HAY ApS

Havnen 1

8700 Horsens

CVR No. 26799945

Annual Report
1. August 2019 - 31. May 2020
(10 months)

18. financial year

The Annual Report was presented and
adopted at the Annual General Meeting of
the Company on 2 October 2020

Rasmus Rønne Christensen
Chairman of the Annual General Meeting

Contents

Management's Statement

The board of directors and the managing director have today presented the annual report of HAY ApS for the financial year 1 August 2019 - 31 May 2020 (10 months).

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 31 May 2020 and of the company's results of its activities and cash flows in the financial year 1 August 2019 - 31 May 2020 (10 months).

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

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

Horsens, 2 October 2020

Executive Board

Henrik Ellebæk Steensgaard
CEO

Board of Directors

Andrea Ruth Owen Chairman	Rolf Foged Hvidegaard Hay Member	Mette Hjort Hay Member
Debbie Frew Propst Member	Jeremy John Hocking Member	Bruce Benedict Watson Member

Independent Auditors' Report

To the shareholders of HAY ApS

Opinion
We have audited the financial statements of HAY ApS for the financial year 1 August 2019 - 31 May 2020, which comprise accounting policies, profit and loss account, balance sheet, statement of changes in equity, statement af cash flows and notes. The annual accounts 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 financial position at 31 May 2020 and of the results of its operations and cash flows for the financial year 1 August 2019 - 31 May 2020 in accordance with the Danish Financial Statements Act.

Basis of opinion
We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

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

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

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

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

* Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

Independent Auditors' Report

* Evaluate the appropriateness of accounting policies used by the management and the reasonableness of accounting estimates and related disclosures made by the management.

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

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

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

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

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, 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 believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not find any material misstatement in the management's review.

Brande, 2 October 2020

Partner Revision
Statsautoriseret revisionsaktieselskab
CVR-no. 15807776

Claus Lykke Jensen
State Authorised Public Accountant
mne10776

Company Information

Company	HAY ApS Havnen 1 8700 Horsens
CVR No.	26799945
Date of formation	20 September 2002
Registered office	Horsens
Financial year	1. august 2019 - 31. maj 2020 (10 months)
Board of Directors	Andrea Ruth Owen, Chairman Rolf Foged Hvidegaard Hay Mette Hjort Hay Debbie Frew Propst Jeremy John Hocking Bruce Benedict Watson
Executive Board	Henrik Ellebæk Steensgaard, CEO
Auditors	Partner Revision Statsautoriseret revisionsaktieselskab Torvegade 22 7330 Brande CVR-no.: 15807776

Management's Review

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

Development in activities and financial matters
During the course of the financial year it was decided to align the year-end date to the one of the majority ownership. This means that the financial year of 2019/20 for HAY ApS (the Company) only covers 10 months which does not allow for a direct comparison with last year which covered 12 months.

The Company's Income Statement of the financial year shows a result of t.DKK 31.298. The development is satisfactory considering that COVID-19 impacted the results in March, April and May. The revenue in these 3 months declined 12% compared to last year. In addition to this the result is affected by an extraordinary charitable donation of DKK 19 million to the Nine United Foundation. Adjusted for this charitable contribution the EBITDA margin is within the expectations set forth last year.

The result is also negatively affected by restructuring charges of totally t.DKK 5.203 due to a minor work force reduction in March and cost of unwinding a planned, but cancelled fair in Milan in April.

The Company have not received nor applied for support from government funded COVID-19 programmes.

The Company's revenue in 2019/20 now only reflects the development in Europe, where a significant part of the Revenue in North America was included in last year's sales. For a 12-month period in 2019/20 the comparable growth is 1% in Europe hitting the lowest end of the expectations set forth last year.

The Global sales of HAY branded products now encompass DKK 1,4 billion and grew a total of 5% in the 12-month period for the financial year 2019/20 ending in May.

Particular risks
Beyond ordinary occurring risks, no particular risks are considered to affect the Company.

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

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

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

Expectations for the future
The financial year 2020/21 will be a full 12 month period and will naturally not be affected by the t.DKK 24.203 charitable donation and restructuring charges from 2019/20. Due to this a significant increase in both Revenue and Earnings is therefore expected in 2020/21 compared to 2020/19. The COVID-19 situation is expected to continue to have a moderately negative effect on the Revenue development in Europe. EBITDA margin is expected to be between 7% and 11% in the financial year 2020/21.

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

Management's Review

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

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

The target for the underrepresented gender in the Supervisory Board is a minimum of 25 %. That target is currently achieved with a gender mix of 50/50 between women and men.

