Muuto A/S

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

CVR no. 28 68 39 44

Annual report for the period 1 June 2022 – 31 May 2023

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

3 November 2023

Anders Cleemann
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 year 1 June 2022 – 31 May 2023.

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 2023 and of the results of the Company's operations for the financial year 1 June 2022 – 31 May 2023.

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 year and of the Company's financial position.

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

Copenhagen, 3 November 2023
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 year 1 June 2022 – 31 May 2023 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 2023 and of the results of the Company's operations for the financial year 1 June 2022 – 31 May 2023 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 financial statement 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, 3 November 2023
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 year:	1 June – 31 May

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	1/6 2022 - 31/5 2023	1/1 2021 - 31/5 2022 (17 months)	1/1 - 31/12 2020	1/1 - 31/12 2019	1/1 - 31/12 2018
Key figures					
Revenue	949,803	1,180,849	614,602	713,413	569,672
Gross profit	357,115	415,553	223,175	289,645	225,325
EBITDA	231,427	261,824	129,367	175,588	121,028
Profit before financial income and expenses	176,016	204,794	92,087	147,284	101,262
Profit/loss from financial income and expenses	-44	-8,582	-13,867	-8,181	875
Profit for the year	127,679	150,858	58,019	116,765	77,902
Total assets	679,692	750,672	585,485	667,133	546,561
Equity	430,914	493,235	193,031	286,481	248,846
Investment in property, plant and equipment	32,837	25,362	95,283	28,977	7,513
Ratios					
Return on equity	27.6%	44.0%	24.2%	43.6%	46.8%
Solvency ratio	63.4%	65.7%	33.0%	42.9%	45.5%

The financial ratios have been calculated as follows:

With reference to section 101(3) of the Danish Financial Statements Act, comparative figures for 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 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 comparable.

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

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

Management's review

Operating review

Principal activities

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

Development in activities and financial position

The Company's income statement for 2022/23 shows a profit of DKK 127,679 thousand as against DKK 150,858 thousand for the period 1 January 2021 - 31 May 2022 (17 months). Equity in the Company's balance sheet at 31 May 2023 stood at DKK 430,914 thousand as against DKK 493,235 thousand at 31 May 2022.

The financial year 2021/22 covered a period of 17 months due to a change in the financial year, subsequent to the acquisition by the ultimate owner, MillerKnoll Inc., of the Company. On the basis of a linear conversion of the 17 months' of revenue in 2021/22 into 12 months, revenue for 2021/22 amounted to DKK 833,540 thousand demonstrating an increase in revenue of 13.9 % for 2022/23.

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

This annual report does not include consolidated financial statements, since Muuto A/S is part of the consolidated financial statements of MillerKnoll Inc. However, sub-consolidated revenue for the last twelve months (June 2022 – May 2023) of the Muuto Group reached DKK 1,033 million, which was an increase of 8% on the period June 2021 – May 2022, and Muuto A/S achieved a great milestone reporting revenue above DKK 1 billion on consolidated level. The growth in revenue is considered very satisfying, especially seen in the perspective of the market conditions in 2022/23 being very challenging with low consumer confidence, high inflation and the war in Ukraine.

Muuto A/S' EBITDA changed from DKK 261,824 thousand in 2021/22 (17 months) to DKK 231,427 thousand in 2022/23. If a comparison is made to a 12-month period, the growth in EBITDA was DKK 46,670 thousand (25.3%), which was driven by increased activity.

Muuto A/S' revenue and EBITDA were in line with the initial expectations for the financial year as set forth in the Management's review of the annual report for 2021/22.

According to Management, results are satisfactory.

Uncertainty regarding recognition and measurement

There is no significant uncertainty regarding recognition and measurement.

No unusual circumstances have occurred, affecting recognition and measurement.

Outlook

The current market situation continues to be very uncertain due the economic climate. However, Management expects to report improved results for 2023/24.

For the full year, growth in revenue and EBITDA in the range of 0%-8% 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 to reduce related risks through treasury management.

Intellectual capital

Muuto A/S' business 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

The following statement is made in accordance with sections 99a and 99b of the Danish Financial Statements Act.

United Nations Global Compact
Muuto A/S has acceded to the UN Global Compact and has integrated a principles-based approach to doing business. Through its membership, Muuto A/S commits to work actively with the Ten Principles of the UN Global Compact — within human and labour rights, environment and anti-corruption.

Corporate Whistleblower Hotline
As part of MillerKnoll Inc., Muuto A/S has a whistleblower hotline. Muuto A/S always strives to encourage an open dialogue but also acknowledges the need for alternate solutions to reporting concerns. Through June 2022 to 31 May 2023, no cases were reported to the whistleblower hotline.

