

Section 1: 8-K (8-K Q1 2020 PRESS RELEASE)

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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): April 22, 2020

Commission File Number: 1-14225

HNI Corporation

Iowa
(State of incorporation)

42-0617510
(IRS Employer No.)

600 East Second Street
P. O. Box 1109
Muscatine, Iowa 52761-0071
(563) 272-7400

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2.):

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

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

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---------------------|-------------------|---|
| Common Stock | HNI | New York Stock Exchange |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

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.

Section 2 — Financial Information

Item 2.02 Results of Operations and Financial Condition.

On April 22, 2020, HNI Corporation (the "Corporation") issued a press release announcing its financial results for its first fiscal quarter ended March 28, 2020. A copy of the press release is attached hereto as Exhibit 99.1.

The information furnished in this Item 2.02, including the attached Exhibit, shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

Section 5 — Corporate Governance and Management

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On April 20, 2020, in addition to other measures being taken in response to the continuing impacts of the COVID-19 pandemic crisis, Jeff Lorenger, the Corporation's Chairman, President and Chief Executive Officer, agreed with the Board of Directors to reduce his 2020 base salary by 25%. The 2020 base salaries of the Corporation's other named executive officers and certain other officers have been reduced by 15%. The salary reductions are effective immediately and will be re-evaluated in six months.

Section 9 — Financial Statements and Exhibits

Item 9.01 Financial Statements and Exhibits.

| Exhibit No. | Description |
|--------------------|--|
| 99.1 | Press release dated April 22, 2020 |

SIGNATURES

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

HNI CORPORATION

Date: April 22, 2020

By /s/ Marshall H. Bridges

Marshall H. Bridges
Senior Vice President and Chief Financial Officer

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Section 2: EX-99.1 (EXHIBIT 99.1)

HNI Corporation 600 East Second Street, Muscatine, Iowa 52761, Tel 563 272 7400, Fax 563 272 7347, www.hnicorp.com



News Release

For Information Contact:

Marshall H. Bridges, Senior Vice President and Chief Financial Officer (563) 272-7400

Matthew S. McCall, Vice President, Investor Relations and Corporate Development (563) 275-8898

HNI CORPORATION PROVIDES PANDEMIC RESPONSE UPDATE; REPORTS STRONG FIRST QUARTER 2020 RESULTS

MUSCATINE, Iowa (April 22, 2020) – **HNI Corporation** (NYSE: HNI) today announced sales for the first quarter ended March 28, 2020 of \$468.7 million and net loss of \$23.9 million. GAAP net income (loss) per diluted share was (\$0.56), compared to \$0.02 in the prior year. GAAP operating profit was impacted by intangible impairments and one-time charges related to the COVID-19 crisis of \$37.7 million. Non-GAAP net income per diluted share was \$0.21, compared to \$0.02 in the prior year. GAAP to non-GAAP reconciliations follow the financial statements in this release.

Pandemic Response Update

Health, safety, and community support

Earlier this month, the Corporation announced the implementation of workplace health and safety measures consistent with guidelines from the Centers for Disease Control and Prevention. The Corporation is taking strong measures to create social distancing and keep

members safe. All members able to work remotely are currently doing so. In addition, the Corporation has reorganized production facilities to protect members and increased the frequency and depth of cleanings, among other measures.

To support local communities and health providers, the Corporation is producing, donating, and supporting the production of personal protective equipment (PPE) to first responders, healthcare systems, and hospitals utilizing HNI's facilities in Iowa, New York, and North Carolina. These efforts include the manufacture of washable cloth facemasks, washable cloth facemask coverings, and washable and disposable protective gowns. Further, the Corporation is loaning equipment processing time to support local vendors' PPE production efforts.

