employer plan (Filers checking this box must attach a list of participating employer information in accordance with the form instructions.) ☐ a DFE (specify) _____ </div> </div>
B	This return/report is: <div style="display: flex; justify-content: space-between;"> <div> ☐ the first return/report ☒ an amended return/report </div> <div> ☐ the final return/report ☐ a short plan year return/report (less than 12 months) </div> </div>
C	If the plan is a collectively-bargained plan, check here. ▶ ☐
D	Check box if filing under: <div style="display: flex; justify-content: space-between;"> <div> ☒ Form 5558 ☐ special extension (enter description) </div> <div> ☐ automatic extension ☐ the DFVC program </div> </div>
E	If this is a retroactively adopted plan permitted by SECURE Act section 201, check here. ▶ ☐

Part II	Basic Plan Information—enter all requested information
1a	Name of plan <u>NORWALK FURNITURE, INC. EMPLOYEE STOCK OWNERSHIP PLAN</u>
1b	Three-digit plan number (PN) ▶ <u>002</u>
1c	Effective date of plan <u>01/01/2020</u>
2a	Plan sponsor's name (employer, if for a single-employer plan) Mailing address (include room, apt., suite no. and street, or P.O. Box) City or town, state or province, country, and ZIP or foreign postal code (if foreign, see instructions) <u>NORWALK FURNITURE, INC.</u> <u>100 FURNITURE PKWY</u> <u>NORWALK, OH 44857</u>
2b	Employer Identification Number (EIN) <u>26-3402928</u>
2c	Plan Sponsor's telephone number <u>419-744-3200</u>
2d	Business code (see instructions) <u>423200</u>

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/17/2022	TROY PITTENGER
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	10/17/2022	TROY PITTENGER
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Form 5500 (2021)
v. 210624

3a Plan administrator's name and address ☒ Same as Plan Sponsor		3b Administrator's EIN	
		3c Administrator's telephone number	
4 If the name and/or EIN of the plan sponsor or the plan name has changed since the last return/report filed for this plan, enter the plan sponsor's name, EIN, the plan name and the plan number from the last return/report: a Sponsor's name c Plan Name		4b EIN 4d PN	
5 Total number of participants at the beginning of the plan year		5	212
6 Number of participants as of the end of the plan year unless otherwise stated (welfare plans complete only lines 6a(1) , 6a(2) , 6b , 6c , and 6d).			
a(1) Total number of active participants at the beginning of the plan year.....		6a(1)	172
a(2) Total number of active participants at the end of the plan year		6a(2)	201
b Retired or separated participants receiving benefits.....		6b	0
c Other retired or separated participants entitled to future benefits		6c	7
d Subtotal. Add lines 6a(2) , 6b , and 6c		6d	208
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.		6e	0
f Total. Add lines 6d and 6e		6f	208
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item)		6g	208
h Number of participants who terminated employment during the plan year with accrued benefits that were less than 100% vested		6h	13
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item).....		7	
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 2I 2P 3I			
b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:			
9a Plan funding arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor		9b Plan benefit arrangement (check all that apply) (1) ☐ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)			
a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☐ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary		b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☐ A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☐ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)	

Part III Form M-1 Compliance Information (to be completed by welfare benefit plans)

11a If the plan provides welfare benefits, was the plan subject to the Form M-1 filing requirements during the plan year? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

If "Yes" is checked, complete lines 11b and 11c.

11b Is the plan currently in compliance with the Form M-1 filing requirements? (See instructions and 29 CFR 2520.101-2.) ☐ Yes ☐ No

11c Enter the Receipt Confirmation Code for the 2021 Form M-1 annual report. If the plan was not required to file the 2021 Form M-1 annual report, enter the Receipt Confirmation Code for the most recent Form M-1 that was required to be filed under the Form M-1 filing requirements. (Failure to enter a valid Receipt Confirmation Code will subject the Form 5500 filing to rejection as incomplete.)

Receipt Confirmation Code _____

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2021
		This Form is Open to Public Inspection.

For calendar plan year 2021 or fiscal plan year beginning 01/01/2021 and ending 12/31/2021		
A Name of plan NORWALK FURNITURE, INC. EMPLOYEE STOCK OWNERSHIP PLAN	B Three-digit plan number (PN) ▶	002
C Plan sponsor's name as shown on line 2a of Form 5500 NORWALK FURNITURE, INC.	D Employer Identification Number (EIN) 26-3402928	

Part I	Service Provider Information (see instructions)
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You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☐ Yes ☒ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation
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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3. If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

SCHEDULE H (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2021 This Form is Open to Public Inspection		
For calendar plan year 2021 or fiscal plan year beginning <u>01/01/2021</u> and ending <u>12/31/2021</u>				
A Name of plan <u>NORWALK FURNITURE, INC. EMPLOYEE STOCK OWNERSHIP PLAN</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%; padding: 5px;"> B Three-digit plan number (PN) ► </td> <td style="width: 20%; padding: 5px; text-align: center;"> <u>002</u> </td> </tr> </table>		B Three-digit plan number (PN) ►	<u>002</u>
B Three-digit plan number (PN) ►	<u>002</u>			
C Plan sponsor's name as shown on line 2a of Form 5500 <u>NORWALK FURNITURE, INC.</u>	D Employer Identification Number (EIN) <u>26-3402928</u>			

Part I	Asset and Liability Statement		
1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.			
Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash.....		1a	
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions		1b(1)	2000000644680
(2) Participant contributions.....		1b(2)	
(3) Other		1b(3)	
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)		1c(1)	
(2) U.S. Government securities		1c(2)	
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred		1c(3)(A)	
(B) All other.....		1c(3)(B)	
(4) Corporate stocks (other than employer securities):			
(A) Preferred		1c(4)(A)	
(B) Common		1c(4)(B)	
(5) Partnership/joint venture interests		1c(5)	
(6) Real estate (other than employer real property)		1c(6)	
(7) Loans (other than to participants).....		1c(7)	
(8) Participant loans		1c(8)	
(9) Value of interest in common/collective trusts		1c(9)	
(10) Value of interest in pooled separate accounts		1c(10)	
(11) Value of interest in master trust investment accounts		1c(11)	
(12) Value of interest in 103-12 investment entities		1c(12)	
(13) Value of interest in registered investment companies (e.g., mutual funds)		1c(13)	
(14) Value of funds held in insurance company general account (unallocated contracts).....		1c(14)	
(15) Other.....		1c(15)	

		(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:		
(1)	Employer securities.....	1d(1)	760000
(2)	Employer real property.....	1d(2)	
e	Buildings and other property used in plan operation	1e	
f	Total assets (add all amounts in lines 1a through 1e)	1f	2000000 1404680
Liabilities			
g	Benefit claims payable	1g	
h	Operating payables	1h	
i	Acquisition indebtedness.....	1i	
j	Other liabilities.....	1j	14698968
k	Total liabilities (add all amounts in lines 1g through 1j)	1k	0 14698968
Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l	2000000 -13294288