Human and labour rights

Human and Labour 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, who possess a real understanding of the organisation's values. Muuto A/S strives to ensure gender equality across its operations and currently has 56% female and 44% male employees.

Risks, actions and results: Muuto A/S' development and growth are dependent on its well-educated and skillful employees. For this reason, Muuto A/S perceives a potential shortfall of skilled labour as a risk. Therefore, 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 its future growth, Muuto A/S has increased its total workforce with nine employees from 1 June 2022 to 31 May 2023 across the 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.

Management's review

Operating review

Human and Labour 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).

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 all its external suppliers to 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 Labour 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, labour, environment and anti-corruption.

To minimise the risks, Muuto A/S has regularly performed supplier visits in the period from 1 June 2022 to 31 May 2023 and has not identified any violations of human rights and/or labour rights in its supply chain. In addition to this, Muuto A/S has completed third-party social compliance audits through Intertek at suppliers located in India and China. Looking forward, Muuto A/S will continue the strategy on this matter and continuously strengthen initiatives on human and labour rights.

Environmental and climate matters

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

Being a design brand at heart, part of Muuto A/S' sustainability 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 three 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 five-year warranty.

Furthermore, the Company's 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 to try to improve its impact where possible.

In 2022, Muuto A/S launched its first EU Ecolabel certified products. The EU Ecolabel is the European Union's official certification awarded to products for their high quality and sustainable initiatives. The EU Ecolabel is a well-respected certification worldwide as it identifies products having a reduced environmental impact spanning the total lifecycle of a product — from raw material to disposal. A variety of products in the Muuto assortment now holds the EU Ecolabel Certification: The Fiber Series without upholstery, the Cover Series without upholstery and the Soft Side Table with Solid Oak and Laminate tabletop. In the future, Muuto A/S strives to increase the number of EU Ecolabel-certified designs in its assortment.

Muuto A/S has a high focus on securing health and minimising ecotoxicity. This is done by testing the amount of volatile organic compounds (VOC) emitted from the Company's products. The vast majority of the furniture collection is VOC tested, ensuring that the products are low emitting.

Since 2020 Muuto A/S has been an FSC™-certified (FSC-C028824) company. By being FSC™-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, and wooden products in the existing range either already use sustainable wood or are in the progress of doing so. By 2030 Muuto A/S' goal is that 100% of the wood used in all products must be from certified sustainable forestry.

Management's review

Operating review

Muuto A/S works to launch new products based on its sustainability perspectives. For example, in the period from 1 June 2022 to 31 May 2023, Muuto A/S launched the Midst Table as well as the Couple Coffee Table, both are made using FSC™-certified wood. In addition, the Company continuously improves on the existing collection. In fall 2022, Muuto A/S launched the remaining typologies in the Fiber Family, without upholstery, in the new version using a minimum of 80% recycled plastic and FSC™-certified wood fibers. The Fiber Family is an essential part of Muuto A/S' product portfolio, and transforming the production of the entire Fiber Family is a starting point in becoming more circular in the consumption of raw materials. By 2030, Muuto A/S' goal is to eliminate the use of virgin plastic in its products and packaging, with the exception of instances where using recycled plastic will compromise the overall quality of the final design. The Company estimates that a minimum of 75% of its total plastic use will come from recycled materials by 2030.

For all furniture packaging, Muuto A/S continuously improves its use of material. By 2025, Muuto A/S' goal is to eliminate all Styrofoam from the production of its packaging. Furthermore, by 2030 the Company's goal is that 100% of the wood used in packaging must be either recycled or come from certified sustainable forestry. The cardboard box packaging used for all furniture products is now made from at least 65% recycled material or is FSC™-certified.

Muuto A/S is committed to reducing negative impact on the environment, believing that it is important to take accountability in the fight against climate change. Therefore, by 2030, Muuto A/S' goal is to reduce greenhouse gas emissions from its operations, as well as designs, by 50%. In the period from 1 June 2022 to 31 May 2023, Muuto A/S worked on creating and mapping out the carbon footprint baseline to identify areas of improvement and develop measurable strategies and reduction projects.

For its Danish warehouse, Copenhagen HQ and store as well as the showroom in Aarhus, Muuto A/S has used 100% renewable energy through green certificates from November 2020 and onwards.

Risks, actions and results: Muuto A/S sees issues concerning quality, health and ecotoxicity as well as deforestation and resource consumption as its greatest risks, since these issues will have a 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 and improve materials used. 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 and that the use of virgin plastic is kept at a minimum.

