

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

FORM 10-Q

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

For the quarterly period ended October 1, 2022

OR

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

Commission File Number: 1-14225

HNI Corporation

Iowa
(State of Incorporation)

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

42-0617510
(I.R.S. Employer Identification No.)

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 (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

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

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
Smaller reporting company Non-accelerated filer
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.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock, \$1 Par Value Outstanding as of October 1, 2022 41,363,775

HNI Corporation and Subsidiaries
Quarterly Report on Form 10-Q

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

HNI Corporation and Subsidiaries
Condensed Consolidated Statements of Comprehensive Income
(In millions, except per share data)
(Unaudited)

	Three Months Ended		Nine Months Ended	
	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
Net sales	\$ 598.8	\$ 586.7	\$ 1,792.9	\$ 1,581.5
Cost of sales	389.3	391.4	1,165.9	1,018.3
Gross profit	209.5	195.4	627.0	563.2
Selling and administrative expenses	178.2	169.1	544.3	489.6
Gain on sale of subsidiary	(50.6)	—	(50.6)	—
Impairment charges	—	—	1.0	—
Operating income	81.9	26.2	132.2	73.5
Interest expense, net	2.4	1.9	6.5	5.5
Income before income taxes	79.5	24.4	125.8	68.1
Income taxes	16.4	5.2	18.2	16.5
Net income	63.1	19.2	107.6	51.6
Less: Net income (loss) attributable to non-controlling interest	(0.0)	0.0	(0.0)	(0.0)
Net income attributable to HNI Corporation	\$ 63.1	\$ 19.2	\$ 107.6	\$ 51.6
Average number of common shares outstanding – basic	41.3	43.8	41.8	43.6
Net income attributable to HNI Corporation per common share – basic	\$ 1.53	\$ 0.44	\$ 2.57	\$ 1.18
Average number of common shares outstanding – diluted	41.8	44.3	42.3	44.0
Net income attributable to HNI Corporation per common share – diluted	\$ 1.51	\$ 0.43	\$ 2.54	\$ 1.17
Foreign currency translation adjustments	\$ (3.7)	\$ 0.0	\$ (5.5)	\$ 0.1
Change in unrealized gains (losses) on marketable securities, net of tax	(0.3)	(0.0)	(0.8)	(0.2)
Change in derivative financial instruments, net of tax	(0.1)	0.2	0.9	0.6
Other comprehensive income (loss), net of tax	(4.0)	0.2	(5.4)	0.5
Comprehensive income	59.1	19.3	102.2	52.1
Less: Comprehensive income (loss) attributable to non-controlling interest	(0.0)	0.0	(0.0)	(0.0)
Comprehensive income attributable to HNI Corporation	\$ 59.1	\$ 19.3	\$ 102.2	\$ 52.1

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited).

Amounts may not sum due to rounding.

HNI Corporation and Subsidiaries
Condensed Consolidated Balance Sheets
(In millions)
(Unaudited)

	October 1, 2022	January 1, 2022
Assets		
Current Assets:		
Cash and cash equivalents	\$ 21.1	\$ 52.3
Short-term investments	2.0	1.4
Receivables	243.8	240.0
Allowance for doubtful accounts	(2.4)	(2.8)
Inventories, net	222.2	181.6
Prepaid expenses and other current assets	53.4	51.1
Total Current Assets	540.0	523.5
Property, Plant, and Equipment:		
Land and land improvements	31.0	30.9
Buildings	292.3	294.5
Machinery and equipment	589.3	593.6
Construction in progress	31.9	29.7
	944.5	948.7
Less: Accumulated depreciation	(595.4)	(581.9)
Net Property, Plant, and Equipment	349.1	366.8
Right-of-use Finance Leases	11.0	10.2
Right-of-use Operating Leases	92.3	82.9
Goodwill and Other Intangible Assets, Net	451.9	471.5
Other Assets	54.3	43.1
Total Assets	\$ 1,498.6	\$ 1,497.9

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited).

Amounts may not sum due to rounding.

HNI Corporation and Subsidiaries
Condensed Consolidated Balance Sheets
(In millions)
(Unaudited)

	October 1, 2022	January 1, 2022
Liabilities and Equity		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 435.0	\$ 473.8
Current maturities of debt	1.2	3.2
Current maturities of other long-term obligations	2.0	3.9
Current lease obligations - Finance	3.3	2.8
Current lease obligations - Operating	18.8	22.8
Total Current Liabilities	460.4	506.4
Long-Term Debt	199.7	174.6
Long-Term Lease Obligations - Finance	7.7	7.4
Long-Term Lease Obligations - Operating	82.3	63.8
Other Long-Term Liabilities	77.5	80.7
Deferred Income Taxes	64.6	75.0
Total Liabilities	892.2	907.9
Equity:		
HNI Corporation shareholders' equity	606.1	589.6
Non-controlling interest	0.3	0.3
Total Equity	606.4	590.0
Total Liabilities and Equity	\$ 1,498.6	\$ 1,497.9

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited).

Amounts may not sum due to rounding.

HNI Corporation and Subsidiaries
Condensed Consolidated Statements of Equity
(In millions, except per share data)
(Unaudited)

Three Months Ended - October 1, 2022

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interest	Total Shareholders' Equity
Balance, July 2, 2022	\$ 41.3	\$ 47.4	\$ 481.1	\$ (8.1)	\$ 0.3	\$ 562.0
Comprehensive income:						
Net income (loss)	—	—	63.1	—	(0.0)	63.1
Other comprehensive income (loss), net of tax	—	—	—	(4.0)	—	(4.0)
Dividends payable	—	—	0.2	—	—	0.2
Cash dividends; \$0.320 per share	—	—	(13.2)	—	—	(13.2)
Common shares – treasury:						
Shares issued under Members' Stock Purchase Plan and stock awards, net of tax	0.0	(1.6)	—	—	—	(1.6)
Balance, October 1, 2022	\$ 41.4	\$ 45.8	\$ 531.1	\$ (12.2)	\$ 0.3	\$ 606.4

Nine Months Ended - October 1, 2022

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interest	Total Shareholders' Equity
Balance, January 1, 2022	\$ 42.6	\$ 39.2	\$ 514.6	\$ (6.8)	\$ 0.3	\$ 590.0
Comprehensive income:						
Net income (loss)	—	—	107.6	—	(0.0)	107.6
Other comprehensive income (loss), net of tax	—	—	—	(5.4)	—	(5.4)
Dividends payable	—	—	(0.3)	—	—	(0.3)
Cash dividends; \$0.950 per share	—	—	(39.7)	—	—	(39.7)
Common shares – treasury:						
Shares purchased	(1.7)	(11.1)	(51.1)	—	—	(63.9)
Shares issued under Members' Stock Purchase Plan and stock awards, net of tax	0.5	17.7	—	—	—	18.1
Balance, October 1, 2022	\$ 41.4	\$ 45.8	\$ 531.1	\$ (12.2)	\$ 0.3	\$ 606.4

HNI Corporation and Subsidiaries
Condensed Consolidated Statements of Equity
(In millions, except per share data)
(Unaudited)

Three Months Ended - October 2, 2021

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interest	Total Shareholders' Equity
Balance, July 3, 2021	\$ 43.9	\$ 76.3	\$ 523.1	\$ (8.8)	\$ 0.3	\$ 634.8
Comprehensive income:						
Net income (loss)	—	—	19.2	—	0.0	19.2
Other comprehensive income (loss), net of tax	—	—	—	0.2	—	0.2
Dividends payable	—	—	(0.1)	—	—	(0.1)
Cash dividends; \$0.310 per share	—	—	(13.6)	—	—	(13.6)
Common shares – treasury:						
Shares purchased	(0.3)	(12.7)	—	—	—	(13.1)
Shares issued under Members' Stock Purchase Plan and stock awards, net of tax	0.0	2.3	—	—	—	2.3
Balance, October 2, 2021	\$ 43.6	\$ 65.9	\$ 528.6	\$ (8.6)	\$ 0.3	\$ 629.7

Nine Months Ended - October 2, 2021

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interest	Total Shareholders' Equity
Balance, January 2, 2021	\$ 42.9	\$ 38.7	\$ 518.0	\$ (9.2)	\$ 0.3	\$ 590.7
Comprehensive income:						
Net income (loss)	—	—	51.6	—	(0.0)	51.6
Other comprehensive income (loss), net of tax	—	—	—	0.5	—	0.5
Dividends payable	—	—	(0.7)	—	—	(0.7)
Cash dividends; \$0.925 per share	—	—	(40.4)	—	—	(40.4)
Common shares – treasury:						
Shares purchased	(0.5)	(19.3)	—	—	—	(19.8)
Shares issued under Members' Stock Purchase Plan and stock awards, net of tax	1.1	46.5	—	—	—	47.6
Balance, October 2, 2021	\$ 43.6	\$ 65.9	\$ 528.6	\$ (8.6)	\$ 0.3	\$ 629.7

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited).

Amounts may not sum due to rounding.

HNI Corporation and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(In millions)
(Unaudited)

	Nine Months Ended	
	October 1, 2022	October 2, 2021
Net Cash Flows From (To) Operating Activities:		
Net income	\$ 107.6	\$ 51.6
Non-cash items included in net income:		
Depreciation and amortization	63.5	62.0
Other post-retirement and post-employment benefits	1.0	1.0
Stock-based compensation	6.4	9.5
Reduction in carrying amount of right-of-use assets	19.7	19.0
Deferred income taxes	(10.4)	(2.1)
Gain on sale of subsidiary	(50.6)	—
Other – net	(0.4)	2.6
Net decrease in cash from operating assets and liabilities	(99.3)	(64.1)
Increase (decrease) in other liabilities	(3.5)	8.9
Net cash flows from (to) operating activities	33.9	88.5
Net Cash Flows From (To) Investing Activities:		
Capital expenditures	(41.7)	(38.2)
Proceeds from sale of property, plant, and equipment	0.0	0.2
Capitalized software	(7.0)	(9.6)
Acquisition spending, net of cash acquired	(9.2)	(1.5)
Purchase of investments	(2.3)	(3.3)
Sales or maturities of investments	1.9	3.2
Net proceeds from sale of subsidiary	71.4	—
Net cash flows from (to) investing activities	13.2	(49.2)
Net Cash Flows From (To) Financing Activities:		
Payments of debt	(298.5)	(1.8)
Proceeds from debt	321.6	4.3
Dividends paid	(39.9)	(40.4)
Purchase of HNI Corporation common stock	(65.2)	(18.5)
Proceeds from sales of HNI Corporation common stock	4.0	29.9
Other – net	(0.4)	(2.6)
Net cash flows from (to) financing activities	(78.3)	(29.0)
Net increase (decrease) in cash and cash equivalents	(31.2)	10.3
Cash and cash equivalents at beginning of period	52.3	116.1
Cash and cash equivalents at end of period	\$ 21.1	\$ 126.4

See accompanying Notes to Condensed Consolidated Financial Statements (Unaudited).

