HunterDouglas

Annual Report 2021

Hunter Douglas is the world market leader in window coverings and a major manufacturer of architectural products

The Group is comprised of 136 companies with 47 manufacturing and 89 assembly operations and marketing organizations in more than 100 countries.

Hunter Douglas employs about 23,000 people with sales in 2021 of USD 4.6 bln.

Operating style

Professionally led by entrepreneurial managers who run our business as their own.

Focused on innovation

Decentralized organization structure

- Global network of specialized companies
- Guiding principle ‘Maximum accountability with minimum interference’

Strong brands

- Hunter Douglas® in North America, Latin America and Asia, and for architectural products worldwide
- Luxaflex® for residential window coverings in Europe and Australia
- Levolor® in North America
- Hillarys® in the United Kingdom

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Financial highlights

Two-year summary

	Notes	USD millions 2021	USD millions 2020	Notes	EUR per common share 2021	EUR per common share 2020
Net sales		**4.607**	3.637			
Earnings before interest, tax, depreciation and amortization (EBITDA) (before other income/expense and non-recurring expenses)	4	**888**	531	2	**21,59**	13,34
Income from operations (before other income/expense and non-recurring expenses)		**732**	378			
Net profit from operations (before other income/expense and non-recurring expenses)		**560**	305	2	**13,60**	7,68
Other income/expense and non-recurring expenses	5	**73**	-189			
Net profit from operations (after other income/expense)		**633**	116	2	**15,38**	2,92
Total net profit	1	**633**	116	2	**15,38**	2,92
Operating cash flow		**697**	479	2	**17,11**	12,05
Investments in tangible fixed assets		**86**	73			
Depreciation tangible fixed assets		**128**	128			
Net assets employed	4	**2.670**	2.337			
Shareholders' equity attributable to equity shareholders		**2.558**	1.925	3	**64,66**	45,31
Return on equity		**28,2%**	6,2%			
RONAE (Income from operations/net assets employed)	4	**29,2%**	14,9%			
Employees (at year-end)		**23.398**	22.871			

1 Net profit attributable to equity shareholders
2 Based on the average number of shares outstanding during the affected year
3 Based on the number of shares outstanding at year-end
4 Refer to note 29 in the consolidated financial statements
5 Refer to note 4 in the consolidated financial statements

Directors' report

To our shareholders

2021 was a year of record sales and profits. Sales increased by 26.7% to USD 4.607 bln and profits to USD 633 mln (per share € 15.38).

Sales were:
25% higher in Europe
29% higher in North America
20% higher in Latin America
28% higher in Asia
17% higher in Australia

Earnings before interest, tax, depreciation and amortization – EBITDA (before other income/expense): were USD 888 mln, 67.2% higher than USD 531 mln in 2020.

Other income/expense: were USD 73 mln positive compared with USD 189 mln negative in 2020.

Capital Expenditures: in 2021 were USD 86 mln compared with USD 73 mln in 2020.

Operating cash flow in 2021 was USD 697 mln compared with USD 479 mln in 2020.

Return on Net Assets Employed (RONAE): before other income/expense was 29.2% and on Equity 28.2%.

Financing: All borrowings are covered by committed long-term facilities.

Europe:
Had higher sales and profits. The recovery of our window covering products business that started in the second half of 2020 for most of the countries that we operate in, continued in 2021.

North America:
Had higher sales and profits. We experienced sales growth across all of our channels.

Latin America:
Had higher sales and profits

Asia:
Had higher sales and profits

Australia & New Zealand:
Had higher sales and profits.

Dividend:
No dividend will be proposed.

Acquisition by 3G
On December 30, 2021, Hunter Douglas N.V. and 3G Capital, a global investment firm and private partnership, announced that Ralph Sonnenberg, the controlling shareholder of Hunter Douglas N.V., had entered into a definitive agreement to transfer a controlling interest in the Company to 3G Capital based on a value of EUR 175 per Ordinary Share. On February 25, 2022, that transaction was completed.

As a part of the transaction, all business activities from Hunter Douglas N.V. have been sold to Hunter Douglas Holding B.V., a newly established company in The Netherlands, indirectly held through Hunter Douglas B.V. by 3G Capital (75%). Ralph Sonnenberg has transferred this a 75% interest in Hunter Douglas B.V. to 3G Capital through a Block Trade, with the Sonnenberg Family continuing to own 25% of Hunter Douglas B.V.

Statutory buy-out proceedings for all remaining outstanding shares in Hunter Douglas N.V. will commence in accordance with applicable Curaçao law and Hunter Douglas' articles of association. In these proceedings, the position will be taken that the price of Hunter Douglas shares will be the same as pursuant to the Block Trade for each Ordinary Share, being EUR 175, and EUR 0.43 for each Preferred Share. The funds required to pay remaining outstanding shareholders have been secured and are restricted only for the use of payments to the remaining third party minority shareholders in Hunter Douglas N.V. The Company expects to finalize the buy-out proceedings in the second half of 2022 and intends to liquidate the Company afterwards.

Presently Hunter Douglas N.V.'s balance sheet mainly consists of a receivable of EUR 6.096 bln on Hunter Douglas Holding B.V. and equity.

Hunter Douglas Holding B.V. in 2022
After the closing of the previously discussed transaction, including the asset transfer, the business activities of Hunter Douglas are being continued in a new company called Hunter Douglas Holding B.V. This entity is indirectly held by Hunter Douglas B.V., with 3G Capital (75%) and the Sonnenberg Family (25%) as its shareholders.

Hunter Douglas Holding B.V. is in a strong solvency position with healthy free cash flow and significant equity capital invested by 3G Capital and the Sonnenberg Family. The transaction established the Company with a strong liquidity position of cash on balance sheet as well as access to a USD 750 million revolver, currently undrawn.

Outlook
Hunter Douglas Holding B.V. is in a strong position in term of brands, products, distribution and finances.

Our Strength

Culture

“Business is people” is our core guiding principle. We consider our culture of professional entrepreneurship a key competitive advantage, that drives our organization.

We are a decentralized federation of specialized companies, run by people who manage our companies as their own. This enables fast decision making with organizations that respond quickly to fast changing design trends. Many of our businesses today are still run by their founding entrepreneurs.

We run these businesses with a minimum of staff based on a second core principle of “minimum interference, maximum accountability.”

We believe in strong brands, global product platforms and local management.

We provide our entrepreneurial managers with a network of like-minded companies and colleagues who support their development plans.

We pride ourselves on the long tenure and success of our in-house entrepreneurs, and our ability to invest with a long-term focus.

We excel at rewarding talent with long-term entrepreneurial incentives.

We encourage the application of our key principles in all our companies, with organizational structures that maximize front-line decision-making ability and accountability.

We encourage the rapid advancement of young talent to entrepreneurial roles in our business.

Research and Development

Hunter Douglas was founded on a tradition of bringing breakthrough products to market. Today, we lead the industry in our ability to success- fully develop and establish completely new product concepts.

Our unparalleled scale and vertical integration enable us to innovate products end-to-end, from materials to equipment design, from component engineering to automated custom assembly, from industrial design to installation friendly components.

We are pioneers in forming fabrics into unique designs that can trap air for superior insulation, softly diffuse incoming light, and provide privacy while preserving outside views.

We foster a highly collaborative culture among our team of over 300 engineers located in R&D centres around the world where we excel at design for manufacturability and customization.

Our top priorities are achieving the right balance of form and function, managing the quality of light entering the window, combined with the safety and ease of operation of our products.

Manufacturing & Customization

About 75 years ago Hunter Douglas pioneered the aluminium venetian blind with a unique continuous casting and aluminium fabrication process.

Today we apply that willingness and ability to completely innovate the manufacturing process to all aspects of our operations.

We concentrate production of our principal materials in highly specialized global plants, while 87 fabricators located in our key markets ensure quick and efficient delivery of localized product ranges.

Make-to-order manufacturing of premium blinds is a highly complex undertaking. We offer the leading range of operating solutions fitting the very diverse range of window conditions around the world. We also offer a wide range of materials and colors to meet local consumer tastes. We do this around the world, custom made for standard delivery in 5 days.

Our key manufacturing and assembly processes are developed in-house, and we are leaders in the supply of assembly equipment and technology to fabricating customers around the world.

Global, Multi-Channel Distribution

Another core strength of Hunter Douglas is our ability to service a variety of market opportunities using a portfolio of product designs, brands, and distribution channels most relevant to key consumer segments.

Around the world, consumers share a similar passion for innovative window treatments yet individual consumer style and shopping preferences as well as regional home and window construction details can vary dramatically.

Hunter Douglas satisfies these needs through distinct channel strategies informed by our local market knowledge, adaptation of globalized product designs and marketed through a portfolio of leading consumer brands.

Specialty Retail
The industry's most premium products are marketed under the leading HUNTER DOUGLAS® and LUXAFLEX® brand names, sold through our network of around 10,000 aligned independent specialty dealers around the world. These retailers serve as strategic partners for Hunter Douglas and provide the ultimate in customized, high-end window treatment design services for the most demanding consumers.

We also service a wide range of specialty dealers through our network of trade brands, targeting more price oriented consumers.

Shop-at-Home
Many consumers appreciate the convenience of an in-home consultation experience. Hunter Douglas provides shop-at-home designers the products, tools and sales support to build their business and wow their clients.

Independent Fabrication
Hunter Douglas supplies a worldwide network of several thousand independent and 87 company-owned fabricators who sell, assemble, and distribute our products via their own networks of local window covering dealers.

Home Centers
The home center channel allows our company to bring its portfolio of window treatments to a more DIY oriented segment of home décor shoppers. Hunter Douglas accomplishes this through a portfolio of brands, including the American industry's best-known mainstream window treatment brand, LEVOLOR®.

Ecommerce
Online shopping is a highly relevant path-to-purchase for many consumers. Hunter Douglas connects with those consumers with a portfolio of unique product brands and designs, specifically crafted to the online shopping community and the associated ecommerce resale partners.

Consumer Marketing

As the global market leader, Hunter Douglas aims for the highest level of customer satisfaction throughout the process of selecting, purchasing and living with our products.

Our focus is on building brands with a reputation for great design and out- standing quality. We actively support our consumer brands with industry leading advertising, generally focused on building demand for our new and proprietary products.

We are increasingly focused on supporting our retail partners with direct response marketing capabilities, including digital marketing and online lead generation.

Our diverse marketing programs are delivered through many global channels including;

Brand awareness through Radio, Television, Video and Magazine Advertizing Campaigns.

Inspiring websites with interactive tools that show how our products look in a room or a window, helping consumers pre-select products before visiting our retailers' showrooms.

Demand generation through digital marketing – reaching consumers through search engine marketing and targeted social media programs.

Innovative tools to support our architectural clients with technical information on light control, motorization and climate control.

Retail Development

Hunter Douglas created the industry’s first global Retail Alliance Program.

Approximately 90% of our branded products are sold through our Retail Alliance programs.

We offer a very attractive business model for retailers, with turn key support including sales and marketing programs; advertizing and promotional campaigns; sampling, displays and signage; product education and business-building programs; technical service and store management systems. Our products require minimal retail floor space and offer a very high return per square foot of display.

Creating an attractive retail environment is critical for consumers to experience our products. Many of our products and features are completely new to consumers with unique form, function and control options. We help dealers present these products in inspiring and informative settings.

Our training programs help our retailers skilfully demonstrate our products to consumers and select the best product solutions for each window.

Most of our retail dealers offer shop-at-home consultations to help the consumer make their final product selection in the home, as well as taking final measurements. We support our dealers with specialized tools and technology to aid this process.

Proper installation of our products is key to lifetime performance and customer satisfaction. We have extensive training and specialized tools to assist the thousands of professional Hunter Douglas installers around the world.

Community Engagement

We actively support the communities in which we live, work and do business. Decisions of which causes to support and the form that support takes, are made local by our management teams in each country.

We have a 30-year partnership with Habitat for Humanity, whose goal is to eliminate poverty housing and home- lessness from the world, and to make decent shelter a matter of conscience and action. We have donated close to 300,000 window coverings to low-income families, and our employees have invested thousands of hours of their “sweat-equity” helping to build hundreds of these homes.

We participate in disaster relief efforts that provide critical assistance in times of tragedy. With the support of our employees and customers, we make substantial donations to organizations aiding in the recovery and relief of those impacted by disasters.

We donate window coverings to hospitals, research centres and healthcare facilities around the world to help create a more comfortable and comforting environment for patients.

Through our 3form® brand, our Full Circle program supports environmental and economic initiatives including education, skills training and microfinance initiatives that help create sustainable communities who collaborate with 3form® to develop highly regarded handcrafted materials.

Our GreenScreen Sea-Tex™ yarns are made from trash collected by the Waterkeeper Alliance, an international group with 300 chapters in 35 countries. The local Waterkeeper Alliance chapters manage beach clean-up events and almost 100% of the plastic shoreline trash they collect is used to make GreenScreen Sea-Tex™ yarns.

Window Coverings

Our strength is our ability to develop and market innovative products, targeted primarily at upscale consumers. Our success is based upon trusted brand names recognized around the world: HunterDouglas®, Luxaflex®, Levolor® and Hillarys®.

Our proprietary fabric shades are consistently recognized for excellence in design, styling, features, quality and breadth of selection: Duette® Honeycomb Shades, Silhouette® and Pirouette® Shades, Luminette® Privacy Sheers, Vignette® and Modern Roman Shades. Our latest innovation – Sonnette™ Cellular Roller Shades - combine the clean lines of a standard roller shade with the innovative design of our original energy-efficient honeycomb shades.

In addition to our proprietary design innovations, we offer a fully integrated and premium line of traditional window covering styles. These include venetian and vertical blinds, roman, roller, pleated and woven wood shades, wood and alternative wood blinds and custom shutters, exterior venetian blinds, sun screen blinds, shutters and awnings.

Our products are designed to offer a range of light control and privacy options with a broad selection of fabrics and materials from sheer to room darkening to opaque. The innovative design of our products can deflect and redirect sunlight precisely. Our specially engineered translucent fabrics diffuse harsh sunlight and draw it deeper into the room – dispersing the light to help illuminate homes naturally and reduce the need for artificial light.

We customize each window covering to the individual consumer's specific needs and typically deliver the manufactured product within a week of ordering.

Our proprietary operating systems make our window treatments easy to use with reliable performance, convenience and improved safety features - as communicated to our customers via our "Designed with Safety in Mind" logo.

Our innovations include the award-winning LiteRise® and SmartCord® lift systems as well as the revolutionary PowerView® Motorization system. PowerView® is an advanced home automation system that allows Hunter Douglas' window treatments to be conveniently operated via a smart phone, tablet or remote control based on personalized settings.

The system automatically moves the shades throughout the home to the desired positions at pre-set times. PowerView® also integrates with popular third-party whole-home automation systems.

Architectural Products

At Hunter Douglas, we are continuously developing product solutions that improve building performance and indoor environmental quality, while helping to reduce energy consumption. We focus on high-performance architectural materials with proprietary characteristics in design, comfort and sustainability for both interior and exterior applications.

Our strength is our ability to develop customizable product systems with reliable installation and design flexibility with minimal custom engineering. Our success is based on giving architects a high degree of technical and design assistance in applying our products. We collaborate with architects and owners to realize their design objectives while also meeting functional needs such as light control, energy efficiency, and acoustics.

