UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K/A

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended May 29, 2021
or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to
Commission file number: 001-15141

MillerKnoll, Inc.
(Exact name of registrant as specified in its charter)

Michigan	**38-0837640**
(State or other jurisdiction of incorporation or organization)	(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)

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	MLKN	NASDAQ

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No o

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No o
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒	Accelerated filer o	Non-accelerated filer o	Smaller reporting company ☐	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

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

The aggregate market value of the voting stock held by “nonaffiliates” of the registrant (for this purpose only, the affiliates of the registrant have been assumed to be the executive officers and directors of the registrant and their associates) as of November 27, 2020, was $2.2 billion (based on $37.56 per share which was the closing sale price as reported by Nasdaq). As of July 18, 2021, the registrant had 59,052,202 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Certain portions of the Registrant's Proxy Statement for the 2021 Annual Meeting of Stockholders are incorporated by reference into Part III of this report.

EXPLANATORY NOTE

MillerKnoll, Inc. (the “Company”) is filing this Amendment No. 1 to its Annual Report on Form 10-K for the fiscal year ended May 29, 2021, previously filed with the Securities and Exchange Commission (“SEC”) on July 27, 2021 (the “Original Filing”), to make certain corrections to the Report of Independent Registered Public Accounting Firm of Ernst & Young LLP included within the Original Filing (the “Original Report”). The Original Report inadvertently contained typographical errors such that the Original Report, as filed, did not conform to the report provided by Ernst & Young LLP. Because the Original Report was included within Item 8 of the Original Filing, this Amendment No. 1 sets forth the complete text of Item 8, as required by SEC Rule 12b-15; however, except for the corrections made to the Original Report noted above, no revisions or modifications have been made to the financial statements or any other information contained within Item 8 of the Original Filing.

Effective November 1, 2021, the Company’s name changed from Herman Miller, Inc. to MillerKnoll, Inc., and the Company’s trading symbol changed from MLHR to MLKN. The Company’s current name and trading symbol have been used where appropriate within this Amendment No. 1, including on the cover page.

Except as described above, this Amendment No. 1 does not amend, update, or change any other items or disclosures contained in the Original Filing. Except for certain changes to reflect the Company’s current name and trading symbol, as described above, this Amendment No. 1 does not reflect or purport to reflect any information or events occurring after the date of the Original Filing nor does it modify or update the disclosures contained in the Original Filing that may be or have been affected by subsequent events. Accordingly, this Amendment No. 1 should be read in conjunction with the Original Filing and the Company’s other filings made with the SEC subsequent to the filing of the Original Filing.

Herman Miller, Inc.

Consolidated Statements of Comprehensive Income

	Year Ended		
(In millions, except per share data)	May 29, 2021	May 30, 2020	June 1, 2019
Net sales	$ 2,465.1	$ 2,486.6	$ 2,567.2
Cost of sales	1,515.9	1,575.9	1,637.3
Gross margin	949.2	910.7	929.9
Operating expenses:			
Selling, general and administrative	643.8	643.3	639.3
Impairment charges	—	205.4	—
Restructuring expenses	2.7	26.4	10.2
Design and research	72.1	74.0	76.9
Total operating expenses	718.6	949.1	726.4
Operating earnings (loss)	230.6	(38.4)	203.5
Gain on consolidation of equity method investments	—	36.2	—
Interest expense	13.9	12.5	12.1
Interest and other investment income	(2.1)	(2.3)	(2.1)
Other (income) expense, net	(7.6)	1.0	(1.6)
Earnings (loss) before income taxes and equity income	226.4	(13.4)	195.1
Income tax expense	47.9	6.0	39.6
Equity earnings from nonconsolidated affiliates, net of tax	0.3	5.0	5.0
Net earnings (loss)	178.8	(14.4)	160.5
Net earnings (loss) attributable to redeemable noncontrolling interests	5.7	(5.3)	—
Net earnings (loss) attributable to Herman Miller, Inc.	**$ 173.1**	**$ (9.1)**	**$ 160.5**
Earnings (loss) per share — basic	$ 2.94	$ (0.15)	$ 2.72
Earnings (loss) per share — diluted	$ 2.92	$ (0.15)	$ 2.70
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustments	$ 52.1	$ (7.7)	$ (14.2)
Pension and post-retirement liability adjustments	8.8	(14.2)	(7.8)
Unrealized gains (losses) on interest rate swap agreement	8.1	(18.0)	(12.3)
Unrealized holding (losses) gains on securities	(0.1)	0.1	—
Total other comprehensive income (loss), net of tax	68.9	(39.8)	(34.3)
Comprehensive income (loss)	247.7	(54.2)	126.2
Comprehensive income (loss) attributable to redeemable noncontrolling interests	5.7	(5.3)	—
Comprehensive income (loss) attributable to Herman Miller, Inc.	**$ 242.0**	**$ (48.9)**	**$ 126.2**

Herman Miller, Inc.

Consolidated Balance Sheets

(In millions, except share and per share data)	May 29, 2021	May 30, 2020
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 396.4	$ 454.0
Short-term investments	7.7	7.0
Accounts receivable, net of allowances of $5.5 and $4.7	204.7	180.0
Unbilled accounts receivable	16.4	19.5
Inventories, net	213.6	197.3
Prepaid expenses	45.1	43.3
Other current assets	7.6	16.0
Total current assets	891.5	917.1
Property and equipment, net of accumulated depreciation of $832.5 and $780.5	327.2	330.8
Right of use assets	214.7	193.9
Goodwill	364.2	346.0
Indefinite-lived intangibles	97.6	92.8
Other amortizable intangibles, net of accumulated amortization of $68.6 and $62.7	105.2	112.4
Other noncurrent assets	61.5	60.9
Total Assets	**$ 2,061.9**	**$ 2,053.9**
LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS & STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	$ 178.4	$ 128.8
Short-term borrowings and current portion of long-term debt	2.2	51.4
Accrued compensation and benefits	90.2	71.1
Accrued warranty	14.5	16.1
Customer deposits	43.1	39.8
Other accrued liabilities	172.4	163.0
Total current liabilities	500.8	470.2
Long-term debt	274.9	539.9
Pension and post-retirement benefits	34.5	42.4
Lease liabilities	196.9	178.8
Other liabilities	128.2	129.2
Total Liabilities	**1,135.3**	**1,360.5**
Redeemable noncontrolling interests	**77.0**	**50.4**
Stockholders' Equity:		
Preferred stock, no par value (10,000,000 shares authorized, none issued)	—	—
Common stock, $0.20 par value (240,000,000 shares authorized, 59,029,165 and 58,793,275 shares issued and outstanding in 2021 and 2020, respectively)	11.8	11.8
Additional paid-in capital	94.7	81.6
Retained earnings	808.4	683.9
Accumulated other comprehensive loss	(65.1)	(134.0)
Deferred compensation plan	(0.2)	(0.3)
Herman Miller, Inc. Stockholders' Equity	**849.6**	**643.0**
Total Liabilities, Redeemable Noncontrolling Interests and Stockholders' Equity	**$ 2,061.9**	**$ 2,053.9**

Herman Miller, Inc.

Consolidated Statements of Stockholders' Equity

(In millions, except share and per share data)	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Deferred Compensation Plan	Herman Miller, Inc. Stockholders' Equity	Noncontrolling Interests	Total Stockholders' Equity
June 2, 2018	59,230,974	$11.7	$116.6	$598.3	$(61.3)	$(0.7)	$664.6	$0.2	$664.8
Net earnings	—	—	—	160.5	—	—	160.5	—	160.5
Other comprehensive loss, net of tax	—	—	—	—	(34.3)	—	(34.3)	—	(34.3)
Stock-based compensation expense	—	—	8.4	—	—	—	8.4	(0.2)	8.2
Exercise of stock options	347,248	0.1	10.0	—	—	—	10.1	—	10.1
Restricted and performance stock units released	468,807	0.1	0.2	—	—	—	0.3	—	0.3
Employee stock purchase plan issuances	62,957	—	1.9	—	—	—	1.9	—	1.9
Repurchase and retirement of common stock	(1,326,023)	(0.2)	(47.6)	—	—	—	(47.8)	—	(47.8)
Directors' fees	10,185	—	0.3	—	—	—	0.3	—	0.3
Deferred compensation plan	—	—	—	—	—	(0.1)	(0.1)	—	(0.1)
Dividends declared ($0.79 per share)	—	—	—	(46.6)	—	—	(46.6)	—	(46.6)
Cumulative effect of accounting changes	—	—	—	0.5	1.4	—	1.9	—	1.9
June 1, 2019	58,794,148	$11.7	$89.8	$712.7	$(94.2)	$(0.8)	$719.2	$—	$719.2
Net loss	—	—	—	(9.1)	—	—	(9.1)	—	(9.1)
Other comprehensive loss	—	—	—	—	(39.8)	—	(39.8)	—	(39.8)
Stock-based compensation expense	—	—	2.7	—	—	—	2.7	—	2.7
Exercise of stock options	423,815	0.2	13.3	—	—	—	13.5	—	13.5
Restricted and performance stock units released	138,590	—	0.2	—	—	—	0.2	—	0.2
Employee stock purchase plan issuances	70,145	—	2.1	—	—	—	2.1	—	2.1
Repurchase and retirement of common stock	(641,192)	(0.1)	(26.5)	—	—	—	(26.6)	—	(26.6)
Directors' fees	7,769	—	0.3	—	—	—	0.3	—	0.3
Deferred compensation plan	—	—	(0.3)	—	—	0.5	0.2	—	0.2
Dividends declared ($0.63 per share)	—	—	—	(37.5)	—	—	(37.5)	—	(37.5)
Redemption value adjustment	—	—	—	17.8	—	—	17.8	—	17.8
May 30, 2020	58,793,275	$11.8	$81.6	$683.9	$(134.0)	$(0.3)	$643.0	$—	$643.0
Net earnings	—	—	—	173.1	—	—	173.1	—	173.1
Other comprehensive income	—	—	—	—	68.9	—	68.9	—	68.9
Stock-based compensation expense	—	—	9.0	—	—	—	9.0	—	9.0
Exercise of stock options	86,238	—	2.6	—	—	—	2.6	—	2.6
Restricted and performance stock units released	114,103	—	0.2	—	—	—	0.2	—	0.2
Employee stock purchase plan issuances	71,468	—	2.1	—	—	—	2.1	—	2.1
Repurchase and retirement of common stock	(38,932)	—	(0.9)	—	—	—	(0.9)	—	(0.9)
Directors' fees	3,013	—	0.1	—	—	—	0.1	—	0.1
Deferred compensation plan	—	—	—	—	—	0.1	0.1	—	0.1
Dividends declared ($0.56 per share)	—	—	—	(33.4)	—	—	(33.4)	—	(33.4)
Redemption value adjustment	—	—	—	(15.0)	—	—	(15.0)	—	(15.0)
Other	—	—	—	(0.2)	—	—	(0.2)	—	(0.2)
May 29, 2021	59,029,165	$11.8	$94.7	808.4	$(65.1)	$(0.2)	$849.6	—	$849.6

Herman Miller, Inc.

Consolidated Statements of Cash Flows

(In millions)	Year Ended May 29, 2021	May 30, 2020	June 1, 2019
Cash Flows from Operating Activities:			
Net earnings (loss)	$178.8	$(14.4)	$160.5
Adjustments to reconcile net earnings (loss) to net cash provided by operating activities:			
Depreciation expense	72.0	68.1	65.9
Amortization expense	15.2	11.4	6.2
Earnings from nonconsolidated affiliates net of dividends received	(0.4)	(4.8)	(2.1)
Investment fair value adjustment	—	—	(2.1)
Gain on consolidation of equity method investments	—	(36.2)	—
Deferred taxes	6.7	(25.2)	0.8
Pension contributions	(5.4)	(0.9)	(0.9)
Pension and post-retirement expenses	3.0	1.6	1.2
Impairment charges	—	205.4	—
Restructuring expenses	2.7	26.4	10.2
Stock-based compensation	9.0	2.7	7.3
Decrease (increase) in long-term assets	1.2	(4.7)	(0.4)
Increase in long-term liabilities	16.0	5.8	1.6
Changes in current assets and liabilities:			
Increase (decrease) in accounts receivable & unbilled accounts receivable	(14.8)	68.6	(24.8)
Increase (decrease) in inventories	(8.5)	6.0	(31.9)
Increase in prepaid expenses and other	(3.9)	(2.2)	(0.6)
Increase (decrease) in accounts payable	43.2	(59.5)	0.5
Increase (decrease) in accrued liabilities	15.1	(32.0)	22.7
Other, net	2.4	5.7	2.3
Net Cash Provided by Operating Activities	332.3	221.8	216.4
Cash Flows from Investing Activities:			
Marketable securities purchases	(5.9)	(3.1)	(1.9)
Marketable securities sales	5.3	5.0	1.7
Capital expenditures	(59.8)	(69.0)	(85.8)
Proceeds from sales of property and dealers	14.0	0.2	0.5
Purchase of HAY licensing agreement	—	—	(4.8)
Acquisitions, net of cash received	—	(111.2)	—
Equity investment in non-controlled entities	—	(3.3)	(73.6)
Other, net	(13.5)	13.3	(1.1)
Net Cash Used in Investing Activities	(59.9)	(168.1)	(165.0)
Cash Flows from Financing Activities:			
Borrowings of long-term debt	—	50.0	—
Repayments of long-term debt	(50.0)	—	—
Proceeds from credit facility	—	265.0	—
Repayments of credit facility	(265.0)	—	—
Dividends paid	(34.5)	(36.4)	(45.6)
Common stock issued	5.0	15.6	12.3
Common stock repurchased and retired	(0.9)	(26.6)	(47.9)
Purchase of redeemable noncontrolling interests	—	(20.3)	(10.1)
Other, net	(2.3)	(3.3)	(0.6)
Net Cash (Used in) Provided by Financing Activities	(347.7)	244.0	(91.9)
Effect of exchange rate changes on cash and cash equivalents	17.7	(2.9)	(4.2)
Net (Decrease) Increase In Cash and Cash Equivalents	(57.6)	294.8	(44.7)
Cash and cash equivalents, Beginning of Year	454.0	159.2	203.9
Cash and Cash Equivalents, End of Year	$396.4	$454.0	$159.2
Other Cash Flow Information			
Interest paid	$12.5	$11.4	$11.5
Income taxes paid, net of cash received	$15.8	$39.6	$41.0

Notes to the Consolidated Financial Statements

1. Significant Accounting and Reporting Policies

The following is a summary of significant accounting and reporting policies not reflected elsewhere in the accompanying financial statements.

Principles of Consolidation

The Consolidated Financial Statements include the accounts of Herman Miller, Inc. and its controlled domestic and foreign subsidiaries. The consolidated entities are collectively referred to as “the Company.” All intercompany accounts and transactions have been eliminated in the Consolidated Financial Statements.

Description of Business

The Company researches, designs, manufactures, sells and distributes interior furnishings for use in various environments including office, healthcare, educational and residential settings and provides related services that support companies all over the world. The Company's products are sold primarily through independent contract office furniture dealers as well as the following channels: owned contract office furniture dealership, direct customer sales, independent retailers, owned retail studios, direct-mail catalogs and the Company's eCommerce platforms.

Fiscal Year

The Company's fiscal year ends on the Saturday closest to May 31. The fiscal years ended May 29, 2021, May 30, 2020, and June 1, 2019 contained 52 weeks.

Foreign Currency Translation

The functional currency for most of the foreign subsidiaries is their local currency. The cumulative effects of translating the balance sheet accounts from the functional currency into the United States dollar using fiscal year-end exchange rates and translating revenue and expense accounts using average exchange rates for the period are reflected as a component of Accumulated other comprehensive loss in the Consolidated Balance Sheets.

The financial statement impact of gains and losses resulting from remeasuring foreign currency transactions into the appropriate functional currency resulted in a net gain of $0.8 million, net loss of $1.1 million, and a net gain of $0.3 million for the fiscal years ended May 29, 2021, May 30, 2020, and June 1, 2019, respectively. These amounts are included in “Other (income) expense, net” in the Consolidated Statements of Comprehensive Income.

Cash Equivalents

The Company holds cash equivalents as part of its cash management function. Cash equivalents include money market funds and time deposit investments with original maturities of less than three months. The carrying value of cash equivalents, which approximates fair value, totaled $229.8 million and $364.0 million as of May 29, 2021 and May 30, 2020, respectively. All cash equivalents are high-credit quality financial instruments and the amount of credit exposure to any one financial institution or instrument is limited.