On the other management levels, the Company also has an equal gender distribution.

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

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

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

The Company also continuously supports non-profit organisations, for example through this year's contribution of 19 million to the Nine United Foundation and its charitable works including help to vulnerable children, human development programs, fighting decease and cultural and nature preservation. This work is done locally as well as internationally.

Statutory report on human rights
The Company supports and respects human rights. It is the Company's policy to strive to ensure that human rights are always respected both in relation to employees and business partners.

A part of this is making an effort in creating a sound and safe working environment for all employees in all countries, which the Company does. It goes for both the physical and psychological environment. This is demonstrated not only by the natural compliance to legislation on the area but is also reflected in the Company's handbook for employees.

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

Statutory report on climate
The Company aims continuously for contributing towards a greener future environment. The Company is trying to minimise the impact on the World's climate on several levels. Both by increasing the use of materials coming from sustainable sources, by working with suppliers that live up to the Code of Conduct, by minimising the numbers of chemicals used in production and by developing durable and long-lasting products of a high quality.

As an example, the Company has this year improved significantly in reaching its goal that 100% of wood used for producing the Company's furniture is FSC certified. Also, the Company is aiming towards only using Chrome 3 when electroplating furniture by the end of the year. The Company does not use PVC in any production of furniture.

Management's Review

The Company has developed several products, that are certified with environmental quality labels. For instance, the AAC ECO chair, that is certified with the EU ECO label. During the financial year the Company achieved a landmark in developing a sofa which is certified with the Nordic Swan ECO label. This is the first sofa in Denmark with this certification. The company is also working on increasing its use of recycled plastic with several products being made from 30 % to 100 % recycled plastic. The Company aims for the majority of plastic components being made with recycled content within a handful of years.

The Company is undergoing a shift of materials when it comes to lacquer and glue both materials are being shifted to water-based versions for the majority of the products no later than by the end of 2022. In terms of fabrics the Company already have included many EU ECO labelled furniture textiles. The Company aims for all products living up to the Oeko-tex 100 standard in 2021.

When it comes to transportation the Company is striving towards minimizing this on a global scale. This is done by using localised production for the bestselling products. The Company works with 3 global regions with production of the same furniture in both the EU, the Americas and Asia, in order to reduce the transportation.

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

Key Figures and Financial Ratios

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

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

	2019/20	**2018/19**	**2017/18**	**2016/17**	**2015/16**
Number of months:	10	12	12	12	12
Income Statement:					
Revenue	871.180	1.139.892	1.047.866	925.907	859.670
Gross profit	149.667	189.097	210.660	159.954	118.804
Operating profit/loss	49.235	99.513	132.898	91.308	55.931
Income from investments in groups enterprises	-3.718	-643	-298	0	0
Financial income	1.391	2.401	1.063	1.601	-2.809
Profit/loss for the year	31.298	73.502	103.430	71.509	40.932
Balance Sheet:					
Total assets	350.617	336.551	281.572	330.500	228.957
Total equity	210.598	180.815	106.132	192.845	120.777
Investments in tangible assets	2.763	3.291	3.167	789	1.700
Financial Ratios:					
EBITDA margin (%)	6	9	13	10	7
Solvency ratio (%)	60	54	38	58	53
Return on equity (ROE) (%)	16	51	69	46	36
Gross margin (%)	17	17	20	17	14
Liquidity ratio (%)	1	2	1	2	2

For definitions of key ratios, see Accounting and Valuation Principles

Accounting Policies

The Annual Report of HAY ApS for 1. august 2019 - 31. maj 2020 (10 months) has been presented in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

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

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

Except for the above, the accounting policies for the financial statements remain unchanged from last year.

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

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

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

General Information

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

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

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

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

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

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

Accounting Policies

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

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

Income Statement

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

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

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

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

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

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

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

Result of equity investments in subsidiaries
The proportionate share of the individual subsidiaries' profit/loss after tax is recognised in the Income Statement after full elimination of intercompany profit/loss.

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

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

Accounting Policies

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

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

Balance Sheet

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

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

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

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

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

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

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

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

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

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

Equity investments in group enterprises
Equity investments in subsidiaries are measured by the equity method.

Equity investments in subsidiaries are measured at the proportionate share of the enterprises' equity value determined according to the company's accounting policies with deduction or addition of unrealised

Accounting Policies

intercompany profit or loss and with the addition or deduction of the residual value of positive or negative goodwill determined according to the acquisition method.

