

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

June 29, 2020

Date of Report (Date of earliest event reported)

HERMAN MILLER, INC.

(Exact name of registrant as specified in its charter)

Michigan

(State or other jurisdiction of incorporation or organization)

001-15141

(Commission File Number)

38-0837640

(I.R.S. Employer Identification No.)

855 East Main Avenue
Zeeland, MI 49464

(Address of principal executive offices and zip code)

(616) 654-3000

(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	MLHR	NASDAQ

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

Item 2.02 Results of Operations and Financial Condition

On June 29, 2020, Herman Miller, Inc. issued a press release announcing its financial results for the quarter ended May 30, 2020. A copy of the press release is attached as Exhibit 99.1. Also, a copy of the supplemental financial data for the quarter ended May 30, 2020 is attached as Exhibit 99.2.

The information in this Form 8-K and the attached Exhibits shall not be deemed filed for purposes of Section 18 of the Securities Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits

Exhibits.

99.1 [Press release dated June 29, 2020](#)

99.2 [Supplemental financial data for the quarter ended May 30, 2020](#)

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: June 29, 2020

HERMAN MILLER, INC.

(Registrant)

/s/ Kevin J. Veltman

By: Kevin J. Veltman

Vice President of Investor Relations & Treasurer
(Duly Authorized Signatory for Registrant)

Herman Miller Reports Fourth Quarter Fiscal 2020 Results

- Decisive actions during the quarter to adjust spending levels in the near-term
- Strong liquidity with cash and cash equivalents of \$454 million and positive cash flow generation
- Well-positioned strategically for commercial and residential opportunities ahead

Webcast to be held Tuesday, June 30, 2020, at 9:30AM ET

Release	Immediate
Date	June 29, 2020
Contact	Kevin Veltman (616) 654-3973 or kevin_veltman@hermanmiller.com Jeff Stutz (616) 654-8538 or jeff_stutz@hermanmiller.com Media (616) 654-5977 or media_relations@hermanmiller.com
Address	Herman Miller, Inc., 855 East Main Avenue, PO Box 302, Zeeland, MI 49464-0302
Internet	www.hermanmiller.com

NOTE: A data supplement with additional financial information relating to the periods covered by this press release is available for download from the Company's website at <http://www.hermanmiller.com/investors>. A copy of this supplemental data file has also been included with this press release filed on Form 8-K with the Securities and Exchange Commission.

Herman Miller, Inc. (NASDAQ: MLHR) today announced results for its fourth quarter ended May 30, 2020. Net sales in the quarter totaled \$475.7 million, a decrease of 29.1% from the same quarter last fiscal year. New orders in the fourth quarter of \$535.3 million were 19.4% below the prior year level.

On an organic basis, which excludes the impact of acquisitions and foreign currency translation, net sales and orders in the fourth quarter decreased by 34.9% and 25.3%, respectively, compared to the same quarter last fiscal year.

Herman Miller reported a net loss per share of \$2.95 in the fourth quarter compared to diluted earnings per share of \$0.78 in the same quarter last fiscal year. Excluding impairment charges, restructuring expenses, and other special charges, adjusted earnings per share in the fourth quarter totaled \$0.11 compared to adjusted earnings per share of \$0.88 in the fourth quarter of last fiscal year.

For the full fiscal year, net sales were \$2,486.6 million, reflecting a year-over-year decrease of 3.1%. On an organic basis, net sales decreased by 6.6% compared to last fiscal year. Loss per share for the full year totaled \$0.15 compared to diluted earnings per share of \$2.70 last year. On an adjusted basis, diluted earnings per share totaled \$2.61 in fiscal 2020 compared to \$2.97 in fiscal 2019.

Andi Owen, President and Chief Executive Officer, stated, "While the final quarter of fiscal 2020 unfolded in ways we could not have imagined at the beginning of the fiscal year, I'm incredibly proud of our global teams for the ways they have come together to overcome the disruptions brought on by COVID-19. From ensuring the health and safety of our employees, finding ways to support our communities and first responders, and helping take swift action on our spending levels, I'm grateful for the tremendous efforts of our people. As we look ahead, we are encouraged - the global economy is beginning to restart and our strategy positions us extremely well for the opportunities ahead. We are actively applying our knowledge and research capabilities to help our customers re-imagine both their office spaces and their home environments. Our multi-channel distribution model supports a diverse revenue base that allows us to reach commercial and residential audiences across the globe. In particular, our digital transformation roadmap has become even more of an imperative and we expect these investments will help us leverage opportunities to serve the changing needs of our customers in the months ahead. Finally, our innovation capabilities will help us grow our broad line-up of products and services by designing new solutions to solve new challenges. We believe our clear set of priorities and differentiated business model will enable Herman Miller to emerge from this period an even stronger and more capable leader in the markets we serve."

