HAY ApS

Havnen 1

8700 Horsens

CVR No. 26799945

Annual Report 2020/21

19. financial year

The Annual Report was presented and
adopted at the Annual General Meeting of
the Company on 29 October 2021

Rasmus Rønne Christensen
Chairman of the Annual General Meeting

Contents

Management's Statement

The board of directors and the managing director have today presented the annual report of HAY ApS for the financial year 1 June 2020 - 31 May 2021.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 May 2021 and of the company's results of its activities and cash flows in the financial year 1 June 2020 - 31 May 2021 .

We are of the opinion that the management's review includes a fair description of the issues dealt with.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Horsens, 29 October 2021

Executive Board

Thomas Henry Jones
Managing director

Board of Directors

Andrea Ruth Owen Chairman	Rolf Foged Hvidegaard Hay Member	Mette Hjort Hay Member
Debbie Frew Propst Member	Megan Christine Lyon Member	Bruce Benedict Watson Member

Independent Auditors' Report

To the shareholders of HAY ApS

Opinion
We have audited the financial statements of HAY ApS for the financial year 1 June 2020 - 31 May 2021, comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 May 2021 and of the results of the company's operations for the financial year 1 June 2020 - 31 May 2021 in accordance with the Danish Financial Statements Act.

Basis of opinion
We conducted our audit in accordance with international standards on Auditing(ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the “Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the financial statements
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control, that management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements, unless the management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility for the audit of the financial statements
Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of financial statement users on the basis of the financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

* Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

* Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

* Evaluate the appropriateness of accounting policies used by the management and the

Independent Auditors' Report

reasonableness of accounting estimates and related disclosures made by the management.

* Conclude on the appropriateness of management's use of going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt about the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

* Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in the internal control that we identify during our audit.

Statement on Management's Review
Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management's review and, in doing so, consider whether the management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or whether it otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management's review is in accordance with the financial statements and that it has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not find any material misstatement in the management's review.

Frederecia, 29. oktober 2021

KPMG P/S
CVR-no. 25578198

Nikolaj Møller Hansen
State Authorised Public Accountant
mne33220

Company Information

Company	HAY ApS Havnen 1 8700 Horsens
CVR No.	26799945
Date of formation	20 September 2002
Registered office	Horsens
Financial year	1. juni 2020 - 31. maj 2021
Board of Directors	Andrea Ruth Owen, Chairman Rolf Foged Hvidegaard Hay Mette Hjort Hay Debbie Frew Propst Megan Christine Lyon Bruce Benedict Watson
Executive Board	Thomas Henry Jones, Managing director
Auditors	KPMG P/S Vesterballevej 27, 2. 7000 Fredericia CVR-no.: 25578198

Management's Review

The Company's principal activities
The Company's principal activities are the design and sale of furniture, lighting, and interior products globally.

Development in activities and the financial situation
The Company's Income Statement for the financial year 1 June 2020 - 31 May 2021 shows a result of t.DKK 140.989 and the Balance Sheet at 31 May 2021, with a balance sheet total of t.DKK 475.772 and an equity of t.DKK 309.473.

The development is satisfactory considering that COVID-19 continuingly impacted the world arround us throughout the year. In general, our business area is one, that have been positively affected by the global pandemic crisis. Sales compared to last year are like-for-like up by more than 13 %, and profit margins have moved from 3,5 % to 11,8 %.

The strength of HAY is built on the hard work and dedication of all our colleagues, and this year has highlighted their resilience and ability to work together in times of crisis. The Company would like to thank them for their outstanding work during an exceptionally demanding year.

In the process of integrating further with our parent company, HAY has for the financial year 2020/21 changed its accounting policies, in recognition of long-term investments in group enterprises from the equity method to cost method.

The comparative figures for the financial year consist of a 10-month period, due to aligning an end-year period to match our parent company. Also, the comparative figures have been adjusted for the change in accounting policies.

Particular risks
The company has continued its normal operating activities. Apart from the outbreak of the Corona virus, there have been no isolated events during the financial year that are of such a significant nature that they require mention in the management's report.

The rapid spread of the Corona virus in Denmark and the rest of the world since March 2020 has necessitated a number of restrictions from the Danish authorities, which could potentially have major socio-economic consequences. The company is currently not directly affected by the restrictions implemented.