Sun-Control Solutions
Hunter Douglas is at the forefront of the emerging field of architectural solar-control products, offering an unparalleled breadth of solutions and expertise to manage heat and light inside and outside the windowed wall, reducing the need for artificial lighting, cooling and heating. With world-class engineering, versatility, durability and style, Hunter Douglas is at the forefront of advanced motorization technology for sun control.

Suspended Ceilings
Luxalon® metal and wood ceiling systems enable a wide variety of designs and applications, including curved and specialty shapes. Our revolutionary Techstyle® acoustical panels deliver superior noise reduction; a clean, monolithic look; and easy access to the plenum. Our latest innovation “HeartFelt®” is a Cradle to Cradle modular felt ceiling system with outstanding acoustics and a unique appearance that has sustain- ability at its core.

Translucent Architectural Solutions
3form® is the leading manufacturer of decorative translucent resin and glass. Architects and interior designers can play with color, shape, texture, and transparency in a wide range of interior and exterior applications, including back-lit wall features, partitions, ceiling elements, horizontal surfaces, canopies, building accents and signage. Through its LightArt® division, 3form® designs a range of custom lighting fixtures based on these materials.

Terracotta façades
NBK® brand is a pioneering manufacturer of terracotta façades. NBK® is the market and quality leader in size, flatness, and design options for large terracotta panels. The unique design and performance of NBK® solutions can be seen in some of the world’s most visually dynamic buildings.

QuadroClad Façade Systems
Our QuadroClad® ventilated façade system features lightweight skins fused to a honeycomb aluminium core that provides extreme strength and flatness. Engineered to deliver both outstanding performance and aesthetics in even the most severe environmental conditions.

Through our global network of specialized manufacturing facilities, we deliver a broad, consistent range of solutions that can be adapted to local design requirements.

Corporate Governance

Hunter Douglas N.V. has its statutory seat in Curaçao and is therefore not subject to the Netherlands Corporate Governance Code. However, Hunter Douglas adheres to good Corporate Governance and follows many of these recommendations as far as practical.

Corporate structure

Board of Directors
Hunter Douglas has a one-tier corporate structure. Under its Charter the Board of Directors is responsible for the overall management and control of the Company. The Board is appointed by the shareholders. The Board has four regular meetings per year and additional meetings as required.

Independence
The Board has four members, which are all independent. It acts collectively by majority resolution.

Functions
The Board reviews the overall strategy, financial objectives, financing, budgets, acquisitions, divestments, capital expenditures, currency hedging, results and other risks in the Company's business.

Audit and Compensation Committees
The Board has an Audit and a Compensation Committee, whose members are independent.

The Audit Committee reviews the Company's accounts, internal controls and meets with the Company's external Auditors at least once a year.

Officers
The Board annually appoints the Officers of the Company ie the Executive Chairman, Co-Presidents & CEOs and the Regional Presidents and Staff Vice Presidents.

Financial reporting
To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group. The annual report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Internal Controls
The Company has the following key internal controls.

Conflicts of Interest Policy
The Company has a 'Conflicts of Interest Policy' applicable to all key employees which covers relations with customers, suppliers and other third parties.

Insider Trading Policy
The Company has an 'Insider Trading Policy', as prescribed by the Authority Financial Markets ('AFM'), restricting trading in the Company's shares by Directors, Officers, key employees and related persons.

Internal Audit Function
Hunter Douglas' principal Operating Companies have an Internal Audit Program.

Authority limits
Every Manager, including the Regional Presidents, has clearly defined Authority Limits.

Whistleblower Policy
Hunter Douglas has a 'Whistleblower' Policy in each Company.

Compensation
Compensation of Directors and Officers is reviewed by the Compensation Committee of the Board. The Company also follows the 'best practices' as far as practical.

Loans
Loans to Directors, Officers or other employees bear market interest. There is no forgiveness of principal or interest.

Investor Relations
Hunter Douglas has an Investor Relations Website, regularly issues press releases and holds analysts' and investor meetings.

Risk Management

For risk management objectives and policies in relation to the financial instruments reference is made to note 25 of the financial statements.

Objectives

The Company's objectives are to:

- Expand its Window Coverings and Architectural Products businesses at a growth rate exceeding that of the market while continuing to be the best Company in the industry;
- Develop and introduce innovative new products;
- Seek acquisitions that add to the Company's organic growth by expanding product lines or distribution and that meet its return targets;
- Have an efficient decentralized entrepreneurial organization, based on the principle of 'maximum accountability with minimum interference'.

Sensitivity to External Factors

The Company's results are sensitive to external factors of which the following are most influential:

- Overall economic activity and particularly consumer confidence which affects demand for consumer durables. Our decentralized entrepreneurial organization manages these market risks as effectively as possible;
- Prices for raw materials, in particular: aluminium, steel, fabric, synthetics and other oil based products. Changes in material prices for our window covering and architectural products are normally passed on in our product prices;
- Exchange rates: rates of non US dollar currencies can affect the Company's results. Hunter Douglas' policy is to selectively hedge transactional earnings exposures and generally not to hedge balance sheet exposures.

The company has a low risk appetite to the above mentioned factors.

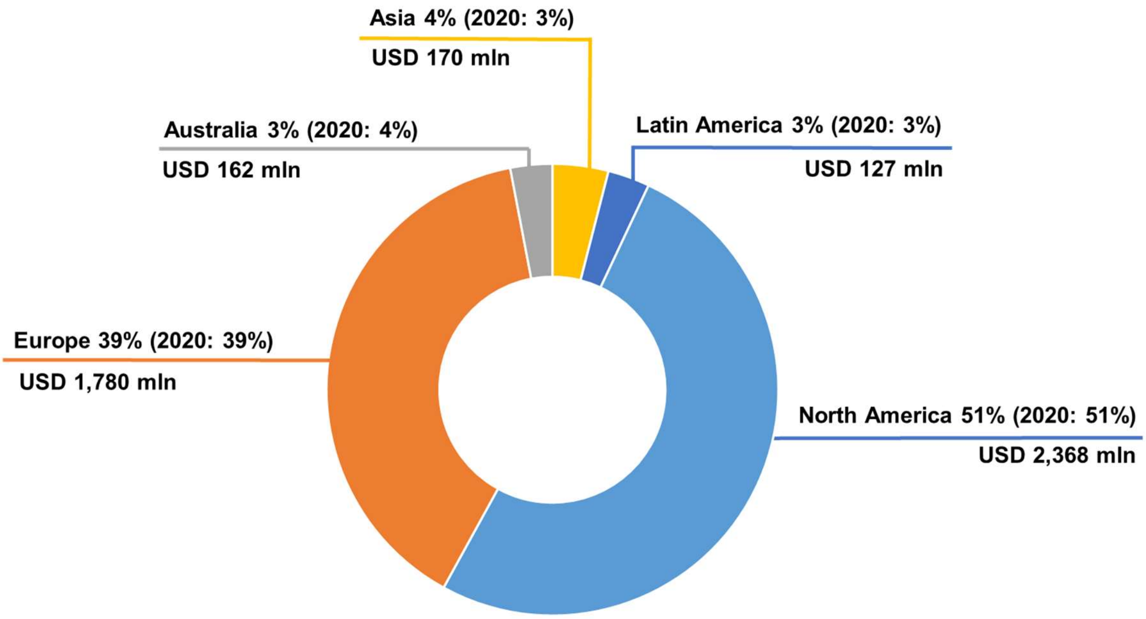
The present situation in Ukraine has no material impact on the results.

Subsequent events

See paragraph Acquisition by 3G.

Rotterdam, 10 June 2022 Board of Directors

Worldwide sales



Financial information by region

USD millions	Europe		North America		Latin America		Asia		Australia		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Net sales												
Window Coverings	**1,700**	1,357	**2,270**	1,733	**81**	65	**79**	58	**162**	138	**4,292**	3,351
Architectural Products	**80**	69	**98**	101	**46**	41	**91**	75			**315**	286
Total*	**1,780**	1,426	**2,368**	1,834	**127**	106	**170**	133	**162**	138	**4,607**	3,637
Net assets employed	**1,067**	973	**1,295**	1,052	**112**	80	**97**	126	**99**	106	**2,670**	2,337
of which												
Non-current assets*	**940**	1,056	**1,185**	858	**42**	41	**67**	75	**71**	77	**2,305**	2,107
Additions to tangible fixed assets	**32**	24	**49**	45	**2**	2	**2**	2	**1**	1	**86**	74
Depreciation tangible fixed assets	**51**	46	**60**	66	**4**	5	**8**	7	**5**	4	**128**	128
Employees per year-end**	**7,396**	7,366	**12,859**	12,320	**1,079**	1,058	**1,523**	1,577	**541**	550	**23,398**	22,871

(*) Net sales in the Netherlands were 198 (2020: 161) and non-current assets 65 (2020: 65).

(**) Of which 22,310 (2020: 21,756) employed outside the Netherlands.

Relative distribution of employees per business segment per area is in line with net sales per area.

Financial information by Region

Europe

Higher sales and profits

Window covering products
The recovery of our window covering products business that started in the second half of 2020 for most countries that we operate in, continued in 2021. In 2021 we have seen double digit sales growth in almost all window covering product channels that we operate in. Also the improved market conditions in the UK in 2021, after being negatively impacted in 2020 due to COVID related restrictions, contributed to the overall sales growth. Especially our Shop @ Home business in the UK and Scandinavia performed well after COVID restrictions being lifted.

Our online business performed well against a high comparable of 2020, but was also in 2021 in some countries supported by COVID related restrictions. The acquisition of Topjaloezieën in the Netherlands and Cortinadecor in Spain further strengthened our footprint in the fast growing online market.

Our Duette® product range and exterior sunscreen fabrics benefitted from the higher demand driven by the increased attention to products that improve in-home climate control and save energy consumption.

Inflationary pressures on input costs were mostly offset by additional price increases throughout the year, supporting the overall sales growth number. The supply chain challenges remained but due to adequate inventory management and our strong relationship with our suppliers, were adequately managed resulting into limited supply disruptions.

The restructuring of our manufacturing activities in 2020 resulted into improved manufacturing efficiencies, which contributed to overall gross margins improvement.

The high sales growth combined with improved gross profit and adequate spend control, further supported by the acquisitions, resulted into record profits.

Architectural products
Our strategy to focus our architectural products business on ceiling and terracotta façade products have paid off well in 2021. After the sales decline in 2020 driven by the product rationalization combined with a delay of some of the projects, the business returned back to growth in 2021. Especially our Heartfelt® business continued its high sales growth. In addition, we were able to improve overall margins whilst continuing to lower our operational expenses, which resulted into further improvement of bottom line results.

North America

Higher sales and profits

2021 was another strong year for North America, with sales growth of 28% over the prior year with organic growth of 23% driving the majority of this growth. We experienced sales growth across all of our channels. It appears that North American consumers continued to prioritize their homes as a key area of importance in their spending plans.

While the results were strong, the year presented a continuation of supply chain and logistics constraints. Many of our suppliers struggled to keep up with our needs and were constrained by material and commodity shortages. These supply chain issues affected our ability to maintain our historically high levels of customer service. In addition, transportation disruptions and delays exacerbated these issues. We believe that these supply constraints will continue throughout 2022 but will ease in the year's second half.

Our supply chain was also affected by cost inflation across a wide variety of commodity categories. We continue to work with our suppliers to optimize our resource base and have implemented price increases to offset these cost pressures.

Our motorization and automation product offerings continued to grow across our brands which helped us achieve last year's strong sales growth momentum. Automated window coverings play an essential role in the smart home evolution, driving changes in the way people live in and enjoy their homes.

In 2021, we continued our partnership with Habitat for Humanity and supported Memorial Sloan Kettering, Cleveland Clinic, and various local outreach programs in the communities where we operate our factories and offices across North America.

Latin America

Higher sales and profits

Our window covering business had significantly higher sales and profits. Higher sales under improved margins and slightly lower expenses boosted operational and total profits. Our exclusive Hunter Douglas dealer network continued to reach a high-end clientele, in part through interior designers, delivering an excellent service.

In the mass merchant channel, where we sell stock window coverings in Colombia, Mexico and Panama under the regional Reggia® brand, we experienced higher sales but flat results. Our strength continues to be the good service and local support to our main customers.

Our architectural products business had higher sales and significantly higher profits. Our strategy continues to be focused on building local manufacturing capabilities to improve our competitive position, while complementing our offer with innovative products from our Chilean operation.

Asia

Higher sales and profits

Our architectural products business recovered and achieved higher sales and profits, as projects that stalled during the pandemic in the previous year were revived. Our NBK business had a good turnaround. India had strong sales and profits.

Our WCP business also recovered with higher sales and profits. Commercial project business in China showed a strong recovery in sales and profits. Our residential business also had higher sales and profits as we continued to focus on designer driven business and store merchandising upgrades.

Australia

Higher sales and profits

Australia and New Zealand delivered sales and profit growth across most channels and brands despite the challenges associated with stricter COVID restrictions, supply chain disruptions and inflationary pressures on input costs.

The strategy to shift the product mix to higher average sale products Magnatrack, Silhouette®, Duette®, Pirouette®, polysatin shutters and LumiShade® was strongly supported by the Luxaflex® Alliance Retailers. This combined with a two fold improvement in the recently launched curtain product range and an increase in online business support to fabricators and trade brand retailers was key to the improved sales, margin and profits.

Management changes at Vertilux, our commercial business unit, yielded better control of expenses and margin and our e-commerce business continued along its growth path as online activity increased.

Our Shop at Home Victory business was hardest hit with some 130 days lost due to lockdowns, adversely impacting sales, however, strong control of expenses and margin ensured a profitable result.

Consolidated statement of income for the year

Amounts in millions	Notes	USD 2021	2020
Net sales	3	**4.607**	3.637
Cost of sales	4	**-2.707**	-2.245
Gross profit		**1.900**	1.392
Selling and marketing expense	3	**-752**	-692
General and administrative expense	3	**-429**	-387
Income from operations before other income/expense		**719**	313
Other income	4	**114**	6
Other expense	4	**-28**	-130
Income from operations (EBIT)		**805**	189
Share of the profit of associates	10	**15**	11
Finance costs	4	**-9**	-11
Income before taxes		**811**	189
Taxes on income	20	**-178**	-73
Net profit for the year		**633**	116
Net profit attributable to non-controlling interest			
Net profit attributable to equity shareholders		**633**	116
Earnings per share	21		
- Basic, profit for the year attributable to ordinary equity holders of the parent		**18,18**	3,34
- Diluted, profit for the year attributable to ordinary equity holders of the parent		**18,18**	3,34

Consolidated statement of comprehensive income for the year

Amounts in millions	Notes	USD 2021	2020
Net profit for the year		**633**	116
Other comprehensive income			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods			
Currency translation differences		**-42**	40
Tax effect on other comprehensive income	20	**10**	-5
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods		**-32**	35
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods			
Actuarial gains (losses)	22	**40**	-31
Tax effect on other comprehensive income	20	**-9**	7
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods		**31**	-24
Total comprehensive income for the year, net of tax		**632**	127
Attributable to non-controlling interest		**-1**	**0**
Attributable to equity shareholders		**633**	127

Consolidated cash flow statement for the year

Amounts in millions	Notes	USD 2021	2020
Net profit		**633**	116
Adjustments for:			
Depreciation tangible fixed assets	8	**86**	90
Depreciation right-of-use tangible fixed assets	9	**42**	38
Amortization patents & trademarks	7	**28**	25
Increase (decrease) provisions		**8**	-57
Adjustments of put/call options over non-controlling interest	18	**-1**	130
Non-cash items:			
-surplus value Select Blinds	10	**-114**	
-valuation pension fund	22	**31**	
-gain on sale tangible fixed assets	8	**-24**	
-all other		**-5**	-16
Operating cash flow before working capital changes		**684**	326
Changes in working capital:			
-(increase) decrease trade and other receivables and prepayments		**-40**	2
-(increase) decrease inventories		**-125**	34
-increase trade and other payables		**178**	117
Operating cash flow		**697**	479
Net cash from operations		**697**	479
Cash flow from investing activities			
Investments subsidiaries, net of cash acquired	5	**-27**	-6
Investments in tangible fixed assets	8	**-86**	-73
Divestment tangible fixed assets	8	**36**	19
Investments in intangible fixed assets	7		-1
(Increase) decrease other financial non-current assets	10	**-127**	1
Net cash from investing activities		**-204**	-60
Cash flow from financing activities			
Proceeds from interest-bearing loans and borrowings	17	**57**	10
Repayment of interest-bearing loans and borrowings	17	**-151**	-381
Acquisition of non-controlling interests	19	**-155**	
Payment of lease liabilities		**-39**	-41
Net cash from financing activities		**-288**	-412
Net increase in cash and cash equivalents		**205**	7
Change in cash and cash equivalents			
Balance at 1 January		**47**	39
Net increase in cash and cash equivalents		**205**	7
Exchange difference cash and cash equivalents		**-2**	1
Balance at 31 December	14	**250**	47

Income tax paid 147 (2020: 60), interest paid 8 (2020: 12) and interest received 1 (2020: 1) are included in net cash from operations.