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

		(a) Amount	(b) Total
Income			
a	Contributions:		
(1)	Received or receivable in cash from: (A) Employers	2a(1)(A)	644680
	(B) Participants	2a(1)(B)	
	(C) Others (including rollovers).....	2a(1)(C)	
(2)	Noncash contributions.....	2a(2)	
(3)	Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)	644680
b	Earnings on investments:		
(1)	Interest:		
	(A) Interest-bearing cash (including money market accounts and certificates of deposit).....	2b(1)(A)	
	(B) U.S. Government securities	2b(1)(B)	
	(C) Corporate debt instruments	2b(1)(C)	
	(D) Loans (other than to participants)	2b(1)(D)	
	(E) Participant loans.....	2b(1)(E)	
	(F) Other	2b(1)(F)	
	(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)	0
(2)	Dividends: (A) Preferred stock.....	2b(2)(A)	
	(B) Common stock	2b(2)(B)	
	(C) Registered investment company shares (e.g. mutual funds).....	2b(2)(C)	
	(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)	0
(3)	Rents	2b(3)	
(4)	Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)	
	(B) Aggregate carrying amount (see instructions).....	2b(4)(B)	
	(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)	0
(5)	Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)	
	(B) Other	2b(5)(B)	-15740000
	(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)	-15740000

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts.....	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts.....	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts.....	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities.....	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		-15095320
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers.....	2e(1)	0	
(2) To insurance carriers for the provision of benefits.....	2e(2)		
(3) Other.....	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		0
f Corrective distributions (see instructions).....	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		198968
i Administrative expenses: (1) Professional fees.....	2i(1)		
(2) Contract administrator fees.....	2i(2)		
(3) Investment advisory and management fees.....	2i(3)		
(4) Other.....	2i(4)		
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		0
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		198968
Net Income and Reconciliation			
k Net income (loss). Subtract line 2j from line 2d.....	2k		-15294288
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan.....	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☒ Unmodified (2) ☐ Qualified (3) ☐ Disclaimer (4) ☐ Adverse

b Check the appropriate box(es) to indicate whether the IQPA performed an ERISA section 103(a)(3)(C) audit. Check both boxes (1) and (2) if the audit was performed pursuant to both 29 CFR 2520.103-8 and 29 CFR 2520.103-12(d). Check box (3) if pursuant to neither.

(1) ☐ DOL Regulation 2520.103-8 (2) ☐ DOL Regulation 2520.103-12(d) (3) ☒ neither DOL Regulation 2520.103-8 nor DOL Regulation 2520.103-12(d).

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: **PAYNE NICKLES & COMPANY**

(2) EIN: **34-1664586**

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....

	Yes	No	Amount
4a		X	

	Yes	No	Amount
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)			
4b		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)			
4c		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.)			
4d		X	
e Was this plan covered by a fidelity bond?	X		200000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
4f		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?			
4g		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?			
4h		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.)	X		
4i	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked and see instructions for format requirements.)	X		
4j	X		
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?		X	
4k		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
4l		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)		X	
4m		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			
4n			

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? ☐ Yes ☒ No
If "Yes," enter the amount of any plan assets that reverted to the employer this year _____.

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

5c Was the plan a defined benefit plan covered under the PBGC insurance program at any time during this plan year? (See ERISA section 4021 and instructions.) ☐ Yes ☐ No ☐ Not determined
If "Yes" is checked, enter the My PAA confirmation number from the PBGC premium filing for this plan year _____.

<div>SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation</div>	<div>Retirement Plan Information</div> <div>This schedule is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).</div> <div>► File as an attachment to Form 5500.</div>	<div>OMB No. 1210-0110</div> <div>2021</div> <div>This Form is Open to Public Inspection.</div>
---	--	---

For calendar plan year 2021 or fiscal plan year beginning 01/01/2021 and ending 12/31/2021

A Name of plan NORWALK FURNITURE, INC. EMPLOYEE STOCK OWNERSHIP PLAN	B Three-digit plan number (PN) ► 002
C Plan sponsor's name as shown on line 2a of Form 5500 NORWALK FURNITURE, INC.	D Employer Identification Number (EIN) 26-3402928

Part I	Distributions
---------------	----------------------

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1	0
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): _____ Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year	3	

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part.)
----------------	---

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?	☐ Yes	☐ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount)	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?	☐ Yes	☐ No	☐ N/A

Part III	Amendments
-----------------	-------------------

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☐ No
--	-----------------------------------	-----------------------------------	-------------------------------	-----------------------------

Part IV	ESOPs (see instructions). If this is not a plan described under section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
----------------	---

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?	☐ Yes	☒ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☒ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)	☐ Yes	☒ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☒ Yes	☐ No

For Paperwork Reduction Act Notice, see the Instructions for Form 5500.

Schedule R (Form 5500) 2021
v. 201209

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of deferred vested and retired participants (inactive participants), as of the beginning of the plan year, whose contributing employer is no longer making contributions to the plan for:

a The current plan year. Check the box to indicate the counting method used to determine the number of inactive participants: ☐ last contributing employer ☐ alternative ☐ reasonable approximation (see instructions for required attachment).....

14a

b The plan year immediately preceding the current plan year. ☐ Check the box if the number reported is a change from what was previously reported (see instructions for required attachment).....

14b

c The second preceding plan year. ☐ Check the box if the number reported is a change from what was previously reported (see instructions for required attachment).....

14c

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year.....

15a

b The corresponding number for the second preceding plan year.....

15b

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year.....

16a

b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers.....

16b

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment..... ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment..... ☐

- 19** If the total number of participants is 1,000 or more, complete lines (a) through (c)

a Enter the percentage of plan assets held as:

Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:

☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate line 19(b)?

☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____

- 20 PBGC missed contribution reporting requirements.** If this is a multiemployer plan or a single-employer plan that is not covered by PBGC, skip line 20.

a Is the amount of unpaid minimum required contributions for all years from Schedule SB (Form 5500) line 40 greater than zero? ☐ Yes ☐ No

b If line 20a is "Yes," has PBGC been notified as required by ERISA sections 4043(c)(5) and/or 303(k)(4)? Check the applicable box:

☐ Yes.

☐ No. Reporting was waived under 29 CFR 4043.25(c)(2) because contributions equal to or exceeding the unpaid minimum required contribution were made by the 30th day after the due date.

☐ No. The 30-day period referenced in 29 CFR 4043.25(c)(2) has not yet ended, and the sponsor intends to make a contribution equal to or exceeding the unpaid minimum required contribution by the 30th day after the due date.

