Muuto A/S

Østergade 36 - 38, 4.
DK-1100 Copenhagen K

CVR no. 28 68 39 44

Annual report for the period 1 January 2021 – 31 May 2022

The annual report was presented and approved at the Company's annual general meeting on

25 November 2022

Mette Damgaard
Chairman of the annual general meeting

Contents

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Muuto A/S for the financial period 1 January 2021 – 31 May 2022.

The annual report has been 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 2022 and of the results of the Company's operations for the financial period 1 January 2021 – 31 May 2022.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's activities and financial matters, of the results for the period and of the Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Copenhagen, 25 November 2022
Executive Board:

Anders Cleemann
CEO

Board of Directors:

Jacqueline Hourigan Rice Chairman	Jeffrey Martin Stutz	Christopher Michael Baldwin

Independent auditor's report

To the shareholder of Muuto A/S

Opinion

We have audited the financial statements of Muuto A/S for the financial period 1 January 2021 – 31 May 2022 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 2022 and of the results of the Company's operations for the financial period 1 January 2021 – 31 May 2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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 Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance 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 includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

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

— identify and assess the risks of material misstatement of the company 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.

Independent auditor's report

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

— evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

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

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

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

Statement on the 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 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 has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Fredericia, 25 November 2022
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Nikolaj Møller Hansen State Authorised Public Accountant mne33220	Niklas R. Filipsen State Authorised Public Accountant mne47781

Management's review

Company details

Muuto A/S
Østergade 36 - 38, 4.
DK-1100 Copenhagen K

CVR no.:	28 68 39 44
Established:	15 April 2005
Registered office:	Copenhagen
Financial period:	1 January 2021 – 31 May 2022

Board of Directors

Jacqueline Hourigan Rice, Chairman
Jeffrey Martin Stutz
Christopher Michael Baldwin

Executive Board

Anders Cleemann, CEO

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Vesterballevej 27, 2.
DK-7000 Fredericia
CVR no. 25 57 81 98

Management's review

Financial highlights

DKK'000	1/1 2021- 31/5 2022	1/1 2020- 31/12 2020	2019	2018	2017
Key figures					
Revenue	1,180,849	614,602	713,413	569,672	467,303
Gross profit	415,553	223,175	289,645	225,325	197,896
EBITDA	262,217	129,367	175,588	121,028	128,030
Profit before financial income and expenses	204,794	92,087	147,284	101,262	123,595
Profit/loss from financial income and expenses	-8,582	-13,867	-8,181	875	-6,562
Profit for the period	150,858	58,019	116,765	77,902	92,890
Total assets	750,672	585,485	667,133	546,561	173,751
Equity	493,235	193,031	286,481	248,846	83,866
Investment in property, plant and equipment	25,362	95,283	28,977	7,513	3,427
Ratios					
Return on equity	44.0%	24.2%	43.6%	46.8%	118.5%
Solvency ratio	65.7%	33.0%	42.9%	45.5%	48.3%

The financial ratios have been calculated as follows:

With reference to the Danish Financial Statements Act section101, part 3 the comparative figures for 2017, 2018 and 2019 have not been restated in connection with the changes in accounting policies. Refer to the accounting policies section of the annual report.

The comparative figures for 2017 and 2018 have not been restated following the adoption of IFRS 16 Leases and IFRS 15 Revenue from contracts with customers on 1 January 2019 by use of the modified retrospective approach and are as such not directly comparative.

Return on equity $\dfrac{\text{Profit/loss from ordinary activities after tax x 100}}{\text{Average equity}}$

Solvency ratio $\dfrac{\text{Equity at year-end x 100}}{\text{Total equity and liabilities at year-end}}$

Management's review

Operating review

Principal activities

The principal activities of the Company comprise production, trade and service as well as related activities.

Significant changes in the Company's activities and financial position

In July 2021, the former Parent Company of Muuto A/S (Knoll Inc.) was acquired by Herman Miller Inc., and the ultimate owner of Muuto A/S today is MillerKnoll Inc.

Development in activities and financial position

The Company's income statement for 2021/22 shows a profit of DKK 150,858 thousand as against DKK 58,019 thousand in 2020. Equity in the Company's balance sheet at 31 May 2022 stood at DKK 493,235 thousand as against DKK 193,031 thousand at 31 May 2021.