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Fourth Quarter Fiscal 2020 Financial Results

FINANCIAL HIGHLIGHTS

(Dollars in millions, except per share data)

	(Unaudited) Three Months Ended			(Unaudited) Twelve Months Ended		
	May 30, 2020	June 1, 2019	% Chg.	May 30, 2020	June 1, 2019	% Chg.
Net Sales	\$ 475.7	\$ 671.0	(29.1)%	\$ 2,486.6	\$ 2,567.2	(3.1)%
Gross Margin %	34.9 %	37.0%	N/A	36.6 %	36.2%	N/A
Operating Expenses	\$ 154.9	\$ 183.2	(15.4)%	\$ 717.3	\$ 716.2	0.2 %
Impairment Charges	\$ 205.4	\$ —	N/A	\$ 205.4	\$ —	N/A
Restructuring Expenses	\$ 16.9	\$ 8.5	98.8 %	\$ 26.4	\$ 10.2	158.8 %
Operating (Loss) Earnings %	(44.4)%	8.4%	N/A	(1.5)%	7.9%	N/A
Adjusted Operating Earnings %*	3.3 %	9.9%	N/A	8.3 %	8.8%	N/A
Net (Loss) Earnings Attributable to Herman Miller, Inc.	\$ (173.7)	\$ 46.2	(476.0)%	\$ (9.1)	\$ 160.5	(105.7)%
(Loss) Earnings Per Share – Diluted	\$ (2.95)	\$ 0.78	(478.2)%	\$ (0.15)	\$ 2.70	(105.6)%
Adjusted Earnings Per Share – Diluted*	\$ 0.11	\$ 0.88	(87.5)%	\$ 2.61	\$ 2.97	(12.1)%
Orders	\$ 535.3	\$ 664.5	(19.4)%	\$ 2,538.6	\$ 2,614.9	(2.9)%
Backlog	\$ 470.8	\$ 394.2	19.4 %			

*Items indicated represent Non-GAAP measurements; see the reconciliations of Non-GAAP financial measures and related explanations in the supplemental data file available for download at <http://www.hermanmiller.com/about-us/investors.html>. A copy of this supplemental data file has also been included with the press release filed on Form 8-K with the Securities and Exchange Commission.

Consolidated gross margin in the fourth quarter of fiscal 2020 totaled 34.9%, representing a 210-basis point decrease from the same quarter last year. The decline in gross margin from last year was primarily driven by reduced production leverage due to lower manufacturing volume resulting from COVID-related facility shut-downs during the quarter.

Operating expenses in the fourth quarter were \$154.9 million compared to \$183.2 million in the same quarter a year ago. Operating expenses included certain special charges totaling \$5.5 million in the fourth quarter of fiscal 2020 and \$1.7 million in the same quarter last year. These items in the current quarter primarily related to costs arising as a direct result of COVID-19. Excluding these special charges, operating expenses decreased by \$32.1 million compared to the same quarter last year.

The Company recorded non-cash, pre-tax charges related to Design Within Reach, Maharam, HAY and naughtone for the impairment of goodwill, intangible assets, and right of use assets of \$205.4 million in the fourth quarter. These charges were determined based on the Company's annual impairment review process and indicators of impairment arising from the impact of COVID-19 on financial results. The Company also recognized pre-tax restructuring expenses totaling \$16.9 million in the fourth quarter. These items related primarily to severance and outplacement benefits associated with workforce reductions implemented during the quarter.

Herman Miller's effective income tax rate in the fourth quarter was 14.2%, compared to 22.0% in the same quarter last fiscal year. Excluding the impact of adjustments related to impairment, restructuring and other special charges recorded during the quarter, a portion of which were not deductible for tax purposes, the effective tax rate in the quarter was 47.9%. This rate reflected both provision to return adjustments and the accrual of withholding taxes related to planned repatriation of cash from certain foreign jurisdictions.

Jeff Stutz, Chief Financial Officer, noted, "We remain focused on maintaining a strong liquidity position to navigate the uncertain business conditions that we are facing. Our cash and cash equivalents at the end of the fourth quarter totaled over \$450 million. This balance reflected drawing excess cash from our revolving credit facility as a precautionary measure and \$50 million in proceeds from the issuance of private placement notes in May. Earlier in the quarter, we announced the temporary suspension of our share repurchase program and dividend payment to conserve capital as well as a series of actions aimed at reducing operating expenses. These included temporary salary reductions and the suspension of retirement contributions and our fiscal 2021 bonus program. We also reduced discretionary spending and workforce levels to better align to the current demand environment. Despite the challenges we faced this quarter, these actions highlight our ability to adapt and execute as we delivered positive adjusted operating income and operating cash flows in the period, and we have a strong and flexible balance sheet to support our business going forward."

The Company ended the fourth quarter with total cash and cash equivalents of \$454.0 million. This amount included a draw down of excess cash on its revolving credit facility of \$265 million during the quarter, which was subsequently repaid in full on June 29, 2020. Additionally, Herman Miller previously announced the deferral of its quarterly dividend payment to shareholders of record as of February 29, 2020. That dividend was originally scheduled to be paid on April 15, 2020. The Company's Board of Directors has now approved the payment of this dividend, which will be made on July 15, 2020. The Company will, however, maintain a temporary suspension of future dividend payments given the ongoing uncertainty caused by COVID-19. Cash flow generated from operations in the fourth quarter and full fiscal year was \$30.0 million and \$221.8 million, respectively. This compared to \$85.9 million and \$216.4 million in the respective periods of last fiscal year.