Cost savings and cash flow support

In its COVID-19 response update on April 6th, the Corporation provided details around its debt and liquidity levels and withdrew its fiscal 2020 sales and earnings guidance. The Corporation also announced plans to reduce

operating costs, lower capital expenditures, and temporarily suspend share repurchase activity to support free cash flow. Since then, the Corporation has taken additional actions, including:

- **Salaries reduced.** Base salaries for salaried exempt members were reduced by 10 percent; executive salaries were reduced by 15 percent; and CEO Jeff Lorenger's salary was reduced by 25 percent. These measures will be reassessed in six months.
- **Board retainers reduced.** The Corporation's Board of Directors reduced its cash and equity retainers by 25 percent. This action will also be reassessed in six months.
- **Members furloughed.** Members have been furloughed to better match staffing levels with demand activity. The Corporation will pay all health insurance premiums for these members during furlough.
- **Capital plan reduced.** The Corporation reduced its capital expenditure budget for 2020 from approximately \$65 million to \$35 million.

"We are taking an aggressive, yet balanced approach to our pandemic response. Our primary focus is on the health and safety of our members, and we have implemented measures accordingly. Financially, we entered this crisis from a position of strength with modest debt levels, strong liquidity, and earnings momentum. To maintain that strength and ensure the long-term health of the organization, we are taking aggressive cost actions and other measures to support cash flow," stated Jeff Lorenger, HNI Corporation, Chairman, President, and Chief Executive Officer.

First Quarter Highlights

- GAAP operating profit was impacted by intangible impairments and one-time charges related to the COVID-19 crisis. Non-GAAP operating profit expanded 279 percent from the prior-year quarter.
- Gross margin and non-GAAP operating margin expanded 220 bps from the prior-year quarter. Both segments generated year-over-year non-GAAP operating margin expansion.
- Hearth Products segment revenue increased 2.6 percent organically from the prior-year quarter and strengthened through the quarter.
- Quarter-ending debt levels were \$230 million, equal to a gross leverage ratio of approximately 1.0x. Liquidity, as measured by cash and borrowing availability at the end of Q1 was \$356 million.

"Our first quarter results demonstrate the strength of our operating platform as our annual productivity and cost savings initiatives again drove improved profitability. Unfortunately, the COVID-19 pandemic has derailed what began as another strong year. While our continued focus is on the safety of our members and on managing through the near-term revenue pressure associated with the crisis, I remain confident in our long-term strategic direction," said Mr. Lorenger.

| HNI Corporation - Financial Performance | | | |
|--|--------------------|-------------------|----------|
| (Dollars in millions, except per share data) | | | |
| | Three Months Ended | | Change |
| | March 28, 2020 | March 30, 2019 | |
| GAAP | | | |
| Net Sales | \$468.7 | \$479.5 | (2.2%) |
| Gross Profit % | 37.6% | 35.4% | 220 bps |
| SG&A % | 35.6% | 34.6% | 100 bps |
| Impairment Charges % | 7.0% | —% | |
| Operating Income (Loss) | (\$23.7) | \$3.7 | NM |
| Operating Income (Loss) % | (5.1%) | 0.8% | -590 bps |
| Effective Tax Rate | 6.4% | 34.8% | |
| Net Income (Loss) % | (5.1%) | 0.2% | -530 bps |
| EPS – diluted | (\$0.56) | \$0.02 | NM |
| Non-GAAP | | | |
| Gross Profit % | 37.6% | 35.4% | 220 bps |
| Operating Income | \$13.9 | \$3.7 | 279% |
| Operating Income % | 3.0% | 0.8% | 220 bps |
| EPS – diluted | \$0.21 | \$0.02 | 950% |