In previous years, MUUTO A/S has gained a strong market position which provides the opportunity for a further expansion on many key focus areas such as accessories, lighting and furniture. Management thus expects a further expansion for these key focus areas. The new ownership structure brings additional opportunities for Muuto through the strong dealer network of MillerKnoll in especially North America and APAC region.

Muuto A/S' revenue and EBITDA exceeded the initial expectations for the financial year, with strong growth across geographical regions.

Revenue in Muuto A/S increased from DKK 615 million in 2020 to DKK 1,181 milllion in 2021/22. A part of this growth is caused by the change in the financial year with the current year consisting of 17 months.

This annual report does not include consolidated financial statements, since Muuto is part of the consolidated financial statements for MillerKnoll Inc. However, the sub-consolidated revenue for the last twelve months (June 2021 – May 2022) for Muuto Group reached growth of 27% versus the period June 2020 – Maj 2021, and last twelve months revenue amounted to DKK 956 million.

Muuto A/S' EBITDA changed from DKK 129 million in 2020 to DKK 262 million in 2021/22, which was driven by the increased activity.

According to Management, results are satisfactory.

Uncertainty regarding recognition and measurement

There is no significant uncertainty to recognition and measurement.

There is no occurrence of unusual circumstances, affecting recognition and measurement.

Outlook

The current market situation is very uncertain due the situation in Ukraine and risk of a global recession, however, management expectations for 2022/23 is to realize improved results compared to 2021/22, and the first months of 2022/23 has started with a strong growth. For the full year, a growth in the range of 5%-15% in revenue and EBITDA adjusted for 12 months versus 17 months is currently expected.

Management's review

Operating review

Particular risks

Risks related to receivables, creditors, supply and currency are considered normal. The Company's goal is to seek reducing the related risks through treasury management.

Intellectual capital

Muuto A/S is based on knowledge and expertise within its key focus areas that are subject to further development on an ongoing basis.

Research and development activities

The Company has no research activities as the products are developed and designed in collaboration with external partners. Muuto A/S is strongly connected with external partners in the research and development of new product lines.

Corporate social responsibility

United Nations Global Compact
As of March 2022, Muuto A/S obtained membership of the UN Global Compact and has integrated a principles-based approach to doing business. Through the membership Muuto A/S commits to work actively with the Ten Principles of the UN Global Compact — in human and labor rights, environment and anti-corruption.

Human and Labor Rights – Throughout the supply chain
Policy: Muuto A/S acknowledges its social responsibility, not only in relation to its own employees but also in relation to the employees of its suppliers. Muuto A/S supports and respects the internationally recognized human rights conventions, as stipulated in the United Nation’s declaration of human rights, alongside the conventions of the International Labor Organization (ILO).

Management's review

Operating review

Risks, actions and results: Muuto A/S' main risk of potential violation of human rights is found in its supply chain. Therefore, the Company requires from all its external suppliers that they abide by the internationally recognised 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 Muuto A/S's own 'Muuto Supplier Code of Conduct', prompting them to adhere to the United Nations principles of human rights, anti-corruption and no use of child labor.

To minimise the risks, Muuto A/S has during 1 January 2021 to 31 May 2022 regularly performed supplier visits, to the extent possible within the COVID-19 restrictions and has not identified any violations of human rights in its supply chain. Looking forward, Muuto will sharpen its strategy within this matter and further strengthen initiatives on human and labor rights. This will be done by continuously conducting and following up on third party social compliance audits through Intertek, through the ownership by MillerKnoll Inc.

Human and labor rights

Human and Labor Rights – In the direct employment
Policy: Muuto A/S strives to create healthy work conditions and to continuously develop its employees. Muuto A/S' goal is to attract and maintain skillful and talented employees who are result-oriented with the right mindset and possess a real understanding of the organization's values. Muuto strives to ensure gender equality across its operations and currently has 57% female and 43% male employees.

Risks, actions and results: Muuto A/S's development and growth is dependent on its well-educated and skillful employees. For this reason, Muuto A/S perceives a potential shortfall of skilled labor as a risk. For this reason, the continuous growth of employees is a priority within the Company. Adding to that, Muuto A/S always strives to recruit from within when working to fill an open position, also making the development and evolvement of the individual a concern and priority. In its ambition to prepare for and to facilitate the future growth of the Company, Muuto A/S have increased its total workforce with 6 employees during 01-01-21 to 31-05-22 across its departments of Sales, Supply Chain, Design & Product Development, Marketing & PR, Customer Care, Warehouse as well as IT & Finance.