☐ No. Other. Provide explanation _____

NORWALK FURNITURE

NORWALK FURNITURE, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

FINANCIAL STATEMENTS
WITH SUPPLEMENTAL INFORMATION

DECEMBER 31, 2021 AND 2020



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Payne Nickles & Company

Certified Public Accountants and Business Advisors

INDEPENDENT AUDITORS' REPORT

To the Plan Administrator of
Norwalk Furniture, Inc. Employee
Stock Ownership Plan
Norwalk, Ohio

Opinion

We have audited the accompanying financial statements of Norwalk Furniture, Inc. Employee Stock Ownership Plan, an employee benefit plan subject to the Employee Retirement Income Security Act Of 1974 (ERISA), which comprise the statements of net assets (deficit) available for benefits as of December 31, 2021 and 2020, and the related statement of changes in net assets (deficit) available for benefits for the year ended December 31, 2021, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of Norwalk Furniture, Inc. Employee Stock Ownership Plan as of December 31, 2021 and 2020, and the changes in its net assets available for benefits for the year ended December 31, 2021, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Norwalk Furniture, Inc. Employee Stock Ownership Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Norwalk Furniture, Inc. Employee Stock Ownership Plan's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Management is also responsible for maintaining a current plan instrument, including all plan amendments, administering the plan, and determining that the plan's transactions that are presented and disclosed in the financial statements are in conformity with the plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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 Norwalk Furniture, Inc. Employee Stock Ownership Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Norwalk Furniture, Inc. Employee Stock Ownership Plan's ability to continue as a going concern for a reasonable period of time.



We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplemental Schedules Required by ERISA

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of assets (held at end of year) and schedule of reportable transactions are presented for the purpose of additional analysis and are not a required part of the financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with generally accepted auditing standards.

In forming our opinion on the supplemental schedules, we evaluated whether the supplemental schedules, including their form and content, are presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

In our opinion, the information in the accompanying schedules is fairly stated, in all material respects, in relation to the financial statements as a whole, and the form and content are presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

Payne, Nickles & Company

Norwalk, Ohio
October 14, 2022



NORWALK FURNITURE, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

STATEMENTS OF NET ASSETS (DEFICIT) AVAILABLE FOR BENEFITS

DECEMBER 31, 2021 AND 2020

	2021			2020		
	ALLOCATED	UNALLOCATED	TOTAL	ALLOCATED	UNALLOCATED	TOTAL
ASSETS:						
INVESTMENT IN NORWALK FURNITURE, INC. COMMON STOCK, AT FAIR VALUE	\$ 92,695	\$ 667,305	\$ 760,000	\$ 0	\$ 0	\$ 0
EMPLOYER CONTRIBUTION RECEIVABLE	<u>0</u>	<u>644,680</u>	<u>644,680</u>	<u>0</u>	<u>2,000,000</u>	<u>2,000,000</u>
TOTAL ASSETS	<u>92,695</u>	<u>1,311,985</u>	<u>1,404,680</u>	<u>0</u>	<u>2,000,000</u>	<u>2,000,000</u>
LIABILITIES:						
INTEREST PAYABLE	0	92,351	92,351	0	0	0
NOTE PAYABLE	<u>0</u>	<u>14,500,000</u>	<u>14,500,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL LIABILITIES	<u>0</u>	<u>14,592,351</u>	<u>14,592,351</u>	<u>0</u>	<u>0</u>	<u>0</u>
NET ASSETS (DEFICIT) AVAILABLE FOR BENEFITS	\$ <u>92,695</u>	\$ <u>(13,280,366)</u>	\$ <u>(13,187,671)</u>	\$ <u>0</u>	\$ <u>2,000,000</u>	\$ <u>2,000,000</u>

SEE INDEPENDENT AUDITORS' REPORT AND ACCOMPANYING NOTES.

NORWALK FURNITURE, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

STATEMENT OF CHANGES IN NET ASSETS (DEFICIT) AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021		
	<u>ALLOCATED</u>	<u>UNALLOCATED</u>	<u>TOTAL</u>
ADDITIONS TO NET ASSETS ATTRIBUTED TO:			
EMPLOYER CONTRIBUTIONS	0	644,680	644,680
ALLOCATION OF 12,196.7169 SHARES OF COMMON STOCK OF NORWALK FURNITURE, INC., AT FAIR VALUE	<u>92,695</u>	<u>0</u>	<u>92,695</u>
TOTAL ADDITIONS	92,695	644,680	737,375
DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:			
Net realized and unrealized depreciation in fair value of investments	0	15,740,000	15,740,000
Interest expense	0	92,351	92,351
Allocation of 12,196.7169 shares of common stock of Norwalk Furniture, Inc., at fair value	<u>0</u>	<u>92,695</u>	<u>92,695</u>
TOTAL DEDUCTIONS	<u>0</u>	<u>15,925,046</u>	<u>15,925,046</u>
NET INCREASE (DECREASE)	92,695	(15,280,366)	(15,187,671)
NET ASSETS (DEFICIT) AVAILABLE FOR BENEFITS, BEGINNING OF YEAR	<u>0</u>	<u>2,000,000</u>	<u>2,000,000</u>
NET ASSETS (DEFICIT) AVAILABLE FOR BENEFITS, END OF YEAR	<u>\$ 92,695</u>	<u>\$ (13,280,366)</u>	<u>\$ (13,187,671)</u>



NORWALK FURNITURE, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

NOTE A...DESCRIPTION OF PLAN:

The following description of the Norwalk Furniture, Inc. Employee Stock Ownership Plan (the Plan) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

GENERAL. Norwalk Furniture, Inc. (the Company) established the Norwalk Furniture, Inc. Employee Stock Ownership Plan (the Plan) effective as of January 1, 2020. The Plan operates as a leveraged employee stock ownership plan (ESOP), and is designed to comply with Section 4975(e)(7) and the regulations thereunder of the Internal Revenue Code of 1986, as amended (Code) and is subject to the applicable provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Plan covers substantially all employees of the Company who have completed one year of service and are age 18 or older.

CONTRIBUTIONS. The Company is obligated to make a contribution in cash to the Plan which, when aggregated with the Plan's dividends and interest earnings, equal the amount necessary to enable the Plan to make its regularly scheduled payments of principal and interest due on its term loan. Additional amounts may be contributed at the discretion of Company management. Contributions are subject to certain limitations.

COMPANY STOCK. On August 31, 2021, the Plan purchased 100,000 shares of the Company's common stock with a loan of \$16,500,000 and holds the common stock in a trust established under the Plan.

The borrowing is collateralized by the unallocated shares of common stock. The lender has no rights against shares of common stock once they are allocated to participants in accordance with the terms of the ESOP. Accordingly, the financial statements of the Plan as of December 31, 2021 and 2020, and for the year ended December 31, 2021, present separately the assets and liabilities and changes therein pertaining to:

- (a) the accounts of employees with rights in allocated common stock (Allocated) and
- (b) common stock not yet allocated to employees (Unallocated).

VOTING RIGHTS. The Trustee, at the direction of the plan administrator, is entitled to exercise voting rights attributable to Company common stock held in the Trust. However, each participant or beneficiary is entitled to exercise voting rights with respect to the approval or disapproval of any corporate merger, consolidation, liquidation or such similar transactions.