Marketable Securities

The Company maintains a portfolio of marketable securities primarily comprised of mutual funds. These mutual funds are comprised of both equity and fixed income funds. These investments are held by the Company's wholly owned insurance captive and have been recorded at fair value based on quoted market prices. Net unrealized holding gains or losses related to the equity mutual funds are recorded through net income while net unrealized holding gains or losses related to the fixed income mutual funds are recorded through other comprehensive income.

All marketable security transactions are recognized on the trade date. Realized gains and losses are included in “Interest and other investment income” in the Consolidated Statements of Comprehensive Income. See Note 12 of the Consolidated Financial Statements for additional disclosures of marketable securities.

Allowances for Credit Losses

Allowances for credit losses related to accounts are managed at a level considered by management to be adequate to absorb an estimate of probable future losses existing at the balance sheet date.

In estimating probable losses, we review accounts based on known customer exposures, historical credit experience, and specific identification of other potentially uncollectible accounts. An accounts receivable balance is considered past due when payment is not received within the stated terms. Accounts that are considered to have higher credit risk are reviewed using information available about the debtor, such as financial statements, news reports and published credit ratings. General information regarding industry trends, the economic environment is used as well.

We arrive at an estimated loss for specific concerns and estimate an additional amount for the remainder of trade balances based on historical trends and other factors previously referenced. Balances are written off against the reserve once the Company determines the probability of collection to be remote. The Company generally does not require collateral or other security on trade accounts receivable. Subsequent recoveries, if any, are credited to bad debt expense when received.

Concentrations of Credit Risk

The Company's trade receivables are primarily due from independent dealers who, in turn, carry receivables from their customers. The Company monitors and manages the credit risk associated with individual dealers and direct customers where applicable. Dealers are responsible for assessing and assuming credit risk of their customers and may require their customers to provide deposits, letters of credit or other credit enhancement measures. Some sales contracts are structured such that the customer payment or obligation is direct to the Company. In those cases, the Company may assume the credit risk. Whether from dealers or customers, the Company's trade credit exposures are not concentrated with any particular entity.

Inventories

Inventories are valued at the lower of cost or market and include material, labor and overhead. Inventory cost is determined using the last-in, first-out (LIFO) method at manufacturing facilities in Michigan, whereas inventories of the Company's other locations are valued using the first-in, first-out (FIFO) method. The Company establishes reserves for excess and obsolete inventory based on prevailing circumstances and judgment for consideration of current events, such as economic conditions, that may affect inventory. The reserve required to record inventory at lower of cost or net realizable value may be adjusted in response to changing conditions. Further information on the Company's recorded inventory balances can be found in Note 4 of the Consolidated Financial Statements.

Goodwill and Indefinite-lived Intangible Assets

Goodwill and other indefinite-lived assets included in the Consolidated Balance Sheets consist of the following:

(In millions)	Goodwill	Indefinite-lived Intangible Assets	Total Goodwill and Indefinite-lived Intangible Assets
Balance, June 2, 2019	$ 303.8	$ 78.1	$ 381.9
Foreign currency translation adjustments	(0.9)	(0.5)	(1.4)
Acquisition of HAY	111.1	60.0	171.1
Acquisition of naughtone	57.5	8.5	66.0
Impairment charges	(125.5)	(53.3)	(178.8)
Balance, May 30, 2020	$ 346.0	$ 92.8	$ 438.8
Foreign currency translation adjustments	18.2	4.8	23.0
Balance, May 29, 2021	$ 364.2	$ 97.6	$ 461.8

Goodwill is tested for impairment at the reporting unit level annually, or more frequently, when events or changes in circumstances indicate that the fair value of a reporting unit has more likely than not declined below its carrying value. When testing goodwill for impairment, the Company may first assess qualitative factors. If an initial qualitative assessment identifies that it is more likely than not that the carrying value of a reporting unit exceeds its estimated fair value, additional quantitative testing is performed. The Company may also elect to bypass the qualitative testing and proceed directly to the quantitative testing. If the quantitative testing indicates that goodwill is impaired, the carrying value of goodwill is written down to fair value. Each of the reporting units were reviewed for impairment using a quantitative assessment as of March 31, 2021.

To estimate the fair value of each reporting unit when performing quantitative testing, the Company utilizes a weighting of the income approach and the market method. These approaches are based on a discounted cash flow analysis and observable comparable company information that use several inputs, including:

- actual and forecasted revenue growth rates and operating margins,
- discount rates based on the reporting unit's weighted average cost of capital, and
- revenue and EBITDA of comparable companies

The Company corroborates the reasonableness of the inputs and outcomes of our discounted cash flow analysis through a market capitalization reconciliation to determine whether the implied control premium is reasonable.

The Company completed its annual goodwill impairment test in the fourth quarter of the year, as of March 31st. In fiscal 2021, the Company elected to perform quantitative impairment tests for all goodwill reporting units and other indefinite-lived intangible assets. In performing the quantitative impairment test, the Company determined that the fair value of the reporting units exceeded the carrying amount and, as such, the reporting units were not impaired and the second step of the impairment test was not necessary.

In completing our annual goodwill impairment test, the respective fair values were estimated using an income approach with market participant discount rates ranging from 12.0% to 14.0% developed using a weighted average cost of capital analysis and long-term growth rates ranging from 2.5% to 3.0%.

Intangible assets with indefinite useful lives are not subject to amortization and are evaluated annually for impairment, or more frequently, when events or changes in circumstances indicate that the fair value of an intangible asset may not be recoverable. The Company utilizes the relief from royalty methodology to test for impairment. The primary assumptions for the relief from royalty method include forecasted revenue growth rates, royalty rates and discount rates. The Company measures and records an impairment loss for the excess of the carrying value of the asset over its fair value.

In fiscal 2021, the Company performed quantitative assessments in testing indefinite-lived intangible assets for impairment. The carrying value of the Company's HAY trade name indefinite-lived intangible asset was $41.7 million as of March 31, 2021. The calculated fair value of the HAY trade name was $43.8 million which represents an excess fair value of $2.1 million or 5.0%. If the residual cash flow related to this trade name were to decline in future periods, the Company may need to record an impairment charge.

In completing our annual indefinite-lived trade name impairment test, the respective fair values were estimated using a relief-from-royalty approach, applying market participant discount rates ranging from 12.0% to 14.0% developed using a weighted average cost of capital analysis, royalty rates ranging from 2.0% to 3.0% and long-term growth rates ranging from 2.5% to 3.0%.

The table below summarizes the carrying values as of May 29, 2021, for each of the Company's indefinite-lived trade names:

(In millions)

Trade name		Carrying Value
Maharam	$	16.5
DWR		31.5
HAY		43.1
naughtone		6.5
Total	$	97.6

During fiscal 2020, the Company recognized $205.4 million of impairment charges related to goodwill, indefinite-lived intangible assets and long-lived assets. These charges are included in "Impairment charges" within the Consolidated Statements of Comprehensive Income.

Property, Equipment and Depreciation

Property and equipment are stated at cost. The cost is depreciated over the estimated useful lives of the assets using the straight-line method. Estimated useful lives range from 3 to 10 years for machinery and equipment and do not exceed 40 years for buildings. Leasehold improvements are depreciated over the lesser of the lease term or the useful life of the asset. The Company capitalizes certain costs incurred in connection with the development, testing and installation of software for internal use and cloud computing arrangements. Software for internal use is included in property and equipment and is depreciated over an estimated useful life not exceeding 5 years. Depreciation and amortization expense is included in the Consolidated Statements of Comprehensive Income in the Cost of sales, Selling, general and administrative and Design and research line items.

The following table summarizes our property as of the dates indicated:

(In millions)	May 29, 2021	May 30, 2020
Land and improvements	$ 25.2	$ 23.7
Buildings and improvements	286.1	266.5
Machinery and equipment	820.8	791.9
Construction in progress	27.6	29.2
Accumulated depreciation	(832.5)	(780.5)
Property and equipment, net	$ 327.2	$ 330.8

As of the end of fiscal 2021, outstanding commitments for future capital purchases approximated $46.5 million.

Other Long-Lived Assets

The Company reviews the carrying value of long–lived assets for impairment when events or changes in circumstances indicate that the carrying amount of assets may not be recoverable. If such indicators are present, the future undiscounted cash flows attributable to the asset or asset group are compared to the carrying value of the asset or asset group. If such assets are considered to be impaired, the impairment amount to be recognized is the amount by which the carrying value of the assets exceeds their fair value.

Amortizable intangible assets within Other amortizable intangibles, net in the Consolidated Balance Sheets consist primarily of patents, trademarks and customer relationships. The customer relationships intangible asset is comprised of relationships with customers, specifiers, networks, dealers and distributors. Refer to the following table for the combined gross carrying value and accumulated amortization for these amortizable intangibles.

	May 29, 2021			
(In millions)	Patent and Trademarks	Customer Relationships	Other	Total
Gross carrying value	$ 45.5	$ 113.0	$ 15.3	$ 173.8
Accumulated amortization	18.9	39.6	10.1	68.6
Net	$ 26.6	$ 73.4	$ 5.2	$ 105.2

	May 30, 2020			
	Patent and Trademarks	Customer Relationships	Other	Total
Gross carrying value	$ 41.7	$ 118.7	$ 14.7	$ 175.1
Accumulated amortization	14.4	38.3	10.0	62.7
Net	$ 27.3	$ 80.4	$ 4.7	$ 112.4

The Company amortizes these assets over their remaining useful lives using the straight-line method over periods ranging from 5 years to 20 years, or on an accelerated basis, to reflect the expected realization of the economic benefits. It is estimated that the weighted-average remaining useful life of the patents and trademarks is approximately 6 and the weighted-average remaining useful life of the customer relationships is 7 years.

Estimated amortization expense on existing amortizable intangible assets as of May 29, 2021, for each of the succeeding five fiscal years, is as follows:

(In millions)		
2022	$	15.4
2023	$	14.9
2024	$	13.7
2025	$	13.5
2026	$	13.2

Self-Insurance

The Company is partially self-insured for general liability, workers' compensation and certain employee health and dental benefits under insurance arrangements that provide for third-party coverage of claims exceeding the Company's loss retention levels. The Company's health benefit and auto liability retention levels do not include an aggregate stop loss policy. The Company's retention levels designated within significant insurance arrangements as of May 29, 2021, are as follows:

(In millions)	Retention Level (per occurrence)	
General liability	$	1.00
Auto liability	$	1.00
Workers' compensation	$	0.75
Health benefit	$	0.50

The Company accrues for its self-insurance arrangements, as well as reserves for health, prescription drugs, and dental benefit exposures based on actuarially-determined estimates, which are recorded in “Other liabilities” in the Consolidated Balance Sheets. The value of the liability as of May 29, 2021 and May 30, 2020 was $12.3 million and $13.1 million, respectively. The actuarial valuations are based on historical information along with certain assumptions about future events. Changes in assumptions for such matters as legal actions, medical costs, payment lag times and changes in actual experience could cause these estimates to change. The general, auto, and workers' compensation liabilities are managed through the Company's wholly-owned insurance captive.

Research, Development and Other Related Costs

Research, development, pre-production and start-up costs are expensed as incurred. Research and development ("R&D") costs consist of expenditures incurred during the course of planned research and investigation aimed at discovery of new knowledge useful in developing new products or processes. R&D costs also include the enhancement of existing products or production processes and the implementation of such through design, testing of product alternatives or construction of prototypes. R&D costs included in “Design and research” expense in the accompanying Consolidated Statements of Comprehensive Income are $50.8 million, $54.3 million and $58.8 million, in fiscal 2021, 2020, and 2019, respectively.

Royalty payments made to designers of the Company's products as the products are sold are variable costs based on product sales. These expenses totaled $21.3 million, $19.7 million and $18.1 million in fiscal years 2021, 2020 and 2019 respectively. They are included in Design and research expense in the accompanying Consolidated Statements of Comprehensive Income.

Customer Payments and Incentives

We offer various sales incentive programs to our customers, such as rebates and discounts. Programs such as rebates and discounts are adjustments to the selling price and are therefore characterized as a reduction to net sales.

Revenue Recognition

The Company recognizes revenue when performance obligations, based on the terms of customer contracts, are satisfied. This happens when control of goods and services based on the contract have been conveyed to the customer. Revenue for the sale of products is recognized at the point in time when control transfers, generally upon transfer of title and risk of loss to the customer. Revenue for services, including the installation of products by the Company's owned dealers, is recognized over time as the services are provided. The method of revenue recognition may vary, depending on the type of contract with the customer, as noted in the section "Disaggregated Revenue" in Note 2 of the Consolidated Financial Statements.

The Company's contracts with customers include master agreements and certain other forms of contracts, which do not reach the level of a performance obligation until a purchase order is received from a customer. At the point in time that a purchase order under a contract is received by the Company, the collective group of documents represent an enforceable contract between the Company and the customer. While certain customer contracts may have a duration of greater than a year, all purchase orders are less than a year in duration. As of May 29, 2021, all unfulfilled performance obligations are expected to be fulfilled in the next twelve months.

Variable consideration exists within certain contracts that the Company has with customers. When variable consideration is present in a contract with a customer, the Company estimates the amount that should be included in the transaction price utilizing either the expected value method or the most likely amount method, depending on the nature of the variable consideration. These estimates are primarily related to rebate programs which involve estimating future sales amounts and rebate percentages to use in the determination of transaction price. Variable consideration is included in the transaction price if, in the Company’s judgment, it is probable that a significant future reversal of cumulative revenue under the contract will not occur. Adjustments to Net sales from changes in variable consideration related to performance obligations completed in previous periods are not material to the Company's financial statements. Also, the Company has no contracts with significant financing components.

The Company accounts for shipping and handling activities as fulfillment activities and these costs are accrued within Cost of sales at the same time revenue is recognized. The Company does not record revenue for sales tax, value added tax or other taxes that are collected on behalf of government entities. The Company’s revenue is recorded net of these taxes as they are passed through to the relevant government entities. The Company has recognized incremental costs to obtain a contract as an expense when incurred as the amortization period is less than one year. The Company has not adjusted the amount of consideration to be received for any significant financing components as the Company’s contracts have a duration of one year or less.

Leases

The Company adopted ASC 842 - Leases at the beginning of fiscal year 2020. The new standard required the Company to recognize most leases on the balance sheet as right of use (ROU) assets with corresponding lease liabilities. All necessary changes required by the new standard, including those to the Company’s accounting policies, business processes, systems, controls and disclosures, were implemented as of the first quarter of fiscal year 2020. See Note 7 of the Consolidated Financial Statements for further information regarding the Company's lease accounting policies.

Cost of Sales

The Company includes material, labor and overhead in cost of sales. Included within these categories are items such as freight charges, warehousing costs, internal transfer costs and other costs of its distribution network.

Selling, General and Administrative

The Company includes costs not directly related to the manufacturing of its products in the Selling, general and administrative line item within the Consolidated Statements of Comprehensive Income. Included in these expenses are items such as compensation expense, rental expense, warranty expense and travel and entertainment expense.

Income Taxes

Deferred tax assets and liabilities are recognized for the expected future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to reverse.

The Company's annual effective tax rate is based on income, statutory tax rates and tax planning strategies available in the various jurisdictions the Company operates. Complex tax laws can be subject to different interpretations by the Company and the respective government authorities. Significant judgment is required in evaluating tax positions and determining our tax expense. Tax positions are reviewed quarterly and tax assets and liabilities are adjusted as new information becomes available.

In evaluating the Company's ability to recover deferred tax assets within the jurisdiction from which they arise, the Company considers all positive and negative evidence. These assumptions require significant judgment about forecasts of future taxable income.

Stock-Based Compensation

The Company has several stock-based compensation plans, which are described in Note 10 of the Consolidated Financial Statements. Our policy is to expense stock-based compensation using the fair-value based method of accounting for all awards granted.

Earnings per Share

Basic earnings per share (EPS) excludes the dilutive effect of common shares that could potentially be issued, due to the exercise of stock options or the vesting of restricted shares and is computed by dividing net earnings by the weighted-average number of common shares outstanding for the period. Diluted EPS is computed by dividing net earnings by the sum of the weighted-average number of shares outstanding, plus all dilutive shares that could potentially be issued. When in a loss position, basic and diluted EPS use the same weighted-average number of shares outstanding. Refer to Note 9 of the Consolidated Financial Statements for further information regarding the computation of EPS.

Comprehensive Income

Comprehensive income consists of Net earnings, Foreign currency translation adjustments, Unrealized holding gains on securities, Unrealized gains on interest rate swap agreement and Pension and post-retirement liability adjustments. Refer to Note 15 of the Consolidated Financial Statements for further information regarding comprehensive income.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value

The Company classifies and discloses its fair value measurements in one of the following three categories:

- Level 1 — Financial instruments with unadjusted, quoted prices listed on active market exchanges.
- Level 2 — Financial instruments lacking unadjusted, quoted prices from active market exchanges, including over-the-counter traded financial instruments. Financial instrument values are determined using prices for recently traded financial instruments with similar underlying terms and direct or indirect observational inputs, such as interest rates and yield curves at commonly quoted intervals.
- Level 3 — Financial instruments not actively traded on a market exchange and there is little, if any, market activity. Values are determined using significant unobservable inputs or valuation techniques.