First Quarter Summary Comments

- Consolidated net sales decreased 2.2 percent from the prior-year quarter to \$468.7 million. On an organic basis, sales decreased 2.5 percent. The impact of acquiring small hearth companies increased sales \$1.1 million compared to the prior-year quarter. A reconciliation of organic sales, a non-GAAP measure, follows the financial statements in this release.
- Gross profit margin expanded 220 basis points compared to the prior-year quarter. This increase was primarily driven by price realization and net productivity, partially offset by lower office volume and increased tariff expense.
- Selling and administrative expenses as a percent of sales increased 100 basis points compared to prior year, due to \$5.0 million one-time costs related to the COVID-19 pandemic (of which \$1.6 million was recorded as a corporate charge). Lower office volume was fully offset by lower core SG&A spend and reduced variable compensation.
- The Corporation recorded charges of \$32.7 million in the first quarter related to the impairment of goodwill and intangible assets.
- Non-GAAP net income per diluted share was \$0.21 compared to \$0.02 in the prior-year quarter. The \$0.19 increase was primarily due to price realization, net productivity, and lower core SG&A spend, partially offset by lower office volume and increased tariff expense.

| Office Furniture – Financial Performance | | | |
|---|--------------------|-------------------|----------|
| (Dollars in millions) | | | |
| | Three Months Ended | | Change |
| | March 28, 2020 | March 30, 2019 | |
| GAAP | | | |
| Net Sales | \$338.4 | \$353.5 | (4.3%) |
| Operating Loss | (\$33.2) | (\$1.7) | NM |
| Operating Loss % | (9.8%) | (0.5%) | -930 bps |
| Non-GAAP | | | |
| Operating Profit (Loss) | \$2.8 | (\$1.7) | 264% |
| Operating Profit (Loss) % | 0.8% | (0.5%) | 130 bps |

- Office furniture net sales decreased 4.3 percent from the prior-year quarter to \$338.4 million.
- Office furniture GAAP operating profit margin decreased 930 basis points versus the prior-year quarter. On a non-GAAP basis, segment operating margin expanded 130 basis points year-over-year, driven by price realization, net productivity, and lower core SG&A spend, partially offset by lower volume and higher tariff expense.
- The office furniture segment recorded charges of \$32.7 million in the first quarter related to the impairment of goodwill and intangible assets, as well as \$3.4 million related to the COVID-19 pandemic.

| Hearth Products – Financial Performance | | | |
|--|--------------------|-------------------|---------|
| (Dollars in millions) | | | |
| | Three Months Ended | | Change |
| | March 28, 2020 | March 30, 2019 | |
| GAAP | | | |
| Net Sales | \$130.3 | \$125.9 | 3.5% |
| Operating Profit | \$20.7 | \$17.6 | 17.4% |
| Operating Profit % | 15.9% | 14.0% | 190 bps |
| Non-GAAP | | | |
| Operating Profit | \$20.7 | \$17.6 | 17.4% |
| Operating Profit % | 15.9% | 14.0% | 190 bps |

- Hearth products net sales increased 3.5 percent from the prior-year quarter to \$130.3 million. On an organic basis, sales grew 2.6 percent. The impact of acquiring small hearth companies increased sales \$1.1 million compared to the prior-year quarter.
- Hearth products operating profit margin expanded 190 basis points, driven by price realization and higher volume, partially offset by increased tariff expense.

Concluding Remarks

"Although volumes and profit levels will be adversely impacted by the pandemic, we will adjust our business, maintain our long-term focus, and utilize our strong balance sheet to successfully weather this crisis. The HNI culture shines in times like these. Together, our members, dealers, suppliers, and communities will overcome the challenges presented by this crisis. Our business is strong, our leadership is seasoned, our members are capable and dedicated, and I am confident in our ability to effectively navigate this difficult period," Mr. Lorenger concluded.

Conference Call

HNI Corporation will host a conference call on Thursday, April 23, 2020 at 10:00 a.m. (Central) to discuss first quarter fiscal year 2020 results. To participate, call 1-877-512-9166 – conference ID number 1049187. A live webcast of the call will be available on HNI Corporation's website at <http://www.hnicorp.com> (under Investors – News Releases & Events). A replay of the webcast will also be made available at that website address. An audio replay of the call will be available until Thursday, April 30, 2020, 10:59 p.m. (Central) by dialing 1-855-859-2056 or 1-404-537-3406 – Conference ID number 1049187.