If the outbreak of the Corona virus becomes prolonged and the authorities implement further measures to stem the spread of infection, the socio-economic consequences could become significant. In such a scenario, the company may also be adversely affected. However, the authorities have already launched several financial support measures, and it is to be expected that further support measures would be implemented in the event of a prolonged outbreak that will mitigate the consequences of any restrictions.

The outbreak of the Corona virus and the restrictions imposed have not significantly affected the year's activities and economic development.

The Company has not received nor applied for support from the government funded COVID-19 programs. Beyond ordinary occurring risks, no particular risks are considered to affect the Company.

Currency risks
Activities abroad generate revenue, cash flows and equity to be affected by the exchange and interest rate fluctuations for a number of currencies. It is the Company's policy not to hedge commercial currency risks.

Environmental issues
The Company recognises that its actions have an enviromental impact and takes its responsibility seriously for contributing towards a better environment.

Management's Review

Research and development activities
Beside the ordinary development of furniture, lighting and accessories and development for the Company's IT-platform, there are no research and development activities in the Company.

Expectations for the future
The financial year 2021/22 is expected to maintain the current level of Revenue and Earnings of the financial year 2020/21. Revenue is for the financial year 2021/22 is expected to be within 1.150-1.250 mio. DKK and Earnings before tax to reach around 115-150 mio. DKK.

The COVID-19 situation is expected to continue to have a close to zero effect on the Revenue development in Europe post pandemic.

EBITDA margin is expected to be between 10% and 12% for the financial year 2021/22.

Post financial year events
After the end of the financial year, no events have occurred which may change the financial position of the entity substantially.

Group relations
The Company is part of the Herman Miller Inc. group, which prepares the consolidated financial statements.

Statement on Corporate Social Responsibility
HAY was founded in 2002 as an innovative design company with the clear ambition of making modern and functional design objects accessible to a wide audience. HAY's continued vision is to create straightforward, functional, and aesthetic design in collaboration with some of the world's most talented designers. We do not restrict ourselves to specific markets or channels, we operate within most.

The Company is actively working to contribute to a sustainable and environmentally conscious community. The Company aims towards it and its employees having a positive influence not only in their local and national communities, but also on an international level.

Locally the Company is involved in donations of surplus products to charity organizations for people without a home, to shelters for people in family crises and to public institutions such as schools and kindergartens.

The Company encourages suppliers to meet the same high standards that the Company itself represent, in order to ensure that all production is carried out by people under decent working conditions. To safeguard these principles, the Company aim to work with ISO-certified companies. The majority of the Company's furniture production is located in Europe.

Human rights & social and labor conditions
The Company supports and respects human rights. It is the Company's policy to strive to ensure that human rights are always respected both in relation to employees and business partners.

Ensuring that all employees are provided with a safe working environment in all countries where we operate. This applies to both the physical and psychological environment. This is executed through compliance to all relevant legislation and reflected in our company employee handbook.

In relation to suppliers and business partners the Company expects that they all consider human rights to be important and that they all do business with a general high moral standard. A natural consequence of the Company's policy is to stop all collaboration with entities about which the Company has become aware, that human rights are not being treated respectfully.

HAY acknowledges its social responsibility, not only in relation to its own employees but also in relation to the employees of its suppliers. HAY supports and respect the internationally recognized human rights conventions, as stipulated in the United Nation’s declaration of human rights along with the conventions of the International Labor Organization (ILO).

HAY main risk in relation to potential violation of human rights is found in its supply chain, where the company demands from all of its external suppliers that they abide by the internationally recognized human rights conventions, as stipulated in the United Nation's declaration of human rights along with the conventions of the International Labor Organization (ILO). These are also outlined in HAY's own Code Of Conduct, prompting them to adhere to the United Nations principles of human rights, anticorruption and nonuse of child labor.

To minimize the risks, HAY ApS performed supplier visits during the financial year and there is also preformed social audits at selected supplier. In 2020/21 HAY has not identified any violations of human rights in its supply chain. This work is for the financial year 2021/22 expected to intensify and develop further.

Climate
The Company aims to continuously contribute towards a greener future environment. The Company is committed to minimizing the impact on the world's climate on several levels. Not only by increasing the use of materials coming from sustainable sources, but also by working with suppliers that live up to our Code of Conduct, minimizing the number of chemicals used in production, and by developing durable and long-lasting products of a consistently high quality.

