

Knoll Denmark ApS
Langelinie Allé 35
2100 København Ø
Business Registration No
39147246

**Annual report 07.12.2017
- 31.12.2018**

The Annual General Meeting adopted the annual report on 29.05.2019

Chairman of the General Meeting

Name: Michael Adam Pollner

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Entity details

Entity

Knoll Denmark ApS
Langelinie Allé 35
2100 København Ø

Central Business Registration No (CVR): 39147246

Registered in: København

Financial year: 07.12.2017 - 31.12.2018

Board of Directors

Charles Wesley Rayfield
Michael Adam Pollner

Executive Board

Charles Wesley Rayfield

Entity auditors

Ernst & Young Godkendt Revisionspartnerselskab
Osvald Helmuths Vej 4
P.O. Box 250
2000 Frederiksberg

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Knoll Denmark ApS for the financial year 07.12.2017 - 31.12.2018.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 07.12.2017 - 31.12.2018.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 29.05.2019

Executive Board

Charles Wesley Rayfield

Board of Directors

Charles Wesley Rayfield

Michael Adam Pollner

Independent auditor's report

To the shareholders of Knoll Denmark ApS

Opinion

We have audited the financial statements of Knoll Denmark ApS for the financial year 07.12.2017 - 31.12.2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant 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 Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 07.12.2017 - 31.12.2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Management's responsibilities 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 as 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 about 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 applicable in Denmark will always detect a material misstatement when it exists. Misstatements can 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 taken on the basis of these financial statements.

Independent auditor's report

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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Independent auditor's report

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

Based on the work we have performed, we conclude that the management commentary 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 commentary.

Copenhagen, 29.05.2019

Ernst & Young

Godkendt Revisionspartnerselskab

Central Business Registration No (CVR) 30700228

Lars Hansen

State Authorised Public Accountant

mne24828

Management commentary

Primary activities

The company's activities comprise to act as intermediate parent of investments in group enterprises, as well as any other activity, which according to the assessment of the board of directors is connected thereto.

Development in activities and finances

The income statement for period 7.12.2017 to 31.12.2018 shows a profit/loss of DKK 4.145 thousand. The balance sheet shows equity of DKK -4.045 thousand.

In the beginning of 2018 the Company invested DKK 1.887 million in Muuto Group. The result of the year mainly consist of received dividend from Muuto A/S, net of related write-down of the investment in Muuto A/S.

Events after the balance sheet date

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

Income statement for 2017/18

	<u>Notes</u>	<u>2017/18</u> <u>DKK'000</u>
Gross profit/loss		(3.430)
Income from investments in group enterprises		33.499
Financial expenses from group enterprises		(24.156)
Other financial expenses		<u>(14.744)</u>
Profit/loss before tax		(8.831)
Tax on profit/loss for the year	2	<u>4.686</u>
Profit/loss for the year		<u>(4.145)</u>
Proposed distribution of profit/loss		
Retained earnings		<u>(4.145)</u>
		<u>(4.145)</u>

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2017/18</u> <u>DKK'000</u>
Investments in group enterprises		<u>1.762.156</u>
Fixed asset investments	3	<u>1.762.156</u>
Fixed assets		<u>1.762.156</u>
Receivables from group enterprises		7.512
Deferred tax		<u>4.686</u>
Receivables		<u>12.198</u>
Current assets		<u>12.198</u>
Assets		<u>1.774.354</u>

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2017/18</u> <u>DKK'000</u>
Contributed capital		50
Retained earnings		<u>(4.145)</u>
Equity		<u>(4.095)</u>
Bank loans		435.021
Payables to group enterprises		<u>1.283.902</u>
Non-current liabilities other than provisions		<u>1.718.923</u>
Payables to group enterprises		<u>59.526</u>
Current liabilities other than provisions		<u>59.526</u>
Liabilities other than provisions		<u>1.778.449</u>
Equity and liabilities		<u>1.774.354</u>
Staff costs	1	
Contingent liabilities	4	
Group relations	5	

Statement of changes in equity for 2017/18

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Contributed upon formation	50	0	50
Profit/loss for the year	0	(4.145)	(4.145)
Equity end of year	50	(4.145)	(4.095)

Notes

	<u>2017/18</u>
1. Staff costs	
Average number of employees	<u>0</u>

	<u>2017/18</u>
	<u>DKK'000</u>
2. Tax on profit/loss for the year	
Change in deferred tax	<u>(4.686)</u>
	<u>(4.686)</u>

	Invest-
	ments in
	group
	group
	enterprises
	DKK'000
3. Fixed asset investments	
Additions	<u>1.888.657</u>
Cost end of year	<u>1.888.657</u>
Impairment losses for the year	<u>(126.501)</u>
Impairment losses end of year	<u>(126.501)</u>
Carrying amount end of year	<u>1.762.156</u>

	<u>Registered in</u>	<u>Corpo-</u>	<u>Equity</u>
		<u>rate</u>	<u>inte-</u>
		<u>form</u>	<u>rest</u>
			<u>%</u>
Investments in group enterprises comprise:			
Muuto	Copenhagen	A/S	100,0

4. Contingent liabilities

The Entity serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for these entities.

Notes

The Company is a guarantor for the part of a group multicurrency loan assumed by Muuto A/S, at December 31, 2018 totaling DKK 152,5 million.

The company does not have any other contingent liabilities on the balance sheet date.

5. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Knoll Inc., Pennsylvania, USA

Consolidated financial statements have not been prepared because the group fulfils the exemption provisions of section 112 of the Danish Financial Statements Act on sub-groups. The company is included in the consolidated financial statements of Knoll Inc., Pennsylvania, USA which can be found at the following link: <https://knoll.gcs-web.com/sec-filings/sec-filing/10-k/0001011570-19-000009>

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

Consolidated financial statements

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Non-comparability

As this is the entity's first accounting period, no comparative figures is included in the annual report.

Income statement

Gross profit or loss

Gross profit or loss comprises external expenses.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities.

Income from investments in group enterprises

Income from investments in group enterprises comprises dividend etc received from the individual group enterprises in the financial year.

Financial expenses from group enterprises

Financial expenses from group enterprises comprise interest expenses etc. from payables to group enterprises.

Other financial expenses

Other financial expenses comprise interest expenses.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Investments in group enterprises

Investments in group enterprises are measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Accounting policies

Deferred tax

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

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Other financial liabilities

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