NORWALK FURNITURE, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

NOTE A...DESCRIPTION OF PLAN (CONT.):

PARTICIPANT ACCOUNTS. The Plan is a defined contribution plan under which a separate individual account is established for each participant. Each participant's account is credited each plan year with an allocation of shares of the Company's common stock released by the Trustee from the unallocated account and forfeitures of terminated participant's nonvested accounts. Only those participants who are eligible employees of the Company during the plan year will receive an allocation. Allocations are based on a point system of both years of service and eligible compensation, relative to total eligible participant's points. Plan earnings are allocated to each participant's account based on the ratio of their account balance to all participants' account balances, as defined.

DIVERSIFICATION. Participants who are at least age 55 with at least 10 years of participation in the Plan may elect to diversify a portion of their account. Diversification is offered to each eligible participant over a six-year period. In each of the first five years, a participant may diversify up to 25 percent of the number of shares allocated to his or her account. In the sixth year, the percentage changes to 50 percent.

VESTING. Participant vesting is based on years of continuous service. After one year of credited service, participants vest 20 percent per year of credited service and are 100 percent vested after six years of credited service. Participants also become 100 percent vested upon attainment of normal retirement age (65), death, or permanent disability.

PAYMENT OF BENEFITS. No distributions from the Plan will be made until a participant retires, becomes disabled, dies (in which case, payment shall be made to his or her beneficiary or, if none, his or her legal representatives), or otherwise terminates employment with the Company. Distributions equal to the value of the participant's vested interest in his or her account in either a lump-sum amount or in annual installments over a certain period of time, subject to the Plan provisions.

FORFEITURES. Forfeitures represent the nonvested portion of withdrawing participants' accounts and are generally not used to reduce the Company's contribution to the Plan. Forfeitures allocated to Participants in 2021 and 2020 were \$1,697 and \$0, respectively. Forfeited nonvested accounts to be allocated to participant accounts in future years as of December 31, 2021 and 2020 were \$919 and \$0, respectively.

NOTE B...SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

1. BASIS OF ACCOUNTING

The financial statements of the Plan are prepared under the accrual basis of accounting.



NORWALK FURNITURE, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

NOTE B...SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):

2. INVESTMENT VALUATION AND INCOME RECOGNITION

The common stock of the Company is reported at fair value. Fair value is determined by annual independent appraisal. The Plan's remaining investments are also stated at fair value. Quoted market prices are used to value these investments. The Plan's Trustee and Administrative Committee determines the Plan's valuation policies utilizing information provided by the independent third-party appraiser. See Note F for further discussion of the fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation or depreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

3. RISKS AND UNCERTAINTIES

The Plan investments consist primarily of the Company's common stock, which is exposed to various risks such as interest rate, market, and credit risks, as well as valuation assumptions based on earnings, cash flows and/or other such techniques. Due to the level of risk associated with the investment in the common stock and to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in the value of the common stock will occur in the near term and that such changes could materially affect the amounts reported in the statement of net assets available for plan benefits.

4. PAYMENT OF BENEFITS

Benefits are recorded when paid.

5. ADMINISTRATIVE EXPENSES

The Plan incurs professional service fees related to plan administration. The Company absorbs most of the administrative expenses related to professional service fees on behalf of the Plan. Expenses absorbed by the Company have not been reflected in the financial statements.

6. USE OF ESTIMATES

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the Plan's management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.



NORWALK FURNITURE, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

NOTE B...SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):

7. SUBSEQUENT EVENTS

The Plan has evaluated subsequent events through October 14, 2022, the date which the financial statements were available for issue.

NOTE C...CONCENTRATION OF CREDIT RISK:

The Plan has a potential concentration of credit risk in that it sometimes maintains deposits with financial institutions in excess of federally insured limits. As of December 31, 2021 and 2020, there were no excess deposits.

NOTE D...ADMINISTRATION OF PLAN ASSETS:

The Plan's assets, which consist principally of Company stock, are held by the Trustee of the Plan. Company contributions are held and managed by the Trustee, who invests cash received, interest, and dividend income and makes distributions to participants. The Trustee also administers the payment of interest and principal on the loan, which is reimbursed to the Trustee through contributions as determined by the Company. Certain administrative functions are performed by officers or employees of the Company. No such officer or employee receives compensation from the Plan.

NOTE E...INVESTMENTS:

The Plan's investments, at December 31, 2021 and 2020, are presented in the following table:

	2021		2020	
	<u>ALLOCATED</u>	<u>UNALLOCATED</u>	<u>ALLOCATED</u>	<u>UNALLOCATED</u>
Norwalk Furniture, Inc. common stock:				
Number of shares	<u>12,196.7169</u>	<u>87,803.2831</u>	<u>0.0000</u>	<u>0.0000</u>
Cost	\$ <u>2,012,458</u>	\$ <u>14,487,542</u>	\$ <u>0</u>	\$ <u>0</u>
Estimated fair value	\$ <u>92,695</u>	\$ <u>667,305</u>	\$ <u>0</u>	\$ <u>0</u>



NORWALK FURNITURE, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

NOTE F...FAIR VALUE MEASUREMENTS:

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

Norwalk Furniture, Inc. common stock: valued at fair value on December 31 and is discussed more fully below.

The following tables set forth by level, within the fair value hierarchy, the Plan's s fair value measurements at December 31, 2021 and 2020.



NORWALK FURNITURE, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

NOTE F...FAIR VALUE MEASUREMENTS (CONT.):

Fair Value Measurements at December 31, 2021			
Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total
Investment in Norwalk Furniture, Inc. common stock	\$ 0	\$ 760,000	\$ 760,000
TOTAL ASSETS AT FAIR VALUE.....	\$ 0	\$ 760,000	\$ 760,000

Fair Value Measurements at December 31, 2020			
Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total
Investment in Norwalk Furniture, Inc. common stock	\$ 0	\$ 0	\$ 0
TOTAL ASSETS AT FAIR VALUE.....	\$ 0	\$ 0	\$ 0

Significant Unobservable Inputs Level 3 Year ended December 31, 2021 Investment in Norwalk Furniture, Inc. common stock	
Beginning balance	\$ 0
Purchases, sales, issuances and settlements (net)	16,500,000
Unrealized loss related to instruments still held at the reporting date	(15,740,000)
ENDING BALANCE.....	\$ 760,000



NORWALK FURNITURE, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

NOTE F...FAIR VALUE MEASUREMENTS (CONT.):

The amount of total investment losses for the period included in changes in net assets attributable to the change in unrealized losses relating to assets still held at December 31, 2021 was \$15,740,000. Gains and losses (realized and unrealized) included in changes in net assets for the period above are reported in net realized and unrealized appreciation or depreciation in fair value of investments in the Statement of Changes in Net Assets Available for Benefits.

Following is a description of the valuation methodologies used for Level 3 assets measured at fair value.