This year, the company has made progress in its goal of using sustainable materials in a number of ways; by increasing its use of FSC-certified wood for the company's furniture, the introduction of plastic components made with recycled content, and developing products with water-based lacquer.

Furthermore, the company has developed several products that are certified with environmental quality labels, such as the AAC ECO chair and the Arbour ECO sofa. During the financial year, the company was awarded the EU ECO label and the Nordic Swan label for a large number of existing products, including CPH, Soft Edge 10/12/30/32/70/72, J41/42/77/104/5110, Result, and Triangle (only the upholstery covers EU ECO labelled textiles, not CHMR foam, CPH Deux 220 and CPH walnut frame).

The Company is also working actively to increase its use of recycled plastic. In this respect, it has developed and launched Revolt, which is made using recycled plastic content, as well as changing the plastic source for Eléméntaire from virgin polypropylene to 100% recycled polypropylene. The company aims for the majority of plastic components to be produced using recycled content within the next few years.

The Company has changed the use of lacquer on a large number of existing products from PU to water-based lacquer which covers the majority of our wooden furniture. Our water-based lacquer products have lower VOCs (volatile organic compounds), contributing to a healthier working environment and better indoor climate. The majority of the company's wooden furniture is now produced with water-based lacquer.

Anti-corruption
The Company strongly believes that corruption in all parts of the World is unacceptable. Thus the Company will not take part in partnerships for projects about which the Company has become aware of any corruption, or where the Company assesses that a high risk of corruption is present. The Company has not identified any past situations in which the Company has been involved in corruption.

In 2020/21, HAY has reported no case of violations against the anti-corruption policy.

Our forward-looking strategy on anti-corruption will be to reinforce this message through internal and external stakeholder communication.

Management's Review

Target figures and policies for the underrepresented gender
The Company is governed by the rules on targets and policies for the gender composition of management, cf. §99b of the Danish Financial Statement Act.

The Company aims to be a tolerant workplace without discrimination of any kind. Employees are hired only based on their skills and experience. Gender, religious belief, age, nationality, or other such factors are not considered to be relevant for recruitment.

The target for the underrepresented gender in the Supervisory Board is a minimum of 33 %. That target is currently achieved with a gender mix of 50/50 between women and men.

On the other management levels, the Company also has an equal gender distribution, with a representation of 57 % women and 43 % male in our leadership teams.

Key Figures and Financial Ratios

The development in the Company's key figures and financial ratios can be described as follows:
Numbers appear in thousands.

Financial year 2019/20 consists of a 10 month period, due to restructuring of the financial year to match the controlling interest.

	2020/21	2019/20	2018/19	2017/18	2016/17
Number of months:	12	10	12	12	12
Income Statement:					
Revenue	1.189.541	871.180	1.139.892	1.047.866	925.907
Gross profit	276.096	149.667	189.097	210.660	159.954
Operating profit	178.864	48.467	99.513	132.898	91.308
Income from investments in groups enterprises	0	0	-643	-298	0
Financial income and expenses	1.877	1.391	2.401	1.063	1.601
Profit for the year	140.989	34.248	73.502	103.430	71.509
Balance Sheet:					
Total assets	475.772	359.315	336.551	281.572	330.500
Total equity	309.473	219.295	180.815	106.132	192.845
Investments in tangible assets	839	2.763	3.291	3.167	789
Financial Ratios:					
EBITDA margin (%)	15	6	9	13	10
Solvency ratio (%)	65	61	54	38	58
Return on equity (ROE) (%)	53	17	51	69	46
Gross margin (%)	23	17	17	20	17
Liquidity ratio (%)	3	2	2	1	2

For definitions of key ratios, see Accounting and Valuation Principles

The comparative figures prior to the financial year 2019/20 have not been adjusted, in connection with the change in accounting policies on investments in group enterprises.

Accounting Policies

The Annual Report of HAY ApS for 2020/21 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

Consolidated Financial Statements
Due to changes in the shareholder circle, no consolidated financial statements have been prepared during the financial year. This is because HAY ApS is included in the consolidated financial statements of Herman Miller Inc. Reference is also made to § 112 of the Danish Financial Statements Act.