The accounting policies and explanatory notes on pages 21 through 49 form an integral part of the financial statements.

Consolidated balance sheet as per 31 December

Amounts in millions	Notes	USD 2021	2020
Non-current assets			
Intangible fixed assets	7	**1.404**	1.418
Tangible fixed assets	8	**462**	486
Right-of-use tangible fixed assets	9	**128**	135
Deferred income tax assets	20	**125**	147
Other financial non-current assets	10	**311**	69
Total non-current assets		**2.430**	2.255
Current assets			
Inventories	11	**710**	604
Trade and other receivables	12	**431**	429
Prepaid income tax		**30**	38
Prepayments	13	**139**	105
Currency derivatives	26	**2**	1
Cash and short-term deposits	14	**250**	47
Total current assets		**1.562**	1.224
TOTAL ASSETS		**3.992**	3.479

The accounting policies and explanatory notes on pages 21 through 49 form an integral part of the financial statements.

Consolidated balance sheet as per December 31

Amounts in millions	Notes	USD 2021	2020
Equity attributable to equity shareholders			
Issued capital	15	**10**	10
Share premium		**167**	167
Foreign currency translation		**-275**	-244
Legal reserve for capitalized development cost		**36**	45
Revaluation reserve		**195**	81
Retained earnings		**2.425**	1.866
Total equity attributable to equity shareholders of the parent		**2.558**	1.925
Non-controlling interest	16		1
Total equity		**2.558**	1.926
Non-current liabilities			
Interest-bearing loans and borrowings	17	**29**	122
Preferred shares	17	**10**	10
Lease liabilities	9	**105**	104
Provisions	18	**210**	228
Deferred income tax liabilities	20	**51**	46
Total non-current liabilities		**405**	510
Current liabilities			
Trade and other payables	19	**887**	879
Lease liabilities	9	**36**	37
Income tax payable		**52**	47
Restructuring provisions		**8**	22
Interest-bearing loans and borrowings	17	**46**	58
Total current liabilities		**1.029**	1.043
TOTAL LIABILITIES		**1.434**	1.553
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**3.992**	3.479

The accounting policies and explanatory notes on pages 21 through 49 form an integral part of the financial statements.

Consolidated statement of changes in equity for the year

Amounts in millions	Attributable to equity shareholders of the parent								
	Issued capital	Share premium	Foreign currency translation	Legal reserve for capitalized development costs	Revaluation reserve	Retained earnings	Total	Non-controlling interest	Total Equity
At 1 January 2020	10	167	-284	53	81	1.771	1.798	1	1.799
Net profit						116	116		116
Other comprehensive income (expense)			40			-29	11		11
Total comprehensive income (expense)	0	0	40	0	0	87	127	0	127
Transfer from legal reserve				-8		8	0		0
At 31 December 2020	10	167	-244	45	81	1.866	1.925	1	1.926
Net profit						633	633		633
Other comprehensive income (expense)			-31			31	0	-1	-1
Total comprehensive income (expense)	0	0	-31	0	0	664	633	-1	632
Transfer from legal reserve				-9	114	-105	0		0
At 31 December 2021	10	167	-275	36	195	2.425	2.558	0	2.558

The accounting policies and explanatory notes on pages 21 through 49 form an integral part of the financial statements.

Notes to consolidated financial statements

1. Corporate information

The consolidated financial statements of Hunter Douglas N.V. for the year ended 31 December 2021 were authorized for issue on 10 June 2022. These financial statements will be adopted by the Annual General Meeting of Shareholders on 30 September 2022.

Hunter Douglas N.V is incorporated in Curaçao. Common shares are publicly traded at Amsterdam (HDG) and Frankfurt (HUD); the preferred shares are traded at Amsterdam (HUNDP).

Hunter Douglas N.V. is registered at the Chamber of Commerce number 24117994.

The principal activities of the Company are described in note 3.

2. Summary of significant accounting policies

Basis of presentation
The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments, which have been measured at fair value. The consolidated financial statements are presented in U.S. dollars and all values are rounded to the nearest million except when otherwise indicated.

Statement of compliance
The consolidated financial statements of Hunter Douglas N.V. and all its subsidiaries have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union and International Financial Reporting Standards as issued by the IASB and title 9 of Book 2 of the Civil Code.

In accordance with Article 2:402 of the Civil Code, an abbreviated version of the income statement is presented in the Company's financial statements.

Basis of consolidation
The consolidated financial statements comprise the financial statements of Hunter Douglas N.V. and its subsidiaries as at 31 December each year. The financial statements of subsidiaries are prepared for the same reporting year as the parent Company, using consistent accounting policies.

All intercompany balances and transactions, including unrealized profits arising from intra-group transactions, have been eliminated upon consolidation.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group, in which case the consolidated financial statements include the results for the part of the reporting year during which Hunter Douglas N.V. had control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns.

Acquisitions have been included in the consolidated financial statements using the acquisition accounting method. The purchase method of accounting involves allocating the costs of the business combination to the fair value of the assets acquired and liabilities assumed at the date of acquisition.

Accordingly, the consolidated financial statements include the results from the new acquisitions from the date of their acquisition.

Non-controlling interest represents the portion of profit or loss and net assets in some Latin American subsidiaries not held by Hunter Douglas N.V. and are presented separately in the statement of income and within equity in the consolidated balance sheet, separately from shareholders' equity.

The consolidated financial statements have been prepared on a non-going concern basis because Hunter Douglas N.V. has ceased its business activities as a result of the asset transfer in February 2022, following the acquisition of a majority stake in the shares in Hunter Douglas N.V. by 3G Capital. The asset transfer has been disclosed in more detail in note 27 Events after balance sheet date.
Hunter Douglas N.V. remains solvent at the date when the financial statements are authorized for issue. The asset transfer is an event subsequent to year-end that is non-adjusting. All of the divestment transactions have been executed at the time of preparation of these financial statements. After finalizing these transactions as well as buy-out proceedings of the remaining minority shareholders in Hunter Douglas N.V., the Company will go in a voluntary solvent winddown, which is supported by the projections and results of the divestments that show that the Company is able to fulfil all its commitments. Reference is also made to Note 27 Events after balance sheet date.
Considering most accounting standards are written from a going-concern assumption perspective, the Company has assessed how it can best provide a true and fair view to the financial statement user (as defined in IAS 1) and has chosen to stay as close as possible to the guidelines used in prior years (going concern) and only deviated from the IFRS 5 guidance with respect to the classification, measurement and presentation of assets held for sale and discontinued operations.

Foreign currency translation
The consolidated financial statements are presented in US dollars, which is the Parent company's presentation and functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded at the functional currency rate on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange on the balance sheet dates. All differences are taken to the income statement with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to other comprehensive income until the disposal of the net investment, at which time they are recognized in the income statement. Tax charges and credits attributable to exchange differences on those borrowings are also recognized in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value was determined.

As at the reporting date, the assets and liabilities of the subsidiaries are translated into the presentation currency of the Company (US dollar) at the rate of exchange on the balance sheet date and their income statements are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognized in other comprehensive income relating to that particular foreign operation is recognized in the income statement.

Intangible assets
Intangible assets with finite lives are

amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the income statement in the expense category consistent with the function of the intangible asset.

Business Combinations and Goodwill
Business Combinations are accounted for using the acquisition accounting method. This involves recognizing identifiable assets (including previously unrecognized intangible assets) and liabilities (including contingent liabilities and excluding future restructuring) of the acquired business at fair value. Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

If the acquirer's interest in the net fair value of the identifiable assets and liabilities and contingent liabilities is higher than the cost of the business combination, the difference is recognized as a gain in the income statement.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies. Impairment is determined by assessing the recoverable amount of the cash-generating unit, to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognized. Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained. Non-controlling interests in the acquiree are measured at the proportionate share of the acquiree's identifiable net assets. For each business combination, the Company elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognized.

Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

In case of the finalization of a purchase price allocation in the following year of the acquisition certain balances, which were based on a provisional assessment of their fair value, will be adjusted in line with IFRS 3.45.

Tangible fixed assets
Tangible fixed assets are carried at cost less accumulated depreciation and any accumulated impairment in value. Fixed assets are depreciated over the expected useful lives, using the straight-line method. An indication of the expected useful life is as follows:

Buildings	20 – 40 years
Machinery & equipment	5 – 10 years
Other tangible fixed assets	3 – 10 years

Land is not depreciated

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets of cash-generating units are written down to their recoverable amount.

Other financial non-current assets
Other financial non-current assets are recorded at amortized costs. Investments in unconsolidated associates are recorded at equity value.

Inventories
Inventories are valued at the lower of production cost and net realizable value. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- Raw materials are stated principally at the lower of cost (first-in/first-out) or net realizable value;

- Finished goods and work-in-progress are stated at cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Trade and other receivables
Trade receivables, which generally have 30-60 day terms, are recognized and carried at amortized cost amount less an allowance for impairment. Under IFRS 9, a forward-looking expected credit loss model must be applied when assessing impairment. In making impairment assessments, the Company applies the standard simplified approach to estimate the lifetime expected credit losses and considers its historical credit loss experience, adjusted for forward-looking factors specific to the nature of the Company 's receivables and economic environment. If any such evidence exists, an impairment allowance is recognized.

Financial assets
Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.
The classification of financial assets at initial recognition depends on the financial assets' contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at a fair value, through profit or loss, including transaction costs.

Derecognition of financial instruments
A financial asset(or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

Cash and cash equivalents
Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of less than three months.

For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

Offsetting of financial instruments
Financial assets are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis to realize the assets and settle the liabilities simultaneously.

Interest-bearing loans and borrowings
All loans and borrowings are initially recognized at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any issue costs, and any discount or premium on settlement. Gains and losses are recognized in net profit or loss when the liabilities are derecognized, as well as through the amortization process.

IAS 23 requires capitalization of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.

Provisions
Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event.

Restructuring provisions are recognized only when the Group has a constructive obligation, which is when:
(i) there is a detailed formal plan that identifies the business or part of the business concerned, the location and number of employees affected, the detailed estimate of the associated costs, and the timeline; and
(ii) the employees affected have been notified of the plan’s main features.

It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a borrowing cost.

Pensions and other post-employment benefits
The Company operates two defined benefit pension schemes, all of which require contributions to be made to separately administered funds.

The cost of providing benefits under the plans is determined separately for each plan using the projected unit credit actuarial valuation method. Actuarial gains and losses for the defined benefit plans are recognized in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognized in retained earnings and are not reclassified to profit or loss in subsequent periods.

The defined benefit asset or liability comprises the present value of the defined benefit obligation less the fair value of plan assets out of which the obligations are to be settled. Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Company, nor can they be paid directly to the Company. Fair value is based on market price information and, in the case of quoted securities, it is the published bid price. The value of any defined benefit asset recognized is restricted to the present value of any economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

The Company also operates a number of defined contribution pension plans. The cost of providing contributions under the plans is charged to the income statement in the period to which the contributions relate.

Put-call option agreement
A put/call option, which provides the right to acquire the remaining shareholding in a company, is initially recognized as a financial asset or liability at its fair value of the underlying redemption amount, with any subsequent changes in its fair value recognized in profit or loss (see note 4, 5 and 18). The fair value is calculated based on the estimated future profits of a company.

Treasury shares
Own equity instruments which are reacquired (treasury shares) are deducted from equity. No gain or loss is recognized in the income statement on the purchase, sale, issue or cancellation of the Company’s own equity instruments.

Leases
The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. No rent concessions were received because of COVID-19.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Company recognizes right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Land & buildings	3-50 years
Machinery & equipment	3-5 years
Other	3-5 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. See also the policy about tangible fixed assets.

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Non-lease components, such as maintenance services, have been combined with the lease components, in accordance with IFRS 16.15.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company's lease liabilities are reported separately.

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term. All lease liabilities with an initial contract value equal or less than USD 5,000 have been threatened as low-value assets

Net sales
Net sales are recognized when control over a product is transferred to a customer. This is usually when the product is send to the customer. Revenue is measured at the transaction price which is based on the amount of consideration that the Company expects to receive in exchange for transferring the promised goods to the customer net of freight, returns, allowances and sales tax. Cost of sales are recorded in the same period as sales are recognized. Other revenues and expenses are recorded in the period in which they originate.

Research and development
Research costs are expensed as incurred. Development costs are capitalized if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and the cost of the asset can be measured reliably.

Income tax
Current tax assets and liabilities for the current and prior years are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax is provided, using the liability method, on all temporary differences at the balance sheet date between the tax basis of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognized for all taxable temporary differences such as the value of inventories, fixed assets and provisions for tax purposes which differ from the value used for financial reporting purposes, except where the deferred income tax liability arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilized, except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognized directly in equity or other comprehensive income are recognized in equity or other comprehensive income and not in the income statement.

Sales tax
Revenues, expenses and assets are recognized net of the amount of sales tax except:

- where the sales tax incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Derivative financial instruments
The Company uses derivative financial instruments such as foreign currency contracts, interest rate swaps and metals futures to hedge its risks associated with interest rate, metal commodities and foreign currency fluctuations. Such derivative financial instruments are stated at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Fair values are determined from listed market prices, price quotations from banks or from pricing models. Any gains or losses arising from changes in fair value on derivatives are taken directly to the income statement. No hedge accounting is applied for hedges, except for net investments.

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognized directly as a separate component of equity, to the extent that the hedge is effective. To the extent that the hedge is ineffective, such differences are recognized in the statement of income.

Significant events in the period and accounting judgements and estimates

Impact of COVID-19 on the financial statements
The COVID-19 pandemic had an immaterial impact on the consolidated financial statements of the Group as of 31 December 2021 and no subsidy was received.