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

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. No situations of corruption and/or bribery were reported from 1 June 2022 to 31 May 2023. Adding to that, all employees have undertaken online courses in GDPR, cyber security and anti-corruption during the period from 1 June 2022 to 31 May 2023. Going forward, Muuto A/S will keep its focus on anti-corruption internally as well as externally.

Management's review

Operating review

Goals and policies for the underrepresented gender

Policy: It is the policy of the Company to secure the best professional competence possible at all levels. Based on the specific assessment of the Company's situation, including the competences of the Board of Directors, the target is to keep the minimum share of women on the Board of Directors at 33.3%. This is considered an achievable and ambitious target figure. The share of women on the Board of Directors of Muuto A/S during the period 1 June 2022 to 31 May 2023 constituted 33.3%, corresponding to one out of three board members. By keeping the share of women on the Board of Directors at 33.3%, gender equality for the underrepresented gender has been reached according to the Danish Business Authority.

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 A/S will ensure that both genders are represented in the selection of candidates and will, for the future, seek to fulfill the composition objective of having a minimum share of women in the Management Group of 25%. All employment will still be made based on an overall assessment of the candidate best suited for the job.

Gender distribution from 1 June 2022 to 31 May 2023 has been as follows:

Total employees, 44% men / 56% women (1 January 2021 to 31 May 2022: 43% men / 57% woman)
Management group, 80% men / 20% women (1 January 2021 to 31 May 2022: 80% men / 20% women)
Board of Directors, 66.6% men / 33.3% women (1 January 2021 to 31 May 2022: 66.6% men / 33.3% women).

The target has been fulfilled in most areas.

Reporting on data ethics

In its capacity as a MillerKnoll group company, Muuto A/S conducts itself in accordance with a series of values, codes and policies; with particular reference to its Code of Business Conduct and Ethics. All employees receive training in relation to the Code of Business Conduct and Ethics. Muuto A/S, in its capacity as a MillerKnoll group company, takes its responsibilities very seriously, including our internal practices as well as those with our customers, advisers and extended community. We have a robust series of policies and guidelines in place to facilitate decision-making, risk management and problem-solving. Our policies include: Privacy Notice, Cookie Notice, Do Not Sell My Personal Information, Exercise Your Privacy Rights, Accessibility, Code of Business Conduct and Ethics, Supplier Code of Conduct, Insider Trading, Whistleblower and Non-Retaliation Policy, Terms of Use, Investor Relations, Related Party Transaction Policy and Procedures, Group Health Plan Disclosure – MillerKnoll and Guest Wireless Network Acceptable Use Policy. We also conduct comprehensive compliance training globally.

Financial statements 1 June – 31 May

Income statement

DKK'000	Note	1/6 2022 - 31/5 2023	1/1 2021 - 31/5 2022 (17 months)
Revenue	2	949,803	1,180,849
Cost of sales		-531,452	-696,238
Other external costs		-61,236	-69,058
Gross profit		357,115	415,553
Staff costs	3	-125,520	-153,336
Depreciation and amortisation	4, 5	-55,411	-57,030
Other operating costs		-168	-393
Profit before financial income and expenses		176,016	204,794
Financial income	6	1,208	1,404
Financial expenses		-1,252	-9,986
Profit before tax		175,972	196,212
Tax on profit for the year	7	-48,293	-45,354
Profit for the year	8	127,679	150,858

Financial statements 1 June – 31 May

Balance sheet

DKK'000	Note	31/5 2023	31/5 2022
ASSETS			
Fixed assets			
Intangible assets	4		
Completed development projects		171	189
Goodwill		164,976	179,169
Acquired intangible assets		27,056	29,145
		192,203	208,503
Property, plant and equipment	5		
Fixtures and fittings, tools and equipment		102,404	104,268
Leasehold improvements		7,082	5,112
		109,486	109,380
Financial assets	9		
Equity investments in group entities		8	8
Deposits		9,892	8,563
		9,900	8,571
Total fixed assets		311,589	326,454
Current assets			
Inventories			
Finished goods and goods for resale		116,321	111,063
Prepayments for goods		254	1,711
		116,575	112,774
Receivables			
Trade receivables		63,072	68,398
Receivables from group entities		37,350	60,369
Other receivables	10	4,624	5,040
Deferred tax asset	11	2,768	0
Prepayments	12	9,210	9,021
		117,024	142,828
Cash at bank and in hand		134,504	168,616
Total current assets		368,103	424,218
TOTAL ASSETS		679,692	750,672