The fair value of Norwalk Furniture, Inc. common stock held by the Plan is valued at fair value based upon an independent appraisal. This appraisal utilized both an income approach and a market approach to determine value. The appraiser utilized the discounted cash flow method which is an income approach that values a business based upon an expected future benefit stream (net cash flow) and discounts that benefit stream back to present value with an appropriate risk adjusted rate of return. They used discounted cash flow assumptions prepared by management for 2022-2026 to arrive at a conclusion of value. When applying a market approach, they utilized the guideline public company method. They identified public companies in the same or similar lines of business as the Company. They reviewed various pricing relationships among the guideline companies, specifically Market Value of Invested Capital to EBITDA and EBIT to compute pricing multiples. After adjusting for qualitative difference such as size, growth, and profitability between the guideline companies and the Company, they then applied those adjusted pricing multiples to the Company's projected 2022 EBITDA and EBIT to determine a conclusion of value. Lastly, they applied a weighting to the income approach and market approach valuation conclusions to determine the Freely Traded Value of Total Invested Capital. They then considered the impact of excess assets on hand and subtracted the value of Company debt to arrive at the Freely Traded Value of Total Equity. Plan management has also concluded that a market participant would recognize a five percent discount for lack of marketability.

The valuation process involves Plan management's selection of an independent appraiser under a contract that is negotiated annually. Plan management accumulates the data for the appraiser from the reviewed financial statements of the Company. The appraiser prepares a preliminary report that Plan management, along with the Plan trustee, reviews in detail, discusses and approves. The results of this process are documented in various meeting minutes.



NORWALK FURNITURE, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

NOTE F...FAIR VALUE MEASUREMENTS (CONT.):

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE G...NOTE PAYABLE:

In August 2021, the Plan entered into a \$16,500,000 promissory note agreement with the Company. The proceeds of the note were used to purchase the Company's common stock. Unallocated shares are collateral for the loan. Shares are released from collateral and allocated to participants as payments of principal and interest are made. The number of shares released in any year is the number of shares held as collateral, times the ratio of the current year payments divided by the total of this year's payments, plus all future years' principal and interest payments. This resulted in 12,196.7169 shares being released and allocated for the plan year ended December 31, 2021.

The agreement provides for the note to be repaid over thirty-five years and bears interest at a rate of 1.89% per annum. The fair value of the note payable as of December 31, 2021 and 2020, was approximately \$14,500,000 and \$0, respectively, determined by using interest rates currently available for issuance of debt with similar terms, maturity dates, and nonperformance risk.

The scheduled amortization of the note for the next five years and thereafter is as follows:

2022.....	\$ 844,120
2023.....	301,870
2024.....	307,576
2025.....	313,389
2026.....	319,312
Thereafter.....	12,413,733

NOTE H...PLAN TERMINATION:

Although it has not expressed any intent to do so, the Company reserves the right to discontinue its contributions or terminate the Plan at any time, subject to Plan and ERISA provisions. Generally, participants will become 100 percent vested in their accounts. Upon such termination of the Plan, the interest of each participant in the trust fund will be distributed to such participant or his or her beneficiary at the time prescribed by the Plan provisions and the Code.



NORWALK FURNITURE, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

NOTE I...TAX STATUS:

As of October 14, 2022, the Company had not been notified by the Internal Revenue Service that the Plan is qualified and the trust established under the Plan is tax-exempt under the appropriate sections of the Code. The plan administrator and the Plan's tax counsel believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the Code. Therefore, they believe that the Plan was qualified and the related trust was tax-exempt as of the financial statement date.

Accounting principles generally accepted in the United States of America requires plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would be sustained upon examination by the Internal Revenue Service. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any periods in progress.

NOTE J...RELATED PARTY AND PARTY IN INTEREST TRANSACTIONS:

The Plan invests in Company common stock and has indebtedness to the Company. These are related party and party in interest transactions. As described in Note B, the Company pays all plan expenses. The Plan has a number of service providers. Such providers are parties in interest under ERISA.

NOTE K...ESTIMATED BENEFITS PAID IN 2022:

The amount of estimated benefits applied for prior to December 31, 2021 and that are to be paid by December 31, 2022 are \$0.

NOTE L...RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500:

The following is a reconciliation of net assets available for benefits for the financial statements at December 31, 2021 and 2020 to Form 5500:

	<u>2021</u>	<u>2020</u>
Net assets (deficit) available for benefits per the financial statements	\$ (13,187,671)	\$ 2,000,000
Interest payable	<u>(106,617)</u>	<u>0</u>
Net assets (deficit) available for benefits per the Form 5500.....	<u>\$ (13,294,288)</u>	<u>\$ 2,000,000</u>



NORWALK FURNITURE, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

NOTE L...RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500 (CONT.):

The following is a reconciliation of interest expense accrued per the financial statements for the year ending December 31, 2021 to Form 5500:

Interest expense accrued per the financial statements	\$ 92,351
Add: Interest payable per Form 5500	<u>106,617</u>
Interest expense per Form 5500.....	\$ <u>198,968</u>

Interest expense is accrued on the Form 5500 through the date of the first loan payment paid in May 2022.



SUPPLEMENTAL INFORMATION



FINANCIAL SCHEDULES

SCHEDULE H, LINE 4i
(FORM 5500)

2021

For calendar plan year 2021
NORWALK FURNITURE, INC.
NORWALK FURNITURE, INC. EMPLOYEE STOCK OWNERSHIP PLANEIN: 26-3402928
PLAN: 002

SCHEDULE OF ASSETS (HELD AT END OF YEAR)

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment, including maturity date, rate of interest, collateral, par, or maturity value	(d) Cost	(e) Current value
*	norwalk furniture, inc.	100,000 shares common stock	16,500,000	760,000
			16,500,000	760,000

SEE INDEPENDENT AUDITORS' REPORT.



FINANCIAL SCHEDULES

SCHEDULE H, ITEM 4J
(FORM 5500)

2021

For calendar plan year 2021
NORWALK FURNITURE, INC.
NORWALK FURNITURE, INC. EMPLOYEE STOCK OWNERSHIP PLAN

EIN: 26-3402928
PLAN: 002

SCHEDULE OF REPORTABLE TRANSACTIONS

(a) Identity of party involved	(b) Description of asset	(c) Purchase price	(d) Selling price	(e) Lease rental	(f) Expense incurred with transaction	(g) Cost of asset	(h) Current value of asset on transaction date	(i) Net gain or (loss)
norwalk furniture, inc.	100,000 shares common stock	16,500,000	-0-	-0-	-0-	16,500,000	16,500,000	-0-

SEE INDEPENDENT AUDITORS' REPORT.



NORWALK FURNITURE

NORWALK FURNITURE, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

FINANCIAL STATEMENTS
WITH SUPPLEMENTAL INFORMATION

DECEMBER 31, 2021 AND 2020



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Payne Nickles & Company

Certified Public Accountants and Business Advisors

INDEPENDENT AUDITORS' REPORT

To the Plan Administrator of
Norwalk Furniture, Inc. Employee
Stock Ownership Plan
Norwalk, Ohio

Opinion

We have audited the accompanying financial statements of Norwalk Furniture, Inc. Employee Stock Ownership Plan, an employee benefit plan subject to the Employee Retirement Income Security Act Of 1974 (ERISA), which comprise the statements of net assets (deficit) available for benefits as of December 31, 2021 and 2020, and the related statement of changes in net assets (deficit) available for benefits for the year ended December 31, 2021, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of Norwalk Furniture, Inc. Employee Stock Ownership Plan as of December 31, 2021 and 2020, and the changes in its net assets available for benefits for the year ended December 31, 2021, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Norwalk Furniture, Inc. Employee Stock Ownership Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Norwalk Furniture, Inc. Employee Stock Ownership Plan's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Management is also responsible for maintaining a current plan instrument, including all plan amendments, administering the plan, and determining that the plan's transactions that are presented and disclosed in the financial statements are in conformity with the plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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 Norwalk Furniture, Inc. Employee Stock Ownership Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Norwalk Furniture, Inc. Employee Stock Ownership Plan's ability to continue as a going concern for a reasonable period of time.