See Note 12 of the Consolidated Financial Statements for the required fair value disclosures.

Derivatives and Hedging

The Company calculates the fair value of financial instruments using quoted market prices whenever available. The Company utilizes derivatives to manage exposures to foreign currency exchange rates and interest rate risk. The fair values of all derivatives are recognized as assets or liabilities at the balance sheet date. Changes in the fair value of these instruments are reported within "Other (income) expense, net" in the Consolidated Statements of Comprehensive Income, or "Accumulated other comprehensive loss" within the Consolidated Balance Sheets, depending on the use of the derivative and whether it qualifies for hedge accounting treatment.

Gains and losses on derivatives that are designated and qualify as cash flow hedging instruments are recorded in Accumulated Other Comprehensive Loss, to the extent the hedges are effective, until the underlying transactions are recognized in the Consolidated Statements of Comprehensive Income. Derivatives not designated as hedging instruments are marked-to-market at the end of each period with the results included in Consolidated Statements of Comprehensive Income.

See Note 12 of the Consolidated Financial Statements for further information regarding derivatives.

Recently Adopted Accounting Standards

On March 1, 2020, the Company adopted Accounting Standards Update ("ASU") No. 2017-04, "Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment" using the prospective method. This update simplifies how an entity assesses goodwill for impairment by eliminating Step 2 from the goodwill impairment test. As amended, the goodwill impairment test consists of one step comparing the fair value of a reporting unit with its carrying amount. An entity then recognizes a goodwill impairment charge for the amount by which the carrying amount exceeds the reporting unit’s fair value. The adoption was utilized in the Company's current year goodwill impairment testing. Refer above to the "Goodwill and Indefinite-lived Intangible Assets" section for further information.

On May 31, 2020, the Company adopted ASU No. 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments" using the modified retrospective method. This update replaces the existing incurred loss impairment model with an expected loss model and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates including customer credit quality, historical write-off trends and general information regarding industry trends and the macroeconomic environment. The adoption did not have a material impact on the Company's financial statements, accounting policies or methods utilized to determine the allowance for doubtful accounts.

On May 31, 2020, the Company adopted ASU No. 2018-13, "Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement" using the prospective method. This update modifies certain disclosure requirements for fair value measurements. The adoption did not have a material impact on the Company's financial statements.

Recently Issued Accounting Standards Not Yet Adopted

The Company is currently evaluating the impact of adopting the following relevant standards issued by the FASB:

Standard		Description	Effective Date
2018-14	Compensation - Retirement Benefits - Defined Benefit Plans - General (Subtopic 715-20): Disclosure Framework - Changes to the Disclosure Requirements for Defined Benefit Plans	This update eliminates, adds and clarifies certain disclosure requirements for employers that sponsor defined benefit pension or other post-retirement plans. Early adoption is permitted. The Company does not expect the adoption of this standard to have a material impact on its financial statements.	May 30, 2021
2019-12	Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes	This update removes certain exceptions for recognizing deferred taxes for investments, performing intraperiod allocation and calculating income taxes in interim periods. The update also adds guidance to reduce complexity in certain areas, including recognizing deferred taxes for tax goodwill and allocating taxes to members of a consolidated group. Early adoption is permitted.	May 30, 2021

All other issued and not yet effective accounting standards are not relevant to the Company.

2. Revenue from Contracts with Customers

Disaggregated Revenue

The Company's revenue is comprised primarily of sales of products and installation services. Depending on the type of contract, the method of accounting and timing of revenue recognition may differ. Below, descriptions have been provided that summarize the Company's different types of contracts and how revenue is recognized for each.

- Single Performance Obligation - these contracts are transacted with customers and include only the product performance obligation. Most commonly, these contracts represent master agreements with independent third-party dealers in which a purchase order represents the customer contract, point of sale transactions through the Retail segment, as well as customer purchase orders for the Maharam subsidiary within the North America Contract segment. For contracts that include a single performance obligation, the Company records revenue at the point in time when title and risk of loss has transferred to the customer.

- Multiple Performance Obligations - these contracts are transacted with customers and include more than one performance obligation; products, which are shipped to the customer by the Company and installation and other services, which are primarily fulfilled by independent third-party dealers. For contracts that include multiple performance obligations, the Company records revenue for the product performance obligation at the point in time when control transfers, generally upon transfer of title and risk of loss to the customer. In most cases, the Company has concluded that it is the agent for the installation services performance obligation and as such, the revenue and costs of these services are recorded net within Net sales in the Company's Consolidated Statements of Comprehensive Income.

  In certain instances, entities owned by the Company, rather than independent third-party dealers, perform installation and other services. In these cases, Service revenue is generated by the Company's entities that provide installation services, which include owned dealers, and is recognized by the Company over time as the services are provided. For contracts with multiple performance obligations, the Company allocates the transaction price to each performance obligation based on relative standalone selling prices.
- Other - these contracts are comprised mainly of alliance fee arrangements, whereby the Company earns revenue for allowing other furniture sellers access to its dealer distribution channel, as well as other miscellaneous selling arrangements. Revenue from alliance contracts are recorded at the point in time in which the sale is made by other furniture sellers through the Company's sales channel.

Revenue disaggregated by contract type has been provided in the table below:

	Year Ended	
(In millions)	May 29, 2021	May 30, 2020
Net Sales:		
Single performance obligation		
Product revenue	$ 2,180.5	$ 2,116.6
Multiple performance obligations		
Product revenue	265.8	347.8
Service revenue	9.6	9.7
Other	9.2	12.5
Total	$ 2,465.1	$ 2,486.6

Revenue disaggregated by product type and segment has been provided in the table below:

(In millions)	Year Ended May 29, 2021	Year Ended May 30, 2020
North America Contract:		
Workplace	$ 717.2	$ 976.0
Performance Seating	280.7	381.5
Lifestyle	81.1	93.1
Other	115.0	147.6
Total North America Contract	$ 1,194.0	$ 1,598.2
International Contract:		
Workplace	$ 129.0	$ 155.9
Performance Seating	296.4	222.2
Lifestyle	223.8	105.8
Other	19.8	18.9
Total International Contract	$ 669.0	$ 502.8
Retail:		
Workplace	$ 8.5	$ 3.9
Performance Seating	207.5	43.1
Lifestyle	385.0	338.6
Other	1.1	—
Total Retail	$ 602.1	$ 385.6
Total	$ 2,465.1	$ 2,486.6

Refer to Note 14 of the Consolidated Financial Statements for further information related to our segments.

Contract Assets and Contract Liabilities

The Company records contract assets and contract liabilities related to its revenue generating activities. Contract assets include certain receivables from customers that are unconditional as all performance obligations with respect to the contract with the customer have been completed. These amounts represent trade receivables and they are recorded within the caption “Accounts receivable, net” in the Consolidated Balance Sheets.

Contract assets also include amounts that are conditional because certain performance obligations in contracts with customers are incomplete as of the balance sheet date. These contract assets generally arise due to contracts with customers that include multiple performance obligations, e.g., both the product that is shipped to the customer by the Company, as well as installation services provided by independent third-party dealers. For these contracts, the Company recognizes revenue upon satisfaction of the product performance obligation. These contract assets are included in the caption "Unbilled accounts receivable" in the Consolidated Balance Sheets until all performance obligations in the contract with the customer have been satisfied.

Contract liabilities represent deposits made by customers before the satisfaction of performance obligation and recognition of revenue. Upon completion of the performance obligation(s) that the Company has with the customer based on the terms of the contract, the liability for the customer deposit is relieved and revenue is recognized. These customer deposits are included within the caption “Customer deposits” in the Consolidated Balance Sheets. During the year ended May 29, 2021, the Company recognized Net sales of $28.9 million related to customer deposits that were included in the balance sheet as of May 30, 2020.

3. Acquisitions and Divestitures

Maars Holding B.V.

On August 31, 2018, the Company acquired 48.2% of the outstanding equity of Global Holdings Netherlands B.V., which owns 100% of Maars Holding B.V. ("Maars”), a Harderwijk, Netherlands-based worldwide leader in the design and manufacturing of interior wall solutions. The Company acquired its 48.2% ownership interest in Maars for approximately $6.1 million in cash. The entity is accounted for using the equity method of accounting as the Company has significant influence, but not control, over the entity.

For the Maars equity method investment, the fair values assigned to the assets acquired were based on best estimates and assumptions as of August 31, 2018, and the valuation analysis was completed in the fourth quarter of fiscal 2019.

Nine United Denmark A/S

On June 7, 2018, the Company acquired 33% of the outstanding equity of Nine United Denmark A/S, d/b/a HAY and subsequently renamed to HAY ApS ("HAY"), a Copenhagen, Denmark-based, design leader in furniture and ancillary furnishings for residential and contract markets in Europe and Asia. The Company acquired its 33% ownership interest in HAY for approximately $65.5 million in cash. The Company also acquired the rights to the HAY brand in North America under a long-term license agreement for approximately $4.8 million in cash. In the fiscal periods leading up to December 2, 2019 ("HAY Acquisition Date"), the date when the Company purchased an additional 34% equity voting interest in HAY, this licensing agreement was recorded as a definite life intangible asset and was being amortized over its 15-year useful life. This asset was also recorded within Other amortizable intangibles, net within the Condensed Consolidated Balance Sheets as of June 1, 2019.

On December 2, 2019, the Company obtained a controlling financial interest in HAY through the purchase of an additional 34% equity voting interest. The completion of the acquisition will allow the Company to further promote growth and development of HAY's ancillary product lines and continue to support product innovation and sales growth. The Company previously accounted for its ownership interest in HAY as an equity method investment, but upon increasing its ownership to 67% on the HAY Acquisition Date, the Company consolidated the operations of HAY. Total consideration paid for HAY on the HAY Acquisition Date was $79.0 million, exclusive of HAY cash on hand. The Company funded the acquisition with cash and cash equivalents.

The previously mentioned HAY long-term licensing agreement was deemed to be a contractual preexisting relationship. As a result of the business combination, the Company recorded this arrangement at its HAY Acquisition Date fair value, which resulted in an increase in goodwill of $10.0 million and a net gain of $5.9 million, which was recorded within "Gain on consolidation of equity method investments" within the Consolidated Statements of Comprehensive Income. The goodwill was recorded within the Company's Retail segment.

The Company is a party to options, that if exercised, would require it to purchase the remaining 33% of the equity in HAY, at fair market value. This remaining redeemable noncontrolling interest in HAY is classified outside permanent equity in the Consolidated Balance Sheets and is carried at the current estimated redemption amount.

The allocation of the purchase price was finalized during the first quarter of fiscal 2021. The following table presents the allocation of purchase price related to acquired tangible assets:

(In millions)		
Cash	$	12.1
Working capital, net of cash and inventory step-up		12.3
Net property and equipment		0.9
Other assets		3.9
Other liabilities		(3.1)
Net assets acquired	$	26.1

The purchase of the additional equity interest in HAY was considered to be an acquisition achieved in stages, whereby the previously held equity interest was remeasured as of the HAY Acquisition Date. The Company considered multiple factors in determining the fair value of the previously held equity method investment, including the price negotiated with the selling shareholder for the 34% equity interest in HAY, an income valuation model (discounted cash flow) and current trading multiples for comparable companies. Based on this analysis, the Company recognized a non-taxable gain of approximately $0.3 million on the remeasurement of the previously held equity method investment of $67.8 million in the third quarter of fiscal 2020. The net gain has been recognized in "Gain on consolidation of equity method investments" within the Consolidated Statements of Comprehensive Income.

The following table summarizes the acquired identified intangible assets, valuation method employed, useful lives and fair value, as determined by the Company at the HAY Acquisition Date:

(In millions)	Valuation Method	Useful Life (years)	Fair Value	
Inventory Step-up	Comparative Sales Approach	0.8	$	3.4
Backlog	Multi-Period Excess Earnings	0.3		1.7
Deferred Revenue	Adjusted Fulfillment Cost Method	0.1		(2.2)
Tradename	Relief from Royalty	Indefinite		60.0
Product Development	Relief from Royalty	8.0		22.0
Customer Relationships	Multi-Period Excess Earnings	9.0		34.0
Total			$	118.9

Goodwill related to the acquisition was recorded within the International Contract segment for $101.1 million and the Retail segment for $10.0 million. Subsequent to the acquisition, the goodwill recorded to the Retail segment was fully impaired in the fourth quarter of fiscal 2020 based on the results of the Company's annual goodwill impairment assessment. Additionally, the Company recognized an impairment charge of $20.7 million on the HAY tradename in the fourth quarter of fiscal 2020 based on the results of the Company's annual indefinite-lived trade name impairment test.

naughtone

On October 25, 2019 (“naughtone Acquisition Date”), the Company purchased the remaining 47.5% equity voting interest in naughtone (Holdings) Limited and naughtone Manufacturing Ltd. (together “naughtone”). naughtone is an upscale, contemporary furniture manufacturer based in Harrogate, North Yorkshire, UK. The acquisition is intended to allow the Company to further promote growth and development of naughtone's ancillary product lines, and continue to support product innovation and sales growth. The Company previously accounted for its ownership interest in naughtone as an equity method investment. Upon increasing its ownership to 100% on the naughtone Acquisition Date, the Company obtained a controlling financial interest and consolidated the operations of naughtone. Total consideration paid for naughtone on the naughtone Acquisition Date was $45.9 million, exclusive of naughtone cash on hand. The Company funded the acquisition with cash and cash equivalents. The allocation of the purchase price was finalized during the fourth quarter of fiscal 2020.

The following table presents the allocation of purchase price related to acquired tangible assets:

(In millions)		
Cash	$	5.1
Working capital, net of cash and inventory step-up		1.3
Net property and equipment		0.8
Net assets acquired	$	7.2

The purchase of the remaining equity interest in naughtone was considered to be an acquisition achieved in stages, whereby the previously held equity interest was remeasured as of the naughtone Acquisition Date. The Company considered multiple factors in determining the fair value of the previously held equity method investment, including the price negotiated with the selling shareholder for the 47.5% equity interest in naughtone, an income valuation model (discounted cash flow) and current trading multiples for comparable companies. Based on this analysis, the Company recognized a non-taxable gain of approximately $30.0 million on the remeasurement of the previously held equity method investment of $20.5 million. The net gain has been recognized in “Gain on consolidation of equity method investments" within the Consolidated Statements of Comprehensive Income.

The following table summarizes the acquired identified intangible assets, valuation method employed, useful lives and fair value, as determined by the Company at the naughtone Acquisition Date:

(In millions)	Valuation Method	Useful Life (years)	Fair Value
Inventory Step-up	Comparative Sales Approach	0.3	$ 0.2
Backlog	Multi-Period Excess Earnings	0.3	0.8
Tradename	Relief from Royalty	Indefinite	8.5
Customer Relationships	Multi-Period Excess Earnings	9.0	29.4
Total			$ 38.9

Goodwill related to the acquisition was recorded within the North America Contract and International Contract segments for $35.0 million and $22.5 million, respectively. Subsequent to the acquisition, the Company recognized an impairment charge of $2.5 million on the naughtone tradename in the fourth quarter of fiscal 2020 based on the results of the Company's annual indefinite-lived trade name impairment test.

Pro Forma Results of Operations

The results of naughtone and HAY's operations have been included in the Consolidated Financial Statements beginning on October 25, 2019 and December 2, 2019 respectively. The following table provides pro forma results of operations for the years ended May 30, 2020 and June 1, 2019, as if naughtone and HAY had been acquired as of June 3, 2018. The pro forma results include certain purchase accounting adjustments such as the estimated change in depreciation and amortization expense on the acquired tangible and intangible assets. Pro forma results do not include any anticipated cost savings from the planned integration of these acquisitions, or the gain on the consolidation of the HAY and naughtone equity method investments of approximately $36.2 million. Accordingly, such amounts are not necessarily indicative of the results that would have occurred if the acquisition had occurred on the dates indicated or that may result in the future.

	Year Ended	
(In millions)	May 30, 2020	June 1, 2019
Net sales	$ 2,580.6	$ 2,757.3
Net (loss) earnings attributable to Herman Miller, Inc.	$ (46.3)	$ 163.7

4. Inventories

(In millions)	May 29, 2021	May 30, 2020
Finished goods and work in process	$ 166.7	$ 151.1
Raw materials	46.9	46.2
Total	$ 213.6	$ 197.3

Inventories valued using LIFO amounted to $21.8 million and $24.9 million as of May 29, 2021 and May 30, 2020, respectively. If all inventories had been valued using the first-in first-out method, inventories would have been $230.2 million and $210.8 million at May 29, 2021 and May 30, 2020, respectively.