About HNI Corporation

HNI Corporation is an NYSE traded company (ticker symbol: HNI) providing products and solutions for the home and workplace environments. HNI Corporation is a leading global office furniture manufacturer and is the nation's leading manufacturer of hearth products. The Corporation's strong brands have leading positions in their markets. More information can be found on the Corporation's website at www.hnicorp.com.

Forward-Looking Statements

This release contains "forward-looking" statements based on current expectations regarding future plans, events, outlook, objectives, financial performance, expectations for sales growth, and earnings per diluted share (GAAP and non-GAAP), including statements regarding the expected effects on our business, financial condition and results of operations from the COVID-19 pandemic. Forward-looking statements can be identified by words including "expect," "believe," "anticipate," "estimate," "may," "will," "would," "could," "confident", or other similar words, phrases, or expressions. Forward-looking statements involve known and unknown risks and uncertainties, which may cause the Corporation's actual future results and performance to differ materially from expected results. These risks include but are not limited to: the duration and scope of the COVID-19 pandemic, and its effect on people and the economy; the levels of office furniture needs and housing starts; overall demand for the Corporation's products; general economic and market conditions in the United States and internationally; industry and competitive conditions; the consolidation and concentration of the Corporation's customers; the Corporation's reliance on its network of independent dealers; change in trade policy; changes in raw material, component, or commodity pricing; market acceptance and demand for the Corporation's new products; changing legal, regulatory, environmental, and healthcare conditions; the risks associated with international operations; the potential impact of product defects; the various restrictions on the Corporation's financing activities; an inability to protect the Corporation's intellectual property; impacts of tax legislation; and force majeure events outside the Corporation's control. A description of these risks and additional risks can be found in the Corporation's annual and quarterly reports filed with the Securities and Exchange Commission on Forms 10-K and 10-Q. The Corporation assumes no obligation to update, amend, or clarify forward-looking statements, except as required by applicable law.

HNI Corporation and Subsidiaries
Condensed Consolidated Statements of Comprehensive Income

(In thousands, except per share data)
(Unaudited)

| | Three Months Ended | |
|--|--------------------|-------------------|
| | March 28, 2020 | March 30, 2019 |
| Net sales | \$ 468,704 | \$ 479,456 |
| Cost of sales | 292,686 | 309,842 |
| Gross profit | 176,018 | 169,614 |
| Selling and administrative expenses | 167,085 | 165,937 |
| Impairment charges | 32,661 | — |
| Operating income (loss) | (23,728) | 3,677 |
| Interest expense, net | 1,811 | 2,111 |
| Income (loss) before income taxes | (25,539) | 1,566 |
| Income taxes | (1,643) | 546 |
| Net income (loss) | (23,896) | 1,020 |
| Less: Net loss attributable to non-controlling interest | (1) | (2) |
| Net income (loss) attributable to HNI Corporation | \$ (23,895) | \$ 1,022 |
| | | |
| Average number of common shares outstanding – basic | 42,628 | 43,534 |
| Net income (loss) attributable to HNI Corporation per common share – basic | \$ (0.56) | \$ 0.02 |
| Average number of common shares outstanding – diluted | 42,628 | 44,089 |
| Net income (loss) attributable to HNI Corporation per common share – diluted | \$ (0.56) | \$ 0.02 |
| | | |
| Foreign currency translation adjustments | \$ (600) | \$ 963 |
| Change in unrealized gains (losses) on marketable securities, net of tax | 59 | 90 |
| Change in pension and post-retirement liability, net of tax | — | (1,185) |
| Change in derivative financial instruments, net of tax | (2,216) | (309) |
| Other comprehensive income (loss), net of tax | (2,757) | (441) |
| Comprehensive income (loss) | (26,653) | 579 |
| Less: Comprehensive loss attributable to non-controlling interest | (1) | (2) |
| Comprehensive income (loss) attributable to HNI Corporation | \$ (26,652) | \$ 581 |