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Segment Sales and Orders

The following tables summarize reported and organic segment sales and orders for the fourth quarter of fiscal 2020:

Organic Sales Growth (Decline) by Segment *

	Three Months Ended May 30, 2020				Three Months Ended June 1, 2019			
	North America	International	Retail	Total	North America	International	Retail	Total
Net Sales, as reported	\$ 275.6	\$ 114.7	\$ 85.4	\$ 475.7	\$ 433.8	\$ 132.3	\$ 104.9	\$ 671.0
% change from PY	(36.5)%	(13.3)%	(18.6)%	(29.1)%				
<u>Proforma Adjustments</u>								
Acquisitions	(3.0)	(38.9)	—	(41.9)	—	—	—	—
Currency Translation Effects ⁽¹⁾	0.5	2.8	—	3.3	—	—	—	—
Net Sales, organic	\$ 273.1	\$ 78.6	\$ 85.4	\$ 437.1	\$ 433.8	\$ 132.3	\$ 104.9	\$ 671.0
% change from PY	(37.0)%	(40.6)%	(18.6)%	(34.9)%				

Organic Order Growth (Decline) by Segment *

	Three Months Ended May 30, 2020				Three Months Ended June 1, 2019			
	North America	International	Retail	Total	North America	International	Retail	Total
Orders, as reported	\$ 304.2	\$ 124.1	\$ 107.0	\$ 535.3	\$ 440.5	\$ 111.7	\$ 112.3	\$ 664.5
% change from PY	(30.9)%	11.1 %	(4.7)%	(19.4)%				
<u>Proforma Adjustments</u>								
Acquisitions	(6.0)	(38.0)	—	(44.0)	—	—	—	—
Currency Translation Effects ⁽¹⁾	0.6	4.7	—	5.3	—	—	—	—
Orders, organic	\$ 298.8	\$ 90.8	\$ 107.0	\$ 496.6	\$ 440.5	\$ 111.7	\$ 112.3	\$ 664.5
% change from PY	(32.2)%	(18.7)%	(4.7)%	(25.3)%				

⁽¹⁾ Currency translation effects represent the estimated net impact of translating current period sales and orders using the average exchange rates applicable to the comparable prior year period

* Items represent Non-GAAP measurements; see the reconciliations of Non-GAAP financial measures and related explanations in the supplemental data file available for download at <http://www.hermanmiller.com/about-us/investors.html>. A copy of this supplemental data file has also been included with the press release filed on Form 8-K with the Securities and Exchange Commission.

First Quarter Fiscal 2021 Guidance

The outbreak of COVID-19 has created a high degree of uncertainty throughout the global economy. Due to this uncertainty, and the rapidly changing effects of risk mitigation efforts to control the outbreak around the world, we are not able to reasonably estimate the impact of the outbreak on our business or financial results in the near-term. Accordingly, we are continuing to withhold providing guidance for the upcoming quarter while this uncertainty persists.

Supplemental Information and Webcast

The Company has created a supplemental data report which provides additional information relevant to its quarterly results. This document can be accessed via a link on the Investors section of the Company's website at <http://www.hermanmiller.com/investors>.

The Company will host a webcast to discuss the results of the fourth quarter of fiscal 2020 on Tuesday, June 30, 2020, at 9:30AM ET. To ensure your access to the webcast, you should allow extra time to visit the Company's website at <http://investors.hermanmiller.com/events-and-presentations> to download the streaming software necessary to participate. An online archive of the presentation will be available on the website later that day.

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About Herman Miller

Herman Miller is a globally recognized provider of furnishings and related technologies and services. Since its inception in 1905, the Company has relied on innovative design to help people do great things. The global design leader has evolved into Herman Miller Group, a family of brands that collectively offers a variety of products for environments where people live, learn, work, and heal. The family of brands includes Colebrook Bosson Saunders, Design Within Reach, Geiger, HAY, Maars Living Walls, Maharam, naughtone, Nemschoff, and Herman Miller. For more information visit www.hermanmiller.com/about-us.