5. Investments in Nonconsolidated Affiliates

The Company has certain investments in entities that are accounted for using the equity method ("nonconsolidated affiliates"). The investments are included in "Other noncurrent assets" in the Consolidated Balance Sheets and the equity earnings are included in "Equity earnings from nonconsolidated affiliates, net of tax" in the Consolidated Statements of Comprehensive Income. Refer to the tables below for the investment balances that are included in the Consolidated Balance Sheets and for the equity earnings that are included in the Consolidated Statements of Comprehensive Income.

(In millions)	May 29, 2021	May 30, 2020
Investments in nonconsolidated affiliates	$ 11.7	$ 12.2

(In millions)	May 29, 2021	May 30, 2020	June 1, 2019
Equity earnings from nonconsolidated affiliates, net of tax	$ 0.3	$ 5.0	$ 5.0

The Company had an ownership interest in two nonconsolidated affiliates at May 29, 2021. Refer to the Company's ownership percentages shown below:

Ownership Interest	May 29, 2021	May 30, 2020
Kvadrat Maharam Arabia DMCC	—%	50.0%
Kvadrat Maharam Pty Limited	50.0%	50.0%
Kvadrat Maharam Turkey JSC	—%	50.0%
Danskina B.V.	—%	50.0%
Global Holdings Netherlands B.V. (Maars)	48.2%	48.2%

Kvadrat Maharam

The Kvadrat Maharam nonconsolidated affiliates are distribution entities that are engaged in selling decorative upholstery, drapery and wall covering products. At May 29, 2021 and May 30, 2020, the Company's investment value in Kvadrat Maharam Pty was approximately equal to and $1.7 million more than the Company's proportionate share of the underlying net assets, respectively. This difference was driven by a step-up in fair value of the investment in Kvadrat Maharam Pty, stemming from the Maharam business combination. This amount is considered to be a permanent basis difference.

In fiscal 2020 the Company agreed to fully divest its interest in Kvadrat Maharam Arabia DMCC, Kvadrat Maharam Turkey JSC and Danskina B.V for approximately $3 million. The divestitures were completed in the first half of fiscal 2021.

Maars

On August 31, 2018, the Company acquired 48.2% of the outstanding equity of Global Holdings Netherlands B.V., which owns 100% of Maars Holding B.V. ("Maars"), a Harderwijk, Netherlands-based worldwide leader in the design and manufacturing of interior wall solutions. The Company acquired its 48.2% ownership interest in Maars for approximately $6.1 million in cash. The entity is accounted for using the equity method of accounting as the Company has significant influence, but not control, over the entity.

As of the August 31, 2018 acquisition date, the Company's investment value in Maars was $3.1 million more than the Company's proportionate share of the underlying net assets. This amount represented the difference between the price that the Company paid to acquire 48.2% of the outstanding equity and the carrying value of the net assets of Maars. Of this difference, $2.7 million is being amortized over the remaining useful lives of the assets, while $0.4 million is considered a permanent difference.

At May 29, 2021, the Company's investment value in Maars is $2.5 million more than the Company's proportionate share of the underlying net assets, of which $2.1 million is being amortized over the remaining useful lives of the assets, while $0.4 million was considered a permanent basis difference.

Transactions with Nonconsolidated Affiliates

Sales to and purchases from nonconsolidated affiliates were as follows for the periods presented below:

(In millions)	May 29, 2021	May 30, 2020	June 1, 2019
Sales to nonconsolidated affiliates	$ 1.0	$ 3.6	$ 3.9
Purchases from nonconsolidated affiliates	$ 0.3	$ 5.0	$ 23.0

Balances due to or due from nonconsolidated affiliates were as follows for the periods presented below:

(In millions)	May 29, 2021	May 30, 2020
Receivables from nonconsolidated affiliates	$ 0.2	$ 0.6
Payables to nonconsolidated affiliates	$ 0.1	$ —

6. Short-Term Borrowings and Long-Term Debt

Long-term debt consisted of the following obligations:

(In millions)	May 29, 2021	May 30, 2020
Debt securities, 6.0%, due March 1, 2021	$ —	$ 50.0
Debt securities, 4.95%, due May 20, 2030	49.9	49.9
Syndicated Revolving Line of Credit, due August 2024	225.0	490.0
Supplier financing program	2.2	1.4
Total debt	277.1	591.3
Less: Current debt	(2.2)	(51.4)
Long-term debt	$ 274.9	$ 539.9

The Company's syndicated revolving line of credit provides the Company with up to $500 million in revolving variable interest borrowing capacity and included an "accordion feature" allowing the Company to increase, at its option and subject to the approval of the participating banks, the aggregate borrowing capacity of the facility by up to $250 million. Outstanding borrowings bear interest at rates based on the prime rate, federal funds rate, LIBOR or negotiated rates as outlined in the agreement. Interest is payable periodically throughout the period if borrowings are outstanding.

In June 2020, the Company repaid the $265 million draw on its syndicated revolving line of credit that was taken as a precautionary measure in March 2020 to provide additional near-term liquidity given the uncertainty related to COVID-19. After the end of the quarter ended February 27, 2021, the Company repaid $50 million of private placement notes due March 1, 2021 with available cash on hand.

Available borrowings under the syndicated revolving line of credit were as follows for the periods indicated:

(In millions)	May 29, 2021	May 30, 2020
Syndicated revolving line of credit borrowing capacity	$ 500.0	$ 500.0
Less: Borrowings under the syndicated revolving line of credit	225.0	490.0
Less: Outstanding letters of credit	9.8	9.4
Available borrowings under the syndicated revolving line of credit	$ 265.2	$ 0.6

The unsecured senior revolving credit facility restricts, without prior consent, the Company's borrowings, capital leases and the sale of certain assets. In addition, the Company has agreed to maintain certain financial performance ratios, which include a maximum leverage ratio covenant, which is measured by the ratio of debt to trailing four quarter adjusted EBITDA (as defined in the credit agreement) and is required to be less than 3.5:1, except that the Company may elect, under certain conditions, to increase the maximum Leverage Ratio to 4:1 for four consecutive fiscal quarter end dates. The covenants also require a minimum interest coverage ratio, which is measured by the ratio of trailing four quarter EBITDA to trailing four quarter interest expense (as defined in the credit agreement) and is required to be greater than 3.5:1. Adjusted EBITDA is generally defined in the credit agreement as EBITDA adjusted by certain items which include non-cash share-based compensation, non-recurring restructuring costs and extraordinary items. At May 29, 2021 and May 30, 2020, the Company was in compliance with all of these restrictions and performance ratios.

On May 20, 2020, the Company entered into a third amendment to its existing Private Shelf Agreement, dated December 14, 2010, as amended (together with the third amendment, the "Agreement"), between the Company and PGIM, Inc. (formerly known as Prudential Investment Management, Inc.) and certain of its affiliates (collectively, “Prudential”). The Agreement provides for a $150.0 million revolving facility, which includes $50.0 million of unsecured senior notes that were repaid on March 1, 2021 (the "Existing Notes") and an additional $50.0 million aggregate principal amount of unsecured senior notes issued on May 20, 2020 (the "2020 Notes"). The 2020 Notes are due on May 20, 2030 and bear interest at a fixed annual coupon rate of 4.95%. The Company intends to use the proceeds of the 2020 Notes for general corporate purposes and/or to refinance existing indebtedness, including the Existing Notes. The Agreement also establishes an uncommitted shelf facility (the “Facility”), under which Prudential will consider one or more requests from the Company to purchase up to an additional $50.0 million in aggregate amount of the Company’s senior unsecured notes from time to time. The interest rate on any future notes issued under the Facility will be based on the benchmark Treasury rate corresponding to the weighted average life of the notes, plus a spread as determined by Prudential. The Facility will expire on May 20, 2023.

Annual maturities of debt for the five fiscal years subsequent to May 29, 2021 are as shown in the table below.

(In millions)

2022	$	2.2
2023	$	—
2024	$	—
2025	$	225.0
2026	$	—
Thereafter	$	49.9

Supplier Financing Program

The Company has an agreement with a third-party financial institution that allows certain participating suppliers the ability to finance payment obligations from the Company. Under this program, participating suppliers may finance payment obligations of the Company, prior to their scheduled due dates, at a discounted price to the third-party financial institution.

The Company has lengthened the payment terms for certain suppliers that have chosen to participate in the program. As a result, certain amounts due to suppliers have payment terms that are longer than standard industry practice and as such, these amounts have been excluded from the caption “Accounts payable” in the Condensed Consolidated Balance Sheets as the amounts have been accounted for by the Company as a current debt obligation. Accordingly, $2.2 million and $1.4 million have been recorded within the caption “Short-term borrowings and current portion of long-term debt” for the periods ended May 29, 2021 and May 30, 2020, respectively.

Construction-Type Lease

During fiscal 2015, the Company entered into a lease agreement for the occupancy of a new studio facility in Palo Alto, California which runs through fiscal 2026. In fiscal 2017, the Company became the deemed owner of the leased building for accounting purposes as a result of the Company's involvement during the construction phase of the project. The lease was therefore accounted for as a financing lease and the building and related financing liability were initially recorded at fair value in the Consolidated Balance Sheets within Construction in progress and Other accrued liabilities. During the first quarter of fiscal 2019, the construction was substantially completed, and the property was placed in service. As a result, the Company began depreciating the assets over their estimated useful lives. The Company also reclassified the related financing liability to Long-term debt. The carrying value of the building was $6.7 million and the related financing liability was $6.9 million at June 1, 2019. As a result of the adoption of ASC 842 in the first quarter of fiscal 2020, the Company derecognized its construction-type lease asset and financing liability and there was no related cumulative adjustment to retained earnings.

7. Leases

Accounting Policies

The Company has leases for retail studios, showrooms, manufacturing facilities, warehouses and vehicles, which expire at various dates through 2042. Certain lease agreements include contingent rental payments based on per unit usage over a contractual amount and others include rental payments adjusted periodically for inflationary indexes.

For any new or modified lease, the Company, at the inception of the contract, determines whether a contract is or contains a lease. The Company records right-of use ("ROU") assets and lease obligations for its finance and operating leases, which are initially recognized based on the discounted future lease payments over the term of the lease. As the rate implicit in the Company's leases is not easily determinable, the Company’s applicable incremental borrowing rate is used in calculating the present value of the sum of the lease payments.

Lease term is defined as the non-cancelable period of the lease plus any options to extend or terminate the lease when it is reasonably certain that the Company will exercise the option. Leases, and any leasehold improvements, are depreciated over the expected lease term. The Company’s leases do not contain any residual value guarantees or material restrictive covenants.

The Company has elected not to recognize ROU asset and lease obligations for its short-term leases, which are defined as leases with an initial term of 12 months or less. The Company recognizes lease expense for these leases on a straight-line basis over the lease term.

Variable lease costs associated with the Company's leases are recognized when the event, activity, or circumstance in the lease agreement on which those payments are assessed occurs. Variable lease costs are presented as operating expenses in the Company's Consolidated Statements of Operations and Comprehensive Income in the same line item as the expense arising from fixed lease payments for operating leases.

Additionally, certain leases include renewal or termination options, which can be exercised at the Company's discretion. Lease terms include the noncancelable portion of the underlying leases along with any reasonably certain lease periods associated with available renewal periods. The Company's leases do not contain any residual value guarantees or material restrictive covenants.

The Company determines if an arrangement is a lease at contract inception. Arrangements that are leases with an initial term of 12 months or less are not recorded in the Consolidated Balance Sheets, and the Company recognizes lease expense for these leases on a straight-line basis over the lease term. If leased assets have leasehold improvements, the depreciable life of those leasehold improvements are limited by the expected lease term.

As none of the Company's leases provide an implicit discount rate, the Company uses an estimated incremental borrowing rate at the lease commencement date in determining the present value of the lease payments. Relevant information used in determining the Company's incremental borrowing rate includes the duration of the lease, location of the lease, and the Company's credit risk relative to risk-free market rates.

Leases

The Company's lease costs recognized in the Consolidated Statement of Income consist of the following:

(In millions)	Year Ended May 29, 2021	Year Ended May 30, 2020
Operating lease costs	$ 50.3	$ 51.3
Short-term lease costs	3.2	2.6
Variable lease costs*	8.3	8.2
Total	$ 61.8	$ 62.1

*Not included in the table above for the year ended May 29, 2021 are variable lease costs of approximately $84.5 million for raw material purchases under certain supply arrangements that the Company has determined to meet the definition of a lease.

During the fourth quarter of fiscal 2020, the Company determined it was more likely than not that the fair value of certain right of use assets were below their carrying values and assessed these assets for impairment. As result of this assessment the Company recorded an impairment of $19.3 million in the Consolidated Statements of Comprehensive income.

At May 29, 2021, the Company has no financing leases. The undiscounted annual future minimum lease payments related to the Company's right-of-use assets are summarized by fiscal year in the following table:

(In millions)	
2022	$ 42.3
2023	42.4
2024	39.1
2025	36.3
2026	28.6
Thereafter	72.1
Total lease payments*	260.8
Less interest	25.2
Present value of lease liabilities	$ 235.6

*Lease payments exclude $20.9 million of legally binding minimum lease payments for leases signed but not yet commenced, primarily related to a new DWR corporate office in Stamford, CT expected to be occupied in fiscal 2022.

The long-term portion of the lease liabilities included in the amounts above is $196.9 million and the remainder of the lease liabilities are included in Other accrued liabilities in the Condensed Consolidated Balance Sheets.

As of May 29, 2021 and May 30, 2020, the weighted average remaining lease term for all operating leases was 7 years. The weighted average discount rate for operating leases as of May 29, 2021 and May 30, 2021 was 2.8%, and 3.1%, respectively.

During the years ended May 29, 2021 and May 30, 2020, the cash paid for leases included in the measurement of the liabilities and the operating cash flows was $45.3 million and $49.2 million, respectively. Right of use assets obtained in exchange for new liabilities was $58.1 million and $13.4 million for the years ended May 29, 2021 and May 30, 2020, respectively.

8. Employee Benefit Plans

The Company maintains retirement benefit plans for substantially all of its employees.

Pension Plan

One of the Company's wholly owned foreign subsidiaries has a defined-benefit pension plan based upon an average final pay benefit calculation. The measurement date for this plan is the last day of the fiscal year and the plan is frozen to new participants.

Benefit Obligations and Funded Status

The following table presents, for the fiscal years noted, a summary of the changes in the projected benefit obligation, plan assets and funded status of the Company's pension plan:

	Pension Benefit	
(In millions)	2021	2020
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 126.5	$ 109.1
Interest cost	2.2	2.4
Plan Amendments	—	—
Foreign exchange impact	18.6	(2.9)
Actuarial (gain) loss [1]	(2.9)	21.0
Benefits paid	(3.5)	(3.1)
Benefit obligation at end of year	$ 140.9	$ 126.5
Change in plan assets:		
Fair value of plan assets at beginning of year	$ 88.1	$ 88.2
Actual return on plan assets	6.6	4.7
Foreign exchange impact	13.7	(2.0)
Employer contributions	5.0	0.3
Benefits paid	(3.5)	(3.1)
Fair value of plan assets at end of year	$ 109.9	$ 88.1
Funded status:		
Under funded status at end of year	$ (31.0)	$ (38.4)
Components of the amounts recognized in the Consolidated Balance Sheets:		
Current liabilities	$ —	$ —
Non-current liabilities	$ (30.9)	$ (38.3)
Components of the amounts recognized in Accumulated other comprehensive loss before the effect of income taxes:		
Prior service cost	$ 0.7	$ 0.7
Unrecognized net actuarial loss (gain)	$ 61.8	$ 63.2
Accumulated other comprehensive loss	$ 62.5	$ 63.9

(1) In fiscal 2021 and 2020, the net actuarial (gain) loss includes amounts resulting from changes in actuarial assumptions utilized to calculate our benefit plan obligations such as the weighted-average discount rate.

The accumulated benefit obligation for the Company's pension plan totaled $135.5 million and $123.9 million as of fiscal 2021 and fiscal 2020, respectively.