We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplemental Schedules Required by ERISA

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedule of assets (held at end of year) and schedule of reportable transactions are presented for the purpose of additional analysis and are not a required part of the financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with generally accepted auditing standards.

In forming our opinion on the supplemental schedules, we evaluated whether the supplemental schedules, including their form and content, are presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

In our opinion, the information in the accompanying schedules is fairly stated, in all material respects, in relation to the financial statements as a whole, and the form and content are presented in conformity with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

Payne, Nickles & Company

Norwalk, Ohio
October 14, 2022



NORWALK FURNITURE, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

STATEMENTS OF NET ASSETS (DEFICIT) AVAILABLE FOR BENEFITS

DECEMBER 31, 2021 AND 2020

	2021			2020		
	ALLOCATED	UNALLOCATED	TOTAL	ALLOCATED	UNALLOCATED	TOTAL
ASSETS:						
INVESTMENT IN NORWALK FURNITURE, INC. COMMON STOCK, AT FAIR VALUE	\$ 92,695	\$ 667,305	\$ 760,000	\$ 0	\$ 0	\$ 0
EMPLOYER CONTRIBUTION RECEIVABLE	<u>0</u>	<u>644,680</u>	<u>644,680</u>	<u>0</u>	<u>2,000,000</u>	<u>2,000,000</u>
TOTAL ASSETS	<u>92,695</u>	<u>1,311,985</u>	<u>1,404,680</u>	<u>0</u>	<u>2,000,000</u>	<u>2,000,000</u>
LIABILITIES:						
INTEREST PAYABLE	0	92,351	92,351	0	0	0
NOTE PAYABLE	<u>0</u>	<u>14,500,000</u>	<u>14,500,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL LIABILITIES	<u>0</u>	<u>14,592,351</u>	<u>14,592,351</u>	<u>0</u>	<u>0</u>	<u>0</u>
NET ASSETS (DEFICIT) AVAILABLE FOR BENEFITS	\$ <u>92,695</u>	\$ <u>(13,280,366)</u>	\$ <u>(13,187,671)</u>	\$ <u>0</u>	\$ <u>2,000,000</u>	\$ <u>2,000,000</u>

SEE INDEPENDENT AUDITORS' REPORT AND ACCOMPANYING NOTES.

NORWALK FURNITURE, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

STATEMENT OF CHANGES IN NET ASSETS (DEFICIT) AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2021

	2021		
	<u>ALLOCATED</u>	<u>UNALLOCATED</u>	<u>TOTAL</u>
ADDITIONS TO NET ASSETS ATTRIBUTED TO:			
EMPLOYER CONTRIBUTIONS	0	644,680	644,680
ALLOCATION OF 12,196.7169 SHARES OF COMMON STOCK OF NORWALK FURNITURE, INC., AT FAIR VALUE	<u>92,695</u>	<u>0</u>	<u>92,695</u>
TOTAL ADDITIONS	92,695	644,680	737,375
DEDUCTIONS FROM NET ASSETS ATTRIBUTED TO:			
Net realized and unrealized depreciation in fair value of investments	0	15,740,000	15,740,000
Interest expense	0	92,351	92,351
Allocation of 12,196.7169 shares of common stock of Norwalk Furniture, Inc., at fair value	<u>0</u>	<u>92,695</u>	<u>92,695</u>
TOTAL DEDUCTIONS	<u>0</u>	<u>15,925,046</u>	<u>15,925,046</u>
NET INCREASE (DECREASE)	92,695	(15,280,366)	(15,187,671)
NET ASSETS (DEFICIT) AVAILABLE FOR BENEFITS, BEGINNING OF YEAR	<u>0</u>	<u>2,000,000</u>	<u>2,000,000</u>
NET ASSETS (DEFICIT) AVAILABLE FOR BENEFITS, END OF YEAR	<u>\$ 92,695</u>	<u>\$ (13,280,366)</u>	<u>\$ (13,187,671)</u>



NORWALK FURNITURE, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

NOTE A...DESCRIPTION OF PLAN:

The following description of the Norwalk Furniture, Inc. Employee Stock Ownership Plan (the Plan) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

GENERAL. Norwalk Furniture, Inc. (the Company) established the Norwalk Furniture, Inc. Employee Stock Ownership Plan (the Plan) effective as of January 1, 2020. The Plan operates as a leveraged employee stock ownership plan (ESOP), and is designed to comply with Section 4975(e)(7) and the regulations thereunder of the Internal Revenue Code of 1986, as amended (Code) and is subject to the applicable provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Plan covers substantially all employees of the Company who have completed one year of service and are age 18 or older.

CONTRIBUTIONS. The Company is obligated to make a contribution in cash to the Plan which, when aggregated with the Plan's dividends and interest earnings, equal the amount necessary to enable the Plan to make its regularly scheduled payments of principal and interest due on its term loan. Additional amounts may be contributed at the discretion of Company management. Contributions are subject to certain limitations.

COMPANY STOCK. On August 31, 2021, the Plan purchased 100,000 shares of the Company's common stock with a loan of \$16,500,000 and holds the common stock in a trust established under the Plan.

The borrowing is collateralized by the unallocated shares of common stock. The lender has no rights against shares of common stock once they are allocated to participants in accordance with the terms of the ESOP. Accordingly, the financial statements of the Plan as of December 31, 2021 and 2020, and for the year ended December 31, 2021, present separately the assets and liabilities and changes therein pertaining to:

- (a) the accounts of employees with rights in allocated common stock (Allocated) and
- (b) common stock not yet allocated to employees (Unallocated).

VOTING RIGHTS. The Trustee, at the direction of the plan administrator, is entitled to exercise voting rights attributable to Company common stock held in the Trust. However, each participant or beneficiary is entitled to exercise voting rights with respect to the approval or disapproval of any corporate merger, consolidation, liquidation or such similar transactions.



NORWALK FURNITURE, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

NOTE A...DESCRIPTION OF PLAN (CONT.):

PARTICIPANT ACCOUNTS. The Plan is a defined contribution plan under which a separate individual account is established for each participant. Each participant's account is credited each plan year with an allocation of shares of the Company's common stock released by the Trustee from the unallocated account and forfeitures of terminated participant's nonvested accounts. Only those participants who are eligible employees of the Company during the plan year will receive an allocation. Allocations are based on a point system of both years of service and eligible compensation, relative to total eligible participant's points. Plan earnings are allocated to each participant's account based on the ratio of their account balance to all participants' account balances, as defined.