Amounts may not sum due to rounding.

Notes to Condensed Consolidated Financial Statements (Unaudited)

October 1, 2022

Note 1. Basis of Presentation

The accompanying unaudited, condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by generally accepted accounting principles for complete financial statements. The January 1, 2022, consolidated balance sheet included in this Form 10-Q was derived from audited financial statements but does not include all disclosures required by generally accepted accounting principles. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair statement have been included. Operating results for the nine-month period ended October 1, 2022, are not necessarily indicative of the results expected for the fiscal year ending December 31, 2022. For further information, refer to the consolidated financial statements and accompanying notes included in HNI Corporation's (the "Corporation") Annual Report on Form 10-K for the fiscal year ended January 1, 2022. Certain reclassifications have been made within the interim financial information to conform to the current presentation. All dollar amounts presented are in millions, except per share data or where otherwise indicated. Amounts may not sum due to rounding.

Note 2. Revenue from Contracts with Customers*Disaggregation of Revenue*

Revenue from contracts with customers disaggregated by product category is as follows:

	Three Months Ended		Nine Months Ended	
	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
Systems and storage	\$ 224.9	\$ 227.8	\$ 673.9	\$ 611.1
Seating	114.8	134.2	354.7	349.6
Other	35.5	31.1	106.4	79.4
Total workplace furnishings	375.2	393.1	1,135.0	1,040.0
Residential building products	223.6	193.6	657.9	541.5
Net sales	\$ 598.8	\$ 586.7	\$ 1,792.9	\$ 1,581.5

Sales by product category are subject to similar economic factors and market conditions. See "Note 14. Reportable Segment Information" in the Notes to Condensed Consolidated Financial Statements for further information about operating segments.

Contract Assets and Contract Liabilities

In addition to trade receivables, the Corporation has contract assets consisting of funds paid or payable to certain workplace furnishings dealers in exchange for their multi-year commitment to market and sell the Corporation's products. These contract assets are amortized over the term of the contracts and recognized as a reduction of revenue. The Corporation has contract liabilities consisting of customer deposits and rebate and marketing program liabilities.

Contract assets and contract liabilities were as follows:

	October 1, 2022	January 1, 2022
Trade receivables (1)	\$ 243.8	\$ 240.0
Contract assets (current) (2)	\$ 2.8	\$ 1.5
Contract assets (long-term) (3)	\$ 30.6	\$ 18.2
Contract liabilities - Customer deposits (4)	\$ 30.3	\$ 27.2
Contract liabilities - Accrued rebate and marketing programs (4)	\$ 38.2	\$ 31.5

The index below indicates the line item in the Condensed Consolidated Balance Sheets where contract assets and contract liabilities are reported:

- (1) "Receivables"
- (2) "Prepaid expenses and other current assets"
- (3) "Other Assets"
- (4) "Accounts payable and accrued expenses"

The increase in long-term contract assets is related to multi-year distribution agreements in the workplace furnishings segment. Contract liabilities for customer deposits paid to the Corporation prior to the satisfaction of performance obligations are recognized as revenue upon completion of the performance obligations. The contract liability balance related to customer deposits was \$27.2 million as of January 1, 2022, of which, \$25.8 million was recognized as revenue in the first nine months of 2022.

Performance Obligations

The Corporation recognizes revenue for sales of workplace furnishings and residential building products at a point in time following the transfer of control of such products to the customer, which typically occurs upon shipment of the product. In certain circumstances, transfer of control to the customer does not occur until the goods are received by the customer or upon installation and/or customer acceptance, depending on the terms of the underlying contracts. Contracts typically have a duration of less than one year and normally do not include a significant financing component. Generally, payment is due within 30 days of invoicing.

The Corporation's backlog orders are typically cancellable for a period of time and almost all contracts have an original duration of one year or less. As a result, the Corporation has elected the practical expedient permitted in the revenue accounting standard not to disclose the unsatisfied performance obligation as of period end. The backlog is typically fulfilled within a few months.

Significant Judgments

The amount of consideration the Corporation receives and revenue recognized varies with changes in rebate and marketing program incentives, as well as early pay discounts, offered to customers. The Corporation uses significant judgment throughout the year in estimating the reduction in net sales driven by variable consideration for rebate and marketing programs. Judgments made include expected sales levels and utilization of funds. However, this judgment factor is significantly reduced at the end of each year when sales volumes and the impact to rebate and marketing programs are known and recorded as the programs typically end near the Corporation's fiscal year end.

Note 3. Acquisitions and Divestitures

In July 2022, the Corporation closed on the sale of its China- and Hong Kong-based Lamex ("Lamex") business, which was a component of the workplace furnishings segment, for approximately \$75 million plus standard post-closing adjustments, net of cash acquired by the buyer. The Corporation recorded a pre-tax gain on sale in the current quarter of \$50.6 million that included transaction-related expenses of approximately \$5 million.

In June 2022, the Corporation acquired Dickerson Hearth Products ("Dickerson"), an installing fireplace distributor in the Raleigh, North Carolina area, for approximately \$8 million. The transaction, which aligns with the Corporation's vertical integration strategy in the residential building products market, was structured as an asset acquisition and was consummated entirely in cash. The preliminary purchase price allocation includes \$7.7 million of goodwill, which includes the impact of immaterial purchase adjustments made during the current quarter. The remaining assets and liabilities acquired were not material to the consolidated financial statements. The Corporation expects to finalize the allocation of the purchase price during 2022.

In December 2021, the Corporation acquired The Outdoor GreatRoom Company ("OGC"), a leading manufacturer and supplier of premium outdoor fire tables and fire pits, for approximately \$15 million. This transaction, which positions the Corporation to grow and develop a leading position in the fast-growing outdoor living market, was structured as a stock acquisition and was consummated entirely in cash.

In October 2021, the Corporation acquired Trinity Hearth & Home ("Trinity"), an installing fireplace distributor in the Dallas/Fort Worth area, for approximately \$31 million. This transaction, which aligns with the Corporation's vertical integration

strategy in the residential building products market and provides a hub to better serve customers in the rapidly growing Southwest region, was structured as an asset acquisition and was consummated entirely in cash.

The assets and liabilities of Trinity, OGC, and Dickerson are included in the Corporation's residential building products segment. The related goodwill, which is expected to be tax deductible, is assigned to the residential building products reporting unit.

The purchase price allocation for Trinity and OGC, and estimated amortization periods of identified intangible assets as of the respective dates of acquisition is as follows:

	Trinity		OGC	
	Fair Value	Amortization Period	Fair Value	Amortization Period
Cash	\$ —		\$ 0.3	
Inventories	1.9		4.5	
Receivables	4.6		1.8	
Prepaid expenses and other current assets	—		1.2	
Property, plant, and equipment	0.3		0.5	
Accounts payable and accrued expenses	(1.7)		(2.8)	
Goodwill	14.2		2.4	
Customer lists	12.0	13 Years	4.9	10 Years
Trade names	—		2.5	10 Years
Total Net Assets	<u>\$ 31.3</u>		<u>\$ 15.3</u>	

As a result of further review and refinement, measurement period adjustments were recorded in the first quarter of 2022 which decreased Trinity's inventory acquired by \$0.2 million and increased goodwill related to both acquisitions by \$0.9 million in the aggregate. Additionally, the aggregate purchase price of the deals increased by \$0.8 million as a result of post-closing working capital settlements. There were no measurement period adjustments recorded after the first quarter of 2022, and the purchase accounting for the Trinity and OGC acquisitions was complete as of July 2, 2022.

All acquisitions above were accounted for using the acquisition method pursuant to ASC 805, with goodwill being recorded as a result of the purchase price exceeding the fair value of identifiable tangible and intangible assets and liabilities.

Note 4. Inventories

The Corporation's residential building products inventories, and a majority of its workplace furnishings inventories, are valued at cost, on the "last-in, first-out" (LIFO) basis. Remaining inventories are generally valued at the lower of cost, on the "first-in, first-out" (FIFO) basis, or net realizable value. Inventories included in the Condensed Consolidated Balance Sheets consisted of the following:

	October 1, 2022	January 1, 2022
Finished products	\$ 156.0	\$ 137.2
Materials and work in process	123.8	92.0
LIFO allowance	(57.6)	(47.6)
Total inventories, net	<u>\$ 222.2</u>	<u>\$ 181.6</u>
Inventory valued by the LIFO costing method	90 %	84 %

In addition to the LIFO allowance, the Corporation recorded inventory allowances of \$15.0 million and \$19.9 million as of October 1, 2022 and January 1, 2022, respectively, to adjust for excess and obsolete inventory or otherwise reduce FIFO-basis inventory to net realizable value.

Note 5. Goodwill and Other Intangible Assets

Goodwill and other intangible assets included in the Condensed Consolidated Balance Sheets consisted of the following:

	October 1, 2022	January 1, 2022
Goodwill, net	\$ 306.0	\$ 297.3
Definite-lived intangible assets, net	130.4	147.6
Indefinite-lived intangible assets	15.5	26.5
Total goodwill and other intangible assets, net	<u>\$ 451.9</u>	<u>\$ 471.5</u>

Goodwill

The changes in the carrying amount of goodwill, by reporting segment, are as follows:

	Workplace Furnishings	Residential Building Products	Total
Balance as of January 1, 2022			
Goodwill	\$ 162.3	\$ 213.8	\$ 376.1
Accumulated impairment losses	(78.6)	(0.1)	(78.8)
Net goodwill balance as of January 1, 2022	<u>83.6</u>	<u>213.7</u>	<u>297.3</u>
Goodwill acquired (disposed) / measurement period adjustments	(6.9)	8.6	1.7
Accumulated impairment losses disposed	6.9	—	6.9
Balance as of October 1, 2022			
Goodwill	155.3	222.5	377.8
Accumulated impairment losses	(71.7)	(0.1)	(71.8)
Net goodwill balance as of October 1, 2022	<u>\$ 83.6</u>	<u>\$ 222.3</u>	<u>\$ 306.0</u>

Goodwill and accumulated impairment losses were disposed in conjunction with the sale of Lamex in third quarter of 2022. See "Note 3. Acquisitions and Divestitures" for additional information on transactions that resulted in changes in goodwill in 2022.