The following table is a summary of the annual cost of the Company's pension plan:

Components of Net Periodic Benefit Costs and Other Changes Recognized in Other Comprehensive Income (Loss):

(In millions)	2021	2020	2019
Interest cost	$ 2.2	$ 2.4	$ 2.7
Expected return on plan assets	(4.6)	(4.4)	(4.5)
Amortization of prior service costs	0.1	0.1	0.1
Amortization of net (gain)/loss	5.3	3.2	2.7
Net periodic benefit cost	$ 3.0	$ 1.3	$ 1.0

Other Changes in Plan Assets and Benefit Obligations Recognized in Other Comprehensive Income (Loss):

(In millions)	2021	2020
Net actuarial (gain) loss	$ (4.9)	$ 20.6
Net amortization	3.5	(4.8)
Total recognized in other comprehensive loss	$ (1.4)	$ 15.8

The net actuarial loss, included in accumulated other comprehensive loss (pretax), expected to be recognized in net periodic benefit cost during fiscal 2022 is $4.8 million.

Actuarial Assumptions

The weighted-average actuarial assumptions used to determine the benefit obligation amounts and the net periodic benefit cost for the Company's pension plan are as follows:

Weighted-average assumptions used in the determination of net periodic benefit cost: (Percentages)	2021	2020	2019
Discount rate	1.66	2.39	2.87
Compensation increase rate	2.75	3.20	3.10
Expected return on plan assets	4.80	4.80	4.80
Weighted-average assumptions used in the determination of the projected benefit obligations:			
Discount rate	1.99	1.66	2.39
Compensation increase rate	3.20	2.75	3.20

The Company uses a full yield curve approach to estimate the interest component of net periodic benefit cost for pension benefits. This method applies the specific spot rates along the yield curve used in the determination of the benefit obligation to the relevant projected cash flows.

Plan Assets and Investment Strategies

The Company's employee benefit plan assets consist mainly of listed fixed income obligations and common/collective trusts. The Company's primary objective for invested pension plan assets is to provide for sufficient long-term growth and liquidity to satisfy all of its benefit obligations over time. Accordingly, the Company has developed an investment strategy that it believes maximizes the probability of meeting this overall objective. This strategy includes the development of a target investment allocation by asset category in order to provide guidelines for making investment decisions. This target allocation emphasizes the long-term characteristics of individual asset classes as well as the diversification among multiple asset classes. In developing its strategy, the Company considered the need to balance the varying risks associated with each asset class with the long-term nature of its benefit obligations. The Company's strategy moving forward will be to increase the level of fixed income investments as the funding status improves, thereby more closely matching the return on assets with the liabilities of the plans.

The Company utilizes independent investment managers to assist with investment decisions within the overall guidelines of the investment strategy. The target asset allocation at the end of fiscal 2021 and asset categories for the Company's pension plan for fiscal 2021 and 2020 are as follows:

	Targeted Asset Allocation Percentage		Percentage of Plan Assets at Year End	
Asset Category	2021	2020	2021	2020
Fixed income	31%	35%	32%	37%
Common collective trusts	69%	65%	68%	63%
Total			100%	100%

(In millions)	May 29, 2021		
Asset Category	Level 1	Level 2	Total
Cash and cash equivalents	0.7	—	0.7
Foreign government obligations	—	34.2	34.2
Common collective trusts-balanced	—	75.0	75.0
Total	$ 0.7	$ 109.2	$ 109.9

(In millions)	May 30, 2020		
Asset Category	Level 1	Level 2	Total
Foreign government obligations	—	31.4	31.4
Common collective trusts-balanced	—	56.7	56.7
Total	$ —	$ 88.1	$ 88.1

Cash Flows

The Company reviews pension funding requirements to determine the contribution to be made in the next year. Actual contributions will be dependent upon investment returns, changes in pension obligations and other economic and regulatory factors. During fiscal 2021 and fiscal 2020, the Company made total cash contributions of $5.4 million to its benefit plans.

The Company expects to contribute approximately $5.8 million to our benefit plans in fiscal 2022. The following represents a summary of the benefits expected to be paid by the plans in future fiscal years. These expected benefits were estimated based on the same actuarial valuation assumptions used to determine benefit obligations at May 29, 2021.

(In millions)	Pension Benefits
2022	$ 3.9
2023	$ 3.9
2024	$ 4.0
2025	$ 4.0
2026	$ 4.1
2027-2031	$ 21.3

Profit Sharing, 401(k) Plan, and Core Contribution

Substantially all of the Company's domestic employees are eligible to participate in a defined contribution retirement plan, primarily the Herman Miller, Inc. profit sharing and 401(k) plan (the "plan"). Employees under the plan are eligible to begin participating on their date of hire. Effective June 2017, the Company matches 100 percent of employee contributions to their 401(k) accounts up to 3 percent of their pay which was subsequently increased to 4 percent in September 2017 for all eligible employees. A core contribution of 4 percent is also included for most participants of the plan. There was an additional 1 percent contribution added to the quarterly Core Contribution for the quarter prior to the increased Employer Matching Contribution effective September 3, 2017. During the fourth quarter of fiscal 2020, the Company elected to temporarily suspend the Company's Core Contribution and 401(k) matches in order to reduce costs and preserve liquidity. The Company reinstated the previously suspended employer-paid retirement plan contributions in the fourth quarter of fiscal 2021, and has also elected to make a catch-up contribution for the employer-paid retirement plan contributions that were suspended for a majority of fiscal 2020.

There were no Herman Miller, Inc. profit sharing contributions made in fiscal 2021, fiscal 2020 or fiscal 2019. The expense recorded for the Company's 401(k) matching and core contributions was $23.7 million, $22.2 million and $25.4 million in fiscal years 2021, 2020 and 2019, respectively.

9. Common Stock and Per Share Information

The following table reconciles the numerators and denominators used in the calculations of basic and diluted EPS for each of the last three fiscal years:

(In millions, except shares)	2021	2020	2019
Numerator:			
Numerator for both basic and diluted EPS, Net earnings (loss) attributable to Herman Miller, Inc.	$ 173.1	$ (9.1)	$ 160.5
Denominator:			
Denominator for basic EPS, weighted-average common shares outstanding	58,931,268	58,920,653	59,011,945
Potentially dilutive shares resulting from stock plans	458,330	—	369,846
Denominator for diluted EPS	59,389,598	58,920,653	59,381,791

Equity awards of 207,365 shares, 142,224 shares and 218,037 shares of common stock were excluded from the denominator for the computation of diluted earnings per share for the fiscal years ended May 29, 2021, May 30, 2020 and June 1, 2019, respectively, because they were anti-dilutive.

Common Stock

The Company has a share repurchase plan authorized by the Board of Directors on January 16, 2019, which provides a share repurchase authorization of $250.0 million with no specified expiration date. The approximate dollar value of shares available for purchase under the plan at May 29, 2021 was $236.7 million. During fiscal year 2021, 2020, and 2019, shares repurchased and retired under the current and past repurchase plans totaled 38,931, 641,192, and 1,326,023 shares respectively.

10. Stock-Based Compensation

The Company utilizes equity-based compensation incentives as a component of its employee and non-employee director and officer compensation philosophy. Currently, these incentives consist principally of stock options, restricted stock, restricted stock units and performance share units. The Company issues shares in connection with its share-based compensation plans from authorized, but unissued, shares. At May 29, 2021 there were 7,182,670 shares authorized under the various stock-based compensation plans.The Company also offers a stock purchase plan for its domestic and certain international employees.

Valuation and Expense Information

The Company measures the cost of employee services received in exchange for an award of equity instruments based on their grant-date fair market value. This cost is recognized over the requisite service period.

Certain of the Company's equity-based compensation awards contain provisions that allow for continued vesting into retirement. Stock-based awards are considered fully vested for expense attribution purposes when the employee's retention of the award is no longer contingent on providing subsequent service.

The Company classifies pre-tax stock-based compensation expense primarily within Operating expenses in the Consolidated Statements of Comprehensive Income. Pre-tax compensation expense and the related income tax benefit for all types of stock-based programs were as follows for the periods indicated:

(In millions)	May 29, 2021	May 30, 2020	June 1, 2019
Employee stock purchase program	$ 0.4	$ 0.3	$ 0.3
Stock option plans	3.7	0.6	(0.4)
Restricted stock units	4.1	3.9	4.6
Performance share units	0.8	(2.1)	2.8
Total	$ 9.0	$ 2.7	$ 7.3
Tax benefit	$ 2.0	$ 0.5	$ 1.6

As of May 29, 2021, total pre-tax stock-based compensation cost not yet recognized related to non-vested awards was approximately $13.7 million. The weighted-average period over which this amount is expected to be recognized is 1.5 years.

Employee Stock Purchase Program

Under the terms of the Company's Employee Stock Purchase Plan, 4 million shares of authorized common stock were reserved for purchase by plan participants at 85 percent of the market price. Shares of common stock purchased under the employee stock purchase plan were 71,468, 70,145, and 62,957 for the fiscal years ended 2021, 2020 and 2019 respectively.

Stock Options

The Company grants options to purchase the Company's stock to certain key employees and non-employee directors under its Long-Term Incentive Plan, as amended (the "LTIP") at a price not less than the market price of the Company's common stock on the date of grant. Under the current award program, all options become exercisable between one year and three years from date of grant and expire ten years from date of grant. Most options are subject to graded vesting with the related compensation expense recognized on a straight-line basis over the requisite service period.

In fiscal 2021 there was one stock option valuation date, but two valuations. In fiscal 2020 were no stock option grants awarded to employees or non-employee directors. In fiscal 2019 there were two separate stock option valuation dates. Therefore the table below has been presented with the assumptions relevant to each valuation date. The Company estimated the fair value of employee stock options on the date of grant using the Black-Scholes model. In determining these values, the following weighted-average assumptions were used for the options granted during the fiscal years indicated:

	2021	2020	2019
Risk-free interest rates (1)	2.30-2.47%	N/A	2.65-2.70%
Expected term of options (2)	3.8-4.1 years	N/A	4.4 years
Expected volatility (3)	43-44%	N/A	27 %
Dividend yield (4)	1.99 %	N/A	2.18-2.33%
Weighted-average grant-date fair value of stock options:			
Granted with exercise prices equal to the fair market value of the stock on the date of grant	$ 6.10	N/A	$ 8.05
Granted with exercise prices greater than the fair market value of the stock on the date of grant	$ 5.62	N/A	N/A

(1) Represents term-matched, zero-coupon risk-free rate from the Treasury Constant Maturity yield curve, continuously compounded.
(2) Represents historical settlement data, using midpoint scenario with 1-year grant date filter assumption for outstanding options.
(3) The blended volatility approach was used. 90% term-matched historical volatility from daily stock prices and 10% percent weighted average implied volatility from the 90 days preceding the grant date.
(4) Represents the quarterly dividend divided by the three-month average stock price as of February 28, 2020.

The following is a summary of the transactions under the Company's stock option plan:

	Shares Under Option	Weighted-Average Exercise Prices	Aggregate Intrinsic Value (in millions)	Weighted-Average Remaining Contractual Term (Years)
Outstanding at May 30, 2020	361,416	$ 32.80	$ 0.2	5.8
Granted at market	1,409,792	$ 22.9		
Exercised	(86,238)	$ 30.81		
Forfeited or expired	(11,598)	$ 22.53		
Outstanding at May 29, 2021	1,673,372	$ 24.63	$ 38.8	8.56
Ending vested + expected to vest	1,673,372	$ 24.63	$ 38.8	8.56
Exercisable at end of period	230,462	$ 32.55	$ 3.5	5.35

The weighted-average remaining recognition period of the outstanding stock options at May 29, 2021 was 1.62 years. The total pre-tax intrinsic value of options exercised during fiscal 2021, 2020 and 2019 was $0.5 million, $5.5 million and $3.3 million, respectively. The aggregate intrinsic value in the preceding table represents the total pre-tax intrinsic value, based on the Company's closing stock price as of the end of the period presented, which would have been received by the option holders had all option holders exercised in-the-money options as of that date. Total cash received during fiscal 2021 from the exercise of stock options was approximately $3 million.

Restricted Stock Units

The Company grants restricted stock units to certain key employees under its LTIP. This program provides that the actual number of restricted stock units awarded is based on the value of a portion of the participant's long-term incentive compensation divided by the fair value of the Company's stock on the date of grant. The awards generally cliff-vest after a three-year service period, with prorated vesting under certain circumstances and full or partial accelerated vesting upon retirement. Awards granted in fiscal 2021 had a graded vesting schedule of 25% after the first year, 25% after the second year, and the remaining 50% after the third year. Each restricted stock unit represents one equivalent share of the Company's common stock to be awarded, free of restrictions, after the vesting period. Compensation expense related to these awards is recognized over the requisite service period, which includes any applicable performance period. Dividend equivalent awards are credited quarterly. The units do not entitle participants to the rights of stockholders of common stock, such as voting rights, until shares are issued after vesting.

The following is a summary of restricted stock unit transactions for the fiscal years indicated:

	Share Units	Weighted Average Grant-Date Fair Value	Aggregate Intrinsic Value (in millions)	Weighted-Average Remaining Contractual Term (Years)
Outstanding at May 30, 2020	243,774	$ 37.02	$ 5.6	1.3
Granted	307,652	$ 26.71		
Forfeited	(6,955)	$ 32.36		
Released	(60,460)	$ 33.98		
Outstanding at May 29, 2021	484,011	$ 30.84	$ 23.1	1.4
Ending vested + expected to vest	484,011	$ 30.84	$ 23.1	1.4

The weighted-average remaining recognition period of the outstanding restricted stock units at May 29, 2021, was 1.4 years. The fair value of the share units that vested during the twelve months ended May 29, 2021, was $1.5 million. The weighted average grant-date fair value of restricted stock units granted during 2021, 2020, and 2019 was $26.71, $44.70 and $37.81 respectively.

Performance Share Units

The Company grants performance share units to certain key employees under its LTIP. The number of units initially awarded was based on the value of a portion of the participant's long-term incentive compensation, divided by the fair value of the Company's common stock on the date of grant. Each unit represents one equivalent share of the Company's common stock. The number of common shares ultimately issued in connection with these performance share units is determined based on the Company's financial performance over the related three-year service period or the Company's financial performance based on certain total shareholder return results as compared to a selected group of peer companies. Compensation expense is determined based on the grant-date fair value and the number of common shares projected to be issued and is recognized over the requisite service period.

The following is a summary of performance share unit transactions for the fiscal years indicated:

	Share Units	Weighted Average Grant-Date Fair Value	Aggregate Intrinsic Value (in millions)	Weighted-Average Remaining Contractual Term (Years)
Outstanding at May 30, 2020	384,537	$ 37.95	$ 8.9	1.3
Granted	84,989	$ 37.21		
Forfeited	(52,914)	$ 24.76		
Released	(48,553)	$ 23.67		
Outstanding at May 29, 2021	368,059	$ 41.54	$ 17.6	1.1
Ending vested + expected to vest	368,059	$ 41.54	$ 17.6	1.1

The weighted-average remaining recognition period of the outstanding performance share units at May 29, 2021, was 1.3 years. The fair value for shares that vested during the twelve months ended May 29, 2021, was 1.1 million. The weighted average grant-date fair value of performance share units granted during 2021, 2020, and 2019 was $37.21, $45.71, and $36.37 respectively.

Deferred Compensation Plan

The Herman Miller, Inc. Executive Equalization Retirement Plan is a supplemental deferred compensation plan and was made available for salary deferrals and Company contributions beginning in January 2008. The plan is available to a select group of management or highly compensated employees who are selected for participation by the Executive Compensation Committee of the Board of Directors. The plan allows participants to defer up to 50 percent of their base salary and up to 100 percent of their incentive cash bonus. Company contributions to the plan “mirror” the amounts the Company would have contributed to the various qualified retirement plans had the employee's compensation not been above the IRS statutory ceiling ($290,000 in 2021). The Company does not guarantee a rate of return for these funds. Instead, participants make investment elections for their deferrals and Company contributions. Investment options are closely aligned to those available under the Herman Miller Profit Sharing and 401(k) Plan.
The Nonemployee Officer and Director Deferred Compensation Plan allows the Board of Directors of the Company to defer a portion of their annual director fee. Investment options are the same as those available under the Herman Miller Profit Sharing and 401(k) Plan, including Company stock.

In accordance with the terms of the Executive Equalization Plan and Nonemployee Officer and Director Deferred Compensation Plan, the salary and bonus deferrals, Company contributions and director fee deferrals have been placed in a Rabbi trust. The assets in the Rabbi trust remain subject to the claims of creditors of the Company and are not the property of the participant. Investments in securities other than the Company's common stock are included within the Other assets line item, while investments in the Company's stock are included in the line item Deferred compensation plan in the Company's Consolidated Balance Sheets. A liability of the same amount is recorded on the Consolidated Balance Sheets within the Other liabilities line item. Investment asset realized and unrealized gains and losses are recognized within the Company's Consolidated Statements of Comprehensive Income in the Interest and other investment income line item. The associated changes to the liability are recorded as compensation expense within the Selling, general and administrative line item within the Company's Consolidated Statements of Comprehensive Income. The net effect of any change to the asset and corresponding liability is offset and has no impact on Net earnings in the Consolidated Statements of Comprehensive Income.