Equity investments in subsidiaries with a negative equity value are recognised at t.DKK 0, and any receivable from these enterprises are written down in so far as the receivable is uncollectible. In so far as the parent company has a legal or actual obligation to cover a negative balance that exceeds the receivable, the residual amount is recognised in provisions.

Net revaluation of equity investments in subsidiaries is classified under a separate reserve for net revaluation by the equity method in equity, in so far as the carrying amount exceeds the cost. Dividends from subsidiaries that are expected to be adopted before the annual report for HAY ApS is approved are not tied up in the revaluation reserve.

Profit and loss in connection with disposal of subsidiaries is determined as the difference between the disposal consideration and the carrying amount of net assets at the time of sale, incl. unamortised goodwill and expected costs for sale or liquidation.

The acquisition method is used to purchase new enterprises whereby the newly acquired enterprises' identified assets and liabilities are measured at fair value at the date of acquisition. In connection with the purchase, provisions are made to cover the costs of decided and published restructuring activities in the enterprise acquired. The tax effect of the revaluations made is taken into consideration.

Positive balances (goodwill) between cost and the fair value of acquired, identified assets and liabilities, incl. provisions for restructuring activities, are recognised in intangible assets and systematically amortised over the Income Statement based on an individual assessment of the useful economic life, however max. 20 years. Goodwill from acquired enterprises can be adjusted until the end of the year after the acquisition.

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

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

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

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

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

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

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

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

Accounting Policies

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

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

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

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

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

Accounting policies Cash Flow Statement

The Cash Flow Statement shows the Company's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

Cash flow from the operating activity is determined as the profit/loss for the year adjusted for changes in working capital and non-cash income statement items such as amortisation and impairment losses and provisions. The working capital comprises current assets less short-term liabilities, exclusive of the items that are included in cash and cash equivalents.

Cash flow from the investing activity comprises cash flows from purchase and sale of intangible, tangible and investments.

Cash flow from the financing activity comprises cash flows from raising and repaying long-term liabilities and payments to and from the owners.

Cash and cash equivalents comprise cash at bank and in hand as well as short-term securities with a term of less than three months which can be converted directly into cash at bank and in hand and involve only an insignificant risk of value changes.

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

Accounting Policies

Explanation of financial ratios

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

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

Income Statement

	Note	(10 months) 2019/20 t.DKK	(12 months) 2018/19 t.DKK
Revenue	1	871.180	1.139.892
Cost of sales		-627.631	-836.328
Other external expenses		-93.882	-114.467
Gross profit		**149.667**	**189.097**
Staff costs	2	-76.171	-83.690
Depreciation		-5.261	-5.894
Other operating expenses	3	-19.000	0
Profit from ordinary operating activities		**49.235**	**99.513**
Income from investments in group subsidiaries		-3.718	-643
Finance income	4	1.434	2.685
Finance expences		-43	-284
Profit from ordinary activities before tax		**46.908**	**101.271**
Tax expense on ordinary activities	5	-15.610	-27.769
Profit	6	**31.298**	**73.502**
Reserve for development costs		4.078	1.144
Retained earnings		27.220	72.358
Distribution of profit		**31.298**	**73.502**

Balance Sheet as of 31 May

	Note	2020 t.DKK	2019 t.DKK
Assets			
Completed development projects	7	4.737	5.721
Acquired intangible assets	8	7.080	8.288
Development projects in progress	9	7.228	2.166
Intangible assets		**19.045**	**16.175**
Fixtures, fittings, tools and equipment	10	6.617	5.946
Tangible assets		**6.617**	**5.946**
Long-term investments in group enterprises	11, 12	10.867	11.120
Investments		**10.867**	**11.120**
Fixed assets		**36.529**	**33.241**

Balance Sheet as of 31 May

	Note	2020 t.DKK	2019 t.DKK
Manufactured goods and goods for resale		88.894	97.777
Inventories		**88.894**	**97.777**
Short-term trade receivables		111.607	126.931
Short-term receivables from group enterprises		45.027	3.266
Current deferred tax	13	302	1.060
Other short-term receivables		5.757	9.187
Deferred expenses	14	1.593	479
Receivables		**164.286**	**140.923**
Cash in bank and in hand		**60.908**	**64.610**
Current assets		**314.088**	**303.310**
Assets		**350.617**	**336.551**