This release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act, as amended, that are based on management's beliefs, assumptions, current expectations, estimates, and projections about the office furniture industry, the economy, and the Company itself. Words like "anticipates," "believes," "confident," "estimates," "expects," "forecasts," "likely," "plans," "projects," and "should," variations of such words, and similar expressions identify such forward-looking statements. These statements do not guarantee future performance and involve certain risks, uncertainties, and assumptions that are difficult to predict with regard to timing, extent, likelihood, and degree of occurrence. These risks include, without limitation, the success of our growth strategy, our success in initiatives aimed at achieving long-term profit optimization goals, employment and general economic conditions, the pace of economic recovery in the U.S. and in our International markets, the increase in white-collar employment, the willingness of customers to undertake capital expenditures, the types of products purchased by customers, competitive-pricing pressures, the availability and pricing of raw materials, our reliance on a limited number of suppliers, our ability to expand globally given the risks associated with regulatory and legal compliance challenges and accompanying currency fluctuations, changes in future tax legislation or interpretation of current tax legislation, the ability to increase prices to absorb the additional costs of raw materials, changes in global tariff regulations, the financial strength of our dealers and the financial strength of our customers, our ability to locate new retail studios, negotiate favorable lease terms for new and existing locations and implement our studio portfolio transformation, our ability to attract and retain key executives and other qualified employees, our ability to continue to make product innovations, the success of newly-introduced products, our ability to serve all of our markets, possible acquisitions, divestitures or alliances, our ability to integrate and benefit from acquisitions and investments, the pace and level of government procurement, the outcome of pending litigation or governmental audits or investigations, political risk in the markets we serve, natural disasters, public health crises, disease outbreaks, and other risks identified in our filings with the Securities and Exchange Commission. Therefore, actual results and outcomes may materially differ from what we express or forecast. Furthermore, Herman Miller, Inc. undertakes no obligation to update, amend or clarify forward-looking statements.

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Financial highlights for the twelve months ended May 30, 2020 follow:

Herman Miller, Inc.

Condensed Consolidated Statements of Operations

(Unaudited) (Dollars in millions, except per share and common share data)

	Three Months Ended					Twelve Months Ended						
	May 30, 2020		June 1, 2019		May 30, 2020		June 1, 2019					
Net Sales	\$	475.7	100.0 %	\$	671.0	100.0 %	\$	2,486.6	100.0 %	\$	2,567.2	100.0%
Cost of Sales		309.9	65.1 %		422.8	63.0 %		1,575.9	63.4 %		1,637.3	63.8%
Gross Margin		165.8	34.9 %		248.2	37.0 %		910.7	36.6 %		929.9	36.2%
Operating Expenses		154.9	32.6 %		183.2	27.3 %		717.3	28.8 %		716.2	27.9%
Impairment Charges		205.4	43.2 %		—	— %		205.4	8.3 %		—	—%
Restructuring Expenses		16.9	3.6 %		8.5	1.3 %		26.4	1.1 %		10.2	0.4%
Operating (Loss) Earnings		(211.4)	(44.4)%		56.5	8.4 %		(38.4)	(1.5)%		203.5	7.9%
Gain on Consolidation of Equity Method Investments		5.7	1.2 %		—	— %		36.2	1.5 %		—	0.0%
Other Expenses, net		3.7	0.8 %		0.4	0.1 %		11.2	0.5 %		8.4	0.3%
(Loss) Earnings Before Income Taxes and Equity Income		(209.4)	(44.0)%		56.1	8.4 %		(13.4)	(0.5)%		195.1	7.6%
Income Tax Expense		(29.8)	(6.3)%		12.3	1.8 %		6.0	0.2 %		39.6	1.5%
Equity Income, net of tax		1.3	0.3 %		2.2	0.3 %		5.0	0.2 %		5.0	0.2%
Net (Loss) Earnings		(178.3)	(37.5)%		46.0	6.9 %		(14.4)	(0.6)%		160.5	6.3%
Net Loss Attributable to Redeemable Noncontrolling Interests		(4.6)	(1.0)%		(0.2)	— %		(5.3)	(0.2)%		—	—%
Net (Loss) Earnings Attributable to Herman Miller, Inc.	\$	(173.7)	(36.5)%	\$	46.2	6.9 %	\$	(9.1)	(0.4)%	\$	160.5	6.3%

Amounts per Common Share Attributable to Herman Miller, Inc.

(Loss) Earnings Per Share – Basic	(\$2.95)	\$0.78	(\$0.15)	\$2.72
Weighted Average Basic Common Shares	58,771,821	58,784,081	58,920,653	59,011,945
(Loss) Earnings Per Share – Diluted	(\$2.95)	\$0.78	(\$0.15)	\$2.70
Weighted Average Diluted Common Shares	58,771,821	59,132,195	58,920,653	59,381,791

Herman Miller, Inc.

Condensed Consolidated Statements of Cash Flows

(Unaudited) (Dollars in millions)

	<u>Twelve Months Ended</u>	
	May 30, 2020	June 1, 2019
Net (Loss) Earnings	\$ (14.4)	\$ 160.5
Net Cash Provided by Operating Activities	221.8	216.4
Net Cash Used in Investing Activities	(168.1)	(165.0)
Net Cash Provided by (Used in) Financing Activities	244.0	(91.9)
Effect of Exchange Rates	(2.9)	(4.2)
Change in Cash	294.8	(44.7)
Cash and Cash Equivalents, Beginning of Period	159.2	203.9
Cash and Cash Equivalents, End of Period	\$ 454.0	\$ 159.2

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Herman Miller, Inc.
Condensed Consolidated Balance Sheets
(Unaudited) (Dollars in millions)