HNI Corporation and Subsidiaries
Condensed Consolidated Balance Sheets

(In thousands)
(Unaudited)

| | March 28, 2020 | December 28, 2019 |
|---|-------------------|----------------------|
| Assets | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 35,413 | \$ 52,073 |
| Short-term investments | 835 | 1,096 |
| Receivables | 235,617 | 278,124 |
| Allowance for doubtful accounts | (5,170) | (3,559) |
| Inventories | 170,522 | 163,465 |
| Prepaid expenses and other current assets | 44,170 | 37,635 |
| Total Current Assets | 481,387 | 528,834 |
| Property, Plant, and Equipment: | | |
| Land and land improvements | 29,776 | 29,394 |
| Buildings | 294,903 | 295,517 |
| Machinery and equipment | 579,958 | 581,225 |
| Construction in progress | 21,284 | 20,881 |
| | 925,921 | 927,017 |
| Less accumulated depreciation | 551,335 | 545,510 |
| Net Property, Plant, and Equipment | 374,586 | 381,507 |
| Right-of-use Finance Leases | 2,032 | 2,129 |
| Right-of-use Operating Leases | 71,625 | 72,883 |
| Goodwill and Other Intangible Assets | 418,770 | 445,709 |
| Other Assets | 21,499 | 21,450 |
| Total Assets | \$ 1,369,899 | \$ 1,452,512 |
| Liabilities and Equity | | |
| Current Liabilities: | | |
| Accounts payable and accrued expenses | \$ 338,954 | \$ 453,202 |
| Current maturities of long-term debt | 1,830 | 790 |
| Current maturities of other long-term obligations | 2,975 | 1,931 |
| Current lease obligations - Finance | 577 | 564 |
| Current lease obligations - Operating | 21,279 | 22,218 |
| Total Current Liabilities | 365,615 | 478,705 |
| Long-Term Debt | 228,460 | 174,439 |
| Long-Term Lease Obligations - Finance | 1,479 | 1,581 |
| Long-Term Lease Obligations - Operating | 57,585 | 58,233 |
| Other Long-Term Liabilities | 66,397 | 67,990 |
| Deferred Income Taxes | 98,708 | 87,196 |
| Equity: | | |
| HNI Corporation shareholders' equity | 551,332 | 584,044 |
| Non-controlling interest | 323 | 324 |
| Total Equity | 551,655 | 584,368 |
| Total Liabilities and Equity | \$ 1,369,899 | \$ 1,452,512 |

HNI Corporation and Subsidiaries
Condensed Consolidated Statements of Cash Flows

(In thousands)
(Unaudited)