The Group has taken the situation into account in its estimates, notably those related to the non-current and current assets valuation. The valuation of the non-current and current assets has not been adjusted as of 31 December 2021 as a result of the COVID-19 outbreak.

Impact of climate related matters on the financial statements
The impact of climate changes has been considered and has an immaterial impact on the accounting judgements and estimates in the consolidated financial statements.

Impact of the current situation in Ukraine

The impact of the current situation in Ukraine has been considered and has an immaterial impact on the accounting judgements and estimates in the consolidated financial statements.

Significant accounting estimate and judgements
The preparation of financial statements requires management to make estimates and assumptions that affect amounts reported in the consolidated financial statements in order to conform to IFRS. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. We evaluate these estimates and judgements on an ongoing basis and base our estimates on experience, current and expected future conditions, third-party evaluations and various other assumptions that we believe are reasonable under the circumstances. The results of these estimates form the basis for making judgements about the carrying values of assets and liabilities as well as identifying and assessing the accounting treatment with respect to commitments and contingencies. Actual results could differ from the estimates and assumptions.

Estimates significantly impact goodwill and other intangibles acquired, impairments, provisions for put/call options, liabilities from employee benefit plans, and tax and other contingencies. The fair values of acquired identifiable intangibles are based on an assessment of future cash flows. Refer to Note 5 for further information regarding the fair values of intangibles acquired. Impairment analyses of goodwill are performed annually and whenever a triggering event has occurred to determine whether the carrying value exceeds the recoverable amount. These analyses are based on estimates of future cash flows.

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm’s length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. These estimates are most relevant to goodwill recognized by the Group. The key assumptions used to determine the recoverable amount for the different CGUs are disclosed and further explained in Note 6.

The provision for put/call options relates to options for minority shares in consolidated subsidiaries that have been accounted for as 100% acquired. The options have variable exercise prices based on forecasted results of the subsidiaries against a multiple up to maturity date and are valued as such in the provision. The forecasted results have an element of uncertainty as they relate to the future performance of the related subsidiaries. Refer to Note 18 for further information.

Assumptions used to determine pension liabilities include the interest rate and discount rate. Refer to Note 22 for further disclosure on the key assumptions.

In various countries the Company has taken standpoints regarding its tax position which may at any time be challenged by the tax authorities because the authorities in question interpret the law differently. In determining the probability of realization of deferred tax assets and liabilities these uncertainties are taken into account. Refer to Note 20 for further information.

Reclassification

The Group re-assessed its accounting for outward freight deductions. The Group had previously presented these as a deduction of net sales. In 2021, the Group elected to reclassify these deductions to cost of sales, as the Group believes this provides better insight in the actual size of the business. The comparative figures have been adjusted for the reclassification. The impact on the 2020 sales and cost of sales is USD 94 million (increase).

New and amended standards and interpretations effective as from 2021
Several amendments apply for the first time in 2021, but do not have a material impact on the consolidated financial statements of the Company. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

The nature and the impact of each of the following new standards, amendments and/or interpretations are described below:

- Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16.
- COVID-19 Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16.

These amendments did not have a material impact on the consolidated financial statements of the Company.

IFRS accounting standards issued but not yet effective
A number of amendments to existing standards have been published and are mandatory for the Company beginning on or after 1 January 2022, or later periods, and the Company has not early-adopted them. The changes to those standards are not expected to have a material impact on the Company’s consolidated financial statements.

3. Segment information

The Company has determined its reportable segments based on its internal reporting practices and on how the Company's management evaluates the performance of operations and allocates resources. The segments are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The window coverings segment relates to sales and manufacturing of window coverings for commercial and residential use. The architectural products segment relates to sales and manufacturing of architectural products mainly for commercial use. Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on net profit and is measured consistently with net profit in the consolidated financial statements. Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. The Company's geographical segments are determined by the location of the Company's assets and operations.

Financial information by region

USD millions	Europe		North America		Latin America		Asia		Australia		Total	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Net sales												
Window Coverings	**1,700**	1,357	**2,270**	1,733	**81**	65	**79**	58	**162**	138	**4,292**	3,351
Architectural Products	**80**	69	**98**	101	**46**	41	**91**	75			**315**	286
Total*	**1,780**	1,426	**2,368**	1,834	**127**	106	**170**	133	**162**	138	**4,607**	3,637
Net assets employed	**1,067**	973	**1,295**	1,052	**112**	80	**97**	126	**99**	106	**2,670**	2,337
of which												
Non-current assets*	**940**	1,056	**1,185**	858	**42**	41	**67**	75	**71**	77	**2,305**	2,107
Additions to tangible fixed assets	**32**	24	**49**	45	**2**	2	**2**	2	**1**	1	**86**	74
Depreciation tangible fixed assets	**51**	46	**60**	66	**4**	5	**8**	7	**5**	4	**128**	128
Employees per year-end**	**7,396**	7,366	**12,859**	12,320	**1,079**	1,058	**1,523**	1,577	**541**	550	**23,398**	22,871

(*) Net sales in the Netherlands were 198 (2020: 161) and non-current assets 65 (2020: 65).

(**) Of which 22,310 (2020: 21,756) employed outside the Netherlands.

Relative distribution of employees per business segment per area is in line with net sales per area.

Business segments

The following table presents revenue and income information and certain asset and liability information regarding the Company's business segments for the years ended 31 December 2021 and 2020.

Amounts in millions	Window Coverings		Architectural Products		Total	
	2021	2020	2021	2020	2021	2020
Revenue						
Sales to external customers	**4.292**	3.351	**315**	286	**4.607**	3.637
Segment revenue	**4.292**	3.351	**315**	286	**4.607**	3.637
Total gross profit	**1.807**	1.294	**93**	98	**1.900**	1.392
Selling and marketing expense	**-694**	-627	**-58**	-65	**-752**	-692
General and administrative expense	**-386**	-355	**-43**	-32	**-429**	-387
Income from operations before other income/expense	**727**	312	**-8**	1	**719**	313
Other income	**114**	6			**114**	6
Other expense	**-28**	-130			**-28**	-130
Income from operations (EBIT)	**813**	188	**-8**	1	**805**	189
Share of the profit of associates	**15**	11			**15**	11
Finance costs	**-9**	-10		-1	**-9**	-11
Income before taxes	**819**	189	**-8**	0	**811**	189
Taxes on income	**-180**	-73	**2**		**-178**	-73
Net profit for the year	**639**	116	**-6**	0	**633**	116
Net profit attributable to non-controlling interest					**0**	0
Net profit attributable to equity shareholders	**639**	116	**-6**	0	**633**	116
Assets and liabilities						
Segment assets	**3.647**	3.166	**313**	277	**3.960**	3.443
Investment in an associate	**31**	36	**1**		**32**	36
Total assets	**3.678**	3.202	**314**	277	**3.992**	3.479
Segment liabilities	**1.298**	1.401	**136**	152	**1.434**	1.553
Total liabilities	**1.298**	1.401	**136**	152	**1.434**	1.553
Net assets employed	**2.513**	2.181	**157**	156	**2.670**	2.337
Other segment information						
Additions tangible fixed assets	**81**	67	**5**	6	**86**	73
Depreciation tangible fixed assets	**113**	112	**15**	16	**128**	128
Intangibles	**1.379**	1.388	**25**	30	**1.404**	1.418
Amortization patents and trademarks	**25**	22	**3**	3	**28**	25
Non-recurring expenses	**12**	51	**1**	14	**13**	65

4. Revenues and expenses

Amounts in millions	2021	2020
Finance costs		
Bank loans and overdraft	**3**	5
Lease liabilities	**3**	3
Other loans (including non-cumulative redeemable preference shares)	**3**	3
Total finance costs	**9**	11
Other income		
This relates to the surplus value over agreed purchase prices (also refer to note 10)	**114**	6
Other expense		
This relates to adjustments of put/call options over the non-controlling interest	**28**	130
Non-recurring expenses are included in the consolidated income statement as follows:		
Cost of sales	**10**	52
Selling and marketing expense		6
General and administrative expense	**3**	7
	13	65
Non-recurring expenses mainly relate to the reduction of employees caused by changes of the business per company		
Depreciation, amortization and costs of inventories included in consolidated income statement		
Included in cost of sales:		
Depreciation of tangible fixed assets	**66**	74
Employee benefits expense	**467**	459
Costs of inventories recognized as an expense	**2.174**	1.712
	2.707	2.245
Included in selling and marketing expense:		
Depreciation of tangible fixed assets	**13**	15
Employee benefits expense	**414**	308
Included in general and administrative expense:		
Depreciation of tangible fixed assets	**49**	39
Employee benefits expense	**313**	251
Amortization other intangibles	**28**	25
Employee benefits expense		
Wages and salaries	**981**	823
Social security costs	**168**	161
Pension costs	**45**	34
Employee benefits expense included in other expense	**8**	34
	1.202	1.052

Research costs

Research costs consist of 53 (2020: 44) charged directly to general and administrative expense in the income statement.

5. Business combination

In 2021 Hunter Douglas acquired 3 small businesses in the window covering segment with total additional sales in 2021 of USD 15 million and no material results.

In 2020 Hunter Douglas acquired 3 small businesses in the window covering segment with total additional sales in 2020 of USD 45 million and no material results.

The fair value of the identifiable assets and liabilities of these companies determined as at the date of acquisition are:

Recognized on acquisitions	**2021**	**2020**
	Total	**Total**
Amounts in millions	**Window covering**	**Window covering**
Inventories	**1**	**2**
Trade and other receivables	**1**	**7**
Cash and short-term deposits	**2**	**11**
Trade and other payables	**-5**	**-12**
Tangible fixed assets		**2**
Intangible fixed assets	**13**	**1**
Fair value of net assets	**12**	**11**
Goodwill arising on acquisitions	**24**	**22**
Total consideration	**36**	**33**
Consideration		
Cash paid	**29**	**17**
Fair value adjustment	**7**	**6**
Deferred consideration		**10**
	36	**33**
Cash outflow on acquisitions:		
Cash paid	**-29**	**-17**
Net cash acquired with acquisitions	**2**	**11**
	-27	**-6**

The goodwill of 24 (2020: 22) includes 7 (2020: 6) fair value adjustment recognized in the consolidated statement of income. These fair value adjustments relate to acquisitions at an upfront agreed price where the fair value of the acquired business exceeded the consideration transferred. The Company recognized the resulting gain in profit or loss.

Goodwill arising on acquisitions mainly relates to the increase in market share as well as the assembled workforce and are not tax deductible in the future.

The reason of the fair value adjustment is the result of the difference between the agreed purchase price and the fair value of the shares.

6. Impairment testing of indefinitely lived goodwill

The carrying amount of goodwill is allocated to the cash-generating units within the window coverings or architectural products segment.

The recoverable amount of the units is based on value-in-use calculations. Those calculations use cash flow projections based on the budget for the coming year extrapolated with no growth to determine the termination value. A pre-tax Weighted Average Cost of Capital (WACC) was used of 10.6% for the US, 9.7% for the UK and 9.5% for the rest of the world (2020: 10.2% overall) as a basis to discount the projected cash flows. Per unit local market conditions are accounted for in determining next year's budget. The budgets are founded on achieved results in the preceding years and expectations on local industry developments going forward.

With regard to the assessment of value in use, management believes that, considering the assumptions used, that no reasonably possible change in any of the above key variables would result in an impairment. For Hillarys' impairment testing of goodwill, a forecast for a longer period up to 2025 and an estimated industry growth rate up to 2027 is used to calculate the value in use. After this period, a long-term growth rate of 0.8% is applied to extrapolate the projections for subsequent years. The transaction price of the acquisition by 3G Capital did not result in the identification of any impairment indicators.

7. Intangible fixed assets

Amounts in millions	Goodwill			Patents & Trademarks		Total	
	2021	**2020**		**2021**	**2020**	**2021**	**2020**
At 1 January	**1,241**	1,195		**177**	201	**1,418**	1,396
Acquisitions	**24**	23		**13**		**37**	23
Additions		1				**0**	1
Transfer		-15	*			**0**	-15
Amortization				**-28**	-25	**-28**	-25
Exchange	**-23**	37			1	**-23**	38
At 31 December	**1,242**	1,241		**162**	177	**1,404**	1,418
At 1 January							
Cost	**1,241**	1,195		**340**	339	**1,581**	1,534
Accumulated amortization				**-163**	-138	**-163**	-138
Net carrying amount	**1,241**	1,195		**177**	201	**1,418**	1,396
At 31 December							
Cost	**1,242**	1,241		**353**	340	**1,595**	1,581
Accumulated amortization				**-191**	-163	**-191**	-163
Net carrying amount	**1,242**	1,241		**162**	177	**1,404**	1,418

* The transfer in 2020 relates to the deconsolidation of 247 Home Furnishings Ltd. of which Hunter Douglas had to give up control pursuant to an initial enforcement order by the Competition and Market Authority (CMA) in 2020.

Goodwill is not amortized but is subject to annual impairment testing (see note 6). Any impairment on goodwill is recorded in profit or loss through other expenses (see Note 4). Patents and trademarks are amortized between 10 and 20 years.

For the 2020 acquisitions the fair value amounts were provisional. These have been finalized in 2021 without changes to the provisional amounts.

The carrying amount of goodwill of 1,242 (2020: 1,241) exists mainly of goodwill paid for the following 4 (2020: 4) cash generating units:

- The pleated blind systems distribution in Europe (WCP segment) is mainly handled by Benthin and Blöcker in Germany and Thomas Sanderson in the UK.
  For those companies, acquired in the past, the Company has per balance sheet date an amount of 20 (2020: 20) for goodwill.
- As the US window covering business is very much integrated, we see this business as one cash generating unit. For these companies, acquired in this segment, the Company has per balance sheet date an amount of 489 (2020: 439) for goodwill.
- The acquired online retailer business has per balance sheet date an amount of 191 (2020: 167) for goodwill.
- The acquired Hillarys business has per balance sheet date an amount of 359 (2020: 363) for goodwill.

8. Tangible fixed assets

Amounts in millions	Land & Buildings		Machinery & Equipment		Other fixed assets		Total	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
At 1 January	**203**	198	**259**	284	**24**	24	**486**	506
Additions	**9**	24	**74**	48	**3**	1	**86**	73
Acquisitions				1		1	**0**	2
Disposals	**-9**	-8	**-2**	-11	**-1**		**-12**	-19
Depreciation charge for the year	**-14**	-17	**-70**	-71	**-2**	-2	**-86**	-90
Exchange	**-6**	6	**-6**	8			**-12**	14
At 31 December, net of accumulated depreciation	**183**	203	**255**	259	**24**	24	**462**	486
At 1 January								
Cost	**497**	470	**1,185**	1,121	**68**	59	**1,750**	1,650
Accumulated depreciation	**-294**	-272	**-926**	-837	**-44**	-35	**-1,264**	-1,144
Net carrying amount	**203**	198	**259**	284	**24**	24	**486**	506
At 31 December								
Cost	**468**	497	**1,189**	1,185	**63**	68	**1,720**	1,750
Accumulated depreciation	**-285**	-294	**-934**	-926	**-39**	-44	**-1,258**	-1,264
Net carrying amount	**183**	203	**255**	259	**24**	24	**462**	486

Included in tangible fixed assets at 31 December 2021 is an amount of 69 (2020: 39) relating to expenditure in construction.