	May 30, 2020	June 1, 2019
Assets		
Current Assets:		
Cash and cash equivalents	\$ 454.0	\$ 159.2
Short-term investments	7.0	8.8
Accounts and notes receivable, net	180.0	218.0
Unbilled accounts receivable	19.5	34.3
Inventories, net	197.3	184.2
Prepaid expenses and other	60.7	56.8
Total Current Assets	918.5	661.3
Net property and equipment	330.8	348.6
Right of use assets	193.9	—
Other assets	599.9	559.4
Total Assets	\$ 2,043.1	\$ 1,569.3
Liabilities, Redeemable Noncontrolling Interests and Stockholders' Equity		
Current Liabilities:		
Accounts payable	\$ 128.8	\$ 177.7
Short-term borrowings and current portion of long-term debt	51.4	3.1
Accrued liabilities	329.2	265.3
Total Current Liabilities	509.4	446.1
Long-term debt	539.9	281.9
Lease liabilities	178.8	—
Other liabilities	121.6	101.5
Total Liabilities	1,349.7	829.5
Redeemable Noncontrolling Interests	50.4	20.6
Stockholders' Equity	643.0	719.2
Total Liabilities, Redeemable Noncontrolling Interests and Stockholders' Equity	\$ 2,043.1	\$ 1,569.3

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Earnings Release Data Supplement

Herman Miller, Inc. (together with its consolidated subsidiaries, the "Company", "we", "our" or "us") provides this supplement to assist investors in evaluating the Company's financial and operating results and metrics. We suggest that the narratives to each of the tables included in this supplement be read in conjunction with the financial tables. The financial information included in this supplement contains certain non-GAAP financial measures, as explained in more detail below.

Herman Miller, Inc. Supplemental Financial Data

Three and Twelve Months Ended May 30, 2020

(Unaudited) (\$ in millions except per share data and square footage metrics)

Non-GAAP Financial Measures

This presentation contains certain non-GAAP financial measures such as Adjusted Earnings per Share, Adjusted Operating Earnings (Loss), Adjusted Gross Margin, and Organic Growth (Decline). Adjusted Earnings per Share represents reported diluted earnings per share excluding the impact from adjustments related to the adoption of the U.S. Tax Cuts and Jobs Act, purchase accounting adjustments related to the HAY and naughtone investments, impairment charges, restructuring expenses and other special charges or gains, including related taxes. Adjusted Operating Earnings (Loss) represents reported operating earnings plus impairment charges, restructuring expenses and other special charges. Adjusted Gross Margin represents gross margin plus other special charges. Impairment charges include non-cash, pre-tax charges for the impairment of goodwill, intangible assets, and right of use assets. Restructuring expenses include actions involving facilities consolidation and optimization, targeted workforce reductions, and costs associated with an early retirement program. Special charges include costs related to CEO transition, third party consulting costs related to the Company's profit enhancement initiatives, acquisition-related costs, and certain costs arising as a direct result of COVID-19. Organic Growth represents the change in sales and orders, excluding currency translation effects and the impact of acquisitions. The Company believes these non-GAAP measures are useful for investors as they provide financial information on a more comparative basis for the periods presented.

Adjusted Earnings per Share, Adjusted Operating Earnings (Loss), Adjusted Gross Margin, and Organic Growth (Decline) are not measurements of our financial performance under GAAP and should not be considered an alternative to the related GAAP measurement. These non-GAAP measures have limitations as analytical tools and should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. Our presentation of non-GAAP measures should not be construed as an indication that our future results will be unaffected by unusual or infrequent items. We compensate for these limitations by providing equal prominence of our GAAP results.

Certain tables below summarize select financial information, for the periods indicated, related to each of the Company's reportable segments. The North America Contract segment includes the operations associated with the design, manufacture, and sale of furniture products for work-related settings, including office, education, and healthcare environments, throughout the United States and Canada. The business associated with the Company's owned contract furniture dealer is also included in the North America Contract segment. North America Contract also includes the operations associated with the design, manufacture, and sale of high-craft furniture products and textiles including Geiger wood products, Maharam textiles, Nemschoff healthcare and Herman Miller Collection products. The International Contract segment includes the operations associated with the design, manufacture, and sale of furniture products, primarily for work-related settings, in the EMEA, Latin America and Asia-Pacific geographic regions. The Retail segment includes operations associated with the sale of modern design furnishings and accessories to third party retail distributors, as well as direct to consumer sales through eCommerce and Design Within Reach and HAY retail studios. Corporate costs represent unallocated expenses related to general corporate functions, including, but not limited to, certain legal, executive, corporate finance, information technology, administrative and acquisition-related costs.