| | Three Months Ended | |
|--|--------------------|-------------------|
| | March 28, 2020 | March 30, 2019 |
| Net Cash Flows From (To) Operating Activities: | | |
| Net income (loss) | \$ (23,896) | \$ 1,020 |
| Non-cash items included in net income: | | |
| Depreciation and amortization | 19,487 | 19,040 |
| Other post-retirement and post-employment benefits | 364 | 369 |
| Stock-based compensation | 4,358 | 2,451 |
| Reduction in carrying amount of right-of-use assets | 5,599 | 5,559 |
| Deferred income taxes | 12,258 | 1,119 |
| Impairment of goodwill and intangible assets | 32,661 | — |
| Other – net | (2,252) | 2,038 |
| Net increase (decrease) in operating assets and liabilities, net of divestitures | (81,573) | (55,038) |
| Increase (decrease) in other liabilities | (312) | (4,832) |
| Net cash flows from (to) operating activities | (33,306) | (28,274) |
| Net Cash Flows From (To) Investing Activities: | | |
| Capital expenditures | (8,488) | (17,575) |
| Proceeds from sale of property, plant, and equipment | 49 | 68 |
| Acquisition spending, net of cash acquired | (9,321) | — |
| Capitalized software | (4,671) | (1,521) |
| Purchase of investments | (1,456) | — |
| Sales or maturities of investments | 996 | 450 |
| Net cash flows from (to) investing activities | (22,891) | (18,578) |
| Net Cash Flows From (To) Financing Activities: | | |
| Payments of long-term debt | (15,000) | (606) |
| Proceeds from long-term debt | 70,129 | 46,897 |
| Dividends paid | (13,033) | (12,872) |
| Purchase of HNI Corporation common stock | (5,839) | (23,869) |
| Proceeds from sales of HNI Corporation common stock | 722 | 5,413 |
| Other – net | 2,558 | 2,942 |
| Net cash flows from (to) financing activities | 39,537 | 17,905 |
| Net increase (decrease) in cash and cash equivalents | (16,660) | (28,947) |
| Cash and cash equivalents at beginning of period | 52,073 | 76,819 |
| Cash and cash equivalents at end of period | \$ 35,413 | \$ 47,872 |

HNI Corporation and Subsidiaries
Reportable Segment Data

(In thousands)

(Unaudited)

| | Three Months Ended | |
|---|----------------------------|----------------------------|
| | March 28, 2020 | March 30, 2019 |
| Net Sales: | | |
| Office furniture | \$ 338,386 | \$ 353,511 |
| Hearth products | 130,318 | 125,945 |
| Total | \$ 468,704 | \$ 479,456 |
| | | |
| Income (Loss) Before Income Taxes: | | |
| Office furniture | \$ (33,231) | \$ (1,731) |
| Hearth products | 20,671 | 17,609 |
| General corporate | (11,168) | (12,201) |
| Operating Income (Loss) | (23,728) | 3,677 |
| Interest expense, net | 1,811 | 2,111 |
| Total | \$ (25,539) | \$ 1,566 |
| | | |
| Depreciation and Amortization Expense: | | |
| Office furniture | \$ 11,332 | \$ 11,060 |
| Hearth products | 2,306 | 2,056 |
| General corporate | 5,849 | 5,924 |
| Total | \$ 19,487 | \$ 19,040 |
| | | |
| Capital Expenditures (including capitalized software): | | |
| Office furniture | \$ 7,101 | \$ 10,319 |
| Hearth products | 2,973 | 4,998 |
| General corporate | 3,085 | 3,779 |
| Total | \$ 13,159 | \$ 19,096 |
| | | |
| | As of March 28, 2020 | As of December 28, 2019 |
| Identifiable Assets: | | |
| Office furniture | \$ 785,063 | \$ 874,913 |
| Hearth products | 376,862 | 364,653 |
| General corporate | 207,974 | 212,946 |
| Total | \$ 1,369,899 | \$ 1,452,512 |

Non-GAAP Financial Measures

This earnings release includes certain non-GAAP financial information as defined by Securities and Exchange Commission Regulation G. Pursuant to the requirements of this regulation, reconciliations of this non-GAAP financial information to HNI's financial statements as prepared in accordance with GAAP are included below and throughout this earnings release. This information gives investors additional insights into HNI's financial performance and operations. While HNI's management believes the non-GAAP financial measures are useful in evaluating HNI's operations, this information should be considered supplemental and not in isolation or as a substitute for, or superior to, financial information prepared and presented in accordance with GAAP. In addition, these measures may be different from non-GAAP financial measures used by other companies, limiting their usefulness for comparison purposes.

To supplement our condensed consolidated financial statements, which are prepared and presented in accordance with GAAP, we use the following non-GAAP financial measures within this earnings release: organic sales, gross profit, operating income (loss), operating profit (loss), income taxes, net income (loss), and net income (loss) per diluted share (i.e., EPS). These measures are adjusted from the comparable GAAP measures to exclude the impacts of the selected items as summarized in the table below. Generally, non-GAAP EPS is calculated using HNI's overall effective tax rate for the period, as this rate is reflective of the tax applicable to most non-GAAP adjustments.