9. Right-of-use tangible fixed assets

Amounts in millions	Right-of-use tangible fixed assets: Land & Buildings	Machinery & Equipment	Other fixed assets	Total	Lease liabilities*
At 1 January 2020	126	3	16	**145**	151
Additions	33	1	7	**41**	41
Disposals	-17		-1	**-18**	-17
Depreciation expense	-30	-2	-6	**-38**	
Interest expense				**0**	3
Payments				**0**	-41
Exchange	4	1		**5**	4
At 31 December 2020	**116**	**3**	**16**	**135**	**141**
Additions	34		9	**43**	43
Disposals	-3		-1	**-4**	-5
Depreciation expense	-32	-1	-9	**-42**	
Interest expense				**0**	3
Payments				**0**	-39
Exchange	-3		-1	**-4**	-2
At 31 December 2021	**112**	**2**	**14**	**128**	**141**

* Excluding short-term leases and leases of low-value assets

The Company has lease contracts for various items of plant, machinery, vehicles and other equipment used in its operations. Leases of plant and machinery generally have lease terms between 3 and 10 years, while motor vehicles and other equipment generally have lease terms between 3 and 5 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets.

The Company also has certain leases of office equipment with low value. The Company applies the 'lease of low-value assets' recognition exemptions for these leases. The lease expense for low-value assets for 2021 were not material.

The Company does not have leases with a lease terms of 12 months or less for which the company applied the 'short-term lease' recognition exemptions for these leases.

The Company had total cash outflows for leases of 39 in 2021 (2020: 41). The Company has agreed into a lease agreement during 2021 for a nominal value of 5, which has not yet commenced per 31 December 2021.

10. Other financial non-current assets

Amounts in millions	Receivables from key management employees	Other long-term receivables	Option Select Blinds	Investments in associates	Other	Total
At 1 January 2020	1	32		9	14	**56**
Additions				7	2	**9**
Transfer*				20		**20**
Deductions	-1	-8			-7	**-16**
At 31 December 2020	0	24	0	36	9	**69**
Additions		128	114	15	4	**261**
Transfer*				-12		**-12**
Deductions				-7		**-7**
At 31 December 2021	0	152	114	32	13	**311**

The investments in associates are mainly Select Blinds USA (49.9%) and Canada (30%).

The results of the investments in associates have been included in the consolidated statement of income in the line Share of the profit of associates.

The Group did not recognize material expected credit losses on its Other financial non-current assets as these are considered to be low credit risk investments.

* On 7 July 2021 the U.K. Competition and Markets Authority (CMA) required a divestiture of 51% of the company's 100% owned 247 Home Furnishings, U.K. (for a price of GBP 10.8 million).
The transfer in 2020 relates to the deconsolidation of 247 Home Furnishings of which Hunter Douglas had to give up control pursuant to the initial enforcement order by the CMA.

On 7 October 2021 Hunter Douglas acquired another 3.75% in Select Blinds, U.S.A., to bring its ownership from 30% to 49.9%, after the buy-out of a minority shareholder by Select Blinds.

The additions of USD 128 million to Other long-term receivables consist mainly of the following loans provided by Hunter Douglas on 07 October 2021:

- A loan of USD 96 million to Select Blinds U.S.A. to buy-out a former shareholder who owned 35% of the company
- A loan of USD 26.4 million to a present shareholder of the company.

These loans are presented as cash flow from investing activities in the consolidated cash flow statement.

The Select Blind option represents the surplus value over the agreed purchase price of Select U.S.A. (50.1%) and Select Canada (70%).

The fair value of these options is estimated by an external specialist using Monte Carlo simulations in a risk-neutral framework (income approach), using EBITDA forecasts prepared by management as input. This is classified as a level 3 fair value measurement under IFRS 13. The addition in 2021 represents an increase in fair value, which is recognized through profit/loss in Other income.

The following key assumptions are applied in estimated the fair value of these options:

Select USA (fair value USD 96,6 million)	
EBITDA risk premium	11,1%
EBITDA volatility	37,0%
Equity volatility	45,0%

Select Canada (fair value USD 17,0 million)	
EBITDA risk premium	11,8%
EBITDA volatility	35,0%
Equity volatility	35,0%

11. Inventories

Amounts in millions	2021	2020
Raw materials (at cost)	**489**	417
Work-in-progress (at cost)	**33**	31
Finished goods:		
- At cost	**364**	327
- Provision	**-176**	-171
	710	604

12. Trade and other receivables (current)

Amounts in millions	2021	2020
Trade receivables	**407**	407
Financial institutions	**13**	14
Other receivables		2
Short-term advances	**11**	6
	431	429

Trade receivables are non-interest bearing and are generally on 30-60 day terms.

As at 31 December 2021, trade receivables at nominal value of 37 (2020: 42) were impaired and fully provided for and relate to the trade receivables that are past due.

Movements in the provision for impairment of trade receivables were as follows:

Amounts in millions	2021	2020
At 1 January	**42**	24
Additions	**6**	25
Utilized	**-10**	-8
Exchange	**-1**	1
At 31 December	**37**	42

As at 31 December 2021 the ageing of trade receivables is as follows:

Amounts in millions		Not due		Past due		
	Total	<30 days	30-60 days	60-90 days	90-120 days	>120 days
Gross	**444**	343	45	16	17	23
Allowance	**-37**	-18	-1	-2	-3	-13
	407	**325**	**44**	**14**	**14**	**10**

As at 31 December 2020 the ageing of trade receivables is as follows:

Amounts in millions	Total	Not due <30 days	Not due 30-60 days	Past due 60-90 days	Past due 90-120 days	Past due >120 days
Gross	**449**	337	50	15	21	26
Allowance	**-42**	-12	-4	-1	-10	-15
	407	**325**	**46**	**14**	**11**	**11**

The company has 369 (2020: 371) of not yet due trade receivables.

Financial institutions

Amounts in millions	2021	2020
Deposits	**13**	14
	13	14

13. Prepayments

Amounts in millions	2021	2020
Prepaid expenses	**107**	85
Prepaid taxes (no income tax)	**23**	12
Other	**9**	8
	139	105

The net amount of sales tax receivable and sales tax payable is non-interest bearing and is remitted to the appropriate taxation authorities on a monthly basis.

14. Cash and short-term deposits

Cash at bank and in hand earns interest at floating rates based on market conditions. Short-term deposits are made for varying periods of between one day and 3 months depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates. At 31 December 2021 the fair value of cash and cash equivalents is 250 (2020: 47).

For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise the following at 31 December:

Amounts in millions	2021	2020
Cash at bank and in hand	**141**	45
Short-term deposits	**109**	2
	250	47

Funds in certain countries in which the Company operates are subject to varying exchange regulations. No material restrictions exist for transfers of a current nature, such as dividends from subsidiaries. A few countries have more severe restrictions on remittances of a capital nature, which are immaterial to the Company.

15. Issued capital and reserves

Numbers x 1,000	**2021 Ordinary shares** € 0.24 each	**2020 Ordinary shares** € 0.24 each
Issued and fully paid-in		
At 1 January	**34,790**	34,790
At 31 December	**34,790**	34,790

The Sonnenberg Family owns at year-end 2021 30,559,366 (2020: 29,176,579) common shares of Hunter Douglas N.V. representing 87.84% (2020: 83.87%) of the common shares of the Company.

Share premium: under present Dutch Law, substantially all share premium may be distributed as stock dividend free from Dutch dividend withholding tax.

The foreign currency translation reserve, revaluation reserve and reserve for capitalized development costs are legal reserves and when negative/positive, the retained earnings cannot be distributed for this amount.

Retained earnings: this reserve is freely distributable.

There are no external capital requirements.

16. Non-controlling interest

Amounts in millions	2021	2020
Other		1
	0	1

17. Interest-bearing loans and borrowings

Amounts in millions	Currency	Interest rate		Maturity date	2021	2020
Current						
Bank overdraft		Various	*	N/A	**4**	42
Bergson Beheer	EUR	Various	*	2022	**28**	
Short-term bank loans		Various	*	N/A	**14**	16
					46	58
Non-current						
Svenska Handelsbanken	EUR	Various	*	2022		122
Management Blinds 2go	GBP	Various	*	2026	**29**	
					29	122
Preferred shares						
Preferred shares	EUR	Various	*	N/A	**10**	10

** Mostly at Interbank rates plus a margin*

Average life of long-term loan is 4.5 years (2020: 1.89 years); the loan is at variable rates of interest. All loans are unsecured.

Hunter Douglas N.V.'s Articles of Association fix the annual dividend on each preferred share at a percentage of the par value. This percentage amounts to 2.25% per annum over the European Central Bank's deposit rate on the last working day of May of the affected year.

The decrease in interest bearing loans and borrowings of 106, offset by 12 exchange differences, is caused by positive cash flow from operations

18. Provisions

Amounts in millions	Pensions (note 22)	Other Employee Benefits	Put / Call Options	Other	Total
At 1 January	88	23	87	30	**228**
Additions from income statement	3	28	9	16	**56**
Contributions	16				**16**
Actuarial gain	-40				**-40**
Transfer to other payables (current)					**0**
Utilized		-15	-8	-24	**-47**
Exchange			-3		**-3**
At 31 December	67	36	85	22	**210**
Non-current 2021	67	36	85	22	**210**
Non-current 2020	88	23	87	30	228

The provision for put/call options relates to options for minority shares in consolidated subsidiaries that have been accounted for as 100% acquired. The maturity of these options is presented in the liquidity risk table in Note 26. The options mature between 2023 and 2029. The options have variable exercise prices based on forecasted results of the subsidiaries against a multiple up to maturity date and are valued as such in the provision. The forecasted results have an element of uncertainty as they relate to the future performance of the related subsidiaries. The liability is measured at fair value through profit/loss and the fair value measurement is classified as a level 3 fair value measurement under IFRS 13. Management does not consider the effect of reasonably possible alternative assumptions on the fair value to be material.

19. Trade and other payables (current)

Amounts in millions	**2021**	**2020**
Trade payables	**226**	184
Accrued wages, social charges and other compensation	**207**	175
Other payables and accrued expenses	**274**	237
Commissions, discounts and allowances	**39**	35
Put / Call options		155
Other	**141**	93
	887	879

Terms and conditions of the above financial liabilities:

Trade payables are non-interest-bearing and are normally settled on 45-day terms.

Other payables are non-interest-bearing and have an average term of 6 months.

On 21 March 2021 the company exercised the put/call option for the remaining shares (35%) of Blinds2go, the U.K. internet business at a price of GBP 115 million (USD 156 million).

20. Income tax

Amounts in millions	2021	2020
Consolidated income statement		
Current income tax		
Current income tax charge	**148**	65
Adjustments in respect of current income tax of previous years	**2**	-2
Deferred income tax		
Relating to origination and reversal of temporary differences and recognition of tax losses	**28**	10
	178	73

A reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the Company's effective income tax rate for the years ended 31 December 2021 and 2020 is as follows:

	2021	2020
Accounting profit before income tax	**811**	189
At Dutch statutory income tax rate of 25% (2020: 25%)	**203**	47
Tax losses not recognized in prior years		-1
Tax losses not recognized in the year	**1**	2
Adjustments to previous years	**-9**	5
Impact different tax rates per country	**-14**	-8
Non-taxable income	**5**	
Non-deductible expenses put/call options		28
Permanent differences	**-11**	6
Effect of NL tax rate change on DTA		-10
Other	**3**	4
At effective income tax rate of 21.95% (2020: 38.6%)	**178**	73
Income tax expense reported in consolidated income statement	**178**	73

Deferred tax assets have been only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profits will be available, against which the temporary differences can be utilized.

The Company has unused tax losses of 36 (2020: 41), of which 10 expires within 5 years and the remaining 26 has no expiry date. The unused tax losses are available for offset against future taxable profits of the companies in which the losses arose.

Amounts in millions	Consolidated Balance Sheet 2021	Consolidated Balance Sheet 2020	Consolidated Income Statement 2021	Consolidated Income Statement 2020	Via O.C.I. 2021	Via O.C.I. 2020
Deferred income tax assets						
Losses available for offset against future taxable income	**23**	24	**-1**	-9		
Temporary valuation differences:						
Tangible fixed assets	**7**	2	**5**	-1		
Inventories	**2**	2		-2		
Pensions	**16**	20	**5**	-12	-9	7
Trademarks	**59**	68	**-9**	15		
Other	**18**	31	**-23**	12	**10**	-5
	125	147				
Deferred income tax liabilities						
Temporary valuation differences						
on IP from Hillarys acquisition	**7**	6	**-1**	3		
on IP from 3 Day Blinds acquisition	**9**	9				
on Select Blinds USA option	**23**		**-23**			
Other	**12**	31	**19**	-16		
	51	46				
Deferred income tax income (expense)			**-28**	-10	**1**	2

21. Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of dilutive options).

The income and share data used in the basic and diluted earnings per share computations is as follows:

Amounts in millions	**2021**	**2020**
Net profit attributable to equity shareholders	**633**	116
Numbers x 1,000		
Weighted average number of ordinary shares for basic earnings per share	**34,790**	34,790

22. Employee benefits

Pension plans

Defined benefit plans

Employee pension plans have been established in many countries in accordance with the legal requirements, customs and the local situation in the countries involved. The minority of employees in the United Kingdom and North America are covered by defined benefit plans. The defined benefit plan in North America is based on average wage earned, in the United Kingdom is the defined benefit plan based on last wage earned. The benefits provided by these plans are based on employees' years of service and compensation levels. The measurement date for defined benefit plans is 31 December.

Contributions are made by the Company as necessary, to provide assets sufficient to meet the benefits payable to defined benefit pension plan participants. These contributions are determined based upon various factors, including funded status, legal and tax considerations as well as local customs. The UK pension plan was frozen as of 1 January 2000. The US pension plan was frozen as of 31 December 2012. No future benefits accruals and no new participants are allowed.

The following tables summarize the components of the net benefit expense recognized in the consolidated income statement and the funded status and amounts recognized in the consolidated balance sheet for the UK and US pension plans, as well as the principal assumptions applied. Other defined benefit pension plans included in the net benefit expense and consolidated balance sheet are not material.

The principal assumptions used for the purpose of the actuarial valuation are as follows:

%	Pension plans			
	US		UK	
	2021	**2020**	**2021**	**2020**
Discount rate	**2.81**	2.45	**1.90**	1.30
Future salary increase	**NA**	NA	**2.80**	2.40
Inflation assumption	**NA**	NA	**3.30**	2.90

Sensitivity analysis: If the discount rate in the US increases (decreases) with 0.25% the pension provision will decrease (increase) with around 8, for the other plans changes are not expected to have a material effect on equity or profit-and-loss.

The amount recognized in the balance sheet in respect of the Company's defined benefit retirement plans is as follows:

	Pension plans			
	US		UK	
Amounts in millions	**2021**	**2020**	**2021**	**2020**
Defined benefit obligations	**-230**	-245	**-79**	-87
Fair value of plan assets	**181**	185	**61**	59
Funded status	**-49**	-60	**-18**	-28
Net liability in balance sheet	**-49**	-60	**-18**	-28

The weighted average duration of the defined benefit obligations in the U.S. is 15 years and in the U.K. 18 years.