As a result, the consolidated financial statements have been omitted in the current financial year and last financial year. Therefore, the accounting figures for these periods exclusively include HAY ApS 'activities and the recognition of subsidiaries.

Reporting currency
The Annual Report is presented in Danish kroner, thousands (t.DKK).

Changed accounting policies, estimates and errors
Accounting policies has been changed as follows:

- Long-term investments in group enterprises are measured at cost. Previously long-term investments in group enterprises was measured using the equity method.

The reason for the change in accounting policies is that HAY have chosen to follow the parent company's accounting policies surrounding recognition of long-term investments.

The accumulative effect of the change in accounting policies as of 31. May 2021 sums up to:
- Profit the year is reduced by t.DKK 17.243
- Balance sheet total is reduced by t.DKK 17.243
- Equity is reduced by t.DKK 17.243

For the financial statement of 2019/20 the Profit for the year is increased by t.DKK 2.950, Balance sheet total increased by 8.697 t.DKK and Equity is increased by t.DKK 8.697.

Except for the above mentioned changes the accounting policies applied remain unchanged from last year.

Comparative figures have been adapted to the changed accounting policies.

Derivative financial instruments
Forward exchange contracts entered into to hedge future revenues and expenses, classified as and fulfilling the criteria for hedging, are measured at fair value at the balance sheet date, and value adjustments are recognised directly in equity. Positive and negative fair values of derivateive financial instruments are calculated on the basis of current market data and generally accepted valuation methods.

Once the hedged transaction is realised, gains or losses incidental to such hegding transactions are transferred from the equity and recognised with the hedged item.

General Information

Basis of recognition and measurement
Income is recognised in the Income Statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortised cost. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the Income Statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the Income Statement.

Accounting Policies

Assets are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will accrue to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the Annual Report, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

Translation policies
Transactions in foreign currencies are translated into DKK at the exchange rate prevailing at the date of transaction. Realised and unrealised foreign exchange gains and losses are included in the Income Statement under Financial Income and Expenses.

Receivables, debts and other monetay items in foreign currencies are converted at the exchange rate prevailing at the balance sheet date. The difference between the rate precailling at the balance sheet date and the rate prevailing at the time when the receivable or payable item arose is included in the Income Statement under Finance income and expenses.

Assets bought in foreign currencies are converted at the exchange rate on the transaction date.

Income Statement

Revenue
Income from the sale of goods is recognised in the Income Statement from the date of delivery and when the risk has passed to the buyer if it is possible to calculate the income reliably. The revenue is calculated exclusive of VAT, charges and discounts.

Other external expenses
Other external costs comprise expenses regarding distribution, sales, advertising, administration, premises and loss of debtors.

Staff costs
Staff expenses comprise wages and salaries, as well as social security contributions, pension contributions etc. for entity staff. Allowances received from public authorities are deducted from staff costs.

Amortisation and impairment of tangible and intangible assets
Amortisation and impairment of intangible and tangible assets has been performed based on a continuing assessment of the useful life of the assets in the Company. Fixed assets are amortised on a straight line basis, based on cost, on the basis of the following assessment of useful life:

	Useful life
Completed development projects	3-4 years
Patents, licens, trademarks and similar rights	7 years
Fixtures, fittings, tools and equipment	3-5 years

A profit or loss resulting from the sale of intangible or tangible assets is determined as the difference between the selling price less selling costs and the carrying amount at the date of sale, and is recognised in the Income Statement under depreciation.

Other operating expenses
Other operating expenses include items relating to activities secondary to the main activity of the enterprises.

Result of equity investments in subsidiaries
Income from equity investments comprises dividends received from group enterprises and associates in so far as they do not exceed the accumulated earnings in the group enterprise or the associate during the ownership period.

Financial income and expenses
Financial income and expenses are recognised in the Income Statement based on the amounts that concern the financial year. Financial income and expenses include interest revenue and expenses, realised and unrealised capital gains and losses regarding debt and foreign currency transactions, amortisation of financial assets and liabilities as well as surcharges and allowances under the tax repayment scheme.

Dividends from equity investments are recognised as income in the financial year in which the dividends are declared.