Director Fees

Company directors may elect to receive their director fees in one or more of the following forms: cash, deferred compensation in the form of shares or other selected investment funds, unrestricted Company stock at the market value at the date of election or stock options that vest in one year and expire in 10 years. The exercise price of the stock options granted may not be less than the market price of the Company's common stock on the date of grant. Under the plan, the Board members received the following shares or options in the fiscal years indicated:

	2021	2020	2019
Shares of common stock	3,013	7,769	10,185
Shares through the deferred compensation program	—	1,045	7,619

11. Income Taxes

The components of (loss) earnings before income taxes are as follows:

(In millions)	2021	2020	2019
Domestic	$ 133.2	$ (75.6)	$ 136.2
Foreign	93.2	62.2	58.9
Total	$ 226.4	$ (13.4)	$ 195.1

The provision (benefit) for income taxes consists of the following:

(In millions)	2021	2020	2019
Current: Domestic - Federal	$ 13.2	$ 12.0	$ 19.0
Domestic - State	5.2	5.7	6.4
Foreign	22.8	13.3	12.9
	41.2	31.0	38.3
Deferred: Domestic - Federal	10.1	(16.8)	1.0
Domestic - State	1.3	(3.9)	(0.2)
Foreign	(4.7)	(4.3)	0.5
	6.7	(25.0)	1.3
Total income tax provision	$ 47.9	$ 6.0	$ 39.6

The following table represents a reconciliation of income taxes at the United States statutory rate of 21% with the effective tax rate as follows:

(In millions)	2021	2020	2019
Income taxes computed at the United States Statutory rate	$ 47.5	$ (2.8)	$ 41.0
Increase (decrease) in taxes resulting from:			
State and local income taxes, net of federal income tax benefit	5.6	1.4	4.9
Non-deductible goodwill impairment	—	17.1	—
Gain on consolidation of equity method investments	—	(5.5)	—
U.S. tax liability on undistributed foreign earnings due to the Tax Act	—	—	(2.6)
Foreign-derived intangible income	(2.1)	(1.4)	(3.1)
Global intangible low-taxed income	7.9	5.9	6.9
Foreign statutory rate differences	2.6	0.7	1.9
Research and development incentives	(3.2)	(4.4)	(5.3)
Foreign offshore income claim	(0.7)	(1.7)	(0.7)
Foreign tax credit	(10.3)	(5.8)	(5.7)
Foreign withholding taxes and other miscellaneous foreign taxes	1.0	2.7	0.8
Other, net	(0.4)	(0.2)	1.5
Income tax expense	$ 47.9	$ 6.0	$ 39.6
Effective tax rate	21.2 %	(44.9)%	20.3 %

The tax effects and types of temporary differences that give rise to significant components of the deferred tax assets and liabilities at May 29, 2021 and May 30, 2020, are as follows:

(In millions)	2021	2020
Deferred tax assets:		
Compensation-related accruals	$ 11.1	$ 14.2
Accrued pension and post-retirement benefit obligations	9.2	9.6
Deferred revenue	5.5	3.7
Inventory related	3.7	3.9
Other reserves and accruals	7.5	7.9
Warranty	14.1	14.0
State and local tax net operating loss carryforwards and credits	1.5	2.5
Federal net operating loss carryforward	1.1	1.2
Foreign tax net operating loss carryforwards and credits	8.9	8.4
Accrued step rent and tenant reimbursements	0.6	0.7
Interest rate swap	3.5	6.1
Lease liability	57.0	52.5
Other	6.9	6.9
Subtotal	130.6	131.6
Valuation allowance	(8.9)	(10.6)
Total	$ 121.7	$ 121.0
Deferred tax liabilities:		
Book basis in property in excess of tax basis	$ 38.0	$ 32.0
Intangible assets	46.5	43.6
Right of use lease assets	49.1	44.7
Other	3.6	3.4
Total	$ 137.2	$ 123.7

The future tax benefits of net operating loss (NOL) carry-forwards and foreign tax credits are recognized to the extent that realization of these benefits is considered more likely than not. The Company bases this determination on the expectation that related operations will be sufficiently profitable or various tax planning strategies will enable the Company to utilize the NOL carry-forwards and/or foreign tax credits. To the extent that available evidence about the future raises doubt about the realization of these tax benefits, a valuation allowance is established.

At May 29, 2021, the Company had state and local tax NOL carry-forwards of $19.7 million, the state tax benefit of which is $1.1 million, which have various expiration periods from 1 to 21 years. The Company also had state credits with a state tax benefit of $0.4 million, which expire in 1 to 6 years. For financial statement purposes, the NOL carry-forwards and state tax credits have been recognized as deferred tax assets, subject to a valuation allowance of $0.7 million.

At May 29, 2021, the Company had federal NOL carry-forwards of $5.2 million, the tax benefit of which is $1.1 million, which expire in 8 years. For financial statement purposes, the NOL carry-forwards have been recognized as deferred tax assets.

At May 29, 2021, the Company had federal deferred assets of $0.8 million, the tax benefit of which is $0.2 million, which is related to an investment in a foreign joint venture. For financial statement purposes, the assets have been recognized as deferred tax assets, subject to a valuation allowance of $0.2 million.

At May 29, 2021, the Company had foreign net operating loss carry-forwards of $36.1 million, the tax benefit of which is $8.6 million, which have expiration periods from 7 years to an unlimited term. The Company also had foreign tax credits with a tax benefit of $0.3 million which will expire in 11 years. For financial statement purposes, the NOL carry-forwards and foreign tax credits have been recognized as deferred tax assets, subject to a valuation allowance of $7.3 million.

At May 29, 2021, the Company had foreign deferred assets of $4.0 million, the tax benefit of which is $0.7 million, which is related to various deferred taxes in Hong Kong as well as buildings in the United Kingdom. For financial statement purposes, the assets have been recognized as deferred tax assets, subject to a valuation allowance of $0.7 million.

The Company intends to repatriate $107.0 million in cash held in certain foreign jurisdictions and as such has recorded a deferred tax liability related to foreign withholding taxes on these future dividends received in the U.S. from foreign subsidiaries of $0.7 million. A significant portion of this cash was previously taxed under the U.S. Tax Cut and Jobs Act (TCJA) one-time U.S. tax liability on undistributed foreign earnings. The Company intends to remain indefinitely reinvested in the remaining undistributed earnings outside the U.S, which was $200.1 million on May 29, 2021. Determination of the total amount of unrecognized deferred income tax on the remaining undistributed earnings of foreign subsidiaries is not practicable.

The components of the Company's unrecognized tax benefits are as follows:

(In millions)		
Balance at June 1, 2019	$	1.9
Increases related to current year income tax positions		0.3
Decreases related to prior year income tax positions		(0.1)
Decreases related to lapse of applicable statute of limitations		(0.2)
Balance at May 30, 2020	$	1.9
Increases related to current year income tax positions		0.1
Increases related to prior year income tax positions		0.4
Decreases related to lapse of applicable statute of limitations		(0.3)
Balance at May 29, 2021	$	2.1

The Company's effective tax rate would have been affected by the total amount of unrecognized tax benefits had this amount been recognized as a reduction to income tax expense.

The Company recognizes interest and penalties related to unrecognized tax benefits through Income tax expense in its Consolidated Statements of Comprehensive Income. Interest and penalties and the related liability, which are excluded from the table above, were as follows for the periods indicated:

(In millions)	May 29, 2021		May 30, 2020		June 1, 2019	
Interest and penalty expense (income)	$	0.1	$	0.1	$	(0.3)
Liability for interest and penalties	$	0.9	$	0.8		

The Company is subject to periodic audits by domestic and foreign tax authorities. Currently, the Company is undergoing routine periodic audits in both domestic and foreign tax jurisdictions. It is reasonably possible that the amounts of unrecognized tax benefits could change in the next 12 months as a result of new positions that may be taken on income tax returns, settlement of tax positions and the closing of statutes of limitation. It is not expected that any of the changes will be material to the Company's Consolidated Statements of Comprehensive Income.

During the year, the returns for fiscal years 2018 through 2020 have been fully accepted by the Internal Revenue Service under the Compliance Assurance Process (CAP) and the Company is awaiting final closing documentation. For the majority of the remaining tax jurisdictions, the Company is no longer subject to state and local, or non-U.S. income tax examinations by tax authorities for fiscal years before 2018.

12. Fair Value

The Company's financial instruments consist of cash equivalents, marketable securities, accounts and notes receivable, deferred compensation plan, accounts payable, debt, interest rate swaps, foreign currency exchange contracts, redeemable noncontrolling interests, indefinite-lived intangible assets and right of use assets. The Company's financial instruments, other than long-term debt, are recorded at fair value.

The carrying value and fair value of the Company's long-term debt, including current maturities, is as follows for the periods indicated:

(In millions)	May 29, 2021	May 30, 2020
Carrying value	$ 277.1	$ 591.3
Fair value	$ 284.8	$ 594.0

The following describes the methods the Company uses to estimate the fair value of financial assets and liabilities recorded in net earnings, which have not significantly changed in the current period:

Cash and cash equivalents — The Company invests excess cash in short term investments in the form of commercial paper and money market funds. Commercial paper is valued at amortized costs while money market funds are valued using net asset value ("NAV").

Mutual Funds-equity — The Company's equity securities primarily include equity mutual funds. The equity mutual fund investments are recorded at fair value using quoted prices for similar securities.

Deferred compensation plan — The Company's deferred compensation plan primarily includes various domestic and international mutual funds that are recorded at fair value using quoted prices for similar securities.

Foreign currency exchange contracts — The Company's foreign currency exchange contracts are valued using an approach based on foreign currency exchange rates obtained from active markets. The estimated fair value of forward currency exchange contracts is based on month-end spot rates as adjusted by market-based current activity. These forward contracts are not designated as hedging instruments.

The following table sets forth financial assets and liabilities measured at fair value through net income and the respective pricing levels to which the fair value measurements are classified within the fair value hierarchy as of May 29, 2021 and May 30, 2020:

(In millions)	May 29, 2021		May 30, 2020	
Financial Assets	NAV	Quoted Prices With Other Observable Inputs (Level 2)	NAV	Quoted Prices With Other Observable Inputs (Level 2)
Cash equivalents:				
Money market funds	$ 162.2	$ —	$ 283.7	$ —
Mutual funds - equity	—	0.8	—	0.7
Foreign currency forward contracts	—	1.6	—	1.1
Deferred compensation plan	—	16.1	—	13.2
Total	$ 162.2	$ 18.5	$ 283.7	$ 15.0
Financial Liabilities				
Foreign currency forward contracts	$ —	$ 0.1	$ —	$ 0.8
Total	$ —	$ 0.1	$ —	$ 0.8

The following describes the methods the Company uses to estimate the fair value of financial assets and liabilities recorded in other comprehensive income, which have not significantly changed in the current period:

Mutual funds-fixed income — The Company's fixed-income securities primarily include fixed income mutual funds and government obligations. These investments are recorded at fair value using quoted prices for similar securities.

Interest rate swap agreements — The value of the Company's interest rate swap agreements is determined using a market approach based on rates obtained from active markets. The interest rate swap agreements are designated as cash flow hedging instruments.

The following table sets forth financial assets and liabilities measured at fair value through other comprehensive income and the respective pricing levels to which the fair value measurements are classified within the fair value hierarchy as of May 29, 2021 and May 30, 2020.

(In millions)	May 29, 2021	May 30, 2020
Financial Assets	Quoted Prices with Other Observable Inputs (Level 2)	Quoted Prices with Other Observable Inputs (Level 2)
Mutual funds - fixed income	$ 6.9	$ 6.3
Interest rate swap agreement	—	—
Total	$ 6.9	$ 6.3
Financial Liabilities		
Interest rate swap agreement	$ 14.4	$ 25.0
Total	$ 14.4	$ 25.0

The following is a summary of the carrying and market values of the Company's fixed income mutual funds and equity mutual funds as of the dates indicated:

	May 29, 2021			May 30, 2020		
(In millions)	Cost	Unrealized Gain/(Loss)	Market Value	Cost	Unrealized Gain/(Loss)	Market Value
Mutual funds - fixed income	$ 6.9	$ —	$ 6.9	$ 6.2	$ 0.1	$ 6.3
Mutual funds - equity	0.5	0.3	0.8	0.6	0.1	0.7
Total	$ 7.4	$ 0.3	$ 7.7	$ 6.8	$ 0.2	$ 7.0

The cost of securities sold is based on the specific identification method; realized gains and losses resulting from such sales are included in the Consolidated Statements of Comprehensive Income within "Other (income) expense, net".

The Company reviews its investment portfolio for any unrealized losses that would be deemed other-than-temporary and requires the recognition of an impairment loss in earnings. If the cost of an investment exceeds its fair value, the Company evaluates, among other factors, general market conditions, the duration and extent to which the fair value is less than its cost, the Company's intent to hold the investment, and whether it is more likely than not that the Company will be required to sell the investment before recovery of the cost basis. The Company also considers the type of security, related industry and sector performance, and published investment ratings. Once a decline in fair value is determined to be other-than-temporary, an impairment charge is recorded and a new cost basis in the investment is established. If conditions within individual markets, industry segments, or macro-economic environments deteriorate, the Company could incur future impairments.

The Company views its equity and fixed income mutual funds as available for use in its current operations. Accordingly, the investments are recorded within Current Assets within the Consolidated Balance Sheets.

Derivative Instruments and Hedging Activities

Foreign Currency Forward Contracts

The Company transacts business in various foreign currencies and has established a program that primarily utilizes foreign currency forward contracts to offset the risks associated with the effects of certain foreign currency exposures. Under this program, the Company's strategy is to have increases or decreases in our foreign currency exposures offset by gains or losses on the foreign currency forward contracts to mitigate the risks and volatility associated with foreign currency transaction gains or losses. These foreign currency exposures typically arise from net liability or asset exposures in non-functional currencies on the balance sheets of our foreign subsidiaries. These foreign currency forward contracts generally settle within 30 days and are not used for trading purposes. These forward contracts are not designated as hedging instruments. Accordingly, we record the fair value of these contracts as of the end of the reporting period in the Consolidated Balance Sheets with changes in fair value recorded within the Consolidated Statements of Comprehensive Income. The balance sheet classification for the fair values of these forward contracts is to "Other current assets" for unrealized gains and to "Other accrued liabilities" for unrealized losses. The Consolidated Statements of Comprehensive Income classification for the fair values of these forward contracts is to "Other (income) expense, net", for both realized and unrealized gains and losses.

The notional amounts of the forward contracts held to purchase and sell U.S. dollars in exchange for other major international currencies were $61.9 million and $52.6 million as of May 29, 2021 and May 30, 2020, respectively. The notional amounts of the foreign currency forward contracts held to purchase and sell British pound sterling in exchange for other major international currencies were £44.5 million and £27.5 million as of May 29, 2021 and May 30, 2020, respectively. The Company also has other forward contracts related to other currency pairs at varying notional amounts.

Interest Rate Swaps

The Company enters into interest rate swap agreements to manage its exposure to interest rate changes and its overall cost of borrowing. The Company's interest rate swap agreements were entered into to exchange variable rate interest payments for fixed rate payments over the life of the agreement without the exchange of the underlying notional amounts. The notional amount of the interest rate swap agreements is used to measure interest to be paid or received. The differential paid or received on the interest rate swap agreements is recognized as an adjustment to interest expense.

The interest rate swaps were designated cash flow hedges at inception and the facts and circumstances of the hedged relationship remains consistent with the initial quantitative effectiveness assessment in that the hedged instruments remain an effective accounting hedge as of May 29, 2021. Since a designated derivative meets hedge accounting criteria, the fair value of the hedge is recorded in the Consolidated Statements of Stockholders' Equity as a component of Accumulated other comprehensive loss, net of tax. The ineffective portion of the change in fair value of the derivatives is immediately recognized in earnings. The interest rate swap agreements are assessed for hedge effectiveness on a quarterly basis.

In September 2016, the Company entered into an interest rate swap agreement. The interest rate swap is for an aggregate notional amount of $150.0 million with a forward start date of January 3, 2018 and a termination date of January 3, 2028. As a result of the transaction, the Company effectively converted indebtedness anticipated to be borrowed on the Company's revolving line of credit up to the notional amount from a LIBOR-based floating interest rate plus applicable margin to a 1.949 percent fixed interest rate plus applicable margin under the agreement as of the forward start date.