Definite-lived intangible assets

The table below summarizes amortizable definite-lived intangible assets, which are reflected in "Goodwill and Other Intangible Assets" in the Condensed Consolidated Balance Sheets:

	October 1, 2022			January 1, 2022		
	Gross	Accumulated Amortization	Net	Gross	Accumulated Amortization	Net
Software	\$ 202.1	\$ 119.8	\$ 82.3	\$ 196.8	\$ 102.1	\$ 94.7
Trademarks and trade names	14.3	5.6	8.7	14.3	4.6	9.7
Customer lists and other	80.2	40.8	39.4	109.6	66.4	43.3
Net definite-lived intangible assets	<u>\$ 296.5</u>	<u>\$ 166.2</u>	<u>\$ 130.4</u>	<u>\$ 320.7</u>	<u>\$ 173.0</u>	<u>\$ 147.6</u>

The decrease in the gross and accumulated amortization of definite-lived intangible asset balances during the current year is primarily related to the sale of Lamex and the disposal of related fully amortized assets.

Amortization expense is reflected in "Selling and administrative expenses" in the Condensed Consolidated Statements of Comprehensive Income and was as follows:

	Three Months Ended				Nine Months Ended			
	October 1, 2022		October 2, 2021		October 1, 2022		October 2, 2021	
Capitalized software	\$	6.1	\$	6.1	\$	18.4	\$	17.5
Other definite-lived intangibles	\$	1.6	\$	1.6	\$	4.9	\$	4.9

The occurrence of events such as acquisitions, dispositions, or impairments may impact future amortization expense. Based on the current amount of intangible assets subject to amortization, the estimated amortization expense for each of the following five years is as follows:

	2022		2023		2024		2025		2026	
Amortization expense	\$	30.9	\$	26.9	\$	22.6	\$	19.5	\$	16.6

Indefinite-lived intangible assets

The Corporation also owns certain intangible assets, which are deemed to have indefinite useful lives because they are expected to generate cash flows indefinitely. These indefinite-lived intangible assets are reflected in "Goodwill and Other Intangible Assets" in the Condensed Consolidated Balance Sheets:

	October 1, 2022		January 1, 2022	
Trademarks and trade names	\$	15.5	\$	26.5

In the third quarter of 2022, the Corporation sold its Lamex business which resulted in the disposal of the related indefinite-lived trade name.

Impairment Analysis

The Corporation evaluates its goodwill and indefinite-lived intangible assets for impairment on an annual basis during the fourth quarter, or whenever indicators of impairment exist. The Corporation also evaluates long-lived assets (which include definite-lived intangible assets) for impairment if indicators exist.

Note 6. Product Warranties

The Corporation issues certain warranty policies on its workplace furnishings and residential building products that provide for repair or replacement of any covered product or component that fails during normal use because of a defect in design, materials, or workmanship. The duration of warranty policies on the Corporation's products varies based on the type of product. Allowances have been established for the anticipated future costs associated with the Corporation's warranty programs.

A warranty allowance is determined by recording a specific allowance for known warranty issues and an additional allowance for unknown claims expected to be incurred based on historical claims experience. Actual costs incurred could differ from the original estimates, requiring adjustments to the allowance. Activity associated with warranty obligations was as follows:

	Nine Months Ended			
	October 1, 2022		October 2, 2021	
Balance at beginning of period	\$	16.0	\$	16.1
Accruals for warranties issued during period		7.5		6.6
Settlements made during the period		(7.3)		(5.4)
Balance at end of period	\$	16.3	\$	17.3

The current and long-term portions of the allowance for estimated settlements are included within "Accounts payable and accrued expenses" and "Other Long-Term Liabilities," respectively, in the Condensed Consolidated Balance Sheets. The following table summarizes when these estimated settlements are expected to be paid:

	October 1, 2022	January 1, 2022
Current	\$ 5.2	\$ 5.4
Long-term	11.1	10.6
Total	<u>\$ 16.3</u>	<u>\$ 16.0</u>

Note 7. Debt

Debt is as follows:

	October 1, 2022	January 1, 2022
Revolving credit facility with interest at a variable rate (October 1, 2022 - 4.2%; January 1, 2022 - 1.1%)	\$ 100.0	\$ 75.0
Fixed-rate notes due in 2025 with an interest rate of 4.22%	50.0	50.0
Fixed-rate notes due in 2028 with an interest rate of 4.40%	50.0	50.0
Other amounts	1.2	3.2
Deferred debt issuance costs	(0.3)	(0.4)
Total debt	200.8	177.8
Less: Current maturities of debt	1.2	3.2
Long-term debt	<u>\$ 199.7</u>	<u>\$ 174.6</u>

The carrying value of the Corporation's outstanding variable-rate, long-term debt obligations at October 1, 2022, was \$100 million, which approximated fair value. The fair value of the fixed rate notes was estimated based on a discounted cash flow method (Level 2) to be \$97 million at October 1, 2022.

As of October 1, 2022, the Corporation's revolving credit facility borrowings were under the amended and restated credit agreement entered into on June 14, 2022, with a scheduled maturity of June 2027. The Corporation deferred the related debt issuance costs, which are classified as assets, and is amortizing them over the term of the credit agreement. The current portion of debt issuance costs of \$0.3 million is the amount to be amortized over the next twelve months based on the current credit agreement and is reflected in "Prepaid expenses and other current assets" in the Condensed Consolidated Balance Sheets. The long-term portion of debt issuance costs of \$1.2 million is reflected in "Other Assets" in the Condensed Consolidated Balance Sheets.

As of October 1, 2022, there was \$100 million outstanding under the \$400 million revolving credit facility. The entire amount drawn under the revolving credit facility is considered long-term as the Corporation assumes no obligation to repay any of the amounts borrowed in the next twelve months. Based on current earnings before interest, taxes, depreciation, and amortization, the Corporation can access the full remaining \$300 million of borrowing capacity available under the revolving credit facility and maintain compliance with applicable covenants.

In addition to cash flows from operations, the revolving credit facility under the credit agreement is the primary source of daily operating capital for the Corporation and provides additional financial capacity for capital expenditures, repurchases of common stock, and strategic initiatives, such as acquisitions.

In addition to the revolving credit facility, the Corporation also has \$100 million of borrowings outstanding under private placement note agreements entered into on May 31, 2018. Under the agreements, the Corporation issued \$50 million of seven-year fixed-rate notes with an interest rate of 4.22 percent, due May 31, 2025, and \$50 million of ten-year fixed-rate notes with an interest rate of 4.40 percent, due May 31, 2028. The Corporation deferred the debt issuance costs related to the private placement note agreements, which are classified as a reduction of long-term debt, and is amortizing them over the terms of the private placement note agreements. The deferred debt issuance costs do not reduce the amount owed by the Corporation under the terms of the private placement note agreements. As of October 1, 2022, the deferred debt issuance costs balance of \$0.3

million related to the private placement note agreements is reflected in "Long-Term Debt" in the Condensed Consolidated Balance Sheets.

The credit agreement and private placement notes both contain financial and non-financial covenants. The covenants under both are substantially the same. Non-compliance with covenants under the agreements could prevent the Corporation from being able to access further borrowings, require immediate repayment of all amounts outstanding, and/or increase the cost of borrowing.

Covenants require maintenance of financial ratios as of the end of any fiscal quarter, including:

- a consolidated interest coverage ratio (as defined in the credit agreement) of not less than 4.0 to 1.0, based upon the ratio of (a) consolidated EBITDA for the last four fiscal quarters to (b) the sum of consolidated interest charges; and
- a consolidated leverage ratio (as defined in the credit agreement) of not greater than 3.5 to 1.0, based upon the ratio of (a) the quarter-end consolidated funded indebtedness to (b) consolidated EBITDA for the last four fiscal quarters.

The most restrictive of the financial covenants is the consolidated leverage ratio requirement of 3.5 to 1.0. Under the credit agreement, consolidated EBITDA is defined as consolidated net income before interest expense, income taxes, depreciation, and amortization of intangibles, as well as non-cash items that increase or decrease net income. As of October 1, 2022, the Corporation was below the maximum allowable ratio and was in compliance with all of the covenants and other restrictions in the credit agreement. The Corporation expects to remain in compliance with all of the covenants and other restrictions in the credit agreement over the next twelve months.

Note 8. Income Taxes

The Corporation's tax provision for interim periods is determined using an estimate of its annual effective tax rate, adjusted for discrete items. The following table summarizes the Corporation's income tax provision:

	Three Months Ended		Nine Months Ended	
	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
Income before income taxes	\$ 79.5	\$ 24.4	\$ 125.8	\$ 68.1
Income taxes	\$ 16.4	\$ 5.2	\$ 18.2	\$ 16.5
Effective tax rate	20.7 %	21.5 %	14.5 %	24.2 %

The Corporation's effective tax rate was substantially lower in the nine months ended October 1, 2022, compared to the same period last year, primarily due to the sale of the Lamex business in July 2022. This transaction created tax benefits related to existing deferred tax assets that were previously reduced through valuation adjustments, as well as basis differences, which significantly reduced the Corporation's year-to-date effective tax rate. See "Note 3. Acquisitions and Divestitures" for further information regarding the sale of Lamex.

Note 9. Fair Value Measurements of Financial Instruments

For recognition purposes, on a recurring basis, the Corporation is required to measure at fair value its marketable securities, derivative financial instruments, put option liabilities, and deferred stock-based compensation. The marketable securities are comprised of money market funds, government securities, and corporate bonds. When available, the Corporation uses quoted market prices to determine fair value and classifies such measurements within Level 1. Where market prices are not available, the Corporation makes use of observable market-based inputs (prices or quotes from published exchanges and indexes) to calculate fair value using the market approach, in which case the measurements are classified within Level 2. Significant unobservable inputs, which are classified within Level 3, are used in the estimation of the fair value of put options related to private entities, determined using a simulation model based on assumptions including future cash flows, discount rates, and volatility.