Tax on net profit/loss for the year
Tax on net profit/loss for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and deferred tax regarding changes in equity is recognised directly in equity.

The parent enterprise and the Danish group enterprises are subject to the Danish rules on compulsory joint taxation of the consolidated Danish enterprises. The parent enterprise acts as an administration company in relation to the joint taxation. This means that the total Danish tax payable of the income of the Danish consolidated companies is paid to the tax authorities by the company.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

Balance Sheet

Intangible assets
Clearly defined and identifiable development projects are recognised as intangible fixed assets provided that the technical feasibility, sufficient resources and a potential market or a development opportunity can be demonstrated, and provided that it is the intention to produce, market or utilise the project internal or external. It is, however, a condition that the cost can be calculated reliably and that a sufficiently high degree of certainty indicates that future earnings will cover the costs for production, sales and administration. Other development costs are recognised in the profit and loss account concurrently with their realisation.

Completed development projects comprise direct costs such as prototypes, test of products, development equipment and other external cost related to the development of products and software that have been launched.

Capitalised development costs are measured at the lower of recoverable amount and carrying amount.

After completion of the development projects the capitalised development costs are amortised over the estimated useful life of the product. The amortisation period is 3-4 years.

Patent, licenses, trademarks and similar rights are measured at cost less accumulated amortisation and impairment losses. The amortisation period is 7 years.

Accounting Policies

A profit or loss resulting from the sales of intangible assets is determined as the difference between the selling price less selling costs and the carrying amount at the date of sale, and is recognised in the Income Statement under depreciation.

Tangible assets
Tangible assets are measured at cost plus revaluations, if any, and less accumulated amortisation and impairment losses. Cost comprises the purchase price and costs directly attributable to the purchase until the date when the asset is avaiable for use.

Amortisation and impariment of intangible and tangible assets
The carrying amount of intangible and tangible assets is assessed annually for indicators of impairment in addition to that expressed on depreciation.

An impairment test of tangible assets is performed in the event of indicators of a decrease in value. The impairment test is performed for each individual asset and group of assets, respectively. The assets are written down to the higher of the asset's or asset group's value in use and the net selling price (recoverable amount) in the event that this one is lower than the carrying amount.

Recoverable amount is calculated as the higher of net selling price and capital value.

Equity investments in group enterprises
Equity investments in group entities and participating interests (including associates) are measured at cost. In case of indication of impairment, an impairment test is conducted. When the cost exceeds the recoverable amount, write-down is made to this lower value.

Other receivables and deposits are recognised at amortised cost.

Inventories
Inventories are measured at cost on the basis of the FIFO principle or at the net realisable value if the latter is lower.

The cost of goods for resale, raw materials and consumables are measured at cost comprising purchase price plus delivery costs.

The net realisable value of inventories is calculated as the expected sales sum less completion costs and expenses necessary to execute the sale and is determined allowing for marketability and obsolescence.

Receivables
Receivables are measured at amortised cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

Deferred expenses, assets
Accrued income recognised in assets comprises prepaid costs regarding subsequent financial years and other accruals.

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank and in hand.

Equity
Proposed dividend for the year is recognised as a liability at the time of adoption at the Annual General Meeting. Dividens expected to be distributed for the year are discloed as s separate equity item.

Reserve for development costs includes recognised development costs. The reserve cannot be used for dividends or corverage of dividend. The reserve is reduced or dissolved if the recognised costs are depreciated or deducted from the Company's operations. This is done by transfer directly to equity reserves.

Accounting Policies

Current tax liabilities and deferred tax
Current tax liabilities and current tax receivables are recognised in the Balance Sheet as calculated tax on the expected taxable income for the year, adjusted for tax on taxable income for previous years as well as for tax prepaid.

Deferred tax is recognised on all temporary differences between carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset or on the planned settlement of eash liability.

HAY ApS is jointly taxed with Danish group companies and acts in this respect as the administration company. According to the rules of joint taxation, HAY ApS is unlimited, jointly and severally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies. Payable and receivable joint taxation contributions are recogniezed in the balance sheet as "Tax receivables" or "Tax payables".

Other financial liabilities
Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Contingent assets and liabilities
Contingent assets and liabilities are not recognised in the Balance Sheet but appear only in the notes.