Balance Sheet as of 31 May

	Note	2020 t.DKK	2019 t.DKK
Liabilities and equity			
Contributed capital		4.500	4.500
Reserve for development costs		11.965	7.887
Retained earnings		194.133	168.428
Equity		**210.598**	**180.815**
Other payables		6.910	0
Long-term liabilities other than provisions	15	**6.910**	**0**
Prepayments received from customers		14.543	11.052
Trade payables		62.831	81.848
Payables to group enterprises		6.296	289
Tax payables		14.044	23.375
Other payables		35.395	39.172
Short-term liabilities other than provisions		**133.109**	**155.736**
Liabilities other than provisions		**140.019**	**155.736**
Liabilities and equity		**350.617**	**336.551**
Contingent liabilities	16		
Related parties	17		
Fees for auditors elected on the general meeting	18		

Statement of changes in Equity

	Contributed capital	Reserve for development costs	Retained earnings	Total
Equity 1 August 2019	4.500	7.887	168.428	180.815
Change of investments through net exchange differences	0	0	-463	-463
Equity transfers to reserves	0	4.078	-4.078	0
Profit for the year	0	0	31.298	31.298
Hedging instruments to fair value 1 August 2019	0	0	-1.260	-1.260
Hedging instruments to fair value 31 May 2020	0	0	-88	-88
Tax of hedging instruments to fair value 1 August 2019	0	0	277	277
Tax of hedging instruments to fair value 31 May 2020	0	0	19	19
Equity 31 May 2020	**4.500**	**11.965**	**194.133**	**210.598**

Cash Flow Statement

	(10 months) 2019/20 t.DKK	(12 months) 2018/19 t.DKK
Profit from ordinary operating activities	49.235	99.513
Depreciation	5.261	5.894
Adjustments of profit from group enterprises	-83	92
Change in inventories	8.883	-27.094
Change in receivables	-24.121	-4.370
Change in trade payables	-6.386	-17.456
Other adjustments	-1.348	1.435
Cash flow from operating activities before financial items	**31.441**	**58.014**
Interest received	1.434	2.685
Interest paid	-43	-284
Cash flow from ordinary operating activities	**32.832**	**60.415**
Income taxes paid	-23.885	-28.176
Cash flows from operating activities	**8.947**	**32.239**
Purchase of intangible assets	-6.701	-5.783
Sales of intangible assets	0	474
Purchase of tangible assets	-2.763	-3.291
Sales of tangible assets	661	98
Purchase of investments	-3.846	-4.730
Cash flows from investing activities	**-12.649**	**-13.232**
Dividend paid	0	0
Cash flows from financing activities	**0**	**0**
Net change in cash	**-3.702**	**19.007**
Cash, beginning balance	64.610	45.603
Cash, ending balance	**60.908**	**64.610**
Cash specified:		
Cash in bank and in hand	60.908	64.610
Cash in bank and in hand total	**60.908**	**64.610**

Notes

	(10 months) 2019/20	(12 months) 2018/19
1. Revenue		
Revenue EU	752.782	918.728
Revenue outside EU	118.398	221.164
	871.180	**1.139.892**

	(10 months) 2019/20	(12 months) 2018/19
2. Staff costs		
Wages and salaries	63.567	71.173
Post-employement benefit expense	6.899	7.770
Social security contributions	175	1.328
Other employee expense	5.530	3.419
	76.171	**83.690**
Average number of employees	176	174

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

	(10 months) 2019/20	(12 months) 2018/19
3. Other operating expenses		
Charity	19.000	0
	19.000	**0**

	(10 months) 2019/20	(12 months) 2018/19
4. Finance income		
Interest from Group enterprises	176	200
Other finance income	1.258	2.485
	1.434	**2.685**

	(10 months) 2019/20	(12 months) 2018/19
5. Tax expense		
Corporation tax	14.852	20.864
Tax related to previous years	0	4.745
Deferred tax adjustments	758	2.160
	15.610	**27.769**

Notes

	(10 months) 2019/20	(12 months) 2018/19

6. Distribution of profit

Dividene paid during the year	0	0
Reserve for development costs	4.078	1.144
Retained earnings	27.220	72.358
	31.298	**73.502**

7. Completed development projects

Cost at the beginning of the year	26.581	22.182
Addition during the year, incl. improvements	1.339	1.414
Transfers during the year to other items	199	2.985
Cost at the end of the year	**28.119**	**26.581**
Depreciation and amortisation at the beginning of the year	-20.860	-17.902
Amortisation for the year	-2.522	-2.958
Impairment losses and amortisation at the end of the year	**-23.382**	**-20.860**
Carrying amount at the end of the year	**4.737**	**5.721**

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

8. Acquired intangible assets

Cost at the beginning of the year	11.573	10.366
Addition during the year, incl. improvements	101	1.207
Cost at the end of the year	**11.674**	**11.573**
Depreciation and amortisation at the beginning of the year	-3.285	-1.767
Amortisation for the year	-1.309	-1.518
Impairment losses and amortisation at the end of the year	**-4.594**	**-3.285**
Carrying amount at the end of the year	**7.080**	**8.288**