A. Reconciliation of (Loss) Earnings per Share to Adjusted Earnings per Share

	Three Months Ended		Twelve Months Ended	
	May 30, 2020	June 1, 2019	May 30, 2020	June 1, 2019
(Loss) Earnings per Share - Diluted	\$ (2.95)	\$ 0.78	\$ (0.15)	\$ 2.70
Less: Adjustments Related to Adoption of U.S. Tax Cuts and Jobs Act	—	—	—	(0.02)
Less: Investment fair value adjustments, after tax	—	(0.03)	—	(0.03)
Add: Inventory step up on HAY equity method investment, after tax	—	—	—	0.01
Less: Gain on consolidation of equity method investments	(0.12)	—	(0.63)	—
Add: Special charges, after tax	0.06	0.02	0.15	0.18
Add: Impairment charges, after tax	2.90	—	2.90	—
Add: Restructuring expenses, after tax	0.22	0.11	0.34	0.13
Adjusted Earnings per Share - Diluted	\$ 0.11	\$ 0.88	\$ 2.61	\$ 2.97
Weighted Average Shares Outstanding (used for Calculating Adjusted Earnings per Share) – Diluted	58,771,821	59,132,195	58,920,653	59,381,791

Note: The adjustments above are net of tax. For the three months ended May 30, 2020 and June 1, 2019, the tax impact of the adjustments were \$0.55 and \$0.03, respectively. For the twelve months ended May 30, 2020 and June 1, 2019, the tax impact of the adjustments were \$0.62 and \$0.10, respectively.

Herman Miller, Inc. Supplemental Financial Data

Three and Twelve Months Ended May 30, 2020

(Unaudited) (\$ in millions except per share data and square footage metrics)

B. Reconciliation of Operating (Loss) Earnings to Adjusted Operating (Loss) Earnings by Segment

	Three Months Ended				Twelve Months Ended			
	May 30, 2020		June 1, 2019		May 30, 2020		June 1, 2019	
North America Contract								
Net Sales	\$ 275.6	100.0 %	\$ 433.8	100.0 %	\$ 1,598.2	100.0 %	\$ 1,686.5	100.0%
Gross Margin	93.6	34.0 %	156.2	36.0 %	580.6	36.3 %	592.3	35.1%
Total Operating Expenses	139.1	50.5 %	106.0	24.4 %	449.7	28.1 %	402.6	23.9%
Operating (Loss) Earnings	(45.5)	(16.5)%	50.2	11.6 %	130.9	8.2 %	189.7	11.2%
<u>Adjustments</u>								
Special Charges	6.8	2.5 %	0.6	0.1 %	7.5	0.5 %	0.6	—%
Impairment	43.2	15.7 %	—	— %	43.2	2.7 %	—	—%
Restructuring	11.8	4.3 %	7.7	1.8 %	18.7	1.2 %	7.7	0.5%
Adjusted Operating Earnings	\$ 16.3	5.9 %	\$ 58.5	13.5 %	\$ 200.3	12.5 %	\$ 198.0	11.7%
International Contract								
Net Sales	\$ 114.7	100.0 %	\$ 132.3	100.0 %	\$ 502.8	100.0 %	\$ 492.2	100.0%
Gross Margin	37.6	32.8 %	46.9	35.4 %	168.5	33.5 %	166.9	33.9%
Total Operating Expenses	56.7	49.4 %	29.8	22.5 %	150.3	29.9 %	109.1	22.2%
Operating (Loss) Earnings	(19.1)	(16.7)%	17.1	12.9 %	18.2	3.6 %	57.8	11.7%
<u>Adjustments</u>								
Special Charges	(2.2)	(1.9)%	—	— %	2.9	0.6 %	0.2	—%
Impairment	23.2	20.2 %	—	— %	23.2	4.6 %	—	—%
Restructuring	3.9	3.4 %	0.8	0.6 %	4.8	1.0 %	2.5	0.5%
Adjusted Operating Earnings	\$ 5.8	5.1 %	\$ 17.9	13.5 %	\$ 49.1	9.8 %	\$ 60.5	12.3%
Retail								
Net Sales	\$ 85.4	100.0 %	\$ 104.9	100.0 %	\$ 385.6	100.0 %	\$ 388.5	100.0%
Gross Margin	34.6	40.5 %	45.1	43.0 %	161.6	41.9 %	170.7	43.9%
Total Operating Expenses	176.5	206.7 %	46.1	43.9 %	309.9	80.4 %	165.4	42.6%
Operating (Loss) Earnings	(141.9)	(166.2)%	(1.0)	(1.0)%	(148.3)	(38.5)%	5.3	1.4%
<u>Adjustments</u>								
Special Charges	—	— %	0.8	0.8 %	—	— %	0.8	0.2%
Impairment	139.0	162.8 %	—	— %	139.0	36.0 %	—	—%
Restructuring	1.2	1.4 %	—	— %	2.9	0.8 %	—	—%
Adjusted Operating (Loss) Earnings	\$ (1.7)	(2.0)%	\$ (0.2)	(0.2)%	\$ (6.4)	(1.7)%	\$ 6.1	1.6%
Corporate								
Operating Loss	\$ (4.9)	— %	\$ (9.8)	— %	\$ (39.2)	— %	\$ (49.3)	—%
<u>Adjustments</u>								
Special Charges	—	— %	0.3	— %	1.9	— %	11.5	—%
Adjusted Operating Loss	\$ (4.9)	— %	\$ (9.5)	— %	\$ (37.3)	— %	\$ (37.8)	—%
Herman Miller, Inc.								
Net Sales	\$ 475.7	100.0 %	\$ 671.0	100.0 %	\$ 2,486.6	100.0 %	\$ 2,567.2	100.0%
Gross Margin	165.8	34.9 %	248.2	37.0 %	910.7	36.6 %	929.9	36.2%
Total Operating Expenses	377.2	79.3 %	191.7	28.6 %	949.1	38.2 %	726.4	28.3%
Operating (Loss) Earnings	(211.4)	(44.4)%	56.5	8.4 %	(38.4)	(1.5)%	203.5	7.9%
<u>Adjustments</u>								
Special Charges	4.6	1.0 %	1.7	0.3 %	12.3	0.5 %	13.1	0.5%
Impairment	205.4	43.2 %	—	— %	205.4	8.3 %	—	—%
Restructuring	16.9	3.6 %	8.5	1.3 %	26.4	1.1 %	10.2	0.4%
Adjusted Operating Earnings	\$ 15.5	3.3 %	\$ 66.7	9.9 %	\$ 205.7	8.3 %	\$ 226.8	8.8%