Amounts recognized in profit or loss in respect of the defined benefit plans are as follows:

	Pension plans			
	US		UK	
Amounts in millions	**2021**	**2020**	**2021**	**2020**
Current service cost	**1**	1	**1**	1
Interest cost on benefit obligation	**5**	9	**1**	1
Interest return on plan assets	**-4**	-7	**-1**	-1
Net benefit expense	**2**	3	**1**	1
Actual return on plan assets	**18**	16	**3**	4

Changes in the fair value of the defined benefit obligations are as follows:

	Pension plans			
	US		UK	
Amounts in millions	**2021**	**2020**	**2021**	**2020**
Opening defined benefit obligations	**245**	310	**87**	70
Current service cost and received employee contributions	**1**	1	**1**	1
Interest cost on benefit obligation	**5**	9	**1**	1
Benefits paid	**-10**	-13	**-3**	-2
Settlement payments		-88		
Actuarial (gain) loss	**-11**	26	**-5**	14
Exchange differences on plans			**-2**	3
Closing defined benefit obligations	**230**	245	**79**	87

Changes in the fair value of the plan assets are as follows:

	Pension plans			
	US		UK	
Amounts in millions	**2021**	**2020**	**2021**	**2020**
Opening fair value of plan assets	**185**	224	**59**	56
Interest return on plan assets	**4**	7	**1**	1
Contributions	**-17**	43	**1**	1
Benefits paid	**-10**	-13	**-3**	-2
Settlement payments		-88		
Actuarial gain	**19**	12	**4**	1
Exchange differences			**-1**	2
Closing fair value of plan assets	**181**	185	**61**	59
Of which:				
Bonds		15	**2**	2
Equities	**95**	122	**30**	38
Other	**86**	48	**29**	19
The actual return on plan assets amounts	**11,3%**	9,5%	**5,0%**	3,9%

For the next years we expect the contributions to remain at the same level as in 2021.

The plan assets do not include any of the Company's own financial instruments, nor any property occupied or other assets used by the Company and exists mainly of hedge funds. The Company expects to contribute approximately 2 to its defined benefit plans in 2022. Contribution by employer will not materially differ from previous years.

Defined contribution plans

The expense of the defined contribution plans for 2021 amounts to 42 (2020: 31).

23. Commitments and contingencies

Capital commitments

At 31 December 2021, the Company has commitments for capital expenditures of 26 (2020: 14).

Legal claims

Legal claims have been filed against the Company in the course of its normal business. Management together with their legal counsel have only recognized a provision if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation

Guarantees

Hunter Douglas N.V. has the following contingent liabilities at 31 December 2021:

- The Company is contingently liable for guarantees given mainly for its subsidiaries (guarantees under article 2:403 of Dutch Civil Code), on which no material losses are expected.
- The Company forms part of a fiscal unity for Dutch corporate income tax purposes, and as such is jointly and severally liable for the liabilities of the whole fiscal unity.

24. Related party disclosure

The consolidated financial statements include the financial statements of Hunter Douglas N.V. and the subsidiaries as listed on page .. and ..

Amounts in millions	2021	2020
Short-term employee benefits	**42**	24
Total compensation paid to key management employees	**42**	24

As per year-end loans and advances amounted to key management employees nil (2020: nil).

25. Capital management and risk management objectives and policies

The financing of the Company is based on a conservative capital structure.

The Company has procedures and policies in place to control risks related to financial instruments. These policies and procedures include a clear segregation of duties between operating, settlement, accounting and controlling of all financial instruments used. The Company's senior management takes an active role in the risk management process. In addition, the geographical spread of the Company's activities limits the exposures to concentrations of credit or market risk.

The Company attempts to minimize the counterparty credit risk associated with the financial instruments used by selecting counterparties that it assumes to be creditworthy, given their high credit ratings.

The Company does not have significant credit risk exposure to any individual customer or counterparty. A substantial part of trade receivables is covered by securities obtained, credit insurance or letters of credit. Also, the Company has concluded netting arrangements with some counterparties to offset financial instruments. Given their credit ratings, the remaining credit exposure with these counterparties is not considered of significance.

The following instruments are used:

a. *Interest derivatives*

Interest derivatives are used to manage exposure to movements in interest rates and to assume trading positions.

b. *Foreign exchange derivatives*
Foreign exchange derivatives are used to manage the exposure of currency exchange rate risks resulting from cash flows from (anticipated) business activities and financing arrangements denominated in foreign currencies and to assume trading positions.

Interest and foreign exchange derivatives are carried at their fair value. The interest and foreign exchange derivatives generally mature within one year. All changes in the fair value of derivatives are taken directly to the income statement as no hedge accounting is applied.

Interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variances held constant, of the Company's profit before tax (through the impact on floating rate borrowings). The effect on equity excludes the effect on profit before tax which ends up in equity.

	Increase/decrease in basis points	Effect on profit before tax	Effect on equity
2021			
Euro	**50**	**0**	
US dollar	**50**		
2020			
Euro	50	1	
US dollar	50		

Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and the Group's net investments in foreign subsidiaries.

As a result of significant operations in Europe, the Company's balance sheet can be affected significantly by movements in the US dollar / Euro exchange rates. The Company seeks to mitigate the effect of its structural currency exposure by borrowing in Euros. Between 20% and 50% of the Company's investment in non-USD operations will be hedged in this manner.

The following table demonstrates the sensitivity to a reasonably possible change in the Euro exchange rate, with all other variances held constant, of the Company's profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Company's equity (due to changes in the net investments, excluding the effect on profit before tax which ends up in equity).

	Increase/decrease in Euro exchange rate	Effect on profit before tax	Effect on equity
2021	**5%**	**0**	**14**
	-5%	**0**	**-14**
2020	5%	0	22
	-5%	-1	-22

Commodity price risk

The Group is affected by the price volatility of certain commodities.

Prices for raw materials, in particular: aluminium, steel, fabric, synthetics and other oil based products.
Changes in material prices for our window covering and architectural products are normally passed on in our product prices.

Credit risk

The Company does not have significant credit risk exposure to any individual customer or counterparty. A substantial part of trade receivables is covered by securities obtained, credit insurance or letters of credit. Also, the Company has concluded netting arrangements with some counterparties to offset financial instruments. Given their credit ratings, the remaining credit exposure with these counterparties is not considered of significance.

26. Financial instruments

	2021		2020	
Amounts in millions	**Face amount**	**Fair value**	**Face amount**	**Fair value**
Currency forward				
Buy	59	1	121	-5
Sell	-144	1	-133	6
	-85	**2**	**-12**	**1**

Currency forwards are in U.S. dollar and are valued at existing forward rates at the balance sheet date.

Fair values
Set out below is a comparison by category of carrying amounts and fair values of all the Company's financial instruments.

The fair value of borrowings has been calculated by discounting the expected future cash flows at prevailing interest rates.

The fair value of other financial assets has been calculated using the market interest rates. For financial instruments at fair value, the fair value hierarchy is indicated.

Amounts in millions	Carrying amount		Fair value	
	2021	**2020**	**2021**	**2020**
Financial assets				
Non-current				
Other financial assets - amortized cost	**165**	33	**165**	33
Option Select Blinds - fair value through P&L (level 3)	**114**		**114**	
	279	33	**279**	33
Current				
Trade receivables - amortized cost	**407**	407	**407**	407
Financial institutions and brokers - amortized cost	**13**	14	**13**	14
Currency derivatives - fair value through P&L (level 2)	**2**	1	**2**	1
Cash and short-term deposits - amortized cost	**250**	47	**250**	47
	672	469	**672**	469
Financial liabilities				
Non-current - amortized cost				
Put / Call options	**85**	87	**85**	87
Preferred shares - floating rate*	**10**	10	**10**	10
Other borrowings - floating rate*	**29**	122	**29**	122
	124	219	**124**	219
Current				
Trade payables - amortized cost	**226**	184	**226**	184
Put / Call options		155		155
Bank overdraft - floating rate* - amortized cost	**4**	42	**4**	42
Short-term loans - floating rate* - amortized cost	**42**	16	**42**	16
	272	397	**272**	397

* For interest-bearing loans and borrowings with a floating rate their fair value approximates their carrying value.

Liquidity risk

Amounts in millions	Within 1 year		1-2 years		2-3 years		3-4 years		4-5 years		More than 5 years		Total	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Trade payables	**226**	184											**226**	184
Other payables	**721**	609											**721**	609
Lease liabilities	**37**	38	**28**	27	**20**	20	**13**	14	**10**	9	**42**	45	**150**	153
Put/call options		155					**3**	1	**25**	27	**57**	59	**85**	242
Floating rate														
Bank loans	**46**	58		122									**46**	180
Preferred shares											**10**	10	**10**	10
	1,030	1,044	**28**	149	**20**	20	**16**	15	**35**	36	**109**	114	**1,238**	1,378

Amounts in millions	Within 1 year		1-2 years		2-3 years		3-4 years		4-5 years		More than 5 years		Total	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Interest	**1**	2		1									**1**	3

Assets measured at fair value

Amounts in millions	2021 Fair value measurement at the end of the reporting period using:				2020 Fair value measurement at the end of the reporting period using:			
Description	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit and loss								
Trading derivatives		**2**		**2**		1		1
Option Select Blinds			**114**	**114**				
Total	**0**	**2**	**114**	**116**	0	1	0	1

Liabilities measured at fair value

Amounts in millions	2021 Fair value measurement at the end of the reporting period using:				2020 Fair value measurement at the end of the reporting period using:			
Description	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities at fair value through profit and loss								
Put / Call options			**85**	**85**			242	242
Total	**0**	**0**	**85**	**85**	0	0	242	242

27. Events after balance sheet date

Acquisition by 3G

On December 30, 2021, Hunter Douglas N.V. and 3G Capital, a global investment firm and private partnership, announced that Ralph Sonnenberg, the controlling shareholder of Hunter Douglas N.V., had entered into a definitive agreement to transfer a controlling interest in the Company to 3G Capital based on a value of EUR 175 per Ordinary Share. On February 25, 2022, that transaction was completed.

As a part of the transaction, all business activities from Hunter Douglas N.V. have been sold to Hunter Douglas Holding B.V., a newly established company in The Netherlands, indirectly held through Hunter Douglas B.V. by 3G Capital (75%). Ralph Sonnenberg has transferred this a 75% interest in Hunter Douglas B.V. to 3G Capital through a Block Trade, with the Sonnenberg Family continuing to own 25% of Hunter Douglas B.V.

Statutory buy-out proceedings for all remaining outstanding shares in Hunter Douglas N.V. will commence in accordance with applicable Curaçao law and Hunter Douglas' articles of association. In these proceedings, the position will be taken that the price of Hunter Douglas shares will be the same as pursuant to the Block Trade for each Ordinary Share, being EUR 175, and EUR 0.43 for each Preferred Share. The funds required to pay remaining outstanding shareholders have been secured and are restricted only for the use of payments to the remaining third party minority shareholders in Hunter Douglas N.V.

Presently Hunter Douglas N.V.'s balance sheet mainly consists of a receivable of EUR 6.096 bln on Hunter Douglas Holding B.V. and equity.

28. Significant subsidiaries

The consolidated financial statements include the assets and liabilities of more than 200 legal entities.

The subsidiaries as listed below are the most important operational legal entities including the country in which their main operation is located and the percentage of ownership.

	2021	2020
Hunter Douglas Holdings Ltd., Australia	100.0%	100.0%
Hunter Douglas Europe B.V., The Netherlands	100.0%	100.0%
Hillarys Blinds (Holdings) Ltd., U.K.	98.2	98.2%
Blinds2go Ltd., U.K.	100.0%	65.2%
Levolor Inc., U.S.A.	100.0%	100.0%
3form LLC, U.S.A.	100.0%	100.0%
HD Fabrication Company, U.S.A.	100.0%	100.0%
3 Day Blinds LLC, U.S.A.	100.0%	98.2%

The disclosed subsidiaries represent a total revenue of 2.6 bln (2020: 1.9 bln) and total asset value of 1.2 bln (2020: 1.2 bln).

The principal operating companies are listed on page 64 and 65.

29. Alternative performance measures (APM)

Net assets employed (NAE)

This consists of total assets (excl. cash and deferred income tax assets) minus non-interest bearing current liabilities.

Amounts in millions	**2021**	2020
Total assets	**3.992**	3.479
Cash	**-250**	-47
Deferred income tax assets	**-125**	-147
Current liabilities (non-interest bearing)	**-947**	-948
Net assets employed	**2.670**	2.337

Earnings before interest, tax, depreciation and amortization (before other income/expense)

Amounts in millions	**2021**	2020
Income from operations (before other income/expense)	**719**	313
Non-recurring expenses	**13**	65
Depreciation	**128**	128
Amortization	**28**	25
EBITDA (before other income/expense)	**888**	531

Return on net assets employed (RONAE)

This represents income from operations (before other income/expense) divided by the 2x average net assets employed.

Amounts in millions	**2021**	2020
Income from operations (before other income/expense)	**719**	313
Non-recurring expenses	**13**	65
Income from operations (before other income/expense and non-recurring expenses)	**732**	378
Average net assets employed	**2.503**	2.464

To facilitate the understanding of the economic and financial performance of the Company, management has identified a number of Alternative Performance Measures (APM), which are used to identify operational trends and to make investment and resource allocation decisions. To ensure that the APM are correctly interpreted it is emphasized that these measures are not indicative of the future performance of the Group. The APM are not part of international reporting standards (IFRS) and are unaudited. They should not be taken as replacements of the measures required under the reference financial reporting standards.

The APM should be read together with the consolidated financial information. Since they are not based on the reference financial reporting standards, the APM used by the Company may not be consistent and comparable with those used by other companies or groups. The APM used by the Company have been consistently calculated and presented for all the reporting periods for which financial information is presented in these financial statements.

Set out below are the main APM's identified by the Company:

- Net Assets Employed (NAE)
- Earnings before interest, tax, depreciation and amortization (before other income/expense) (EBITDA)
- Return on Net Assets Employed (RONAE)

Company Balance sheet* & Company Statement of income – Hunter Douglas N.V.

Amounts in millions	Notes	USD 2021	2020
ASSETS			
Non-current assets			
Financial fixed assets			
- Investments in subsidiaries	2	**3.317**	2.731
- Advances to subsidiaries	3	**131**	271
- Other	4	**63**	73
Total non-current assets		**3.511**	3.075
Current assets			
Accounts receivable		**51**	37
Accounts receivable - affiliated companies		**203**	214
Cash		**200**	
Total current assets		**454**	251
TOTAL ASSETS		**3.965**	3.326
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Issued capital	5	**10**	10
Share premium		**167**	167
Foreign currency translation		**-275**	-244
Legal reserve		**36**	126
Revaluation reserve		**195**	
Retained earnings		**1.792**	1.750
Net result for the year		**633**	116
Total shareholders' equity		**2.558**	1.925
Provisions			
Provision for pensions			4
Total provisions		**0**	4
Non-current liabilities			
Long-term loans - other	6	**10**	132
Long-term loans - affiliated companies	6	**63**	321
Total non-current liabilities		**73**	453
Current liabilities			
Short-term borrowings		**29**	36
Accounts payable - other		**8**	7
Accounts payable - affiliated companies		**1.297**	901
Total current liabilities		**1.334**	944
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**3.965**	3.326
STATEMENT OF INCOME			
Income from subsidiaries and affiliates after taxation		**645**	145
Other expense, net		**-12**	-29
Net profit		**633**	116

* Before appropriation of net profit

Notes to financial statements

1. Accounting policies

General

The Company's financial statements have been prepared in accordance with Title 9 of Book 2 of the Dutch Civil Code. As permitted by Article 2:362 paragraph 8 of this code, the Company's financial statements have been prepared applying the same IFRS accounting policies as used in the consolidated financial statements in order to maintain consistency between the figures in the consolidated and Company's financial statements. In accordance with Article 2:402 of the Civil Code, an abbreviated version of the income statement is presented. The principal accounting policies adopted are the same as those set out in note 2 to the consolidated financial statements except that investments in subsidiaries are stated at net asset value as the Company effectively exercises influence of significance over the operational and financial activities of these investments. The net asset value is determined on the basis of the accounting principles applied by the Company.