In June 2017, the Company entered into an additional interest rate swap agreement. The interest rate swap is for an aggregate notional amount of $75.0 million with a forward start date of January 3, 2018 and a termination date of January 3, 2028. As a result of the transaction, the Company effectively converted the Company's revolving line of credit up to the notional amount from a LIBOR-based floating interest rate plus applicable margin to a 2.387 percent fixed interest rate plus applicable margin under the agreement as of the forward start date.

The fair value of the Company's two outstanding interest rate swap agreements was a net liability of $14.4 million and $25.0 million as of May 29, 2021 and May 30, 2020, respectively. The liability and asset fair value were recorded within "Other liabilities" and "Other noncurrent assets" within the Consolidated Balance Sheets. Recorded within Other comprehensive loss, net of tax, for the effective portion of the Company's designated cash flow hedges was a net unrealized loss of $12.6 million and $17.2 million for the fiscal years ended May 29, 2021 and May 30, 2020, respectively.

For fiscal 2021, 2020 and 2019, there were no gains or losses recognized against earnings for hedge ineffectiveness.

Effects of Derivatives on the Financial Statements

The effects of derivatives on the consolidated financial statements were as follows for the fiscal years ended 2021 and 2020 (amounts presented exclude any income tax effects):

(In millions)	Balance Sheet Location	May 29, 2021	May 30, 2020
Designated derivatives:			
Interest rate swap	Long-term assets: Other noncurrent assets	$ —	$ —
Interest rate swap	Long-term liabilities: Other liabilities	$ 14.4	$ 25.0
Non-designated derivatives:			
Foreign currency forward contracts	Current assets: Other current assets	$ 1.6	$ 1.1
Foreign currency forward contracts	Current liabilities: Other accrued liabilities	$ 0.1	$ 0.8

		Fiscal Year		
(In millions)	Statement of Comprehensive Income Location	May 29, 2021	May 30, 2020	June 1, 2019
(Loss) gain recognized on foreign currency forward contracts	Other expense (income), net	$ 0.8	$ (1.1)	$ 0.3

The gain/(loss) recorded, net of income taxes, in Other comprehensive loss for the effective portion of designated derivatives was as follows for the periods presented below:

	Fiscal Year		
(In millions)	May 29, 2021	May 30, 2020	June 1, 2019
Interest rate swap	$ 12.6	$ (17.2)	$ (12.8)

Reclassified from Accumulated other comprehensive loss into earnings within "Interest expense" for the fiscal years ended 2021, 2020, and 2019 were gains of $4.5 million and $0.8 million and a loss of $0.5 million, respectively. Pre-tax gains expected to be reclassified from Accumulated other comprehensive loss into earnings during the next twelve months are $4.5 million. The amount of gain, net of tax, expected to be reclassified out of Accumulated other comprehensive loss into earnings during the next twelve months is $3.4 million.

Investments in Equity Securities Without a Readily Determinable Fair Value

In the fourth quarter of fiscal 2019, the Company recorded a gain from a $2.1 million fair value adjustment in an investment in a technology partner, which increased the total carrying value of the investment to $3.6 million as of June 1, 2020. The gain was the result of an observable price change for a similar investment in the same entity. There were no similar gains in fiscal 2020 or 2021.

Redeemable Noncontrolling Interests

Redeemable noncontrolling interests are reported on the Condensed Consolidated Balance Sheets in mezzanine equity in “Redeemable noncontrolling interests.” These financial instruments represent a level 3 fair value measurement.

As of June 1, 2019, the outstanding redeemable noncontrolling interests in the Company's subsidiary, Herman Miller Consumer Holdings, Inc. ("HMCH") were $20.6 million, and represented an approximate 5% minority ownership. During August 2019, the Company acquired all of the remaining redeemable noncontrolling equity interests. HMCH redeemed certain HMCH stock for cash and then, in August 2019, HMCH merged with and into the Company, with the remaining minority HMCH shareholders receiving a cash payment. Total cash paid of $20.4 million for the redemptions and for merger consideration was at fair market value based on an independent appraisal. This compares to purchases of $10.1 million during the twelve month period ended June 1, 2019.

Changes in the Company's redeemable noncontrolling interest in HMCH for the years ended May 29, 2021 and May 30, 2020 are as follows:

(In millions)	May 29, 2021	May 30, 2020
Beginning Balance	$ —	$ 20.6
Purchase of HMCH redeemable noncontrolling interests		(20.4)
Redemption value adjustment		(0.2)
Exercised options	—	—
Ending Balance	$ —	$ —

On December 2, 2019, the Company purchased an additional 34% equity voting interest in HAY. Upon increasing its ownership to 67%, the Company obtained a controlling financial interest and consolidated the financial results of HAY. Additionally, the Company is a party to options, that if exercised, would require it to purchase the remaining 33% of the equity in HAY, at fair market value. This remaining redeemable noncontrolling interest in HAY is classified outside permanent equity in the Consolidated Balance Sheets and is carried at the current estimated redemption amount. The Company recognizes changes to the redemption value of redeemable noncontrolling interests as they occur and adjusts the carrying value to equal the redemption value at the end of each reporting period. The redemption amounts have been estimated based on the fair value of the subsidiary, determined using discounted cash flow methods. This represents a level 3 fair value measurement.

Changes in the Company's redeemable noncontrolling interest in HAY for the year ended May 29, 2021 are as follows:

(In millions)	May 29, 2021
Beginning Balance	$ 50.4
Dividend attributable to redeemable noncontrolling interests	(2.8)
Redemption value adjustment	15.0
Net income attributable to redeemable noncontrolling interests	5.7
Foreign currency translation adjustments	8.7
Ending Balance	$ 77.0

Other

The following table summarizes the valuation of our assets measured at fair value on a non-recurring basis as of May 29, 2021:

(In millions)	May 29, 2021
Assets:	Level 3
Indefinite-lived intangible assets	$ 97.6

The relief-from-royalty method for the quantitative impairment assessment for indefinite-lived intangible assets utilized discount rates ranging from 12.0% to 14.0% and royalty rates ranging from 2.0% to 3.0%. Based on the quantitative impairment assessment performed, the carrying value these assets exceeded their fair value, resulting in an impairment charge of $53.3 million in fiscal 2020.

See Note 1 and Note 7 to the Consolidated Financial Statements for additional information.

13. Commitments and Contingencies

Product Warranties

The Company provides coverage to the end-user for parts and labor on products sold under its warranty policy and for other product-related matters. The standard length of warranty is 12 years; however, this varies depending on the product classification. The Company does not sell or otherwise issue warranties or warranty extensions as stand-alone products. Reserves have been established for various costs associated with the Company's warranty program. General warranty reserves are based on historical claims experience and other currently available information and are periodically adjusted for business levels and other factors. Specific reserves are established once an issue is identified with the amounts for such reserves based on the estimated cost of correction. The Company provides an assurance-type warranty that ensures that products will function as intended. In fiscal 2020, warranty reserves were classified as short-term liabilities. The current and long-term portions of the warranty reserve are included within "Accrued warranty," and "Other liabilities," respectively, within the consolidated balance sheets. The prior period consolidated balance sheet was reclassified in the current year to be consistent with this presentation.

Changes in the warranty reserve for the stated periods were as follows:

	Year Ended		
(In millions)	May 29, 2021	May 30, 2020	June 1, 2019
Accrual Balance — beginning	$ 59.2	$ 53.1	$ 51.5
Accrual for warranty matters	12.8	23.7	20.7
Settlements and adjustments	(11.9)	(17.6)	(19.1)
Accrual Balance — ending	$ 60.1	$ 59.2	$ 53.1

Guarantees

The Company is periodically required to provide performance bonds to do business with certain customers. These arrangements are common in the industry and generally have terms ranging between one year and three years. The bonds are required to provide assurance to customers that the products and services they have purchased will be installed and/or provided properly and without damage to their facilities. The bonds are provided by various bonding agencies. However, the Company is ultimately liable for claims that may occur against them. As of May 29, 2021, the Company had a maximum financial exposure related to performance bonds of approximately $6.3 million. The Company has no history of claims, nor is it aware of circumstances that would require it to pay, under any of these arrangements. The Company also believes that the resolution of any claims that might arise in the future, either individually or in the aggregate, would not materially affect the Company's Consolidated Financial Statements. Accordingly, no liability has been recorded in respect to these bonds as of either May 29, 2021 or May 30, 2020.

The Company has entered into standby letter of credit arrangements for purposes of protecting various insurance companies and lessors against default on insurance premium and lease payments. As of May 29, 2021, the Company had a maximum financial exposure from these standby letters of credit totaling approximately $9.8 million, all of which is considered usage against the Company's revolving line of credit. The Company has no history of claims, nor is it aware of circumstances that would require it to perform under any of these arrangements and believes that the resolution of any claims that might arise in the future, either individually or in the aggregate, would not materially affect the Company's Consolidated Financial Statements. Accordingly, no liability has been recorded as of May 29, 2021 and May 30, 2020.

Contingencies

The Company is also involved in legal proceedings and litigation arising in the ordinary course of business. In the opinion of management, the outcome of such proceedings and litigation currently pending will not have a material adverse effect, if any, on the Company's Consolidated Financial Statements.

As of the end of fiscal 2021, outstanding commitments for future purchase obligations approximated $70.8 million.

14. Operating Segments

The Company's segments consist of North America Contract, International Contract and Retail.

The North America Contract segment includes the operations associated with the design, manufacture and sale of furniture and textile products for work-related settings, including office, healthcare, and educational 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. In addition to the Herman Miller brand, this segment includes the operations associated with the design, manufacture and sale of high-craft furniture products and textiles including Geiger wood products, Maharam textiles, Nemschoff, and naughtone products.

The International Contract segment includes the operations associated with the design, manufacture, and sale of furniture products, primarily for work-related settings in Europe, the Middle East and Africa ("EMEA"), Latin America and Asia-Pacific.

The Retail segment includes operations associated with the sale of modern design furnishings and accessories to third party retailers, as well as direct to consumer sales through eCommerce, direct-mail catalogs, DWR studios and HAY stores.

The Company also reports a “Corporate” category consisting primarily of unallocated expenses related to general corporate functions, including, but not limited to, certain legal, executive, corporate finance, information technology, administrative and acquisition-related costs. Management regularly reviews corporate costs and believes disclosing such information provides more visibility and transparency regarding how the chief operating decision maker reviews results of the Company. The accounting policies of the operating segments are the same as those of the Company.

Subsequent to the end of fiscal 2021, the Company implemented an organizational change that will result in a change in our reportable segments. Beginning in the first quarter of fiscal 2022, the Company will recast the historical results in reflection of the change. Below is a summary of the change:

- The activities related to the manufacture and sale of furniture products direct to consumers and to third-party retailers that currently reside within the International Contract segment will move to the Retail segment.
- The operations associated with the design, manufacture and sale of furniture products for work-related settings in Latin America will move to the North America Contract segment to form a new Americas Contract segment.
- Operations of the DWR Contract business, a division of DWR that sells design furnishings and accessories for use in work-related settings will move into the Americas Contract segment.

The performance of the operating segments is evaluated by the Company's management using various financial measures. The following is a summary of certain key financial measures for the years indicated:

	Year Ended		
(In millions)	May 29, 2021	May 30, 2020	June 1, 2019
Net Sales:			
North America Contract	$ 1,194.0	$ 1,598.2	$ 1,686.5
International Contract	669.0	502.8	492.2
Retail	602.1	385.6	388.5
Total	$ 2,465.1	$ 2,486.6	$ 2,567.2
Depreciation and Amortization:			
North America Contract	$ 53.5	$ 46.7	$ 46.8
International Contract	22.1	17.4	10.5
Retail	11.6	14.7	14.1
Corporate	—	0.7	0.7
Total	$ 87.2	$ 79.5	$ 72.1
Operating Earnings (Loss):			
North America Contract	$ 74.1	$ 130.9	$ 189.7
International Contract	93.0	18.2	57.8
Retail	117.2	(148.3)	5.3
Corporate	(53.7)	(39.2)	(49.3)
Total	$ 230.6	$ (38.4)	$ 203.5
Capital Expenditures:			
North America Contract	$ 44.9	$ 53.7	$ 52.7
International Contract	10.3	10.4	16.6
Retail	4.6	4.9	16.5
Corporate	—	—	—
Total	$ 59.8	$ 69.0	$ 85.8
Total Assets:			
North America Contract	$ 745.3	$ 769.5	$ 733.6
International Contract	572.4	512.5	356.8
Retail	340.1	310.9	310.0
Corporate	404.1	461.0	168.9
Total	$ 2,061.9	$ 2,053.9	$ 1,569.3
Goodwill:			
North America Contract	$ 187.4	$ 182.3	$ 185.3
International Contract	176.8	163.7	39.7
Retail	—	—	78.8
Corporate	—	—	—
Total	$ 364.2	$ 346.0	$ 303.8

The accounting policies of the operating segments are the same as those of the Company. Additionally, the Company employs a methodology for allocating corporate costs and assets with the underlying objective of this methodology being to allocate corporate costs according to the relative usage of the underlying resources and to allocate corporate assets according to the relative expected benefit. The majority of the allocations for corporate expenses are based on relative net sales. However, certain corporate costs, generally considered the result of isolated business decisions, are not subject to allocation and are evaluated separately from the rest of the regular ongoing business operations.

The Company's product offerings consist primarily of office furniture systems, seating, freestanding furniture, storage and casegoods. These product offerings are marketed, distributed and managed primarily as a group of similar products on an overall portfolio basis. The following is a summary of net sales estimated by product category for the years indicated:

	Year Ended		
(In millions)	May 29, 2021	May 30, 2020	June 1, 2019
Net Sales:			
Workplace	$ 854.7	$ 1,135.8	$ 1,201.8
Performance Seating	784.6	646.8	708.5
Lifestyle	689.9	537.5	473.5
Other (1)	135.9	166.5	183.4
Total	$ 2,465.1	$ 2,486.6	$ 2,567.2

(1) “Other” primarily consists of uncategorized product sales and service sales.

Sales by geographic area are based on the location of the customer. Long-lived assets consist of long-term assets of the Company, excluding financial instruments, deferred tax assets and long-term intangibles. The following is a summary of geographic information for the years indicated. Individual foreign country information is not provided as none of the individual foreign countries in which the Company operates are considered material for separate disclosure based on quantitative and qualitative considerations.

	Year Ended		
(In millions)	May 29, 2021	May 30, 2020	June 1, 2019
Net Sales:			
United States	$ 1,728.9	$ 1,795.8	$ 1,865.8
International	736.2	690.8	701.4
Total	$ 2,465.1	$ 2,486.6	$ 2,567.2
Long-lived assets:			
United States	$ 311.1	$ 306.7	$ 422.1
International	70.6	59.6	52.2
Total	$ 381.7	$ 366.3	$ 474.3

The Company approximates that no single dealer accounted for more than three percent of the Company's net sales in the fiscal year ended May 29, 2021. The Company estimates that the largest single end-user customer accounted for $113.0 million, $122.9 million and $129.6 million of the Company's net sales in fiscal 2021, 2020 and 2019, respectively. This represents approximately five percent of the Company's net sales in in each of fiscal 2021, 2020 and 2019. The Company's ten largest customers in the aggregate accounted for approximately 17 percent of net sales in fiscal 2021 and 18 percent of net sales in fiscal 2020 and 2019.

Approximately 4 percent of the Company's employees are covered by collective bargaining agreements, most of whom are employees of its Nemschoff and Herman Miller Holdings Limited subsidiaries.