Herman Miller, Inc. Supplemental Financial Data

Three and Twelve Months Ended May 30, 2020

(Unaudited) (\$ in millions except per share data and square footage metrics)

C. Reconciliation of Gross Margin to Adjusted Gross Margin

	Three Months Ended				Twelve Months Ended			
	May 30, 2020		June 1, 2019		May 30, 2020		June 1, 2019	
Gross Margin	\$ 165.8	34.9 %	\$ 248.2	37.0%	\$ 910.7	36.6%	\$ 929.9	36.2%
Special Charges	(0.9)	(0.2)%	—	—%	0.5	—%	—	—%
Adjusted Gross Margin	\$ 164.9	34.7 %	\$ 248.2	37.0%	\$ 911.2	36.6%	\$ 929.9	36.2%

D. Organic Sales Growth by Segment

	Three Months Ended May 30, 2020				Three Months Ended June 1, 2019			
	North America	International	Retail	Total	North America	International	Retail	Total
Net Sales, as reported	\$ 275.6	\$ 114.7	\$ 85.4	\$ 475.7	\$ 433.8	\$ 132.3	\$ 104.9	\$ 671.0
% change from PY	(36.5)%	(13.3)%	(18.6)%	(29.1)%				
<u>Proforma Adjustments</u>								
Acquisitions	(3.0)	(38.9)	—	(41.9)	—	—	—	—
Currency Translation Effects ⁽¹⁾	0.5	2.8	—	3.3	—	—	—	—
Net Sales, organic	\$ 273.1	\$ 78.6	\$ 85.4	\$ 437.1	\$ 433.8	\$ 132.3	\$ 104.9	\$ 671.0
% change from PY	(37.0)%	(40.6)%	(18.6)%	(34.9)%				

	Twelve Months Ended May 30, 2020				Twelve Months Ended June 1, 2019			
	North America	International	Retail	Total	North America	International	Retail	Total
Net Sales, as reported	\$ 1,598.2	\$ 502.8	\$ 385.6	\$ 2,486.6	\$ 1,686.5	\$ 492.2	\$ 388.5	\$ 2,567.2
% change from PY	(5.2)%	2.2 %	(0.7)%	(3.1)%				
<u>Proforma Adjustments</u>								
Acquisitions	(11.8)	(83.8)	—	(95.6)	—	—	—	—
Currency Translation Effects ⁽¹⁾	0.7	7.0	—	7.7	—	—	—	—
Net Sales, organic	\$ 1,587.1	\$ 426.0	\$ 385.6	\$ 2,398.7	\$ 1,686.5	\$ 492.2	\$ 388.5	\$ 2,567.2
% change from PY	(5.9)%	(13.4)%	(0.7)%	(6.6)%				

⁽¹⁾ Currency translation effects represent the estimated net impact of translating current period sales and orders using the average exchange rates applicable to the comparable prior year period

Herman Miller, Inc. Supplemental Financial Data

Three and Twelve Months Ended May 30, 2020

(Unaudited) (\$ in millions except per share data and square footage metrics)

E. Organic Order Growth by Segment

	Three Months Ended May 30, 2020				Three Months Ended June 1, 2019			
	North America	International	Retail	Total	North America	International	Retail	Total
Orders, as reported	\$ 304.2	\$ 124.1	\$ 107.0	\$ 535.3	\$ 440.5	\$ 111.7	\$ 112.3	\$ 664.5
% change from PY	(30.9)%	11.1 %	(4.7)%	(19.4)%				
Proforma Adjustments								
Acquisitions	(6.0)	(38.0)	—	(44.0)	—	—	—	—
Currency Translation Effects ⁽¹⁾	0.6	4.7	—	5.3	—	—	—	—
Orders, organic	\$ 298.8	\$ 90.8	\$ 107.0	\$ 496.6	\$ 440.5	\$ 111.7	\$ 112.3	\$ 664.5
% change from PY	(32.2)%	(18.7)%	(4.7)%	(25.3)%				