Financial instruments measured at fair value were as follows:

	Fair value as of measurement date	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Balance as of October 1, 2022				
Cash and cash equivalents (including money market funds) (1)	\$ 21.1	\$ 21.1	\$ —	\$ —
Government securities (2)	\$ 5.4	\$ —	\$ 5.4	\$ —
Corporate bonds (2)	\$ 7.2	\$ —	\$ 7.2	\$ —
Deferred stock-based compensation (4)	\$ (4.3)	\$ —	\$ (4.3)	\$ —
Put option liability (5)	\$ (5.1)	\$ —	\$ —	\$ (5.1)
Balance as of January 1, 2022				
Cash and cash equivalents (including money market funds) (1)	\$ 52.3	\$ 52.3	\$ —	\$ —
Government securities (2)	\$ 5.5	\$ —	\$ 5.5	\$ —
Corporate bonds (2)	\$ 7.8	\$ —	\$ 7.8	\$ —
Derivative financial instruments - liability (3)	\$ (1.0)	\$ —	\$ (1.0)	\$ —
Deferred stock-based compensation (4)	\$ (8.1)	\$ —	\$ (8.1)	\$ —
Put option liability (5)	\$ (5.1)	\$ —	\$ —	\$ (5.1)

Amounts in parentheses indicate liabilities.

The index below indicates the line item in the Condensed Consolidated Balance Sheets where the financial instruments are reported:

- (1) "Cash and cash equivalents"
- (2) Current portion - "Short-term investments"; Long-term portion - "Other Assets"
- (3) Current portion - "Accounts payable and accrued expenses"; Long-term portion - "Other Long-Term Liabilities"
- (4) Current portion - "Current maturities of other long-term obligations"; Long-term portion - "Other Long-Term Liabilities"
- (5) "Other Long-Term Liabilities"

Note 10. Accumulated Other Comprehensive Income (Loss) and Shareholders' Equity

The following tables summarize the components of accumulated other comprehensive income (loss) and the changes in accumulated other comprehensive income (loss), net of tax, as applicable:

	Foreign Currency Translation Adjustment	Unrealized Gains (Losses) on Debt Securities	Pension and Post-retirement Liabilities	Derivative Financial Instrument	Accumulated Other Comprehensive Income (Loss)
Balance as of January 1, 2022	\$ (0.7)	\$ 0.1	\$ (5.4)	\$ (0.7)	\$ (6.8)
Other comprehensive income (loss) before reclassifications	(2.2)	(1.0)	—	1.1	(2.1)
Tax (expense) or benefit	—	0.2	—	(0.3)	(0.1)
Amounts reclassified from accumulated other comprehensive income (loss), net of tax	(3.3)	—	—	0.0	(3.3)
Balance as of October 1, 2022	\$ (6.2)	\$ (0.7)	\$ (5.4)	\$ 0.2	\$ (12.2)

Amounts in parentheses indicate reductions to equity.

	Foreign Currency Translation Adjustment	Unrealized Gains (Losses) on Debt Securities	Pension and Post- retirement Liabilities	Derivative Financial Instrument	Accumulated Other Comprehensive Income (Loss)
Balance as of January 2, 2021	\$ (1.1)	\$ 0.4	\$ (6.7)	\$ (1.8)	\$ (9.2)
Other comprehensive income (loss) before reclassifications	0.1	(0.2)	—	0.0	(0.1)
Tax (expense) or benefit	—	0.0	—	(0.0)	0.0
Amounts reclassified from accumulated other comprehensive income (loss), net of tax	—	—	—	0.5	0.5
Balance as of October 2, 2021	\$ (1.0)	\$ 0.2	\$ (6.7)	\$ (1.2)	\$ (8.6)

Amounts in parentheses indicate reductions to equity.

Interest Rate Swap Termination

In April 2022, the Corporation terminated its interest rate swap agreement and received cash proceeds of \$0.4 million, the fair value of the swap on the termination date. The proceeds were recorded as cash provided by operating activities in the Condensed Consolidated Statement of Cash Flows. The \$0.4 million gain from the termination of this interest rate swap agreement was recorded to "Accumulated other comprehensive income (loss)" and will be amortized to interest expense through April 2023, the remaining term of the original interest rate swap agreement.

The following table details the reclassifications from accumulated other comprehensive income (loss):

Details about Accumulated Other Comprehensive Income (Loss) Components	Affected Line Item in the Statement Where Net Income is Presented	Three Months Ended		Nine Months Ended	
		October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
Derivative financial instrument					
Interest rate swap	Interest expense, net	\$ 0.1	\$ (0.3)	\$ (0.1)	\$ (0.7)
	Income taxes	(0.0)	0.1	0.0	0.2
Foreign currency translation					
Lamex divestiture	Gain on sale of subsidiary	3.3	—	3.3	—
	Net of tax	\$ 3.4	\$ (0.2)	\$ 3.3	\$ (0.5)

Amounts in parentheses indicate reductions to profit.

Dividend

The Corporation declared and paid cash dividends per common share as follows:

	Nine Months Ended	
	October 1, 2022	October 2, 2021
Dividends per common share	\$ 0.950	\$ 0.925

Stock Repurchase

The following table summarizes shares repurchased and settled by the Corporation:

	Nine Months Ended	
	October 1, 2022	October 2, 2021
Shares repurchased	1.7	0.5
Average price per share	\$ 38.11	\$ 39.52
Cash purchase price	\$ (63.9)	\$ (19.8)
Purchases unsettled as of quarter end	—	1.3
Prior year purchases settled in current year	(1.3)	—
Shares repurchased per cash flow	\$ (65.2)	\$ (18.5)

As of October 1, 2022, approximately \$234.0 million remained of the Corporation's Board of Directors' ("Board") current repurchase authorization.

Note 11. Earnings Per Share

The following table reconciles the numerators and denominators used in the calculation of basic and diluted earnings per share ("EPS"):

	Three Months Ended		Nine Months Ended	
	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
Numerator:				
Numerator for both basic and diluted EPS attributable to HNI Corporation net income	\$ 63.1	\$ 19.2	\$ 107.6	\$ 51.6
Denominators:				
Denominator for basic EPS weighted-average common shares outstanding	41.3	43.8	41.8	43.6
Potentially dilutive shares from stock-based compensation plans	0.5	0.6	0.5	0.5
Denominator for diluted EPS	41.8	44.3	42.3	44.0
Earnings per share – basic	\$ 1.53	\$ 0.44	\$ 2.57	\$ 1.18
Earnings per share – diluted	\$ 1.51	\$ 0.43	\$ 2.54	\$ 1.17

The weighted-average common stock equivalents presented above do not include the effect of the common stock equivalents in the table below because their inclusion would be anti-dilutive:

	Three Months Ended		Nine Months Ended	
	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
Common stock equivalents excluded because their inclusion would be anti-dilutive	2.0	1.8	1.9	1.7

Note 12. Stock-Based Compensation

The Corporation measures stock-based compensation expense at grant date, based on the fair value of the award. Forms of awards issued under shareholder approved plans include stock options, restricted stock units based on a service condition ("restricted stock units"), restricted stock units based on both performance and service conditions ("performance stock units"), and shares issued under member stock purchase plans. Stock-based compensation expense related to stock options, restricted stock units, and performance stock units is recognized over the employees' requisite service periods, adjusted for an estimated forfeiture rate for those shares not expected to vest. Additionally, expense related to performance stock units is adjusted for the probability that the Corporation will perform within an established target range of cumulative profitability over a multi-year

period. In the third quarter of 2022, management's estimate of cumulative profitability in connection with various tranches of performance stock units was reduced, resulting in a decrease to the aggregate expense recognized to date, as well as to unrecognized expense.

The following table summarizes expense associated with these plans:

	Three Months Ended		Nine Months Ended	
	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
Compensation cost	\$ (2.1)	\$ 1.8	\$ 6.4	\$ 9.5

The units granted by the Corporation had fair values as follows:

	Nine Months Ended	
	October 1, 2022	October 2, 2021
Restricted stock units	\$ 7.0	\$ 15.9
Performance stock units	\$ 6.2	\$ 6.1

The following table summarizes unrecognized compensation expense and the weighted-average remaining service period for non-vested stock options and stock units as of October 1, 2022:

	Unrecognized Compensation Expense	Weighted-Average Remaining Service Period (years)
Non-vested stock options	\$ 0.2	0.2
Non-vested restricted stock units	\$ 5.9	0.8
Non-vested performance stock units	\$ 2.2	1.0

Note 13. Guarantees, Commitments, and Contingencies

The Corporation utilizes letters of credit and surety bonds in the amount of approximately \$27 million to back certain insurance policies and payment obligations. Additionally, the Corporation periodically utilizes trade letters of credit and bankers' acceptances to guarantee certain payments to overseas suppliers; as of October 1, 2022, there were no outstanding amounts related to these types of guarantees. The letters of credit, bonds, and bankers' acceptances reflect fair value as a condition of their underlying purpose and are subject to competitively determined fees.

The Corporation periodically guarantees borrowing arrangements involving certain workplace furnishings dealers and third-party financial institutions. The terms of these guarantees, which range from less than one year to five years, generally require the Corporation to make payments directly to the financial institution in the event that the dealer is unable to repay its borrowings in accordance with the stated terms. The aggregate amount guaranteed by the Corporation in connection with these agreements is approximately \$12 million as of October 1, 2022. The Corporation has determined the likelihood of making future payments under these guarantees is not probable and therefore no liability has been accrued.

In the first quarter of 2022, the Corporation entered into an agreement to lease a new facility. The lease requires approximately \$61 million of legally binding minimum payments over the approximate 15-year term of the agreement. The contractual payments and lease accounting are expected to commence in 2023 when construction of the facility is complete.

The Corporation has contingent liabilities which have arisen in the ordinary course of its business, including liabilities relating to pending litigation, environmental remediation, taxes, and other claims. It is the Corporation's opinion, after consultation with legal counsel, that liabilities, if any, resulting from these matters are not expected to have a material adverse effect on the Corporation's financial condition, cash flows, or on the Corporation's quarterly or annual operating results when resolved in a future period.