The Company aims to continuously reinforce the message of equality and diversity through internal communication.

Environmental and climate matters

Policy: Muuto A/S continuously works to ease the impact of its operations on the environment across the entire organization. The focus areas for Muuto A/S are: Creating long-lasting designs, minimizing ecotoxicity, supporting sustainable forestry, minimizing the consumption of natural resources and greenhouse gas emissions.

Being a design brand at heart, part of Muuto A/S' CSR emphasis is to create products with a long lifespan — in quality and aesthetic — allowing these to be used for generations to come. Part of this means extensively testing the strength and stability of designs to one of the most demanding industry standards, the American BIFMA test, for a large majority of its furniture. As a result of Muuto A/S' emphasis on quality and long-lasting design the Company offers a warranty of 3 years for all wholesale orders. For contract-market orders, Muuto A/S offers a warranty of 10 years for all BIFMA-tested products, while all other products are covered by a 5-year warranty.

Management's review

Operating review

Adding to that, its Scandinavian heritage prompts Muuto A/S to work with materials as an integrated and conscious part of the design and product development — all the way from the first sketches to the product's end of life. In all stages of the product life cycle Muuto A/S considers sustainability and consciously tries to improve where possible, all in order to continuously improve its sustainability impact. Muuto A/S works to launch new products based on its sustainability perspectives, like the Sketch Toolbox made from minimum 91% recycled plastic, but also to continuously improve on the existing collection. In early 2022 Muuto A/S launched its Fiber Armchair and Side Chair without upholstery in a new version using a minimum of 80% recycled plastic and FSC™-certified wood fibers. The Fiber Chair is an essential part of Muuto A/S' product portfolio and transforming the production of it is a starting point in becoming more circular in the consumption of raw material. By switching to recycled plastic in the production of the Fiber Chair, Muuto A/S expects to save more than 50 tons of virgin plastic in 2022. The goal for the coming years is for Muuto A/S to shift the majority of its collection, using virgin plastic, to be made from recycled plastic.

Muuto A/S also expanded its VOC testing to secure health and minimize ecotoxicity in our products, testing the amount of volatile organic compounds emitted from its products. The vast majority of the furniture collection is now VOC tested. In 2020 Muuto A/S became an FSC™-certified (FSC C028824) and PEFC™-certified company (PEFC/09-31-160). Through 01-01-21 to 31-05-22 Muuto A/S expanded its product portfolio of products using FSC™- and PEFC™-certified wood, and the coming years will see Muuto A/S launching more FSC- and PEFC-certified products. For its Danish warehouse and Copenhagen HQ, Muuto A/S switched to 100% renewable energy through green certificates from November 2020 onwards. For all furniture packaging, Muuto A/S continuously improves its use of material. The cardboard box packaging used for all our furniture products is now made from at least 65% recycled material or is FSC™-certified.

Risks, actions and results: Muuto A/S sees issues concerning quality, health and ecotoxicity as well as forestry as its greatest risks, since these issues will have negative impact on financial results, the environment and the climate as a whole. To avoid these risks, Muuto A/S aims to test products to the highest of industry standards. These tests are performed on a continuous basis resulting in a low claim percentage which has positive impacts on both the environment and climate. Adding to that are the aforementioned VOC tests performed on the majority of Muuto A/S' products, ensuring that products fall within acceptable indoor air quality thresholds. For Muuto A/S, it is also important that the wood used for production comes from sustainable forestry. By becoming both FSC™- and PEFC™-certified, Muuto A/S secures the full chain of custody when using certified wood. All new wooden products in Muuto A/S' product portfolio use wood from sustainable forestry, either FSC™- or PEFC™-certified, and wooden products in the existing range either already use sustainable wood or are in the progress of doing so.

In the coming years, Muuto A/S' strategy is to actively lower its greenhouse gas emissions both through its internal activities and throughout its supply chain.

Anti-corruption

Policy: Under no circumstances does Muuto A/S tolerate any type of corruption and/or bribery.