The sales adjustments to arrive at our non-GAAP organic sales information included in this earnings release excludes the impact of acquiring small hearth companies. The transactions excluded for purposes of our other non-GAAP financial information included in this earnings release include impairments of goodwill and intangible assets, and non-recurring costs related to the COVID-19 pandemic.

| HNI Corporation Reconciliation | | | | | | |
|---------------------------------------|------------------|----------|----------------|------------------|----------|----------|
| (Dollars in millions) | | | | | | |
| Three Months Ended | | | | | | |
| March 28, 2020 | | | March 30, 2019 | | | |
| | Office Furniture | Hearth | Total | Office Furniture | Hearth | Total |
| Sales as reported (GAAP) | \$ 338.4 | \$ 130.3 | \$ 468.7 | \$ 353.5 | \$ 125.9 | \$ 479.5 |
| % change from PY | (4.3%) | 3.5% | (2.2%) | | | |
| Less: Acquisitions | — | 1.1 | 1.1 | — | — | — |
| Organic Sales (non-GAAP) | \$ 338.4 | \$ 129.3 | \$ 467.6 | \$ 353.5 | \$ 125.9 | \$ 479.5 |
| % change from PY | (4.3%) | 2.6% | (2.5%) | | | |

HNI Corporation Reconciliation

(Dollars in millions, except per share data)

Three Months Ended
March 28, 2020

| | Gross Profit | Operating Income (Loss) | Tax | Net Income (Loss) | EPS |
|--------------------|--------------|----------------------------|----------|----------------------|-----------|
| As reported (GAAP) | \$ 176.0 | \$ (23.7) | \$ (1.6) | \$ (23.9) | \$ (0.56) |
| % of net sales | 37.6% | (5.1%) | | (5.1%) | |
| Tax % | | | 6.4% | | |
| Impairment charges | — | 32.7 | 4.0 | 28.7 | 0.67 |
| COVID-19 costs | — | 5.0 | 0.6 | 4.4 | 0.10 |
| Results (non-GAAP) | \$ 176.0 | \$ 13.9 | \$ 2.9 | \$ 9.2 | \$ 0.21 |
| % of net sales | 37.6% | 3.0% | | 2.0% | |
| Tax % | | | 24.1% | | |

HNI Corporation Reconciliation

(Dollars in millions, except per share data)

Three Months Ended
March 30, 2019

| | Gross Profit | Operating Income | Tax | Net Income | EPS |
|--------------------|--------------|---------------------|--------|------------|---------|
| As reported (GAAP) | \$ 169.6 | \$ 3.7 | \$ 0.5 | \$ 1.0 | \$ 0.02 |
| % of net sales | 35.4% | 0.8% | | 0.2% | |
| Tax % | | | 34.8% | | |
| Impairment charges | — | — | — | — | — |
| Results (non-GAAP) | \$ 169.6 | \$ 3.7 | \$ 0.5 | \$ 1.0 | \$ 0.02 |
| % of net sales | 35.4% | 0.8% | | 0.2% | |
| Tax % | | | 34.8% | | |

Office Furniture Reconciliation

(Dollars in millions)

| | Three Months Ended | | Percent Change |
|--|--------------------|-------------------|----------------|
| | March 28, 2020 | March 30, 2019 | |
| Operating profit (loss) as reported (GAAP) | \$ (33.2) | \$ (1.7) | NM |
| % of net sales | (9.8%) | (0.5%) | |
| Impairment charges | 32.7 | — | |
| COVID-19 costs | 3.4 | — | |
| Operating profit (loss) (non-GAAP) | \$ 2.8 | \$ (1.7) | 264% |
| % of net sales | 0.8% | (0.5%) | |