Notes

	(10 months) 2019/20	(12 months) 2018/19

9. Development projects in progress

	(10 months) 2019/20	(12 months) 2018/19
Cost at the beginning of the year	2.166	2.463
Addition during the year, incl. improvements	5.261	3.162
Disposal during the year	0	-474
Transfers during the year to other items	-199	-2.985
Cost at the end of the year	**7.228**	**2.166**
Carrying amount at the end of the year	**7.228**	**2.166**

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

10. Fixtures, fittings, tools and equipment

	(10 months) 2019/20	(12 months) 2018/19
Cost at the beginning of the year	10.062	7.104
Addition during the year, incl. improvements	2.763	3.291
Disposal during the year	-1.068	-333
Cost at the end of the year	**11.757**	**10.062**
Depreciation and amortisation at the beginning of the year	-4.116	-2.929
Amortisation for the year	-1.463	-1.459
Reversal of impairment losses and amortisation of disposed assets	439	272
Impairment losses and amortisation at the end of the year	**-5.140**	**-4.116**
Carrying amount at the end of the year	**6.617**	**5.946**

Notes

	(10 months) 2019/20	(12 months) 2018/19

11. Long-term investments in group enterprises

	(10 months) 2019/20	(12 months) 2018/19
Cost at the beginning of the year	8.080	2.770
Addition during the year, incl. improvements	2.278	5.310
Cost at the end of the year	**10.358**	**8.080**
Revaluations at the beginning of the year	-387	-621
Profit of the year before Goodwill depreciation	-2.950	257
Change due to a foreign currency translation adjustment	-463	69
Elimination of intercompany profits	82	-92
Revaluations at the end of the year	**-3.718**	**-387**
Depreciation and amortisation at the beginning of the year	-1.046	-146
Amortisation for the year	-768	-900
Impairment losses and amortisation at the end of the year	**-1.814**	**-1.046**
Fair value adjustments at the beginning of the year	4.473	5.053
Deducted in Receivables	1.568	-580
Fair value adjustments at the end of the year	**6.041**	**4.473**
Carrying amount at the end of the year	**10.867**	**11.120**
Amount of Goodwill purchased as part of the acquisitions during the year	0	310
	0	**310**

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

Group enterprises

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

Notes

	(10 months) 2019/20	(12 months) 2018/19

13. Deferred tax assets

Fixed assets	69	423
Inventories	461	603
Accruals	-350	-105
Elimination of intercompany profit/loss	122	139
Tax loss carry forwards	0	0
	302	**1.060**
Deferred tax assets included in the Balance:		
Deferred tax assets, beginning of the year	1.060	3.219
Addition through investments	0	0
Adjustment of the year	-758	-2.159
	302	**1.060**

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

14. Deferred expenses

Prepaid expenses	1.593	479
Other accruals	0	0
	1.593	**479**

15. Long-term liabilities

	Due after 1 year	Due within 1 year	Due after 5 years
Other payables	6.910	0	0
	6.910	**0**	**0**

	(10 months) 2019/20	(12 months) 2018/19

16. Contingent liabilities

Contingent liabilities
Rental, lease and leasing commitments:
The Company has assumed rental, lease and leasing commitments of t.DKK 8.348 on 31 May 2020.

Collaterals and securities
As collateral for the lease of premises by the Company, bank gurantees of t.DKK 860 have been issued.

Derivative financial instruments
To hedge the risk of future fluctuations in foreign exchange rates the Company has on 31 May 2020 engaged in forward exhcange contracts and swaps, not exceeding the sale t.NOK 1.500 and t.SEK 2.000 and not exceeding the purchase of t.CNY 16.000. Compared to the exchange rate on 31 May 2020 the forwards have a net negative value of 88 t.DKK, which is recognised under equity and in the balance under Other short-term receivables if positive and Other payables if negative.

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

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

The liability relating to obligations in connection with withholding tax on dividends, interest, and royalties represents an estimated maximum of t.DKK 14.125.

17. Related parties with controlling interest and group relations

Transactions with related parties:
All transactions with related parties during the year have been made on market terms and are therefore not disclosed in accordance with § 98 C, 7 of the Danish Financial Statements Act.

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

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

Notes

	(10 months) 2019/20	(12 months) 2018/19

18. Fees for auditors elected on the general meeting

Statutory audit	166	180
Other assurance reports	53	18
	219	**198**