Note 14. Reportable Segment Information

Management views the Corporation as two reportable segments based on industries: workplace furnishings and residential building products.

The aggregated workplace furnishings segment manufactures and markets a broad line of commercial and home office furniture, which includes panel-based and freestanding furniture systems, seating, storage, tables, and architectural products. The residential building products segment manufactures and markets a full array of gas, wood, electric, and pellet fueled fireplaces, inserts, stoves, facings, and accessories.

For purposes of segment reporting, intercompany sales between segments are not material, and operating profit is income before income taxes exclusive of certain unallocated general corporate expenses. These unallocated general corporate expenses include the net costs of the Corporation's corporate operations. Management views interest income and expense as corporate financing costs and not as a reportable segment cost. In addition, management applies an effective income tax rate to its consolidated income before income taxes so income taxes are not reported or viewed internally on a segment basis. Identifiable assets by segment are those assets applicable to the respective industry segments. Corporate assets consist principally of cash and cash equivalents, short-term investments, long-term investments, IT infrastructure, and corporate office real estate and related equipment.

No geographic information for revenues from external customers or for long-lived assets is disclosed since the Corporation's primary market and capital investments are concentrated in the United States.

Reportable segment data reconciled to the Corporation's condensed consolidated financial statements was as follows:

	Three Months Ended		Nine Months Ended	
	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
Net Sales:				
Workplace furnishings	\$ 375.2	\$ 393.1	\$ 1,135.0	\$ 1,040.0
Residential building products	223.6	193.6	657.9	541.5
Total	<u>\$ 598.8</u>	<u>\$ 586.7</u>	<u>\$ 1,792.9</u>	<u>\$ 1,581.5</u>
Income (Loss) Before Income Taxes:				
Workplace furnishings	\$ 5.6	\$ 3.9	\$ 11.1	\$ 9.6
Residential building products	39.6	33.4	117.0	103.8
General corporate	(14.0)	(11.0)	(46.5)	(39.8)
Gain on sale of subsidiary	50.6	—	50.6	—
Operating income	81.9	26.2	132.2	73.5
Interest expense, net	2.4	1.9	6.5	5.5
Total	<u>\$ 79.5</u>	<u>\$ 24.4</u>	<u>\$ 125.8</u>	<u>\$ 68.1</u>
Depreciation and Amortization Expense:				
Workplace furnishings	\$ 11.3	\$ 11.9	\$ 34.6	\$ 35.9
Residential building products	3.2	2.5	9.3	7.4
General corporate	6.5	6.4	19.6	18.7
Total	<u>\$ 21.0</u>	<u>\$ 20.9</u>	<u>\$ 63.5</u>	<u>\$ 62.0</u>
Capital Expenditures (including capitalized software):				
Workplace furnishings	\$ 10.0	\$ 6.5	\$ 26.4	\$ 24.0
Residential building products	3.6	5.5	12.1	12.1
General corporate	1.8	3.5	10.2	11.7
Total	<u>\$ 15.5</u>	<u>\$ 15.5</u>	<u>\$ 48.7</u>	<u>\$ 47.8</u>
Identifiable Assets:				
			As of October 1, 2022	As of January 1, 2022
Workplace furnishings			\$ 807.7	\$ 809.0
Residential building products			517.7	479.5
General corporate			173.3	209.5
Total			<u>\$ 1,498.6</u>	<u>\$ 1,497.9</u>

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion of the Corporation's historical results of operations and of its liquidity and capital resources should be read in conjunction with the Unaudited Condensed Consolidated Financial Statements of the Corporation and related notes included elsewhere in this Quarterly Report on Form 10-Q and with the Corporation's Annual Report on Form 10-K for the fiscal year ended January 1, 2022. All dollar amounts presented are in millions, except per share data or where otherwise indicated. Statements that are not historical are forward-looking and involve risks and uncertainties. See "Forward-Looking Statements" at the end of this section for further information.

Overview

The Corporation has two reportable segments: workplace furnishings and residential building products. The Corporation is a leading global designer and provider of commercial and home office furnishings, and a leading manufacturer and marketer of hearth products. The Corporation utilizes a decentralized business model to deliver value to customers via various brands and selling models. The Corporation is focused on growing its existing businesses while seeking out and developing new opportunities for growth.

Significant developments in the third quarter include the Corporation's sale of its China- and Hong Kong-based Lamex office furniture business to Kokuyo Co., Ltd, a leading manufacturer and provider of office furniture in Japan and across Asia, for \$75 million U.S. dollars, plus standard post-closing adjustments. This transaction further streamlines the Corporation's business portfolio and allows for an enhanced focus on the Corporation's core strategies. In response to the current environment and anticipated further weakening in market conditions, the Corporation initiated company-wide cost reduction actions during the third quarter. The savings are estimated to be \$30 million on an annual basis once they become fully mature in 2023.

Consolidated net sales for the third quarter of 2022 were \$598.8 million, an increase of 2.1 percent compared to net sales of \$586.7 million in the prior-year quarter. The change was due to a 15.5 percent increase in the residential building products segment, partially offset by a 4.6 percent decrease in the workplace furnishings segment. The acquisition of residential building products companies contributed incremental year-over-year sales of \$11.2 million, and the sale of the Lamex business decreased year-over-year sales by \$17.9 million. See "Note 3. Acquisitions and Divestitures" for acquisition and divestiture activity.

Net income attributable to the Corporation in the third quarter of 2022 was \$63.1 million compared to \$19.2 million in the third quarter of 2021. The increase was driven by a \$50.6 million pre-tax gain on the sale of Lamex, along with favorable price-cost, improved product mix, lower variable compensation, and lower core selling and administrative expenses ("SG&A"), partially offset by lower workplace furnishings volume, lower net productivity, and increased investment spend.

Results of Operations

The following table presents certain results of operations:

	Three Months Ended			Nine Months Ended		
	October 1, 2022	October 2, 2021	Change	October 1, 2022	October 2, 2021	Change
Net sales	\$ 598.8	\$ 586.7	2.1%	\$ 1,792.9	\$ 1,581.5	13.4%
Cost of sales	389.3	391.4	(0.5)%	1,165.9	1,018.3	14.5%
Gross profit	209.5	195.4	7.2%	627.0	563.2	11.3%
Selling and administrative expenses	178.2	169.1	5.4%	544.3	489.6	11.2%
Gain on sale of subsidiary	(50.6)	—	100.0%	(50.6)	—	100.0%
Impairment charges	—	—	—%	1.0	—	100.0%
Operating income	81.9	26.2	212.1%	132.2	73.5	79.8%
Interest expense, net	2.4	1.9	27.1%	6.5	5.5	18.1%
Income before income taxes	79.5	24.4	226.1%	125.8	68.1	84.8%
Income taxes	16.4	5.2	214.1%	18.2	16.5	10.4%
Net income (loss) attributable to non-controlling interest	(0.0)	0.0	0.0%	(0.0)	(0.0)	0.0%
Net income attributable to HNI Corporation	\$ 63.1	\$ 19.2	229.4%	\$ 107.6	\$ 51.6	108.5%

As a Percentage of Net Sales:

	2022	2021	Change	2022	2021	Change
Net sales	100.0 %	100.0 %		100.0 %	100.0 %	
Gross profit	35.0	33.3	170 bps	35.0	35.6	-60 bps
Selling and administrative expenses	29.8	28.8	100 bps	30.4	31.0	-60 bps
Gain on sale of subsidiary	8.5	—	850 bps	2.8	—	280 bps
Impairment charges	—	—	— bps	0.1	—	10 bps
Operating income	13.7	4.5	920 bps	7.4	4.6	280 bps
Income taxes	2.7	0.9	180 bps	1.0	1.0	— bps
Net income attributable to HNI Corporation	10.5	3.3	720 bps	6.0	3.3	270 bps

Results of Operations - Three Months Ended

Net Sales

Consolidated net sales for the third quarter of 2022 increased 2.1 percent compared to the same quarter last year. The change was driven by price realization in both the residential building products and workplace furnishings segments, along with higher residential building products volume, partially offset by lower volume in the workplace furnishings segment. Included in the sales results for the current quarter was a \$17.9 million unfavorable impact from the divestiture of Lamex and an \$11.2 million favorable impact from acquiring residential building products companies.

Gross Profit

Gross profit as a percentage of net sales increased 170 basis points in the third quarter of 2022 compared to the same quarter last year, driven by improved price-cost and favorable product mix, partially offset by lower volume in the workplace furnishings segment, operational investments, and reduced net productivity. Included in current quarter cost of sales was \$3.6 million in one-time charges primarily due to strategic restructuring of an eCommerce business in the workplace furnishings segment that commenced in the fourth quarter of 2021.

Selling and Administrative Expenses

Selling and administrative expenses as a percentage of net sales increased 100 basis points in the third quarter of 2022 compared to the same quarter last year, driven by \$5.6 million associated with a company-wide cost reduction initiative, along with lower volume in the workplace furnishings segment, higher investment spend, and increased freight costs, partially offset by dilution from price realization, lower variable compensation, and lower core SG&A.

Gain on Sale of Subsidiary

In the third quarter of 2022, the Corporation recorded a one-time pretax gain of \$50.6 million as a result of the divestiture of the Lamex business.

Operating Income

In the third quarter of 2022, operating income was \$81.9 million, compared to \$26.2 million in the same quarter last year. The increase was driven by the gain on sale of the Lamex business, along with favorable price-cost, favorable product mix, lower variable compensation, and lower core SG&A, partially offset by lower workplace furnishings volume, lower net productivity, and increased investment spend. The Corporation also incurred \$9.1 million of one-time charges in the current-year quarter related to restructuring of an eCommerce business and a company-wide cost reduction initiative. There were no comparable one-time charges in the prior-year quarter.

Interest Expense, Net

Interest expense, net for the third quarter of 2022 was \$2.4 million, compared to \$1.9 million in the same quarter last year, driven by an increase in the average debt balance year-over-year and higher interest rates on the Corporation's variable-rate debt, partially offset by amortization of the gain recorded on termination of the Corporation's interest rate swap. See "Note 10. Accumulated Other Comprehensive Income (Loss) and Shareholders' Equity" for further information on the termination of the interest rate swap.