Accounting policies Cash Flow Statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are included in the cash flow statement in the consolidated financial statements of Herman Miller Inc.

Segment information
Information on activity and geographical markets is not provided any further due to the management opinion that disclosure of this information may cause significant damage to HAY ApS as a result of competitive considerations.

Accounting Policies

Explanation of financial ratios

Key Figures and Financial Ratios are determined based on "Recommendations & Financial Ratios 2015" issued by the Danish Society of Financial Analysts.

EBITDA-margin (%)	=	$\frac{\text{EBITDA X 100}}{\text{Revenue}}$
Solvency ratio (%)	=	$\frac{\text{Equity X 100}}{\text{Total liabilities and equity}}$
Return on equity (%)	=	$\frac{\text{Profit/loss for the year}}{\text{Avg. equity}}$
Gross Margin (%)	=	$\frac{\text{Gross profit X 100}}{\text{Revenue}}$
Liquidity ratio (%)	=	$\frac{\text{Total current assets}}{\text{Short-term liabilities other than provisions}}$

Income Statement

	Note	2020/21 t.DKK	(10 months) 2019/20 t.DKK
Revenue	1	1.189.541	871.180
Cost of sales		-811.862	-627.631
Other external expenses		-101.583	-93.882
Gross profit		**276.096**	**149.667**
Staff costs	2	-89.738	-76.171
Depreciation		-7.494	-6.029
Other operating expenses	3	0	-19.000
Profit from ordinary operating activities		**178.864**	**48.467**
Finance income	4	2.064	1.434
Finance expences		-187	-43
Profit from ordinary activities before tax		**180.741**	**49.858**
Tax expense on ordinary activities	5	-39.752	-15.610
Profit	6	**140.989**	**34.248**
Extraordinary dividend		50.880	0
Reserve for development costs		933	4.078
Retained earnings		89.176	30.170
Distribution of profit		**140.989**	**34.248**

Balance Sheet as of 31 May

	Note	2021 t.DKK	2020 t.DKK
Assets			
Completed development projects	7	3.263	4.737
Acquired intangible assets	8	5.661	7.080
Development projects in progress	9	9.634	7.228
Intangible assets		**18.558**	**19.045**
Fixtures, fittings, tools and equipment	10	5.299	6.617
Tangible assets		**5.299**	**6.617**
Long-term investments in group enterprises	11, 12	12.604	13.526
Investments		**12.604**	**13.526**
Fixed assets		**36.461**	**39.188**

Balance Sheet as of 31 May

	Note	2021 t.DKK	2020 t.DKK
Manufactured goods and goods for resale		73.360	88.894
Inventories		**73.360**	**88.894**
Short-term trade receivables		139.652	111.607
Short-term receivables from group enterprises		37.392	51.066
Current deferred tax	13	1.443	302
Other short-term receivables		7.772	5.757
Deferred expenses	14	981	1.593
Receivables		**187.240**	**170.325**
Cash in bank and in hand		**178.711**	**60.908**
Current assets		**439.311**	**320.127**
Assets		**475.772**	**359.315**

Balance Sheet as of 31 May

	Note	2021 t.DKK	2020 t.DKK
Liabilities and equity			
Contributed capital		4.500	4.500
Reserve for development costs		12.898	11.965
Retained earnings		292.075	202.830
Equity		**309.473**	**219.295**
Other payables		0	6.910
Long-term liabilities other than provisions		**0**	**6.910**
Prepayments received from customers		16.494	14.543
Trade payables		79.778	62.831
Payables to group enterprises		7	6.296
Tax payables		37.253	14.044
Other payables		32.767	35.396
Short-term liabilities other than provisions		**166.299**	**133.110**
Liabilities other than provisions		**166.299**	**140.020**
Liabilities and equity		**475.772**	**359.315**
Contingent liabilities	15		
Related parties	16		
Fees for auditors elected on the general meeting	17		

Statement of changes in Equity

	Contributed capital	Reserve for development costs	Retained earnings	Total
Equity 1 June 2020	4.500	11.965	194.133	210.598
Changes of equity through changes in accounting policies	0	0	8.697	8.697
Adjusted equity 1 June 2020	**4.500**	**11.965**	**202.830**	**219.295**
Equity transfers to reserves	0	933	-933	0
Profit for the year	0	0	140.989	140.989
Extraordinary dividend paid	0	0	-50.880	-50.880
Hedging instruments to fair value 1 June 2020	0	0	88	88
Tax of hedging instruments to fair value 1 June 2020	0	0	-19	-19
Equity 31 May 2021	**4.500**	**12.898**	**292.075**	**309.473**