15. Accumulated Other Comprehensive Loss

The following table provides an analysis of the changes in accumulated other comprehensive loss for the years indicated:

	Year Ended		
(In millions)	May 29, 2021	May 30, 2020	June 1, 2019
Cumulative translation adjustments at beginning of period	$ (56.0)	$ (48.3)	$ (34.1)
Other comprehensive income (loss)	52.1	(7.7)	(14.2)
Balance at end of period	(3.9)	(56.0)	(48.3)
Pension and other post-retirement benefit plans at beginning of period	(59.2)	(45.0)	(37.2)
Other comprehensive income (loss) before reclassifications (net of tax of ($.03), $3.5, and $2.0)	5.3	(16.9)	(10.0)
Reclassification from accumulated other comprehensive income - Other, net	5.5	3.3	2.6
Tax (expense) benefit	(2.0)	(0.6)	(0.4)
Net reclassifications	3.5	2.7	2.2
Net current period other comprehensive income (loss)	8.8	(14.2)	(7.8)
Balance at end of period	(50.4)	(59.2)	(45.0)
Interest rate swap agreement at beginning of period	(18.9)	(0.9)	9.9
Cumulative effect of accounting change	—	—	1.5
Other comprehensive income (loss) before reclassifications (net of tax of ($2.6), $5.8, and $5.3)	12.6	(17.2)	(12.8)
Reclassification from accumulated other comprehensive income - Other, net	(4.5)	(0.8)	0.5
Net reclassifications	(4.5)	(0.8)	0.5
Net current period other comprehensive income (loss)	8.1	(18.0)	(12.3)
Balance at end of period	(10.8)	(18.9)	(0.9)
Unrealized holding gains on securities at beginning of period	0.1	—	0.1
Cumulative effect of accounting change	—	—	(0.1)
Other comprehensive (loss) income before reclassifications	(0.1)	0.1	—
Balance at end of period	—	0.1	—
Total Accumulated other comprehensive loss	$ (65.1)	$ (134.0)	$ (94.2)

16. Restructuring Expenses

During the fourth quarter of fiscal 2018, the Company announced a facilities consolidation plan related to its International Contract segment. This impacted certain office and manufacturing facilities in the United Kingdom and China. The plan is expected to generate cost savings of approximately $3 million. The Company recognized restructuring and impairment expenses of $5.9 million, with a net credit of $1.9 million recognized in fiscal 2021 and the remainder in fiscal 2020, 2019 and 2018. These expenses related to the facilities consolidation plan, comprised primarily of an asset impairment recorded against an office building in the United Kingdom that was vacated and the consolidation of the Company's manufacturing facilities in China. No future restructuring costs related to the plan are expected as the plan is substantially complete.

The office building and related assets in China were sold in the first quarter of fiscal 2021, resulting in a gain of approximately $3.4 million. The office building and related assets in the United Kingdom were sold in the second quarter of fiscal 2021, resulting in a nominal gain. Both of these gains are included within "Restructuring expense" in the Condensed Consolidated Statements of Comprehensive Income.

In the second quarter of fiscal 2020, the North America Contract segment initiated restructuring discussions with labor unions related to its Nemschoff operation in Wisconsin. To date, the Company has recorded approximately $3.1 million in pre-tax restructuring expense related to this plan, with a net credit of $0.1 million recognized in fiscal 2021 and the remainder in fiscal 2020. These restructuring costs relate to potential partial outsourcing and in-sourcing strategies, long-lived asset impairments and employee-related costs. The plan is complete and no future costs related to this plan are expected.

In the second quarter of fiscal 2020, the Company initiated a reorganization of the Global Sales and Product teams. The reorganization activities occurred primarily in the North America business with additional costs incurred internationally. To date, the Company has recorded a total of $2.6 million in pre-tax restructuring expense related to this plan. The reorganization is complete and no future costs related to this plan are expected.

In the third quarter of fiscal 2020, the Company announced a reorganization of the Retail segment's leadership team. The Company recognized pre-tax severance and employee related restructuring expense of $2.2 million related to the plan. No material future restructuring costs related to the plan are expected as the plan is substantially complete.

The following table provides an analysis of the changes in the restructuring costs reserve for the above plans for the fiscal years ended May 30, 2020 and May 29, 2021:

(In millions)	Severance and Employee-Related	Exit or Disposal Activities	Total
June 1, 2019	$ 6.8	$ 1.1	$ 7.9
Restructuring Costs	9.9	1.2	$ 11.1
Amounts Paid	(10.8)	(1.5)	$ (12.3)
May 30, 2020	$ 5.9	$ 0.8	$ 6.7
Restructuring Costs	(1.7)	(2.0)	$ (3.7)
Amounts Paid	(3.3)	(0.1)	$ (3.4)
Other*	—	1.9	$ 1.9
May 29, 2021	$ 0.9	$ 0.6	$ 1.5

*This represents the gains on the sales of office buildings and related assets in China and the United Kingdom offset by other non-cash charges. The gains and other non-cash charges were recorded as restructuring cost, but do not impact the restructuring reserve.

In the fourth quarter of fiscal 2020, the Company announced a restructuring plan (“May 2020 restructuring plan") to substantially reduce expenses in response to the impact of the COVID-19 pandemic and related restrictions. These activities included voluntary and involuntary reductions in its North American and international workforces. Combined, these actions resulted in the elimination of approximately 400 full-time positions throughout the Company in various businesses and functions. As the result of these actions, the Company projects an annualized expense reduction of approximately $40 million. To date, the Company incurred severance and related charges of $18.7 million with $3.4 million recognized in fiscal 2021 and the remainder in fiscal 2020. No material future restructuring costs related to the plan are expected and the remaining amounts will be paid in fiscal 2022.

The following table provides an analysis of the changes in the restructuring cost reserve for the May 2020 restructuring plan for the fiscal year ended May 29, 2021:

(In millions)	Severance and Employee-Related
Beginning Balance	$ 15.3
Restructuring Costs	3.4
Amounts Paid	(17.7)
Ending Balance	$ 1.0

The following is a summary of restructuring expenses by segment for the fiscal years indicated:

	Year Ended		
(In millions)	May 29, 2021	May 30, 2020	June 1, 2019
North America Contract	$ 3.8	$ 18.7	$ 7.7
International Contract	(1.1)	4.8	2.5
Retail	—	2.9	—
Total	$ 2.7	$ 26.4	$ 10.2

17. Variable Interest Entities

The Company has long-term notes receivable with a third-party owned dealer that are deemed to be variable interests in variable interest entity. The carrying value of these long-term notes receivable was $1.2 million and $1.5 million as of May 29, 2021 and May 30, 2020, respectively, and represents the Company's maximum exposure to loss. The Company is not deemed to be the primary beneficiary of the variable interest entity as the entity controls the activities that most significantly impact the entity's economic performance, including sales, marketing, and operations.

18. Quarterly Financial Data (Unaudited)

Set forth below is a summary of the quarterly operating results on a consolidated basis for the years ended May 29, 2021, May 30, 2020, and June 1, 2019.

(In millions, except per share data)		First Quarter [1]	Second Quarter [1]	Third Quarter [1]	Fourth Quarter [1]
2021	Net sales	$ 626.8	$ 626.3	$ 590.5	$ 621.5
	Gross margin	250.0	244.2	230.9	224.0
	Net earnings attributable to Herman Miller, Inc.	73.0	51.3	41.5	7.4
	Earnings per share-basic	1.24	0.87	0.70	0.12
	Earnings per share-diluted	1.24	0.87	0.70	0.12
2020	Net Sales	$ 670.9	$ 674.2	$ 665.7	$ 475.7
	Gross margin	246.1	255.5	243.3	165.8
	Net earnings attributable to Herman Miller, Inc.	48.2	78.6	37.7	(173.7)
	Earnings per share-basic	0.82	1.33	0.64	(2.95)
	Earnings per share-diluted	0.81	1.32	0.64	(2.95)
2019	Net sales	$ 624.6	$ 652.6	$ 619.0	$ 671.0
	Gross margin	225.1	235.6	221.0	248.2
	Net earnings attributable to Herman Miller, Inc.	35.8	39.3	39.2	46.2
	Earnings per share-basic	0.60	0.66	0.67	0.78
	Earnings per share-diluted	0.60	0.66	0.66	0.78

[1] For some line items, the sum of the quarters does not equal the annual balance reflected in the Consolidated Statements of Comprehensive Income due to rounding associated with the calculations on an individual quarter basis.

19. Subsequent Event

Acquisition of Knoll

In April, we announced that we entered into a definitive agreement with Knoll, under which Herman Miller will acquire Knoll in a cash and stock transaction valued at $1.8 billion. On July 13, 2021, the Herman Miller shareholders and Knoll stockholders approved the proposals necessary to complete the previously announced merger of Herman Miller and Knoll and the merger closed on July 19, 2021.

In connection with our acquisition of Knoll, in July, 2021, the Company entered into a syndicated revolving line of credit that provides the Company with up to $725 million in revolving variable interest borrowing capacity that matures in July, 2026, replacing our previous $500 million syndicated revolving line of credit. The Company also entered into a debt commitment letter for a five-year senior secured term loan "A" facility in an aggregate principal amount of $400 million and a seven-year senior secured term loan "B" facility in an aggregate principal amount of $625 million, the proceeds of which were used to finance a portion of the cash consideration for the acquisition of Knoll, for the repayment of certain debt of Knoll and to pay fees, costs and expenses related thereto. The Company also repaid $64 million of private placement notes due May 20, 2030.

Management's Report on Internal Control over Financial Reporting

To the Board of Directors and Stockholders of Herman Miller, Inc.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Exchange Act Rules 13a-15(f). The internal control over financial reporting at Herman Miller, Inc. is designed to provide reasonable assurance to our stakeholders that the financial statements of the Company fairly represent its financial condition and results of operations.

Because of its inherent limitations, a system of internal control over financial reporting can provide only reasonable assurance and may not prevent or detect all misstatements. Further, because of changes in conditions, effectiveness of internal control over financial reporting may vary over time.

Under the supervision and with the participation of management, including our Chief Executive Officer and Chief Financial Officer, we conducted an assessment of the effectiveness of our internal control over financial reporting as of May 29, 2021, based on the original framework in Internal Control — Integrated Framework (2013 Framework) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, our management believes the Company's internal control over financial reporting was effective as of May 29, 2021.

KPMG LLP has issued an attestation report on the effectiveness of our internal control over financial reporting, which is included herein.

/s/ Andrea R. Owen
Andrea R. Owen
Chief Executive Officer

/s/ Jeffrey M. Stutz
Jeffrey M. Stutz
Chief Financial Officer

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
Herman Miller, Inc.:

Opinions on the Consolidated Financial Statements and Internal Control Over Financial Reporting

We have audited the accompanying consolidated balance sheets of Herman Miller, Inc. and subsidiaries (the Company) as of May 29, 2021 and May 30, 2020, the related consolidated statements of comprehensive income, stockholders' equity, and cash flows for each of the years in the two-year period ended May 29, 2021, and the related notes and financial statement schedule II – Valuation and Qualifying Accounts (collectively, the consolidated financial statements). We also have audited the Company's internal control over financial reporting as of May 29, 2021, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of May 29, 2021 and May 30, 2020, and the results of its operations and its cash flows for each of the years in the two-year period ended May 29, 2021, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of May 29, 2021 based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

Change in Accounting Principle

As discussed in Note 1 to the consolidated financial statements, the Company has changed its method of accounting for leases as of June 2, 2019 due to the adoption of Accounting Standards Update No. 2016-02, Leases (Topic 842).

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing separate opinions on the critical audit matter or on the accounts or disclosures to which it relates.

HAY tradename impairment assessment

As discussed in Note 1 to the consolidated financial statements, the indefinite-lived intangible asset balance as of May 29, 2021 was $43.1 million related to the HAY tradename. Indefinite-lived intangible assets are tested for impairment annually in the fourth quarter, or more frequently, when events or changes in circumstances indicate that the fair value of an indefinite-lived intangible asset has declined below its carrying value. To estimate the fair value of the indefinite-lived intangible assets, the Company utilizes the relief from royalty method.

We identified the evaluation of the HAY tradename for impairment as a critical audit matter. Subjective and challenging auditor judgment was required to evaluate the selection of forecasted revenue growth rates, discount rate, and royalty rate used to estimate the fair value of the HAY tradename. Additionally, the audit effort associated with the evaluation of the HAY tradename for impairment required specialized skills and knowledge.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls over the Company's impairment evaluation for the HAY tradename, including controls over the selection of forecasted revenue growth rates, discount rate, and royalty rate used to estimate the fair value of the HAY tradename. We evaluated the reasonableness of management's forecasted revenue growth rates by comparing the forecasts to historical revenue growth rates, considering industry conditions and growth plans. We performed sensitivity analyses to assess the impact of reasonably possible changes to the forecasted revenue growth rates, discount rate, and royalty rate assumptions on the fair value of the tradename. In addition, we involved valuation professionals with specialized skills and knowledge, who assisted in:

- evaluating the Company's discount rate by comparing the Company's inputs to the discount rate to publicly available data for comparable entities and assessing the overall discount rate; and

- evaluating the Company's royalty rate by comparing the selected royalty rate to the forecasted operating margins of the sales associated with the tradename and publicly available data for comparable licensing agreements and assessing the overall royalty rate.

/s/ KPMG LLP

We have served as the Company's auditor since 2019.

Chicago, Illinois
July 27, 2021

Report of Independent Registered Public Accounting Firm

To the Shareholders and the Board of Directors of Herman Miller, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of comprehensive income, stockholders’ equity and cash flows of Herman Miller, Inc. and subsidiaries (the Company) for the fiscal year ended June 1, 2019, and the related notes and financial statement schedule for the fiscal year ended June 1, 2019 listed in the Index at Item 15(a) (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the results of the Company's operations and its cash flows for the fiscal year ended June 1, 2019, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Ernst & Young LLP

We served as the Company’s auditor from 2002 to 2019.

Grand Rapids, Michigan
July 30, 2019

Index of Exhibits

The following exhibits are filed as part of this Amendment No. 1.

(23)(b)	Consent of Independent Registered Public Accounting Firm
(31)(a)	Certificate of the Chief Executive Officer of MillerKnoll, Inc., pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
(31)(b)	Certificate of the Chief Financial Officer of MillerKnoll, Inc., pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
(32)(a)	Certificate of the Chief Executive Officer of MillerKnoll, Inc., pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(32)(b)	Certificate of the Chief Financial Officer of MillerKnoll, Inc., pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document.
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document and included in Exhibit 101).

Signatures

Pursuant to the requirements of Section 13 or 15(d) 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.

MILLERKNOLL, INC.

(Registrant)

	/s/ Jeffrey M. Stutz
By	Jeffrey M. Stutz Chief Financial Officer (Principal Accounting Officer and Duly Authorized Signatory for Registrant)

Date: June 10, 2022

Exhibit 23(b) – Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the following Registration Statements Nos. 333-04367, 333-42506, 333-04365, 333-122282, 333-04369, 333-122283, 333-179138, 333-201706 and 333-220893, 333-251572, 333-258019, 333-258017, 333-258170 on Form S-8, No. 333-220892 on Form S-3 and No. 333-256401 on Form S-4 of Herman Miller, Inc. of our report dated July 30, 2019, with respect to the consolidated financial statements and schedule of Herman Miller, Inc. included in this Amendment No. 1 to Annual Report (Form 10-K/A) for the fiscal year ended May 29, 2021.

/s/ Ernst & Young LLP

Grand Rapids, Michigan
June 10, 2022

Exhibit 31(a)

CERTIFICATE OF THE CHIEF EXECUTIVE OFFICER
OF MILLERKNOLL, INC. (THE “REGISTRANT”)

I, Andrea R. Owen, certify that:

1. I have reviewed this Amendment No. 1 to the annual report on Form 10-K for the period ended May 29, 2021, of MillerKnoll, Inc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: June 10, 2022

/s/ Andrea R. Owen
Andrea R. Owen
President and Chief Executive Officer

Exhibit 31(b)

CERTIFICATE OF THE CHIEF FINANCIAL OFFICER
OF MILLERKNOLL, INC. (THE “REGISTRANT”)

I, Jeffrey M. Stutz, certify that:

1. I have reviewed this Amendment No. 1 to the annual report on Form 10-K for the period ended May 29, 2021, of MillerKnoll, Inc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: June 10, 2022

/s/ Jeffrey M. Stutz
Jeffrey M. Stutz
Chief Financial Officer

Exhibit 32(a)

CERTIFICATE OF THE CHIEF EXECUTIVE OFFICER
OF MILLERKNOLL, INC. (THE "COMPANY")

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002:

I, Andrea R. Owen, President and Chief Executive Officer of the company, certify to the best of my knowledge and belief pursuant to Section 906 of Sarbanes-Oxley Act of 2002 that:

(1) The Amendment No. 1 to the Annual Report on Form 10-K for the period ended May 29, 2021, which this statement accompanies, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in this Amendment No. 1 to the Annual Report on Form 10-K fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: June 10, 2022

/s/ Andrea R. Owen
Andrea R. Owen
President and Chief Executive Officer

The signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to MillerKnoll, Inc. and will be retained by MillerKnoll, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32(b)

CERTIFICATE OF THE CHIEF FINANCIAL OFFICER
OF MILLERKNOLL, INC. (THE "COMPANY")

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002:

I, Jeffrey M. Stutz, Chief Financial Officer of the company, certify to the best of my knowledge and belief pursuant to Section 906 of Sarbanes-Oxley Act of 2002 that:

(1) The Amendment No. 1 to the Annual Report on Form 10-K for the period ended May 29, 2021, which this statement accompanies, fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in this Amendment No. 1 to the Annual Report on Form 10-K, fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: June 10, 2022

/s/ Jeffrey M. Stutz
Jeffrey M. Stutz
Chief Financial Officer

The signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to MillerKnoll, Inc. and will be retained by MillerKnoll, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.