Income Taxes

The Corporation's income tax provision for the third quarter of 2022 was \$16.4 million on income before taxes of \$79.5 million, or an effective tax rate of 20.7 percent. For the third quarter of 2021, the Corporation's income tax provision was \$5.2 million on pre-tax income of \$24.4 million, or an effective tax rate of 21.5 percent.

Net Income Attributable to HNI Corporation

Net income attributable to the Corporation was \$63.1 million, or \$1.51 per diluted share in the third quarter of 2022, compared to \$19.2 million, or \$0.43 per diluted share in the third quarter of 2021.

Results of Operations - Nine Months Ended

Net Sales

Consolidated net sales for the first nine months of 2022 increased 13.4 percent compared to the same period last year. The change was due to a 21.5 percent increase in the residential building products segment and a 9.1 percent increase in the workplace furnishings segment. Price realization in both segments drove the improved sales performance, along with higher volume in the residential building products segment. Included in the sales results for the current period was a \$17.9 million unfavorable impact from the divestiture of Lamex and a \$39.8 million favorable impact from acquiring residential building products companies.

Gross Profit

Gross profit as a percentage of net sales decreased 60 basis points in the first nine months of 2022 compared to the same period last year primarily driven by reduced net productivity, partially offset by higher residential building products volume. Included in current year-to-date period cost of sales is \$4.0 million in one-time charges primarily due to strategic restructuring of an eCommerce business in the workplace furnishings segment that commenced in the fourth quarter of 2021.

Selling and Administrative Expenses

Selling and administrative expenses as a percentage of net sales decreased 60 basis points in the first nine months of 2022 compared to the same period last year due to dilution from price realization and lower variable compensation, partially offset by increased freight costs, higher investment spend, and lower workplace furnishings volume. Additionally, \$5.6 million of one-time charges were recorded in the current year period related to a company-wide cost reduction initiative. In the prior-year period, \$1.4 million of one-time costs were recorded in connection with showroom exits.

Gain on Sale of Subsidiary

In the first nine months of 2022, the Corporation recorded a one-time pretax gain of \$50.6 million as a result of the divestiture of the Lamex business.

Impairment Charges

In the first nine months of 2022, the Corporation recorded a charge of \$1.0 million related to the full impairment of an equity investment. The Corporation did not record any impairment charges during the first nine months of 2021.

Operating Income

In the first nine months of 2022, operating income was \$132.2 million, compared to operating income of \$73.5 million in the same period last year. Results improved compared to the prior-year period driven by the gain on sale of the Corporation's Lamex business, along with favorable price-cost and higher volume in the residential building products segment, partially offset by lower operational productivity, increased investments and freight costs, and the one-time charges discussed above related to restructuring of an eCommerce brand and a company-wide cost reduction initiative.

Interest Expense, Net

Interest expense, net for the first nine months of 2022 was \$6.5 million, compared to \$5.5 million in the same period last year. The increase was driven by an increase in the average debt balance year-over-year and higher interest rates on the Corporation's variable rate debt, partially offset by amortization of the gain recorded on termination of the Corporation's interest rate swap. See "Note 10. Accumulated Other Comprehensive Income (Loss) and Shareholders' Equity" for further information on the termination of the interest rate swap.

Income Taxes

The Corporation's income tax provision for the first nine months of 2022 was \$18.2 million on income before taxes of \$125.8 million, or an effective tax rate of 14.5 percent. For the first nine months of 2021, the Corporation's income tax provision was \$16.5 million on income before taxes of \$68.1 million, or an effective tax rate of 24.2 percent. The Corporation's effective tax rate was lower in the first nine months of 2022 compared to the same period last year primarily due to the sale of the Lamex business in July 2022. This transaction created tax benefits related to existing deferred tax assets that were previously reduced through valuation adjustments, as well as basis differences, which significantly reduced the Corporation's year-to-date effective tax rate.

Net Income Attributable to HNI Corporation

Net income attributable to the Corporation was \$107.6 million, or \$2.54 per diluted share in the first nine months of 2022, compared to net income attributable to the Corporation of \$51.6 million, or \$1.17 per diluted share in the first nine months of 2021.

Workplace Furnishings

The following table presents certain results of operations in the workplace furnishings segment:

	Three Months Ended			Nine Months Ended		
	October 1, 2022	October 2, 2021	Change	October 1, 2022	October 2, 2021	Change
Net sales	\$ 375.2	\$ 393.1	(4.6)%	\$ 1,135.0	\$ 1,040.0	9.1 %
Operating profit	\$ 5.6	\$ 3.9	44.9 %	\$ 11.1	\$ 9.6	16.4 %
Operating profit %	1.5 %	1.0 %	50 bps	1.0 %	0.9 %	10 bps

Three months ended

Third quarter 2022 net sales for the workplace furnishings segment decreased 4.6 percent compared to the same quarter last year. The impact of the sale of the Lamex business during the quarter decreased net sales by \$17.9 million compared to the prior quarter. Aside from this item, segment sales were flat, with price realization in most customer segments offset by decreased volume from small- and medium-sized business and contract customers, as well as lower eCommerce volume due to the previously announced restructuring of one of the Corporation's eCommerce brands.

Operating profit as a percentage of net sales in the third quarter of 2022 increased 50 basis points compared to the same period in 2021. The increase was driven by favorable price-cost, favorable product mix, and lower core SG&A, partially offset by lower volume, reduced net productivity, and increased investment spend. Additionally, the segment recorded \$3.6 million of one-time charges in the current quarter primarily due to strategic restructuring of an eCommerce business that commenced in the fourth quarter of 2021. No one-time charges were recorded in the prior year quarter.

Nine months ended

Net sales for the first nine months of 2022 for the workplace furnishings segment increased 9.1 percent compared to the same period last year. The results were driven by price realization in most customer segments, partially offset by the divestiture of the Lamex business, which reduced net sales for the current period by \$17.9 million, and lower eCommerce volume as a result of a previously announced restructuring at one of the Corporation's eCommerce businesses.

Operating profit as a percentage of net sales increased 10 basis points in the first nine months of 2022 compared to the same period last year. The increase was primarily driven by favorable price-cost and improved product mix, partially offset by lower operational productivity and increased investments. Additionally, in the first nine months of 2022, the workplace furnishings segment recorded \$4.0 million of one-time charges primarily due to strategic restructuring of an eCommerce business that commenced in the fourth quarter of 2021. \$1.4 million of one-time costs were recorded in the first nine months of 2021 as a result of showroom exits.

Residential Building Products

The following table presents certain results of operations in the residential building products segment:

	Three Months Ended			Nine Months Ended		
	October 1, 2022	October 2, 2021	Change	October 1, 2022	October 2, 2021	Change
Net sales	\$ 223.6	\$ 193.6	15.5 %	\$ 657.9	\$ 541.5	21.5 %
Operating profit	\$ 39.6	\$ 33.4	18.7 %	\$ 117.0	\$ 103.8	12.7 %
Operating profit %	17.7 %	17.2 %	50 bps	17.8 %	19.2 %	-140 bps

Three months ended

Third quarter 2022 net sales for the residential building products segment increased 15.5 percent compared to the same quarter last year, driven by price realization and volume growth in both the new construction and existing home channels. Included in the sales results for the current quarter was an \$11.2 million favorable impact from acquiring residential building products companies.

Operating profit as a percentage of net sales increased 50 basis points in the third quarter of 2022 compared to the same quarter last year, driven by favorable price-cost and higher volume, partially offset by the impact of acquisitions and increased investment spend.

Nine months ended

Net sales for the first nine months of 2022 for the residential building products segment increased 21.5 percent compared to the same period last year, driven by price realization and volume growth in both the new construction and existing home channels. Included in the sales results was a \$39.8 million favorable impact from acquiring residential building products companies.

Operating profit as a percentage of net sales decreased 140 basis points in the first nine months of 2022 compared to the same period last year. The decrease was primarily driven by the impact of acquisitions, lower operational productivity, increased core SG&A and investment spend, partially offset by increased volume and lower variable compensation.

Liquidity and Capital Resources

Cash, cash equivalents, and short-term investments, coupled with cash flow from future operations, borrowing capacity under the existing credit agreement, and the ability to access capital markets, are expected to be adequate to fund operations and satisfy cash flow needs for at least the next twelve months. Based on current earnings before interest, taxes, depreciation, and amortization, the Corporation can access the full \$400 million of borrowing capacity available under the revolving credit facility, which includes the \$100 million currently outstanding, and maintain compliance with applicable covenants.

Cash Flow – Operating Activities

Operating activities were a source of \$33.9 million of cash in the first nine months of 2022 compared to a source of \$88.5 million of cash in the first nine months of 2021. Working capital requirements are the primary driver of the variance from prior year due to timing. In the current year inventory was purchased earlier resulting in higher asset balances but lower short term liabilities. Inflationary cost pressures are also a driver of the higher working capital requirements.

Cash Flow – Investing Activities

Capital Expenditures - Capital expenditures, including capitalized software, for the first nine months of 2022 were \$48.7 million compared to \$47.8 million in the same period last year. These expenditures are primarily focused on machinery, equipment, and tooling required to support new products, continuous improvements, and cost savings initiatives in manufacturing processes. Additionally, in support of the Corporation's long-term strategy to create effortless winning experiences for customers, the Corporation continues to invest in technology and digital assets. For the full year 2022, capital expenditures are expected to be approximately \$70 to \$75 million.

Acquisitions and Divestitures - Investing activities include acquisition spending for residential building products companies and proceeds from the sale of the Corporation's Lamex business. See "Note 3. Acquisitions and Divestitures" in the Notes to the Condensed Consolidated Financial Statements for further information.

Cash Flow – Financing Activities

Debt - The Corporation maintains a revolving credit facility as the primary source of committed funding from which the Corporation finances its planned capital expenditures, strategic initiatives, and seasonal working capital needs. Cash flows included in financing activities represent periodic borrowings and repayments under the revolving credit facility. See "Note 7. Debt" in the Notes to Condensed Consolidated Financial Statements for further information.

Dividend - The Corporation is committed to maintaining or modestly growing the quarterly dividend. Cash dividends declared and paid per common share were as follows:

	Three Months Ended		Nine Months Ended	
	October 1, 2022	October 2, 2021	October 1, 2022	October 2, 2021
Dividends per common share	\$ 0.320	\$ 0.310	\$ 0.950	\$ 0.925

During the third quarter, the Board declared the regular quarterly cash dividend on August 16, 2022. The dividend was paid on September 8, 2022, to shareholders of record as of August 26, 2022.