DIVERSIFICATION. Participants who are at least age 55 with at least 10 years of participation in the Plan may elect to diversify a portion of their account. Diversification is offered to each eligible participant over a six-year period. In each of the first five years, a participant may diversify up to 25 percent of the number of shares allocated to his or her account. In the sixth year, the percentage changes to 50 percent.

VESTING. Participant vesting is based on years of continuous service. After one year of credited service, participants vest 20 percent per year of credited service and are 100 percent vested after six years of credited service. Participants also become 100 percent vested upon attainment of normal retirement age (65), death, or permanent disability.

PAYMENT OF BENEFITS. No distributions from the Plan will be made until a participant retires, becomes disabled, dies (in which case, payment shall be made to his or her beneficiary or, if none, his or her legal representatives), or otherwise terminates employment with the Company. Distributions equal to the value of the participant's vested interest in his or her account in either a lump-sum amount or in annual installments over a certain period of time, subject to the Plan provisions.

FORFEITURES. Forfeitures represent the nonvested portion of withdrawing participants' accounts and are generally not used to reduce the Company's contribution to the Plan. Forfeitures allocated to Participants in 2021 and 2020 were \$1,697 and \$0, respectively. Forfeited nonvested accounts to be allocated to participant accounts in future years as of December 31, 2021 and 2020 were \$919 and \$0, respectively.

NOTE B...SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

1. BASIS OF ACCOUNTING

The financial statements of the Plan are prepared under the accrual basis of accounting.



NORWALK FURNITURE, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

NOTE B...SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):

2. INVESTMENT VALUATION AND INCOME RECOGNITION

The common stock of the Company is reported at fair value. Fair value is determined by annual independent appraisal. The Plan's remaining investments are also stated at fair value. Quoted market prices are used to value these investments. The Plan's Trustee and Administrative Committee determines the Plan's valuation policies utilizing information provided by the independent third-party appraiser. See Note F for further discussion of the fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation or depreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

3. RISKS AND UNCERTAINTIES

The Plan investments consist primarily of the Company's common stock, which is exposed to various risks such as interest rate, market, and credit risks, as well as valuation assumptions based on earnings, cash flows and/or other such techniques. Due to the level of risk associated with the investment in the common stock and to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in the value of the common stock will occur in the near term and that such changes could materially affect the amounts reported in the statement of net assets available for plan benefits.

4. PAYMENT OF BENEFITS

Benefits are recorded when paid.

5. ADMINISTRATIVE EXPENSES

The Plan incurs professional service fees related to plan administration. The Company absorbs most of the administrative expenses related to professional service fees on behalf of the Plan. Expenses absorbed by the Company have not been reflected in the financial statements.

6. USE OF ESTIMATES

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the Plan's management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.



NORWALK FURNITURE, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

NOTE B...SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.):

7. SUBSEQUENT EVENTS

The Plan has evaluated subsequent events through October 14, 2022, the date which the financial statements were available for issue.

NOTE C...CONCENTRATION OF CREDIT RISK:

The Plan has a potential concentration of credit risk in that it sometimes maintains deposits with financial institutions in excess of federally insured limits. As of December 31, 2021 and 2020, there were no excess deposits.

NOTE D...ADMINISTRATION OF PLAN ASSETS:

The Plan's assets, which consist principally of Company stock, are held by the Trustee of the Plan. Company contributions are held and managed by the Trustee, who invests cash received, interest, and dividend income and makes distributions to participants. The Trustee also administers the payment of interest and principal on the loan, which is reimbursed to the Trustee through contributions as determined by the Company. Certain administrative functions are performed by officers or employees of the Company. No such officer or employee receives compensation from the Plan.

NOTE E...INVESTMENTS:

The Plan's investments, at December 31, 2021 and 2020, are presented in the following table:

	2021		2020	
	<u>ALLOCATED</u>	<u>UNALLOCATED</u>	<u>ALLOCATED</u>	<u>UNALLOCATED</u>
Norwalk Furniture, Inc. common stock:				
Number of shares	<u>12,196.7169</u>	<u>87,803.2831</u>	<u>0.0000</u>	<u>0.0000</u>
Cost	\$ <u>2,012,458</u>	\$ <u>14,487,542</u>	\$ <u>0</u>	\$ <u>0</u>
Estimated fair value	\$ <u>92,695</u>	\$ <u>667,305</u>	\$ <u>0</u>	\$ <u>0</u>



NORWALK FURNITURE, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

NOTE F...FAIR VALUE MEASUREMENTS:

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value.

Norwalk Furniture, Inc. common stock: valued at fair value on December 31 and is discussed more fully below.

The following tables set forth by level, within the fair value hierarchy, the Plan's s fair value measurements at December 31, 2021 and 2020.



NORWALK FURNITURE, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

NOTE F...FAIR VALUE MEASUREMENTS (CONT.):

<u>Fair Value Measurements at December 31, 2021</u>			
Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total
Investment in Norwalk Furniture, Inc. common stock	\$ 0	\$ 760,000	\$ 760,000
TOTAL ASSETS AT FAIR VALUE.....	\$ 0	\$ 760,000	\$ 760,000

<u>Fair Value Measurements at December 31, 2020</u>			
Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3	Total
Investment in Norwalk Furniture, Inc. common stock	\$ 0	\$ 0	\$ 0
TOTAL ASSETS AT FAIR VALUE.....	\$ 0	\$ 0	\$ 0

Significant Unobservable Inputs
Level 3
Year ended December 31, 2021
Investment in Norwalk
Furniture, Inc. common stock

Beginning balance	\$ 0
Purchases, sales, issuances and settlements (net)	16,500,000
Unrealized loss related to instruments still held at the reporting date	(15,740,000)
ENDING BALANCE.....	\$ 760,000



NORWALK FURNITURE, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

NOTE F...FAIR VALUE MEASUREMENTS (CONT.):

The amount of total investment losses for the period included in changes in net assets attributable to the change in unrealized losses relating to assets still held at December 31, 2021 was \$15,740,000. Gains and losses (realized and unrealized) included in changes in net assets for the period above are reported in net realized and unrealized appreciation or depreciation in fair value of investments in the Statement of Changes in Net Assets Available for Benefits.

Following is a description of the valuation methodologies used for Level 3 assets measured at fair value.

The fair value of Norwalk Furniture, Inc. common stock held by the Plan is valued at fair value based upon an independent appraisal. This appraisal utilized both an income approach and a market approach to determine value. The appraiser utilized the discounted cash flow method which is an income approach that values a business based upon an expected future benefit stream (net cash flow) and discounts that benefit stream back to present value with an appropriate risk adjusted rate of return. They used discounted cash flow assumptions prepared by management for 2022-2026 to arrive at a conclusion of value. When applying a market approach, they utilized the guideline public company method. They identified public companies in the same or similar lines of business as the Company. They reviewed various pricing relationships among the guideline companies, specifically Market Value of Invested Capital to EBITDA and EBIT to compute pricing multiples. After adjusting for qualitative difference such as size, growth, and profitability between the guideline companies and the Company, they then applied those adjusted pricing multiples to the Company's projected 2022 EBITDA and EBIT to determine a conclusion of value. Lastly, they applied a weighting to the income approach and market approach valuation conclusions to determine the Freely Traded Value of Total Invested Capital. They then considered the impact of excess assets on hand and subtracted the value of Company debt to arrive at the Freely Traded Value of Total Equity. Plan management has also concluded that a market participant would recognize a five percent discount for lack of marketability.