Risks, actions and results: Muuto A/S has employees in a broad variety of countries across various continents and cultures, which itself poses a risk that some employees as well as the employees of Muuto A/S' suppliers can find themselves in situations exposed to corruption and/or bribery. Muuto A/S strongly encourages anyone who has suspicions of unethical business methods to immediately report the concern to their nearest manager, and this is communicated continuously to its employees. Adding to that, all employees has undertaken online courses in GDPR, cyber security and anti-corruption. For the future the Muuto A/S will keep the focus on anti-corruption internally as well as externally.

Furthermore, Muuto A/S is part of a corporate group that has a whistleblower hotline. Through 1 January 2021 to 31 May 2022, no cases were reported to the whistleblower hotline.

Management's review

Operating review

Goals and policies for the underrepresented gender

It is the policy of the Group to secure the best professional competence possible at all levels of the Group. The share of women at the Board of Directors of Muuto A/S constitutes 33.3%, corresponding to one out of three board members. Based on the specific assessment of the Company's situation, including the competences to be present at the Board of Directors, the target is to keep the minimum share of women at the Board of Directors at 33.3% in the future. This is considered an achievable and ambitious target figure.

The gender composition objective for other categories of employees is considered fulfilled when at least 25-50% of each staff group are represented.

The members of Management are solely appointed based on their qualifications and not based on their gender. By doing so, equal opportunities for both genders are secured provided that the candidates applying for the management positions possess the professional skills required. Through its recruiting activities, Muuto will ensure that both genders are represented in the selection of candidates. All employments will still be made based on an overall assessment of who is best suited for the job.

Gender distribution for 1 January 2021 to 31 May 2022 has been as follows:

Total employees, 43% men / 57% women (2020: 48% men / 52% woman)
Management group, 80% men / 20% women (2020: 80% men / 20% women)
Board of Directors, 66.6% men / 33.3% women (2020: 66.6% men / 33.3% women)
The target has been fulfilled in most areas.

To read more about our CSR efforts and follow our latest progress please visit
https://www.muuto.com/sustainability/

Reporting on data ethics

Muuto A/S has a privacy policy and an IT security policy, but currently the Company has not implemented a Data Ethics Policy. This policy will be implemented during 2022/23.

Events after the balance sheet date

No events have occured after the balance sheet date to this date, which would influence the evaluation of the annual report.

Financial statements 1 January 2021 - 31 May 2022

Income statement

DKK'000	Note	1/1 2021- 31/5 2022	1/1 2020- 31/12 2020
Revenue	2	1,180,849	614,602
Cost of sales		-696,238	-348,395
Other external costs		-69,058	-43,032
Gross profit		415,553	223,175
Staff costs	3	-153,336	-93,808
Depreciation and amortisation	4, 5	-57,030	-36,585
Other operating costs		-393	-695
Profit before financial income and expenses		204,794	92,087
Financial income	6	1,404	1,034
Financial expenses		-9,986	-14,901
Profit before tax		196,212	78,220
Tax on profit for the year	7	-45,354	-20,201
Profit for the period	8	150,858	58,019

Financial statements 1 January 2021 - 31 May 2022

Balance sheet

DKK'000	Note	31/5 2022	31/12 2020
ASSETS			
Fixed assets			
Intangible assets	4		
Completed development projects		189	207
Goodwill		179,169	193,359
Acquired intangible assets		29,145	30,648
		208,503	224,214
Property, plant and equipment	5		
Fixtures and fittings, tools and equipment		104,268	106,565
Leasehold improvements		5,112	7,135
		109,380	113,700
Financial assets	9		
Equity investments in group entities		8	8
Deposits		8,563	7,335
		8,571	7,343
Total fixed assets		326,454	345,257
Current assets			
Inventories			
Finished goods and goods for resale		111,063	74,461
Prepayments for goods		1,711	242
		112,774	74,703
Receivables			
Trade receivables		68,398	61,688
Receivables from group entities		60,369	90,741
Other receivables		5,040	3,418
Prepayments	10	9,021	4,373
		142,828	160,220
Cash at bank and in hand		168,616	5,305
Total current assets		424,218	240,228
TOTAL ASSETS		750,672	585,485