Stock Repurchase - The Corporation's capital strategy related to stock repurchase is focused on offsetting the dilutive impact of issuances for various compensation related matters. The Corporation may elect to opportunistically purchase additional shares

based on excess cash generation and/or share price considerations. The Board most recently authorized an additional \$200 million on May 17, 2022, for repurchases of the Corporation's common stock. As of October 1, 2022, approximately \$234.0 million remained of the Board's current repurchase authorizations. See "Note 10. Accumulated Other Comprehensive Income (Loss) and Shareholders' Equity" in the Notes to Condensed Consolidated Financial Statements for further information.

Cash Requirements

Various commitments and obligations associated with ongoing business and financing activities will result in cash payments in future periods. A summary of the amounts and estimated timing of these future cash payments was provided in the Corporation's Annual Report on Form 10-K for the fiscal year ended January 1, 2022. Except for the item described below, there were no material changes outside the ordinary course of business in the Corporation's contractual obligations or the estimated timing of the future cash payments during the first nine months of 2022.

In the first quarter of 2022, the Corporation entered into an agreement to lease a new facility. The lease requires approximately \$61 million of legally binding minimum payments over the approximate 15-year term of the agreement. The contractual payments and lease accounting are expected to commence in 2023 when construction of the facility is complete.

Commitments and Contingencies

See "Note 13. Guarantees, Commitments, and Contingencies" in the Notes to Condensed Consolidated Financial Statements for further information.

Critical Accounting Policies and Estimates

Management's Discussion and Analysis of Financial Condition and Results of Operations is based upon the Consolidated Financial Statements, prepared in accordance with Generally Accepted Accounting Principles ("GAAP"). The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue, and expenses, and related disclosure of contingent assets and liabilities. Management bases its estimates on historical experience and on a variety of other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Senior management has discussed the development, selection, and disclosure of these estimates with the Audit Committee of the Board. Actual results may differ from these estimates under different assumptions or conditions. A summary of the more significant accounting policies requiring the use of estimates and assumptions in preparing the financial statements is provided in the Corporation's Annual Report on Form 10-K for the fiscal year ended January 1, 2022.

Recently Issued Accounting Standards Not Yet Adopted

In September 2022, the FASB issued ASU No. 2022-04, *Liabilities—Supplier Finance Programs (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations*. ASU 2022-04 enhances transparency of supplier finance programs by requiring disclosure of key terms, amounts outstanding, a rollforward of outstanding amounts, and a description of where in the financial statements outstanding amounts are presented. ASU 2022-04 is effective for the Corporation in the first quarter of fiscal 2023. The Corporation is currently evaluating the impact this guidance will have on the consolidated financial statements and disclosures.

Looking Ahead

The Corporation continues to navigate near-term uncertainty driven by macroeconomic conditions including the impacts of the pandemic and recent dynamics around labor availability, supply chain capacity, and cost inflation. However, management remains optimistic about the long-term prospects in the workplace furnishings and residential building products markets. Management believes the Corporation continues to compete well and remains confident the investments made in the business will continue to generate strong returns for shareholders.

Forward-Looking Statements

Statements in this report to the extent they are not statements of historical or present fact, including statements as to plans, outlook, objectives, and future financial performance, are "forward-looking" statements, within the meaning of Section 21 of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. Words such as "anticipate," "believe," "could," "confident," "estimate," "expect," "forecast," "hope," "intend," "likely," "may," "plan,"

"possible," "potential," "predict," "project," "should," "will," "would," and variations of such words and similar expressions identify forward-looking statements.

Forward-looking statements involve known and unknown risks and uncertainties, which may cause the Corporation's actual results in the future to differ materially from expected results. The most significant factors known to the Corporation that may adversely affect the Corporation's business, operations, industries, financial position, or future financial performance are described within Item 1A of the Corporation's Annual Report on Form 10-K for the fiscal year ended January 1, 2022. The Corporation cautions readers not to place undue reliance on any forward-looking statement, which is based necessarily on assumptions made at the time the Corporation provides such statement, and to recognize forward-looking statements are predictions of future results, which may not occur as anticipated. Actual results could differ materially from those anticipated in the forward-looking statements and from historical results due to the risks and uncertainties described elsewhere in this report, including but not limited to: the duration and scope of the COVID-19 pandemic, including any emerging variants of the virus, and its effect on people and the economy; potential disruptions in the global supply chain; the effects of prolonged periods of inflation; potential labor shortages; 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; changes 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; cybersecurity threats, including those posed by potential ransomware attacks; impacts of tax legislation; force majeure events outside the Corporation's control, including those that may result from the effects of climate change; and other risks as described in the Corporation's annual and quarterly reports filed with the Securities and Exchange Commission on Forms 10-K and 10-Q, as well as others that the Corporation may consider not material or does not anticipate at this time. The risks and uncertainties described in this report, as well as those described within Item 1A of the Corporation's Annual Report on Form 10-K for the fiscal year ended January 1, 2022, are not exclusive and further information concerning the Corporation, including factors that potentially could have a material effect on the Corporation's financial results or condition, may emerge from time to time.

The Corporation assumes no obligation to update, amend, or clarify forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by applicable law. The Corporation advises you, however, to consult any further disclosures made on related subjects in future reports filed with or furnished to the SEC.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

As of October 1, 2022, there have been no material changes to the financial market risks affecting the quantitative and qualitative disclosures presented in Item 7A of the Corporation's Annual Report on Form 10-K for the fiscal year ended January 1, 2022, except as described below.

In the second quarter of 2022, the Corporation terminated an interest rate swap agreement that had formerly been in place to fix the interest rate on \$75 million of borrowings from the Corporation's revolving credit facility. As of October 1, 2022, the Corporation does not have any interest rate swap agreements or other derivative instruments outstanding. Also in the second quarter, the Corporation and its lenders agreed to amend and restate the revolving credit facility, which decreased the borrowing capacity from \$450 million to \$400 million, at the preference of the Corporation, while extending the maturity from April 2023 to June 2027. The amended facility bears interest at a variable rate based on the Secured Overnight Financing Rate.

As of October 1, 2022, the Corporation had \$200.8 million of outstanding borrowings, of which \$100 million was under the revolving credit facility and thus subject to market risk from interest rate fluctuations. The majority of the remaining debt balance is under private placement note agreements that bear interest at fixed rates. See "Note 7. Debt" and "Note 10. Accumulated Other Comprehensive Income (Loss) and Shareholders' Equity" in the Notes to Condensed Consolidated Financial Statements for further information.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Disclosure controls and procedures are designed to ensure that information required to be disclosed by the Corporation in the reports it files or submits under the Securities Exchange Act of 1934 (the "Exchange Act") is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. Disclosure controls and procedures are also designed to ensure information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Under the supervision and with the participation of the Chief Executive Officer and Chief Financial Officer of the Corporation, the Corporation's management carried out an evaluation of the Corporation's disclosure controls and procedures pursuant to Exchange Act Rules 13a – 15 and 15d – 15. As of October 1, 2022, based on this evaluation, the Chief Executive Officer and Chief Financial Officer have concluded these disclosure controls and procedures are effective.

Changes in Internal Controls

There have been no changes in the Corporation's internal controls over financial reporting during the fiscal quarter covered by this quarterly report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

For information regarding legal proceedings, see "Note 13. Guarantees, Commitments, and Contingencies" in the Notes to Condensed Consolidated Financial Statements, which information is incorporated herein by reference.

Item 1A. Risk Factors

There have been no material changes from the risk factors disclosed in the "Risk Factors" section of the Corporation's Annual Report on Form 10-K for the fiscal year ended January 1, 2022.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Issuer Purchases of Equity Securities:

The Corporation did not repurchase any of its shares during the quarter. As of October 1, 2022, \$234.0 million was authorized and available for the repurchase of shares by the Corporation.

The Corporation repurchases shares under previously announced plans authorized by the Board. The Corporation's most recent share purchase authorization from May 17, 2022, provides for repurchases of an additional \$200 million with no specific expiration date. The authorization does not obligate the Corporation to purchase any shares and the authorization may be terminated, increased, or decreased by the Board at any time. No repurchase plans expired or were terminated during the third quarter of fiscal 2022, and no current plans are expected to expire or terminate.

Item 6. Exhibits

10.1	Separation Agreement between HNI Corporation and Kurt Tjaden+
31.1	Certification of the CEO Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002+
31.2	Certification of the CFO Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002+
32.1	Certification of CEO and CFO Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002+
101	The following materials from HNI Corporation's Quarterly Report on Form 10-Q for the fiscal quarter ended October 1, 2022 are formatted in Inline XBRL (eXtensible Business Reporting Language) and filed electronically herewith: (i) Condensed Consolidated Statements of Comprehensive Income; (ii) Condensed Consolidated Balance Sheets; (iii) Condensed Consolidated Statements of Equity; (iv) Condensed Consolidated Statements of Cash Flows; and (v) Notes to Condensed Consolidated Financial Statements+
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

+ Filed or furnished herewith.

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 thereunto duly authorized.

HNI Corporation

Date: November 1, 2022

By: /s/ Marshall H. Bridges
Marshall H. Bridges
Senior Vice President and Chief Financial Officer



September 9, 2022

Dear Kurt:

Your retirement as Senior Vice President and President, HNI International will be effective September 30, 2022. This letter explains the Separation Pay that will be provided to you should you choose to sign this letter agreement ("Agreement"), which includes a release of claims as well as non-competition and non-solicitation provisions.

Separation Pay. If you sign this Agreement and do not revoke your acceptance of this Agreement, you will be provided with separation pay in the gross amount of \$425,000.00, less appropriate withholdings and deductions ("Separation Pay"). This amount will be paid to you in a lump sum payment within a reasonable period of time after this Agreement becomes effective.

Cooperation. By signing this Agreement, you agree you will cooperate with the Company with regard to its defense to or prosecution of any actual or potential investigation, claim, charge or lawsuit brought against, by or involving the Company, either formally or informally, including but not limited to any administrative agency charge, federal court or state court lawsuit. Such cooperation will include, but not be limited to, reviewing documents, providing the Company and/or its attorneys with accurate and complete information, and appearing at any meeting, hearing or trial and testifying truthfully regarding matters about which you have personal knowledge. Any attorneys' fees and expenses for attorneys retained by the Company as well as any ordinary and necessary business expenses which you incur in providing such cooperation to the Company will be paid or reimbursed by the Company upon your providing appropriate documentation to the Company.