For intercompany receivables the expected credit loss (ECL) would be applicable as well. The ECL on intercompany receivables are recognized in profit and loss, however this could cause differences between equity recognized in the consolidated and separate financial statements. For this reason, the Company will eliminate these differences (if any) through the respective receivable account by reversing the ECL recognized in profit and loss.

2. Financial fixed assets

Investment in subsidiaries

Amounts in millions	**2021**	**2020**
Beginning of the year	**2,731**	2,660
Change during the year		
Share in results, net	**645**	145
Actuarial gains (losses)	**39**	-27
Received dividends	**-286**	-235
Increase, net	**230**	105
Exchange differences	**-42**	83
Net change	**586**	71
End of year	**3,317**	2,731

3. Financial fixed assets

Advances to subsidiaries

Amounts in millions	**2021**	**2020**
Beginning of the year	**271**	300
Change during the year		
Additions		17
Deductions	**-140**	-46
Net change	**-140**	-29
End of year	**131**	271

4. Financial fixed assets

Other non-current assets

Amounts in millions	2021	2020
Beginning of the year	**73**	68
Change during the year		
Additions		3
Deductions	**-5**	
Exchange	**-5**	2
Net change	**-10**	5
End of year	**63**	73

Other non-current mainly relate to Dutch deferred income tax assets.

5. Shareholders' equity

Details are given in note 15 to the consolidated financial statements. In the company balance sheet, a legal revaluation of USD 114 million is recognized in relation to the unrealized fair value gain on the options for Select Blinds. Further details are given in note 10 to the consolidated financial statements.

6. Non-current liabilities

Long-term loans - other

Amounts in millions	2021	2020
Beginning of the year	**132**	451
Change during the year		
Additions		
Deductions	**-114**	-359
Exchange	**-8**	40
Net change	**-122**	-319
End of year	**10**	132

Average life of long-term loans is 0 year (2020: 1.89 years); all loans are at variable rates of interest.

For the conditions in respect of preferred shares: see note 17 in the consolidated financial statements.

Long-term loans - affiliated companies

Amounts in millions	2021	2020
Beginning of the year	**321**	295
Change during the year		
Additions		
Deductions	**-235**	
Exchange	**-23**	26
Net change	**-258**	26
End of year	**63**	321

7. Contingencies

The Company is contingently liable for guarantees given mainly for its subsidiaries, on which no material losses are expected.

The Company forms part of a fiscal unity for Dutch corporate income tax purposes, and as such is jointly and separately liable for the liabilities of the whole fiscal unity.

8. Employee benefits

Compensation* paid to directors was: R. Sonnenberg nil (2020: nil), J.T. Sherwin 24 (2020: 205) as compensation and all other directors total 142 (2020: 135) as directors fee. No pension contributions were paid.

** Amounts in thousands*

9. Remuneration of the auditor

	2021	2020
Audit of financial statements	**3,2**	2,8
Non-audit services	**1,6**	1,0
	4,8	3,8

The renumeration for Ernst & Young Accountants LLP in the Netherlands was 0.5 (2020: 0.5) for audit of financial statements and 0.9 (2020: nil) for non-audit services.

10. Employees

The number of employees at year-end amounts 18 (2020: 18), all employed in the Netherlands.

11. Appropriation of profits

In connection to the acquisition by 3G Capital and the subsequent statutory buy-out proceedings (refer to Note 12), no dividend payments are proposed.

12. Subsequent events

Acquisition by 3G
On December 30, 2021, Hunter Douglas N.V. and 3G Capital, a global investment firm and private partnership, announced that Ralph Sonnenberg, the controlling shareholder of Hunter Douglas N.V., had entered into a definitive agreement to transfer a controlling interest in the Company to 3G Capital based on a value of EUR 175 per Ordinary Share. On February 25, 2022, that transaction was completed.

As a part of the transaction, all business activities from Hunter Douglas N.V. have been sold to Hunter Douglas Holding B.V., a newly established company in The Netherlands, indirectly held through Hunter Douglas B.V. by 3G Capital (75%). Ralph Sonnenberg has transferred this a 75% interest in Hunter Douglas B.V. to 3G Capital through a Block Trade, with the Sonnenberg Family continuing to own 25% of Hunter Douglas B.V.

Statutory buy-out proceedings for all remaining outstanding shares in Hunter Douglas N.V. will commence in accordance with applicable Curaçao law and Hunter Douglas' articles of association. In these proceedings, the position will be taken that the price of Hunter Douglas shares will be the same as pursuant to the Block Trade for each Ordinary Share, being EUR 175, and EUR 0.43 for each Preferred Share. The funds required to pay remaining outstanding shareholders have been secured and are restricted only for the use of payments to the remaining third party minority shareholders in Hunter Douglas N.V.

Presently Hunter Douglas N.V.'s balance sheet mainly consists of a receivable of EUR 6.096 bln on Hunter Douglas Holding B.V. and equity.

Rotterdam, 10 June 2022

Board of Directors

Additional information

1. Independent auditor's report

To: the shareholders of Hunter Douglas N.V.

Report on the audit of the financial statements 2021 included in the annual report

Our opinion

We have audited the financial statements 2021 of Hunter Douglas N.V. (the Company), based in Curaçao.
The financial statements comprise the consolidated and company financial statements (collectively referred to as the financial statements).

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the financial position of Hunter Douglas N.V. as at 31 December 2021 and of its result and its cash flows for 2021 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code
- The accompanying company financial statements give a true and fair view of the financial position of Hunter Douglas N.V. as at 31 December 2021 and of its result for 2021 in accordance with Part 9 of Book 2 of the Dutch Civil Code

The consolidated financial statements comprise:

- The consolidated balance sheet as per 31 December 2021
- The following statements for 2021: the consolidated statement of income for the year, the consolidated statement of comprehensive income for the year, consolidated statement of changes in equity for the year and consolidated cash flow statement for the year

The notes comprising a summary of the accounting policies and other explanatory information.

The company financial statements comprise:

- The company balance sheet as per 31 December 2021
- The company statement of income 2021
- The notes comprising a summary of the accounting policies and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of Hunter Douglas N.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).
We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon.

The following information in support of our opinion and any findings were addressed in this context and we do not provide a separate opinion or conclusion on these matters.

Our understanding of the business
We note that the financial statements have been prepared on a non-going concern basis because the Company has ceased its business activities as a result of an asset transfer in February 2022. We refer to a separate key audit matter on this topic hereafter in our auditor's opinion.

Hunter Douglas N.V. operates as a decentralized, global federation of companies that manufacture and market window coverings and architectural products. The group is structured in, mostly, small and medium-sized components and we tailored our group audit approach accordingly. We paid specific attention in our audit to a number of areas driven by the operations of the group and our risk assessment.

We start by determining materiality and identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error in order to design audit procedures responsive to those risks and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Materiality

Materiality	USD 34 million (2020: USD 22 million)
Benchmark applied	Approximately 5% of profit before tax, excluding a one-off in other income
Explanation	Based on perspectives and expectations of the users of the financial statements in the context of our understanding of the Company and the environment in which it operates, we determined the materiality for the financial statements as a whole at USD 34 million. As Hunter Douglas N.V. is profitable, we consider an earnings based measure to be an appropriate basis to determine our materiality. We took into consideration the impact of the announced transaction at shareholder level as explained in note 2 of the financial statements.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the audit committee that misstatements in excess of USD 1.7 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Hunter Douglas N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected 34 group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

Our group audit mainly focused on significant group entities. We identified 7 group entities which, in our view, required an audit of their complete financial information, either due to their overall size or their risk characteristics. Specific scope audit procedures on certain balances and transactions were performed on 19 group entities. Review scope procedures are performed on 8 group entities. On the remaining entities we primarily performed risk analytical procedures.

All component audit teams received detailed instructions from the group audit team including key risk areas and the group engagement team reviewed their deliverables.

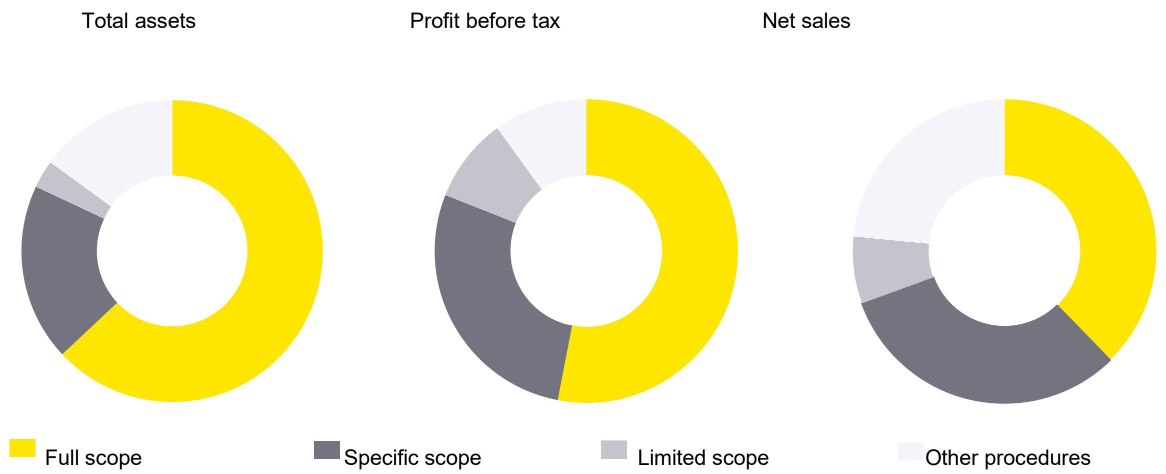
In 2021 and the beginning of 2022 we were forced to perform our procedures to a great extent remotely due to the COVID-19 measures. This limits our observations and increases the risk of missing certain signals. In order to compensate for the limitations related to physical presence and direct observation, we intensified the contacts with the component teams to ensure that we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In establishing the overall approach to the audit, we determined the nature of work that is performed centrally, as group auditors, or by component auditors from Ernst & Young Global member firms or by component auditors not from Ernst & Young Global member firms all operating under our instructions.

We have performed the following procedures:

- We audited the group consolidation, financial disclosures and a number of complex items ourselves at the company's head office. These include purchase price allocation, tax accounting, intangible fixed assets and goodwill impairment, pensions and lease accounting.
- The group audit team further performs full scope audit procedures for the Dutch reporting entity Hunter Douglas Europe and other above mentioned procedures for operating entities based in the Netherlands.
  Depending on size and risk for the total group, we had multiple moments of contact with component teams during the planning and conclusion phases of the audit and sometimes also with local management. We also performed virtual file reviews in many cases and determined the sufficiency and appropriateness of the work performed for full scope and specific scope audits.
  Hunter Douglas North America (US) is the most significant full scope component.

In total these procedures represent 85% of the group's total assets, 90% of profit before tax and 77% of net sales.



By performing the procedures mentioned above at components of the group, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion about the consolidated financial statements.

Teaming and use of specialists

We ensured that the audit teams both at group and at component levels included the appropriate skills and competences which are needed for the audit of a listed client. We involved our own specialists in the areas of IT audit, forensics and income tax and in the areas of purchase price allocation and goodwill impairment analysis.

Our focus on fraud, non-compliance with laws and regulations

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error.

Our audit response related to fraud risks

We identify and assess the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the Company and its environment and the components of the system of internal control relevant to the audit, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control and how the board of directors exercises oversight, as well as the outcomes. We refer to Section Risk Management of the board of directors report and Note 25 "Risk Capital management and risk management objectives and policies" of the financial statements for management's fraud risk assessment .

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the code of conduct and whistle blower procedures. We evaluated the design and the implementation, of internal controls designed to mitigate fraud risks. In addition, we performed procedures to evaluate key accounting estimates for management bias, in particular relating to important judgment areas and significant accounting estimates as disclosed in note 2 in the financial statements.

We have also used data analytics to identify and address high-risk journal entries. For our audit procedures performed on manual journal entries in the financial statement close process we refer to the key audit matters “net sales recognition” and “financial statements closing process” in this audit report for more information.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption assisted by our forensic specialists. We evaluated whether these factors indicate that a risk of material misstatement due fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance. If so, we reevaluate our assessment of fraud risk and its resulting impact on our audit procedures.

We identified a fraud risk related to management override of controls resulting in improper revenue recognition at operating company level as a result of fictitious manual sales entries and/or incorrect cut off to meet sales targets and/or budget incentives. In addition we identified a second fraud risk related to incorrect/incomplete manual top side journal entries, due to a lack of formalized controls in the financial statement closing process, high number of adjusting entries, use of many spreadsheets or management override of controls. We refer to the key audit matters “net sales recognition” and “financial statements closing process” for our audit approach responsive to these fraud risks.

We considered available information and made enquiries of relevant executives, directors (including internal audit, legal, human resources and area directors) and the audit committee. The fraud risks we identified, enquires and other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

Our audit response related to risks of non-compliance with laws and regulations
We assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the management board, reading minutes, inspection of internal audit reports, and performing substantive tests of details of classes of transactions, account balances or disclosures.

We also inspected lawyers’ letters and correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Our audit response related to going concern
For our audit response related to going concern we refer to the separate key audit matter we included in the next paragraph.

Our key audit matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the audit committee. The key audit matters are not a comprehensive reflection of all matters discussed.

In comparison with previous year, we added a key audit matter regarding non-going concern of the Company.

Evaluating the appropriateness of accounting policies used in a situation of non-going concern	
Risk	Management disclosed in note 2 ”Basis of consolidation” to the financial statements that the Company has ceased its business activities in February 2022, as a result of the asset transfer in February 2022, following the acquisition of an indirect majority stake in the shares in the Company by 3G Capital, and will go in a voluntary solvent winddown. As a result and in accordance with IAS 10 “Events after the Reporting Period”, the financial statements for the year ended 31 December 2021 are not prepared using the going concern basis of accounting. IFRS does not address what basis of accounting should be applied if the going concern basis is no longer appropriate. Significant judgment is required in determining (1) when an entity is no longer a going concern based on the facts and circumstances and (2) the recognition, measurement and presentation policies to be applied when financial statements are not prepared using the going concern basis of accounting, as well as in determining the relevant accompanying disclosures. The Company evaluated that in order for the financial statements to provide a true and fair view in accordance with IFRS, the accounting policies should be selected and applied consistent with the accounting principles used in prior years with the exception of accounting, presentation and disclosures specified in IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”. We consider evaluating the appropriateness of accounting policies used, in the situation that the going concern assumption is not applicable, a key audit matter.
Our audit approach	We verified the facts and circumstances surrounding the Company’s determination that its business activities have ceased. As part of our audit of the financial statements we have established, inter alia by inspecting the board of director’s and the shareholders minutes of meetings, the Sale and Purchase Agreements (SPA’s) as well as inquiry with management, that their conclusion of a situation of non-going concern assumption is adequate. We have verified that the Company is expected to have sufficient cash to fulfil its obligations until the end of the solvent winddown. We obtained specific management representations on the company’s plans and intentions and information relevant to the projections until the date of the winddown of the Company. Our audit procedures included, amongst others, evaluating the appropriateness of the Company’s accounting policies in accordance with IFRS in the situation that the going concern assumption is not applicable. In the case of a non-going concern entity, the recognition and measurement requirements of IFRS must be assessed to determine whether they provide relevant information that faithfully represents the “non-going concern” circumstances. If they do not, an entity may apply accounting policies other than those applicable to entities that are going concern. Finally, we evaluated the adequacy of the disclosures of the Company in this area.
Key observations	Based on our audit procedures performed, we agree with management’s conclusions not to prepare the financial statements on a going concern basis, and we consider the accounting policies used in this situation appropriate and adequately disclosed in the financial statements.