Financial statements 1 June – 31 May

Balance sheet

DKK'000	Note	31/5 2023	31/5 2022
EQUITY AND LIABILITIES			
Equity			
Contributed capital	13	526	526
Reserve for development costs		133	147
Retained earnings		280,255	302,562
Proposed dividends for the financial year		150,000	190,000
Total equity		430,914	493,235
Provisions			
Provisions for deferred tax	11	0	856
Other provisions	14	6,148	5,738
Total provisions		6,148	6,594
Liabilities other than provisions			
Non-current liabilities other than provisions			
Lease obligations		71,929	71,370
Payables to group entities		28,859	26,832
		100,788	98,202
Current liabilities other than provisions			
Current portion of non-current liabilities		18,975	19,591
Prepayments received from customers		5,103	5,621
Trade payables		35,368	44,069
Payables to group entities		1,287	5,692
Corporation tax		43,922	38,049
Other payables		37,187	39,619
		141,842	152,641
Total liabilities other than provisions		242,630	250,843
TOTAL EQUITY AND LIABILITIES		679,692	750,672

Financial statements 1 June – 31 May

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 June 2022	526	147	302,562	190,000	493,235
Ordinary dividends paid	0	0	0	-190,000	-190,000
Transfers, reserves	0	-14	14	0	0
Transferred over the profit appropriation	0	0	-22,321	150,000	127,679
Equity at 31 May 2023	526	133	280,255	150,000	430,914

Financial statements 1 June – 31 May

Notes

1 Accounting policies

The annual report of Muuto A/S for 2022/23 has been prepared in accordance with the provisions applying to reporting class C large entities under the Danish Financial Statements Act.

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.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised in the balance sheet at cost and subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are recognised as other receivables and other payables, respectively.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a fair value hedge of a recognised asset or liability are recognised in the income statement together with changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future transactions are recognised as other receivables or other payables and in equity until the realisation of the hedged transactions. If the future transaction results in the recognition of assets or liabilities, amounts that were previously recognised in equity are transferred to the cost of the asset or liability. If the future transaction results in income or costs, amounts that were previously recognised in equity are transferred to the income statement for the period when the hedged item affects the income statement.

Financial statements 1 June – 31 May

Notes

1 Accounting policies (continued)

For derivative financial instruments not qualifying for treatment as hedging instruments, changes in fair value are recognised in the income statement on an ongoing basis.

Changes in the fair value of derivative financial instruments used for hedging of net investments in independent foreign subsidiaries or associates are recognised directly in equity.

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) recognise 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 to which it is entitled 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 identifies, as a performance obligation, whether all promised goods or services are distinct. The Company then recognises 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 the 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.

Financial statements 1 June – 31 May

Notes

1 **Accounting policies (continued)**

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 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 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 on which they are included in the consolidated financial statements and up to the date on which 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 development projects are recognised as intangible assets, an amount equalling 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 specific assessment of each development project. The amortisation periods used are five years.

Financial statements 1 June – 31 May

Notes

1 Accounting policies (continued)

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.

Goodwill

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life determined to be 20 years, 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. Useful lives are reassessed on an annual basis.

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.

Financial statements 1 June – 31 May

Notes

1 Accounting policies (continued)

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 assessment is made of 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.

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 statements 1 June – 31 May

Notes

1 Accounting policies (continued)

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.

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.

Financial statements 1 June – 31 May

Notes

1 Accounting policies (continued)

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.

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.

Financial statements 1 June – 31 May

Notes

1 Accounting policies (continued)

Prepayments received from customers

Prepayments received from customers 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.

Segment information

Segment information is provided on business segments and geographical markets. The segment information is in line with the Company's accounting policies, risks and internal financial management.

Financial statements 1 June – 31 May

Notes

2 Segment information

Geographical

DKK'000	Scandinavia	Rest of Europe	Rest of the World	Total
2022/23				
Revenue	162,669	453,770	333,364	949,803

	Furniture, lighting, acessories
Business segments	
Revenue	949,803

As the business segments in the Company does not vary in sales patterns, the business segments are not distinguished in the segment information disclosure.

3 Staff costs

DKK'000	1/6 2022 - 31/5 2023	1/1 2021 - 31/5 2022
Wages and salaries	109,729	135,611
Pensions	6,565	8,042
Other social security costs	5,124	4,758
Other staff costs	4,102	4,925
	125,520	153,336
Average number of full-time employees	192	161

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 date, and total costs assigned for Muuto A/S in 2022/23 amount to DKK 8,895 thousand (2021/22: DKK 11,439 thousand).