	Twelve Months Ended May 30, 2020				Twelve Months Ended June 1, 2019			
	North America	International	Retail	Total	North America	International	Retail	Total
Orders, as reported	\$ 1,613.7	\$ 526.5	\$ 398.4	\$ 2,538.6	\$ 1,714.2	\$ 501.1	\$ 399.6	\$ 2,614.9
% change from PY	(5.9)%	5.1 %	(0.3)%	(2.9)%				
Proforma Adjustments								
Acquisitions	(14.3)	(80.9)	—	(95.2)	—	—	—	—
Currency Translation Effects ⁽¹⁾	0.9	9.0	—	9.9	—	—	—	—
Orders, organic	\$ 1,600.3	\$ 454.6	\$ 398.4	\$ 2,453.3	\$ 1,714.2	\$ 501.1	\$ 399.6	\$ 2,614.9
% change from PY	(6.6)%	(9.3)%	(0.3)%	(6.2)%				

⁽¹⁾ Currency translation effects represent the estimated net impact of translating current period sales and orders using the average exchange rates applicable to the comparable prior year period.

F. Design Within Reach Studio Metrics

	Studio Count				Studio Selling Square Footage			
	Three Months Ended		Twelve Months Ended		Three Months Ended		Twelve Months Ended	
	5/30/20	6/1/19	5/30/20	6/1/19	5/30/20	6/1/19	5/30/20	6/1/19
Beginning of Period	35	33	36	32	382,752	369,215	389,247	357,387
Studio Openings	—	3	1	5	—	20,032	8,730	37,910
Studio Expansions (Reductions)	—	—	—	—	—	—	—	(3,300)
Studio Closings	—	—	(2)	(1)	—	—	(15,225)	(2,750)
End of Period	35	36	35	36	382,752	389,247	382,752	389,247
Comparable Studios, End of Period*	31	31	29	27				
Non-Comparable Studios, End of Period	4	5	6	9				

	Studio Revenue Metrics			
	Three Months Ended		Twelve Months Ended	
	5/30/20	6/1/19	5/30/20	6/1/19
Average Studio Square Footage	382,752	379,231	386,000	373,317
Annualized Net Sales per Square Foot, All Studios	\$ 337	\$ 555	\$ 454	\$ 521
DWR Comparable Brand Sales*	(22.8)%	(1.8)%	(4.0)%	3.3%
Annualized Net Sales per Square Foot, Comparable Studios*	\$ 343	\$ 569	\$ 468	\$ 567

*DWR comparable brand sales reflects the year-over-year change in net sales across the multiple channels that DWR serves, including studios, outlets, contract, catalog, phone and e-commerce. Comparable studios reflect studios that were fully operational for the applicable current and prior year periods.

Note: Retail segment sales also include sales through eCommerce, outlet store, call center and wholesale channels.

Forward Looking Statements

This release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act, as amended, that are based on management's beliefs, assumptions, current expectations, estimates, and projections about the office furniture industry, the economy, and the Company itself. Words like "anticipates," "believes," "confident," "estimates," "expects," "forecasts," "likely," "plans," "projects," and "should," variations of such words, and similar expressions identify such forward-looking statements. These statements do not guarantee future performance and involve certain risks, uncertainties, and assumptions that are difficult to predict with regard to timing, extent, likelihood, and degree of occurrence. These risks include, without limitation, the success of our growth strategy, our success in initiatives aimed at achieving long-term profit optimization goals, employment and general economic conditions, the pace of economic recovery in the U.S. and in our International markets, the increase in white-collar employment, the willingness of customers to undertake capital expenditures, the types of products purchased by customers, competitive-pricing pressures, the availability and pricing of raw materials, our reliance on a limited number of suppliers, our ability to expand globally given the risks associated with regulatory and legal compliance challenges and accompanying currency fluctuations, changes in future tax legislation or interpretation of current tax legislation, the ability to increase prices to absorb the additional costs of raw materials, changes in global tariff regulations, the financial strength of our dealers and the financial strength of our customers, our ability to locate new studios, negotiate favorable lease terms for new and existing locations and implement our studio portfolio transformation, our ability to attract and retain key executives and other qualified employees, our ability to continue to make product innovations, the success of newly-introduced products, our ability to serve all of our markets, possible acquisitions, divestitures or alliances, our ability to integrate and benefit from acquisitions and investments, the pace and level of government procurement, the outcome of pending litigation or governmental audits or investigations, political risk in the markets we serve, natural disasters, public health crises, disease outbreaks, and other risks identified in our filings with the Securities and Exchange Commission. Therefore, actual results and outcomes may materially differ from what we express or forecast. Furthermore, Herman Miller, Inc. undertakes no obligation to update, amend or clarify forward-looking statements.