Financial statements 1 January 2021 - 31 May 2022

Balance sheet

DKK'000	Note	31/5 2022	31/12 2020
EQUITY AND LIABILITIES			
Equity			
Contributed capital	11	526	526
Reserve for development costs		147	176
Retained earnings		302,562	152,329
Proposed dividends for the financial year		190,000	40,000
Total equity		493,235	193,031
Provisions			
Provisions for deferred tax	12	856	1,541
Other provisions	13	5,738	4,855
Total provisions		6,594	6,396
Liabilities other than provisions			
Non-current liabilities other than provisions	14		
Debt to credit institutions		0	139,610
Lease obligations		71,370	79,888
Payables to group entities		26,832	12,580
Other payables		0	6,896
		98,202	238,974
Current liabilities other than provisions			
Current portion of non-current liabilities		19,591	33,331
Prepayments received from customers		5,621	3,059
Trade payables		44,069	46,147
Payables to group entities		5,692	7,662
Corporation tax		38,049	15,521
Other payables		39,619	36,316
Deferred income	15	0	5,048
		152,641	147,084
Total liabilities other than provisions		250,843	386,058
TOTAL EQUITY AND LIABILITIES		750,672	585,485

Financial statements 1 January 2021 - 31 May 2022

Statement of changes in equity

DKK'000	Contributed capital	Reserve for development costs	Retained earnings	Proposed dividends for the financial year	Total
Equity at 1 January 2021	526	176	152,329	40,000	193,031
Group contribution, debt conversion	0	0	189,346	0	189,346
Ordinary dividends paid	0	0	0	-40,000	-40,000
Transfers, reserves	0	-29	29	0	0
Transferred over the profit appropriation	0	0	-39,142	190,000	150,858
Equity at 31 May 2022	526	147	302,562	190,000	493,235

Financial statements 1 January 2021 - 31 May 2022

Notes

1 Accounting policies

The annual report of Muuto A/S for 2021/22 has been prepared in accordance with the provisions applying to reporting class C large entities under the Danish Financial Statements Act.

The accounting period has been changed during the year 1 June - 31 May to follow the accounting year of the Group. The current financial year is a transition year and the accounting period is extended to 17 months (1 January 2021 - 31 May 2022). The comparative figures haven't been restated as a result of the change in accounting period.

The Company has changed its measurement of equity investments in group entities from equity method to cost in conjunction with the adoption of MillerKnoll, Inc.'s accounting practice for equity investment in group entities subsequent to the acqusition by Herman Miller of Knoll.

The current year's effect of the change is unknown.

The comparative figures are affected as follows:

- Income from equity investments in group entities, decrease of DKK 12,470 thousand.
- Profit before tax, decrease of DKK 12,470 thousand
- Profit for the period,decrease of DKK 12,470 thousand
- Equity investment in group entities, decrease of DKK 31,890 thousand
- Total assets, decrease of DKK 31,890 thousand
- Equity, decrease of DKK 31,890 thousand.

Furthermore, minor reclassifications in the comparative financial statements for 2020 have been incorporated to enhance the presentation. The reclassifications have no effect on profit for the year. The financial ratios have been updated accordingly.

Besides the change in accounting policies and the reclassifications to comparative figures, The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Omission of consolidated financial statements

Pursuant to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The financial statements of Muuto A/S and group entities are included in the consolidated financial statements of MillerKnoll Inc., 855 E Main Ave, Zeeland, MI 49464, USA.

Omission of 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 MillerKnoll Inc.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Financial statements 1 January 2021 - 31 May 2022

Notes

1 Accounting policies (continued)

Income statement

Revenue

The Company uses IFRS 15 as interpretation for the recognition of revenue.

Under IFRS 15, the Company recognises revenue when its customer obtains control of promised goods or services, in an amount that reflects the consideration that the entity expects to receive in exchange for those goods or services.

To determine revenue recognition for arrangements that Muuto A/S determines are within the scope of IFRS 15, the Company performs the following five steps: (i) identify the contract(s) with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when (or as) the entity satisfies a performance obligation.

Muuto A/S only applies the five-step model to contracts when it is probable that the entity will collect the consideration it is entitled to in exchange for the goods or services it transfers to the customer.

At contract inception, once the contract is determined to be within the scope of IFRS 15, Muuto A/S assesses the goods or services promised within each contract and identify, as a performance obligation, and assesses whether each promised good or service is distinct. The Company then recognizes as revenue the amount of the transaction price that is allocated to the respective performance obligation when (or as) the performance obligation is satisfied.