Notes

	2020/21	(10 months) 2019/20

1. Revenue

	2020/21	2019/20
Revenue EU	992.558	752.782
Revenue outside EU	196.983	118.398
	1.189.541	**871.180**

2. Staff costs

	2020/21	2019/20
Wages and salaries	79.447	63.567
Post-employement benefit expense	8.496	6.899
Social security contributions	18	175
Other employee expense	1.777	5.530
	89.738	**76.171**
Average number of employees	171	176

According to § 98b (3) of the Danish Financial Statements Act, Management's and the Board of Directors' reumeration is not shown for financial year 2019/20.

Staff costs include remuneration of the Company's Executive Board for the financial year 2020/21 including our current, interim and prior managing director, t.DKK 1.680.

Board of Directors has not received any remuneration.

3. Other operating expenses

	2020/21	2019/20
Charity	0	19.000
	0	**19.000**

4. Finance income

	2020/21	2019/20
Interest from Group enterprises	1.276	176
Other finance income	788	1.258
	2.064	**1.434**

5. Tax expense

	2020/21	2019/20
Corporation tax	39.747	14.852
Tax related to previous years	1.146	0
Deferred tax adjustments	-1.141	758
	39.752	**15.610**

Notes

	2020/21	(10 months) 2019/20

6. Distribution of profit

Extraordinary dividend	50.880	0
Retained earnings	933	4.078
Retained earnings	89.176	30.170
	140.989	**34.248**

After the balance sheet date, the company has paid extraordinary divided of 74.947 t.DKK. As the dividend is paid out after the balance sheet date, the extraordinary dividend is not incorporated in the current year financial statement.

7. Completed development projects

Cost at the beginning of the year	28.119	26.581
Addition during the year, incl. improvements	1.257	1.339
Transfers during the year to other items	237	199
Cost at the end of the year	**29.613**	**28.119**
Depreciation and amortisation at the beginning of the year	-23.382	-20.860
Amortisation for the year	-2.968	-2.522
Impairment losses and amortisation at the end of the year	**-26.350**	**-23.382**
Carrying amount at the end of the year	**3.263**	**4.737**

Completed development projects comprise direct costs such as prototypes, test of products, development equipment and other external cost related to the development of products and software that have been launched.

8. Acquired intangible assets

Cost at the beginning of the year	11.674	11.573
Addition during the year, incl. improvements	133	101
Cost at the end of the year	**11.807**	**11.674**
Depreciation and amortisation at the beginning of the year	-4.594	-3.285
Amortisation for the year	-1.552	-1.309
Impairment losses and amortisation at the end of the year	**-6.146**	**-4.594**
Carrying amount at the end of the year	**5.661**	**7.080**

Notes

	2020/21	(10 months) 2019/20

9. Development projects in progress

	2020/21	(10 months) 2019/20
Cost at the beginning of the year	7.228	2.166
Addition during the year, incl. improvements	2.643	5.261
Transfers during the year to other items	-237	-199
Cost at the end of the year	**9.634**	**7.228**
Carrying amount at the end of the year	**9.634**	**7.228**

Development projects in progress comprise direct costs such as prototypes, test of products, development equipment and other external costs related to the development of products and software that have not yet been launched.

10. Fixtures, fittings, tools and equipment

	2020/21	(10 months) 2019/20
Cost at the beginning of the year	11.757	10.062
Addition during the year, incl. improvements	839	2.763
Disposal during the year	-228	-1.068
Cost at the end of the year	**12.368**	**11.757**
Depreciation and amortisation at the beginning of the year	-5.140	-4.116
Amortisation for the year	-2.112	-1.463
Reversal of impairment losses and amortisation of disposed assets	183	439
Impairment losses and amortisation at the end of the year	**-7.069**	**-5.140**
Carrying amount at the end of the year	**5.299**	**6.617**