Claims Not Released; Waiver of Multi-Party Action. You are not waiving any rights you may have to: (a) your own vested accrued benefits under the Company's health, welfare, or retirement benefit plans as of the date your employment ends; (b) benefits and/or the right to seek benefits under applicable workers' compensation and/or unemployment compensation laws; (c) pursue claims which by law cannot be waived by signing this Agreement; (d) enforce this Agreement; and/or (e) your rights to indemnification by the Company under the Indemnity Agreement and your coverage under the directors and officers liability insurance policies maintained by the Company. If any claim is not subject to release, to the extent

permitted by law, you waive any right or ability to be a class or collective action representative or to otherwise participate in any alleged or certified class, collective or multi-party action or proceeding based on such a claim in which the Company is a party.

Release of Claims. By signing this Agreement, you agree that in exchange for the Separation Pay, you (for yourself, your heirs and your representatives) release and forever discharge HNI Corporation and any of its subsidiaries (including HNI International Inc.), divisions, affiliates and related entities, whether current or former, and all their respective officers, directors, shareholders, employees, insurers, agents and representatives, whether current or former and the successors and assigns of each (collectively, "the Company"), from any and all manner of past, present, or future claims, actions, liability, damages, claims for attorney's fees, costs and disbursements, individual or class action claims, or demands of any kind whatsoever, including but not limited to any claims arising under Title VII of the Civil Rights Act, the Age Discrimination in Employment Act, the Americans with Disabilities Act, the Employee Retirement Income Security Act of 1974, the Fair Labor Standards Act, the Family and Medical Leave Act, the Worker Adjustment and Retraining Notification Act, the Equal Pay Act, any claims for discrimination or harassment, any other claims arising under federal, state or local law, or any claims in any manner relating to your employment with or separation from the Company, whether known or unknown, arising on or before the date you sign this Agreement.

Nothing in this Agreement prohibits or prevents you from filing a charge with or participating, testifying or assisting in any investigation, hearing or other proceeding before the U.S. Equal Employment Opportunity Commission or the National Labor Relations Board or a similar agency enforcing federal, state, or local anti-discrimination laws. However, to the maximum extent permitted by law, you agree that if such an administrative claim is made with any enforcement agency other than the U.S. Securities & Exchange Commission or another securities regulatory agency or authority, you will not be entitled to recover any individual monetary relief or other individual remedies. In addition, nothing in this Agreement, prohibits you from: (1) reporting possible violations of federal law or regulations, including any possible securities laws violations, to any governmental agency or entity, including but not limited to the U.S. Securities and Exchange Commission; or (2) making any other disclosures that are protected under the whistleblower provisions of applicable laws.

Confidential Information, Non-Solicitation and Non-Competition. By signing this Agreement, you agree:

- * You will not make use of proprietary information acquired by you in your employment or disclose such information to anyone, and (as a term and condition of this Agreement) reaffirm your obligation to adhere to the Confidentiality, Non-Solicitation and Invention Assignment Agreement that you signed (a copy of which is attached). You also agree the provisions in this Agreement

will govern if there is a conflict between this Agreement and the Confidentiality, Non-Solicitation and Invention Assignment Agreement you signed.

- You will not, directly or indirectly, alone or as a partner, officer, director, employee or consultant, perform services for or in any company that is engaged in the same or similar business as any of the workplace furnishings businesses of HNI Corporation, including those engaged in the business of researching, designing, manufacturing, importing, selling, specifying, installing, and conducting other activities related to office furniture, commercial furniture and other workplace furnishings. These obligations will expire on September 30, 2023.
- The obligations in this Confidential Information, Non-Solicitation and Non-Competition section are reasonable and necessary to protect the legitimate interests of the Company. You are aware there may be defenses to the enforceability of the obligations in this Confidential Information, Non-Solicitation and Non-Competition section, such as defenses based on time or territory considerations and you knowingly, consciously, intentionally, entirely voluntarily, and irrevocably waive any and all such defenses and agree you will not assert the same in any action or other proceeding brought by the Company for the purpose of enforcing any obligations in this Confidential Information, Non-Solicitation and Non-Competition section.
- Under the Defend Trade Secrets Act of 2016, you will not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that is (a) made in confidence to a Federal, State, or local government official either directly or indirectly, or to an attorney; and solely for the purpose of reporting or investigating a suspected violation of law; or (b) in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

Acknowledgments and Affirmations. By signing this Agreement, you acknowledge and affirm: you are unaware of any accident, illness or injury connected to or arising out of your employment with the Company; you have not filed or are not presently a party to any claim against the Company; you have been paid and/or have received all compensation, wages, bonuses and/or benefits which are due and payable as of the date you sign this Agreement; you have been granted any leave to which you were entitled under the Family and Medical Leave Act or related state or local leave or disability accommodation laws; you have not been retaliated against for reporting any allegations of wrongdoing by the Company or its officers, including any allegations of corporate fraud; and all of the Company's decisions regarding your pay and benefits through the date you sign this Agreement were not discriminatory based on age, disability, race, color, sex, religion, national origin or any other status protected by law.

By signing this Agreement, you also agree that you:

- Are responsible for any federal, state and local taxes that may be owed by you in conjunction with the pay you receive under this Agreement.

- Will not (directly or indirectly) defame or maliciously disparage the Company, and will not post or publish any defamatory or maliciously disparaging information pertaining to the Company on the Internet or in any manner. These commitments do not restrict you or the Company from complying with a valid legal process such as a subpoena or court order. These commitments also do not restrict you from providing information to an enforcement agency such as the U.S. Securities & Exchange Commission that is directly related to and necessary for the furtherance of an agency complaint or investigation.
- Will resign from all officer and director positions you hold with all HNI companies.
- Will return all Company property to the Company after your employment ends.
- Understand that this Agreement is not an admission of any wrongful conduct or liability on the part of the Company.

Remedies. Because you recognize irreparable damage will result to the Company if you were to breach any of the provisions in this Agreement (including, but not limited to, the non-disparagement, non-solicitation and non-competition provisions), you agree that in the event of any such breach by you, the Company is entitled, in addition to any other legal or equitable remedies available to it, to an injunction to restrain any or all aspects of such breach. In the event of a violation of any non-solicitation or non-competition provision of this Agreement, the period for which that provision(s) would remain in effect will be extended for a period of time equal to that period beginning when such violation commenced and ending when the activities constituting such violation have been finally terminated in good faith.

Right to Consider, Right to Revoke and Notice of Right to Attorney. This Agreement is an important legal document and we want to make sure that you understand it;

- We advise you to consult with an attorney prior to signing the Agreement.
 - Please make sure you fully understand the Agreement and what it does. To put it simply, by signing the Agreement you give up all claims you may have against the Company.
 - For example, this Agreement waives any claims that you have for age discrimination under the Age Discrimination in Employment Act.
 - We have attempted to write the Agreement in plain language. If you do not understand it, please let us know. To answer any questions about the Agreement and what it means, you should talk to your attorney or anyone else whose advice you respect.
 - You have 21 calendar days from today to consider this Agreement and decide whether you want to sign it. You do not have to take the entire time period to make your decision. If you so choose, you may sign this Agreement before the end of the period. If you decide to sign the Agreement, please return it to the Member and Community Relations Department (see address below) within 21 calendar days.
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Donna Meade, Vice President, Member & Community Relations
HNI Corporation
600 East Second Street
Muscatine, IA 52761

- You will have seven calendar days following the date that you signed the Agreement to revoke it. In fact, the Agreement does not become effective or enforceable until the seven-day revocation period has expired. However, if you revoke this Agreement, you will not be entitled to any of the Separation Pay.
- If you do choose to revoke the Agreement, you must inform the Member and Community Relations Department in writing before the end of the seventh day after you sign the Agreement, at the address below:

Donna Meade, Vice President, Member & Community Relations
HNI Corporation
600 East Second Street
Muscatine, IA 52761

This Agreement, when signed by you, replaces any prior agreements or understandings, and can only be changed by written agreement. If any part of this Agreement is held invalid, the remainder will remain in effect.

If you so choose, please sign this Agreement and return to me.

Sincerely,

/s/ Donna Meade

Donna Meade
Vice President, Member & Community Relations

Enclosure: Confidentiality, Non-Solicitation and Invention Assignment Agreement

I have read this Agreement and understand its terms. I choose to receive the Separation Pay, as noted above, and voluntarily agree to the terms of this Agreement intending to waive and release all claims I have or might have against the Company.

/s/ Kurt Tjaden
Kurt Tjaden

September 21, 2022
Date

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
Sarbanes-Oxley Act Section 302

I, Jeffrey D. Lorenger, certify that:

1. I have reviewed this quarterly report on Form 10-Q of HNI Corporation;
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 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 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 function):
 - 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: November 1, 2022

By: /s/ Jeffrey D. Lorenger

Name: Jeffrey D. Lorenger

Title: Chairman, President, and Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER
Sarbanes-Oxley Act Section 302

I, Marshall H. Bridges, certify that:

1. I have reviewed this quarterly report on Form 10-Q of HNI Corporation;
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 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 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 function):
 - 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: November 1, 2022

By: /s/ Marshall H. Bridges

Name: Marshall H. Bridges

Title: Senior Vice President and Chief Financial Officer

Certification of CEO and CFO Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report on Form 10-Q of HNI Corporation (the "Corporation") for the quarterly period ended October 1, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Jeffrey D. Lorenger, as Chairman, President, and Chief Executive Officer of the Corporation, and Marshall H. Bridges, as Senior Vice President and Chief Financial Officer of the Corporation, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

1. The Report 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 the Report fairly presents, in all material respects, the financial condition and results of operations of the Corporation as of the dates and for the periods expressed in the Report.

Date: November 1, 2022

By: /s/ Jeffrey D. Lorenger

Name: Jeffrey D. Lorenger

Title: Chairman, President, and Chief Executive Officer

Date: November 1, 2022

By: /s/ Marshall H. Bridges

Name: Marshall H. Bridges

Title: Senior Vice President and Chief Financial Officer

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Corporation for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.