Cost of sales

Cost of sales comprises costs incurred to generate revenue for the year. This item also comprises direct costs for goods for resale and changes to inventory of goods for resale.

Other external costs

Other external costs comprise distribution costs and costs related to premises, stationery and office supplies, marketing costs, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc.

Other operating costs

Other operating costs comprise items secondary to the activities of the entity, including losses on the disposal of intangible assets and property, plant and equipment.

Financial statements 1 January 2021 - 31 May 2022

Notes

1 **Accounting policies (continued)**

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding payables and receivables transactions denominated in foreign currencies and other financial income and expenses.

Tax on profit/loss for the year

Muuto A/S is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. The subsidiaries are included in the joint taxation from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

Knoll Denmark ApS is the administrative company for the joint taxation and accordingly settles all payments of corporation tax to the tax authorities.

On payment of joint taxation contributions, current Danish corporation tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have used the losses to reduce their own taxable profit.

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Intangible assets

Development projects

Development projects are clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the entity can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred.

When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a sepcific assessment of each development project. The amortisation periods used are five years.

Acquired intangible assets

Acquired intangible assets comprise software and related intellectual property rights.

Acquired intagible assets are measured at cost less accumulated amortisation. The amortisation period is five years, but no more than the remaining life for the rights of the assets.

Financial statements 1 January 2021 - 31 May 2022

Notes

1 Accounting policies (continued)

Goodwill

Goodwill is the positive difference between cost and fair value of assets and liabilities arising fromacquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life has been determined based on an assessment of whether the entities are strategically acquired entities with a strong market position and a long-term earnings profile. If it is not possible to estimate the useful life reliably, it is set at 10 years. Useful lives are reassessed on an annual basis. The amortisation period used is 20 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	3 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Depreciation is recognised in the income statement.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Lease assets and lease liabilities

When entering into a contract, the Company assesses whether the contract is a lease or contains a lease component. A lease is defined as a contract or part of a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. When an assessing whether a contract contains a lease component, it must be considered whether, during the period of use, the lessee has the right to substantially all economic benefits from the use of the identified asset and the right to direct the use of the identified asset.

The Company recognises a right-of-use asset and a lease liability at the commencement date.

The Company leases cars including a service component in the payments to the lessor. This service is separated from the lease payment when measuring the lease liability. If the Company is unable to reliably separate lease components and non-lease components, it is considered a single lease component.

Financial statements 1 January 2021 - 31 May 2022

Notes

1 Accounting policies (continued)

Lease liabilities recognised as "Credit institutions and interest-bearing liabilities" are initially measured at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate.

The lease payments consist of fixed and variable lease payments that depend on an index or a rate, guaranteed residual values, purchase options and extension options if the Company is reasonably certain to exercise the option and termination penalties if the lease term reflects the Company exercising an option to terminate the lease. The lease liability is subsequently adjusted as follows if:

- The value of the index or rate on which the lease payments are based is changed.
- The exercise of options is changed in order to extend or terminate the lease due to significant events or a significant change in circumstances within the Company's control.
- The lease term is changed if the option is exercised in order to extend or terminate the lease.
- Estimated residual value guarantee is changed.
- The contract is renegotiated or modified.

Any subsequent adjustment of the future lease liability is recognised as an adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is DKK 0, a negative adjustment to the right-of-use asset is, however, recognised in the income statement.

The right-of-use asset is initially measured at cost comprising amount of initial measurement of the lease liability plus any initial direct costs and any estimated costs of dismantling and removal of the asset at the end of the lease term which the Company is under an obligation to incur and any prepaid lease payments and less any lease incentives received.

The right-of-use asset is depreciated over the shorter of the lease term and the useful life of the right-of-use asset.

Short-term leases with a maximum lease term of 12 months and leases for low-value assets are not recognised in the balance sheet.

Financial assets

Equity investments in subsidiaries are measured at cost.

Other receivables and deposits are recognised at amortised cost.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and equity investments in group entities are subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

Financial statements 1 January 2021 - 31 May 2022

Notes

1 Accounting policies (continued)

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Inventories

Inventories are measured at cost in accordance with the FIFO method. If the net realisable value is lower than cost, inventories are written down to the lower value.