The valuation process involves Plan management's selection of an independent appraiser under a contract that is negotiated annually. Plan management accumulates the data for the appraiser from the reviewed financial statements of the Company. The appraiser prepares a preliminary report that Plan management, along with the Plan trustee, reviews in detail, discusses and approves. The results of this process are documented in various meeting minutes.



NORWALK FURNITURE, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

NOTE F...FAIR VALUE MEASUREMENTS (CONT.):

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

NOTE G...NOTE PAYABLE:

In August 2021, the Plan entered into a \$16,500,000 promissory note agreement with the Company. The proceeds of the note were used to purchase the Company's common stock. Unallocated shares are collateral for the loan. Shares are released from collateral and allocated to participants as payments of principal and interest are made. The number of shares released in any year is the number of shares held as collateral, times the ratio of the current year payments divided by the total of this year's payments, plus all future years' principal and interest payments. This resulted in 12,196.7169 shares being released and allocated for the plan year ended December 31, 2021.

The agreement provides for the note to be repaid over thirty-five years and bears interest at a rate of 1.89% per annum. The fair value of the note payable as of December 31, 2021 and 2020, was approximately \$14,500,000 and \$0, respectively, determined by using interest rates currently available for issuance of debt with similar terms, maturity dates, and nonperformance risk.

The scheduled amortization of the note for the next five years and thereafter is as follows:

2022.....	\$ 844,120
2023.....	301,870
2024.....	307,576
2025.....	313,389
2026.....	319,312
Thereafter.....	12,413,733

NOTE H...PLAN TERMINATION:

Although it has not expressed any intent to do so, the Company reserves the right to discontinue its contributions or terminate the Plan at any time, subject to Plan and ERISA provisions. Generally, participants will become 100 percent vested in their accounts. Upon such termination of the Plan, the interest of each participant in the trust fund will be distributed to such participant or his or her beneficiary at the time prescribed by the Plan provisions and the Code.



NORWALK FURNITURE, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

NOTE I...TAX STATUS:

As of October 14, 2022, the Company had not been notified by the Internal Revenue Service that the Plan is qualified and the trust established under the Plan is tax-exempt under the appropriate sections of the Code. The plan administrator and the Plan's tax counsel believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the Code. Therefore, they believe that the Plan was qualified and the related trust was tax-exempt as of the financial statement date.

Accounting principles generally accepted in the United States of America requires plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would be sustained upon examination by the Internal Revenue Service. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any periods in progress.

NOTE J...RELATED PARTY AND PARTY IN INTEREST TRANSACTIONS:

The Plan invests in Company common stock and has indebtedness to the Company. These are related party and party in interest transactions. As described in Note B, the Company pays all plan expenses. The Plan has a number of service providers. Such providers are parties in interest under ERISA.

NOTE K...ESTIMATED BENEFITS PAID IN 2022:

The amount of estimated benefits applied for prior to December 31, 2021 and that are to be paid by December 31, 2022 are \$0.

NOTE L...RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500:

The following is a reconciliation of net assets available for benefits for the financial statements at December 31, 2021 and 2020 to Form 5500:

	<u>2021</u>	<u>2020</u>
Net assets (deficit) available for benefits per the financial statements	\$ (13,187,671)	\$ 2,000,000
Interest payable	<u>(106,617)</u>	<u>0</u>
Net assets (deficit) available for benefits per the Form 5500.....	<u>\$ (13,294,288)</u>	<u>\$ 2,000,000</u>



NORWALK FURNITURE, INC.
EMPLOYEE STOCK OWNERSHIP PLAN

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

NOTE L...RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500 (CONT.):

The following is a reconciliation of interest expense accrued per the financial statements for the year ending December 31, 2021 to Form 5500:

Interest expense accrued per the financial statements	\$ 92,351
Add: Interest payable per Form 5500	<u>106,617</u>
Interest expense per Form 5500.....	\$ <u>198,968</u>

Interest expense is accrued on the Form 5500 through the date of the first loan payment paid in May 2022.



SUPPLEMENTAL INFORMATION



FINANCIAL SCHEDULES

SCHEDULE H, LINE 4i
(FORM 5500)

2021

For calendar plan year 2021
NORWALK FURNITURE, INC.
NORWALK FURNITURE, INC. EMPLOYEE STOCK OWNERSHIP PLANEIN: 26-3402928
PLAN: 002

SCHEDULE OF ASSETS (HELD AT END OF YEAR)

(a)	(b) Identity of issue, borrower, lessor, or similar party	(c) Description of investment, including maturity date, rate of interest, collateral, par, or maturity value	(d) Cost	(e) Current value
*	norwalk furniture, inc.	100,000 shares common stock	16,500,000	760,000
			16,500,000	760,000

SEE INDEPENDENT AUDITORS' REPORT.



FINANCIAL SCHEDULES

SCHEDULE H, ITEM 4J
(FORM 5500)

2021

For calendar plan year 2021
NORWALK FURNITURE, INC.
NORWALK FURNITURE, INC. EMPLOYEE STOCK OWNERSHIP PLAN

EIN: 26-3402928
PLAN: 002

SCHEDULE OF REPORTABLE TRANSACTIONS

(a) Identity of party involved	(b) Description of asset	(c) Purchase price	(d) Selling price	(e) Lease rental	(f) Expense incurred with transaction	(g) Cost of asset	(h) Current value of asset on transaction date	(i) Net gain or (loss)
norwalk furniture, inc.	100,000 shares common stock	16,500,000	-0-	-0-	-0-	16,500,000	16,500,000	-0-

SEE INDEPENDENT AUDITORS' REPORT.



FINANCIAL SCHEDULES

SCHEDULE H, ITEM 4J
(FORM 5500)

2021

For calendar plan year 2021
NORWALK FURNITURE, INC.
NORWALK FURNITURE, INC. EMPLOYEE STOCK OWNERSHIP PLAN

EIN: 26-3402928
PLAN: 002

SCHEDULE OF REPORTABLE TRANSACTIONS

(a) Identity of party involved	(b) Description of asset	(c) Purchase price	(d) Selling price	(e) Lease rental	(f) Expense incurred with transaction	(g) Cost of asset	(h) Current value of asset on transaction date	(i) Net gain or (loss)
norwalk furniture, inc.	100,000 shares common stock	16,500,000	-0-	-0-	-0-	16,500,000	16,500,000	-0-

SEE INDEPENDENT AUDITORS' REPORT.