Notes

	2020/21	(10 months) 2019/20

11. Long-term investments in group enterprises

	2020/21	2019/20
Cost at the beginning of the year	15.340	8.080
Change due to change in accounting policies	0	4.982
Addition during the year, incl. improvements	0	2.278
Cost at the end of the year	**15.340**	**15.340**
Revaluations at the beginning of the year	0	-387
Change due to change in accounting policies	0	3.718
Profit of the year before Goodwill depreciation	0	-2.950
Change due to a foreign currency translation adjustment	0	-463
Elimination of intercompany profits	0	82
Revaluations at the end of the year	**0**	**0**
Depreciation and amortisation at the beginning of the year	-1.814	-1.046
Amortisation for the year	-922	-768
Impairment losses and amortisation at the end of the year	**-2.736**	**-1.814**
Fair value adjustments at the beginning of the year	0	4.473
Change due to change in accounting policies	0	-6.041
Deducted in Receivables	0	1.568
Fair value adjustments at the end of the year	**0**	**0**
Carrying amount at the end of the year	**12.604**	**13.526**
Amount of Goodwill purchased as part of the acquisitions during the year	0	0
	0	**0**

Long-term investments in group enterprises are measured at cost. Previously long-term investments in group enterprises was measured using the equity method.

Notes

	2020/21	(10 months) 2019/20

12. Disclosure in long-term investments in group enterprises and associates

Group enterprises

Name	Registered office	Share held in %
HAY Norway AS	Oslo, Norway	70,00
HAY International UK Ltd.	London, UK	100,00
Anpartsselskabet af 5.12 2018	Horsens, Denmark	100,00
- HAR AS	Oslo, Norway	100,00
Anpartsselskabet af 6.9 2019	Horsens, Denmark	100,00
- HAY International DE GmbH	München, Germany	100,00
- HAY International CH GmbH	Zürich, Switzerland	100,00
- HAY International NL b.v.	Amsterdam, The Netherlands	100,00
- HAY International BE b.v.b.a.	Zaventem, Belgium	100,00
- HAY International Trading ES S.L.	Madrid, Spain	100,00
- HAY International IT S.R.L.	Milano, Italy	100,00

13. Current deferred tax

	2020/21	2019/20
Fixed assets	186	69
Inventories	1.473	461
Accruals	-216	-350
Elimination of intercompany profit/loss	0	122
	1.443	**302**
Deferred tax assets included in the Balance:		
Deferred tax assets, beginning of the year	302	1.060
Adjustment of the year	1.141	-758
	1.443	**302**

Deferred tax includes temporay differences that will be settled within a relatively limited number of years.

14. Deferred expenses

	2020/21	2019/20
Prepaid expenses	981	1.593
	981	**1.593**

Notes

	2020/21	(10 months) 2019/20

15. Contingent liabilities

Contingent liabilities
Rental, lease and leasing commitments:
The Company has assumed rental, lease and leasing commitments of t.DKK 15.564 on 31 May 2021.

Collaterals and securities
As collateral for the lease of premises by the Company, bank gurantees of t.DKK 873 have been issued.

Danish joint-taxation scheme
The Company is the administration company of the group of companies subject to the Danish scheme of joint taxation and unlimited jointly and serverally liable with the other jointly taxed companies for the total corporation tax.

The company is unlimited jointly and serverrally liable with the other jointly taxed companies for any obligation to withhold tax on interest, royalties and dividends.

The liability relating to obligations in connection with withholding tax on dividends, interest, and royalties represents an estimated maximum of t.DKK 36.640.

16. Related parties with controlling interest and group relations

Related party transactions:
Sale of goods to a subsidiary, t.DKK 10.750
Purchase of goods from a subsidiary, t.DKK 0

Sale of goods to a Parent Company, t.DKK 5.538
Purchase of goods from a Parent Company, t.DKK 22.093

Payables to subsidiaries are disclosed in the balance sheet on page 20, and expensed interest is disclosed in note 3.

Controlling interest:
Herman Miller Inc., Zeeland, Michigan,US, ownes 67% of all shares in the Company and thus has controlling interest.

Group relations:
Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Herman Miller Inc., Zeeland, Michigan, US.

Notes

	2020/21	(10 months) 2019/20
17. Fees for auditors elected on the general meeting		
Statutory audit	380	166
Other assurance reports	6	53
	386	**219**