The cost comprise purchase price plus delivery costs.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating in accordance with the Company's credit risk management policy. The objective indicators used in relation to portfolios are determined on the basis of historical loss experience.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Cash at bank and in hand

Cash at bank and in hand comprises cash and bank deposits.

Equity

Dividends

The expected dividends payment for the year is disclosed as a separate item under equity.

Financial statements 1 January 2021 - 31 May 2022

Notes

1 Accounting policies (continued)

Reserve for development costs

The reserve for development costs comprises capitalised development costs. The reserve cannot be used for dividends, distribution or to cover losses. If the recognised development costs are sold or in other ways excluded from the Company's operations, the reserve will be dissolved and transferred directly to the distributable reserves under equity. If the recognised development costs are written down, the part of the reserve corresponding to the write-down of the developments costs will be reversed. If a write-down of development costs is subsequently reversed, the reserve will be re-established. The reserve is reduced by amortisation of capitalised development costs on an ongoing basis.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Provisions

Other provisions comprise anticipated costs of returns and warranties.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date.

Deferred income

Deferred income comprises advance invoicing regarding income in subsequent years.

Liabilities other than provisions

Lease commitments relating to right-of-use assets are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

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

Financial statements 1 January 2021 - 31 May 2022

Notes

2 Segment information

Geographical

DKK'000	Scandinavia	Rest of Europe	Rest of the World	Total
1/1 2021-31/5 2022				
Revenue	218,086	577,641	385,122	1,180,849

	Furniture, lighting, accessories
Business segments	
Revenue	1,180,849

3 Staff costs

DKK'000	1/1 2021-31/5 2022	1/1 2020-31/12 2020
Wages and salaries	135,611	81,247
Pensions	8,042	5,294
Other social security costs	4,758	4,864
Other staff costs	4,925	2,403
	153,336	93,808
Average number of full-time employees	161	159

In accordance with section 98b(3) of the Danish Financial Statements Act, remuneration of the Executive Board and the Board of Directors has not been disclosed.

Staff costs include costs for a Stock Based Compensation Programme issued by the ultimate parent company, MillerKnoll Inc. The value of the programme is based on the fair value of the underlying awards on the grant dat,e and total costs assigned for Muuto A/S in 2021/22 amount to DKK 11,439 thousand (in 2020: a negative of DKK 1,885 thousand).

Financial statements 1 January 2021 - 31 May 2022

Notes

4 Intangible assets

DKK'000	Completed development projects	Goodwill	Acquired intangible assets	Total
Cost at 1 January 2021	280	235,934	43,442	279,656
Additions for the year	0	0	11,765	11,765
Cost at 31 May 2022	280	235,934	55,207	291,421
Amortisation and impairment losses at 1 January 2021	-73	-42,575	-12,794	-55,442
Amortisation for the year	-18	-14,190	-13,268	-27,476
Amortisation and impairment losses at 31 May 2022	-91	-56,765	-26,062	-82,918
Carrying amount at 31 May 2022	189	179,169	29,145	208,503

Completed development projects

Development projects compries projects with the purpose of supporting Muuto´s business. The capitalised project, which is completed and in use in this financial year, is an interior design concept to be presented in shops and is expected to support the cash generating unit.

5 Property, plant and equipment

DKK'000	Fixtures and fittings, tools and equipment	Leasehold improve-ments	Total
Cost at 1 January 2021	133,033	12,919	145,952
Additions for the year	24,217	1,145	25,362
Disposals for the year	-128	0	-128
Cost at 31 May 2022	157,122	14,064	171,186
Depreciation and impairment losses at 1 January 2021	-26,468	-5,784	-32,252
Depreciation for the year	-26,386	-3,168	-29,554
Depreciation and impairment losses at 31 May 2022	-52,854	-8,952	-61,806
Carrying amount at 31 May 2022	104,268	5,112	109,380
Assets held under finance leases	89,479	0	89,479

As of 31 May 2022, the total carrying amount of property, plant and equipment includes right-of-use assets of DKK 89.5 million.