Financial statements 1 June – 31 May

Notes

4 Intangible assets

DKK'000	Completed development projects	Goodwill	Acquired intangible assets	Total
Cost at 1 June 2022	280	235,934	55,207	291,421
Additions for the year	0	0	8,350	8,350
Disposals for the year	0	0	-394	-394
Cost at 31 May 2023	280	235,934	63,163	299,377
Amortisation and impairment losses at 1 June 2022	-91	-56,765	-26,062	-82,918
Amortisation for the year	-18	-14,193	-10,045	-24,256
Amortisation and impairment losses at 31 May 2023	-109	-70,958	-36,107	-107,174
Carrying amount at 31 May 2023	171	164,976	27,056	192,203

Completed development projects

Development projects comprise projects with the purpose of supporting Muuto A/S business. The capitalised project, which is completed and was in use during 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 improvements	Total
Cost at 1 June 2022	157,122	14,064	171,186
Additions for the year	26,851	5,986	32,837
Disposals for the year	-1,475	-469	-1,944
Cost at 31 May 2023	182,498	19,581	202,079
Depreciation and impairment losses at 1 June 2022	-52,854	-8,952	-61,806
Depreciation for the year	-27,608	-3,547	-31,155
Reversed depreciation and impairment losses on assets sold	368	0	368
Depreciation and impairment losses at 31 May 2023	-80,094	-12,499	-92,593
Carrying amount at 31 May 2023	102,404	7,082	109,486
Assets held under finance leases	90,878	0	0

As of 31 May 2023, the total carrying amount of property, plant and equipment includes right-of-use assets of DKK 90.9 million.

Financial statements 1 June – 31 May

Notes

DKK'000	1/6 2022 - 31/5 2023	1/1 2021 - 31/5 2022

6 Financial income

Interest income from group entities	204	289
Other financial income	1,004	1,115
	1,208	1,404

7 Tax on profit for the year

Current tax for the year	45,638	45,599
Change in deferred tax	-3,624	-685
Tax adjustment relating to prior years	6,279	440
	48,293	45,354

8 Proposed profit appropriation

Proposed dividends for the financial year	150,000	190,000
Retained earnings	-22,321	-39,142
	127,679	150,858

Financial statements 1 June – 31 May

Notes

9 Financial assets

DKK'000	Equity investments in group entities
Cost at 1 June 2022	8
Cost at 31 May 2023	8
Carrying amount at 31 May 2023	8

DKK'000	Deposits
Cost at 1 June 2022	8,563
Additions for the year	1,329
Cost at 31 May 2023	9,892
Carrying amount at 31 May 2023	9,892

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%	70,002	25,944
			70,002	25,944

10 Derivative financial instruments

As part of the hedging of recognised and unrecognised transactions, the Company makes use of hedging instruments such as forward exchange contracts. Hedging of recognised transactions primarily comprises receivables and payables denominated in foreign currencies.

The Company hedges forecast currency risks relating to the sale and purchase of goods within the coming year using forward exchange contracts.

The notional amount of forward exchange contracts amounts to DKK 281 thousand (31 December 2021: DKK 0 thousand). The fair value of the forward exchange contracts is recognised as other receivables.

11 Deferred tax

DKK'000	31/5 2023	31/5 2022
Deferred tax at opening date	856	1,541
Deferred tax adjustment for the year in the income statement	-3,624	-685
	-2,768	856

Deferred tax relates primarily to timing differences on fixed assets and is expected to be realisable within the foreseeable future by conversion to current tax.

Financial statements 1 June – 31 May

Notes

12 Prepayments

Prepayments comprise costs related to subsequent financial years.

13 Equity

Contributed capital consists of:

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

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

Contributed capital has remained unchanged for the last five years.

14 Other provisions

Other provisions contain warranty commitments for goods sold.

DKK'000	31/5 2023	31/5 2022
Warranty commitments at opening date	5,738	4,855
Provisions for the year	410	883
Other provisions at 31 May	6,148	5,738

Specified as follows:

0-1 year	2,459	2,295
>1 year	3,689	3,443
	6,148	5,738

15 Fees to auditor appointed at the general meeting

DKK'000	1/6 2022 - 31/5 2023	1/1 2021 - 31/5 2022
Statutory audit services	358	325
Other services	38	35
Other assurance services	27	24
	423	384

16 Contingent liabilities

The Company is jointly taxed with other Danish companies in the MillerKnoll Group, for which Knoll Denmark ApS is the administrative company. Muuto A/S is a wholly-owned subsidiary, together with the other Danish 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.

Financial statements 1 June – 31 May

Notes

17 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	1/6 2022 - 31/5 2023
Sale of goods to group entities	253,393
Purchases of goods from group entities	-15,034
Distributed dividends to shareholder	190,000

As described in note 3, 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.

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