Financial statements 1 January 2021 - 31 May 2022

Notes

DKK'000	1/1 2021- 31/5 2022	1/1 2020- 31/12 2020

6 Financial income

Interest income from group entities	289	0
Other financial income	1,115	1,034
	1,404	1,034

7 Tax on profit for the year

Current tax for the year	45,599	16,041
Change in deferred tax	-685	4,160
Adjustment of deferred tax concerning previous years	440	0
	45,354	20,201

8 Proposed profit appropriation

Proposed dividends for the year	190,000	40,000
Retained earnings	-39,142	18,019
	150,858	58,019

Financial statements 1 January 2021 - 31 May 2022

Notes

9 Financial assets

DKK'000	Equity investments in group entities
Cost at 1 January 2021	8
Cost at 31 May 2022	8
Carrying amount at 31 May 2022	8

DKK'000	Deposits
Cost at 1 January 2021	7,335
Additions for the year	1,228
Cost at 31 May 2022	8,563
Carrying amount at 31 May 2022	8,563

Name/legal form	Registered office	Voting rights and ownership interest	Equity	Profit for the year
Subsidiaries:			DKK'000	DKK'000
Muuto Inc.	New York, US	100%	44,058	13,928
			44,058	13,928

10 Prepayments

Prepayments comprise expenses held related to subsequent financial year.

11 Equity

The contributed capital consists of:

A shares, 367,292 shares of nom. DKK 1 each

B shares, 158,470 shares of nom. DKK 1 each

The share capital has remained unchanged for the last 5 years.

12 Provisions for deferred tax

DKK'000	31/5 2022	31/12 2020
Deferred tax at 1 January	1,541	-2,619
Deferred tax adjustment for the year in the income statement	-685	4,160
	856	1,541

Deferred tax relates primarily to timing differences on fixed assets.

Financial statements 1 January 2021 - 31 May 2022

Notes

DKK'000	31/5 2022	31/12 2020

13 Other provisions

Other provisions contains warranty commitments for goods sold.

Warranty commitments at 1 January	4,855	4,500
Provisions for the year	883	355
Other provisions at 31 May	5,738	4,855

Specified as follows:

0-1 year	2,295	2,050
>1 year	3,443	2,805
	5,738	4,855

14 Non-current liabilities other than provisions

Liabilities other than provisions can be specified as follows:

Liabilities other than provisions can be specified as follows:

0-1 years	63,782	77,309
1-5 years	98,202	238,974
	161,984	316,283
Credit institutions:		
0-1 years	0	19,679
1-5 years	0	139,610
Lease obligations:		
0-1 years	18,472	13,652
1-5 years	71,370	79,888
Other payables:		
0-1 years	39,618	36,316
1-5 years	0	6,896
Payables to group entities:		
0-1 years	5,692	7,662
1-5 years	26,832	12,580

15 Deferred income

Deferred income consist of revenue subsequent periods.

Financial statements 1 January 2021 - 31 May 2022

Notes

16 Contingent liabilities

The Company is jointly taxed with other Danish companies in the MillerKnoll Group, in which Knoll Denmark ApS is the administration company. Muuto A/S is a wholly-owned subsidiary, together with the other companies included in the joint taxation, the Company has joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends. Any subsequent correction of the taxable jointly taxed income or withholding taxes could result in an adjustment of the Company's liability.

17 Fees to auditor appointed at the general meeting

DKK'000	1/1 2021-31/5 2022	1/1 2020-31/12 2020
Audit	325	1,000
Non-audit service	35	50
Other assurrance arrangements	24	0
	384	1,050

18 Related party disclosures

Muuto A/S related parties comprise the following:

Control

Knoll Denmark ApS, Langelinie Allé 35, 2100 København Ø.

Knoll Denmark ApS holds the majority of the contributed capital in the Company.

Muuto A/S is part of the consolidated financial statements of MillerKnoll Inc., 855 E Main Ave, Zeeland, MI 49464, USA, which is the smallest and largest group, in which the Company is included as a subsidiary.

The consolidated financial statements of MillerKnoll Inc. can be obtained by contacting the company at the address above.

Related party transactions

DKK'000	1/1 2021-31/5 2022
Sale of goods to group entities	255,423
Expenses from group entities	-32,211
Distributed dividends to shareholder	40,000

Remuneration to the Parent Company's Executive Board and Board of Directors is disclosed in note 3.

Payables and receivables to/from group entities are disclosed in the balance sheet, and interest income from group entities is disclosed in note 6.