Net sales recognition	
Risk	The Company has net sales of USD 4.6 billion in 2021. Net sales are recognized when control over a product is transferred to a customer. Net sales are measured at the transaction price which is based on the amount of consideration that the Company expects to receive in exchange for transferring the promised goods to the customer net of freight, returns, allowances and sales tax. Considering the nature of the business and size of net sales, we have determined that sales recognition at the operating company level with regard to cut-off and fictitious manual sales entries to meet sales targets and/or budget incentives, constitutes a fraud risk and is therefore a key audit matter. The disclosures for net sales recognition is included in the financial statements in note 4.

Net sales recognition	
Our audit approach	We obtained an understanding of the processes related to net sales recognition in accordance with IFRS 15 “Revenue from Contracts with Customers” at the operating company level and evaluated the design and implementation of internal control procedures and, when efficient and effective, tested the controls related to the fraud risks identified. Our procedures included examining contracts with significant customers, obtaining and evaluating bonus plans and achievement of relevant KPIs, performing extensive sales cut-off testing, performing analytical procedures over key revenues streams and comparisons with prior periods and we tested manual journal entries on sales. For our procedures we made use of data analytics for a large portion of the Company’s net sales. Finally, we evaluated the adequacy of the disclosures of the Company in this area.
Key observations	Based on the audit procedures performed, we did not identify any material misstatements in the net sales recognized and conclude that the disclosures in the financial statements are adequate.

Financial statements closing process	
Risk	As part of the consolidation process, the Company uses many spreadsheets to determine and record eliminations and processes numerous manual adjustments and other consolidation entries, which include IFRS adjustments, acquisition accounting (including options), accounting for taxes and leases. The use of many spreadsheets and the numerous manual top side entries are inherently more prone to errors. We consider this, in combination with the lack of formalized controls due to the limited number of people involved in the consolidation process, to be also a fraud risk related to management override of controls.
Our audit approach	We designed and performed the following audit procedures to be responsive to this risk: • We updated our understanding of the consolidation process and evaluated the design and implementation of the controls related to the fraud risk identified in this area. • We substantively tested the elimination and consolidation adjustments. We performed testing procedures on all material manual journal entries recorded, with additional emphasis on entries with a direct impact on the Company’s results, including adjustments for acquisition accounting (including options), accounting for taxes and leases. We verified that the adjustments are in line with the accounting policies.
Key observations	Based on our procedures performed, we concluded that the eliminations, manual entries and other consolidation entries are materially correct.

Valuation of goodwill	
Risk	At 31 December 2021 the total carrying value of goodwill amounted to USD 1.2 billion. Goodwill is allocated to (groups of) Cash Generating Units (CGU) within the window coverings or architectural products segment, which represent the lowest level within the Group at which goodwill is monitored for internal management purposes in accordance with IAS 36. Impairment tests are performed by group management annually, or more frequently if impairment indicators are present, by comparing the carrying amount to the recoverable amount of the CGU to which goodwill is allocated. The recoverable amount is the higher of the CGU’s fair value less costs of disposal and its value in use. In assessing the recoverable amount, the pre-tax forecasted future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU. The assumptions used in the impairment test represent management’s best estimate for the period under consideration. Considering the level of uncertainty and subjectivity in the assumptions used in estimating the recoverable amount we have determined that this area constitutes a significant risk. The Company disclosed the nature and value of the assumptions used in the impairment test in note 7.
Our audit approach	We designed and performed the following audit procedures to be responsive to this risk: • We updated our understanding of the impairment assessment process and evaluated the design and implementation of controls related to the significant risk identified in this area. • We validated that the CGUs identified continue to be appropriate in the current year and tested the allocation of assets and liabilities to each CGU. • Our focus included evaluating and testing key assumptions used in the valuation, challenging forecasted future cash flows and we performed sensitivity analyses. • The forecasted cash flows are an important input for the assessment of the recoverability. We have reconciled these forecasts for the CGUs to the Group’s 2022 approved budgets. Considering the nature of the business the 2022 budget is the most reliable forecast for future cash flows and this is extrapolated to future years. • We also considered the sales price of the assets transferred in February 2022 as mentioned in our first key audit matter. We have involved EY valuation experts to support us in these procedures. Finally, we reviewed the adequacy of the disclosures made by the Company in this area.
Key observations	The assumptions relating to the impairment model are within acceptable ranges and we agree with management’s conclusions. Furthermore, we concluded the disclosures in the consolidated financial statements being appropriate and adequate.

Report on other information included in the annual report

The annual report contains other information in addition to the financial statements and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information:
- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 for the directors' report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the management board report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement
We were engaged by the audit committee as auditor of Hunter Douglas N.V. as of the audit for the year 2004 and have operated as statutory auditor ever since that date.

European Single Electronic Reporting Format (ESEF)
Hunter Douglas N.V. has prepared the annual report in ESEF. The requirements for this are set out in the Delegated Regulation (EU) 2019/815 with regard to regulatory technical standards on the specification of a single electronic reporting format (hereinafter: the RTS on ESEF).

In our opinion the annual report, prepared in the XHTML format, including the partially marked-up consolidated financial statements, as included in the reporting package by Hunter Douglas N.V., complies in all material respects with the RTS on ESEF.

Management is responsible for preparing the annual report, including the financial statements, in accordance with the RTS on ESEF, whereby management combines the various components into a single reporting package.

Our responsibility is to obtain reasonable assurance for our opinion whether the annual report in this reporting package complies with the RTS on ESEF.

Our procedures, taking into account Alert 43 of the NBA (the Netherlands Institute of Chartered Accountants), included amongst others:
- Obtaining an understanding of the Company's financial reporting process, including the preparation of the reporting package
- Obtaining the reporting package and performing validations to determine whether the reporting package containing the Inline XBRL instance document and the XBRL extension taxonomy files has been prepared in accordance with the technical specifications as included in the RTS on ESEF
- Examining the information related to the consolidated financial statements in the reporting package to determine whether all required mark-ups have been applied and whether these are in accordance with the RTS on ESEF

Description of responsibilities regarding the financial statements

Responsibilities of management and the audit committee for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code in the situation that the going concern assumption is not applicable. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

The audit committee is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The Information in support of our opinion section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

Our audit further included among others:

- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control
- Evaluating the appropriateness of accounting policies used in the situation that the going concern assumption is not applicable and the reasonableness of accounting estimates and related disclosures made by management
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication

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

We provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine the key audit matters:
those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Rotterdam, June 10, 2022

Ernst & Young Accountants LLP

W.P. de Pater

2. Appropriation of profits

Hunter Douglas N.V.'s Articles of Association require the general meeting of common and preferred shareholders to determine the value of the annual common share dividend and the meeting of common shareholders to decide that the dividend will be distributed in cash, or alternatively, shares.

Hunter Douglas N.V.'s Articles of Association fix the annual dividend on each preferred share at a percentage of the par value. This percentage amounts to 2.25% per annum over the European Central Bank's deposit rate on the last working day of May of the affected year. The general meeting of preferred shareholders is to decide whether such dividend will be distributed in cash, or alternatively, shares.

Five year summary

Millions, except per share data	Notes	2021	2020	2019	2018	2017
Net sales		**4.607**	3.637	3.805	3.758	3.336
Earnings before interest, tax, depreciation and amortization (EBITDA) (before other income/expense and non-recurring expenses)		**888**	531	504	436	391
Income from Operations (before other income/expense and non-recurring expenses)		**732**	378	340	326	289
Net profit from operations (before other income/expense and non-recurring expenses)		**560**	305	273	223	233
Other income/expense and non-recurring expenses		**73**	-189	5	37	-20
Net profit from operations (after other income/expense)		**633**	116	278	260	213
Net result investment portfolio					1	6
Total net profit		**633**	116	278	261	219
Operating cash flow		**697**	479	546	406	181
Investments in tangible fixed assets		**86**	73	125	122	130
Depreciation of tangible fixed assets		**128**	128	141	91	82
Net assets employed	1	**2.670**	2.337	2.591	2.368	2.402
Shareholders' equity		**2.558**	1.925	1.798	1.500	1.378
Per common share						
- Total net profit	2	**18,18**	3,34	7,98	7,49	6,28
- Operating cash flow	2	**20,03**	13,78	15,69	11,66	5,22
- Shareholders' equity	3	**73,53**	55,34	51,69	43,11	39,62
- Dividend in EUR					2,00	1,85
Average annual exchange rate EUR/USD		**1,18**	1,14	1,12	1,18	1,13
Year-end exchange rate EUR/USD		**1,14**	1,22	1,12	1,14	1,20
Average number of outstanding common shares (thousands)	4	**34.790**	34.790	34.790	34.790	34.790
Year-end number of outstanding common shares (thousands)	4	**34.790**	34.790	34.790	34.790	34.790

1 Refer to note 29 in the consolidated financial statements
2 Based on average number of shares outstanding during affected year, adjusted for stock dividends and treasury shares, where applicable.
3 Based on number of shares outstanding at year-end, adjusted for stock dividends and treasury shares, where applicable.
4 Adjusted for stock dividends and treasury shares, where applicable.

Hunter Douglas Principal Operating Companies

Europe, Middle East and Africa
www.hunterdouglasgroup.com

Belgium
Copaco, Harelbeke
Hunter Douglas Belgium, Lokeren
Luxaflex Belgium, Bruges
Helioscreen, Lokeren

Bulgaria
Hunter Douglas Bulgaria, Sofia

Croatia
Hunter Douglas Croatia, Zagreb

Czechia
Hunter Douglas Czechia, Prague
Hunter Douglas Kadan, Kadan

Denmark
Debel, Randers (80%)
Luxaflex Scandinavia, Aarhus, Hornum
Sega, Greve
W.H. Produkter, Odense

France
Hunter Douglas, Paris
Luxalon Plafonds France, Bonneuil
Filtersun, La Loupe
Luxaflex France, Tourcoing
Mermet, Veyrins-Thuellin
Stores-Discount, Villeneuve d'Ascq
Tuiss France, Villeneuve d'Ascq

Germany
Benthin, Bremerhaven
Blöcker, Bremen
Hunter Douglas, Düsseldorf, Bremerhaven, Kassel
Hunter Douglas Architektur-Systeme, Düsseldorf
NBK, Emmerich

Ireland
T.M. Blinds, Newcastle

Israel
Holis, Afula

Italy
Hunter Douglas Italia, Milan
Tuiss Italy, Milan

Netherlands
Hunter Douglas, Rotterdam
Hunter Douglas Europe, Rotterdam,
Leek, Oudenbosch
Buismetaal IV, Rotterdam
ABZ Zonwering, 's-Gravenhage
Artex, Aarle-Rixtel
Asco, Roermond
HCI Holland Coating Industries, Hoogeveen
Luxaflex Nederland, Hardinxveld-Giessendam
Luxaflex Outdoor, Eindhoven
Multisol Raambekleding, Nijmegen
Schellekens en Schellekens, Beuningen
Sunway (Benelux), Nieuwegein
Topjaloezieën, Zeewolde (70%)
Tuiss, Rotterdam

Norway
Hunter Douglas Norge, Gjövik, Oslo
HD Solskjerming, Molde
Luxaflex Scandinavia, Oslo

Poland
Akant, Koszalin (70%)
Hunter Douglas Fabrication, Chludowo
Hunter Douglas Polska, Warsaw
Magnum Metal, Zdunska Wola
Tuiss Poland, Koszalin

Portugal
Luxaflex Portugal, Albergaria-a-Velha, Fajozes
NBK, Figueira da Foz

Romania
Hunter Douglas Romania, Bucharest
TLC Shutters, Alexandria

Russia
Hunter Douglas, Moscow

Serbia
Hunter Douglas, Belgrade

South Africa
Aluvert, Johannesburg (88.26%)
Luxaflex South Africa, Johannesburg
Hunter Douglas Architectural South Africa, Johannesburg

Spain
Cortinadecor, Alicante
Hunter Douglas España, Llagostera, Madrid
Louverdrape, Madrid

Sweden
Hunter Douglas Scandinavia, Alingsås, Hillerstorp
Hunter Douglas Assembly Automation, Stenungsund
Nibrol, Angered
Luxaflex Scandinavia, Helsingborg, Anderstorp, Falköping
Tuiss Scandinavia, Helsingborg

Switzerland
Hunter Douglas Management, Lucerne
Hunter Douglas (Schweiz), Root

Turkey
TKIS Blinds, Istanbul

United Arab Emirates
Hunter Douglas Middle East, Dubai

United Kingdom
Apollo Blinds, Glasgow
Blinds2go, Nottingham
Eclipse, Glasgow
Hillarys, Nottingham (98.2%)
Hunter Douglas, Sunninghill,
Luxaflex Stockport, Birmingham
Stevens, Brechin
Turnils, Glasgow

North America
www.hunterdouglas.com

Canada
Hunter Douglas Canada, Brampton (ON)
Levolor, Oakville (ON)
Select Blinds, Saint-Laurent (QC) (30%)
Shade-O-Matic, Brampton (ON)
Turnils, Oakville (ON)

U.S.A.
Hunter Douglas North America, Pearl River (NY)
Hunter Douglas Window Fashions Division, Broomfield (CO)
Hunter Douglas Window Designs Division, Bessemer City (NC)
Hunter Douglas Metals and Distribution Centre, Tupelo (MS)
Hunter Douglas Plastics and Casting Centre, Owensboro (KY)
Hunter Douglas Custom Shutter Division, Tempe (AZ)
Hunter Douglas Horizontal Blinds Division, Tempe (AZ)
Hunter Douglas Fabrication: Cumberland (MD), Salt Lake City (UT), West Sacramento (CA)
3form, Salt Lake City (UT)
Architectural Window Shades, El Monte (CA)
Carole Fabrics, Augusta (GA)
Comfortex Window Fashions, Maplewood (NY)
HD Architectural Window Coverings, Poway (CA)
Custom Brands Group, Cerritos (CA)
Eclipse Shutters, Suwanee (GA)
Flexo Solutions, Appleton (WI)
Kirsch Drapery Hardware, Buford (GA)
Levolor, Atlanta (GA), High Point (NC), Ogden (UT)
LightArt, Seattle (WA)
Mermet, Cowpens (SC)
Nibrol/Julius Koch USA, Lancaster (SC)
Timber Blinds Manufacturing, McKinney (TX)
Progressive Screens, Sarasota (FL)
Select Blinds, Meza (AZ) (49.9%)
3 Day Blinds, Irvine (CA)
Turnils, Buford (GA)
Vista Products, Jacksonville (FL)

Latin America
www.hunterdouglas.cl

Argentina
Hunter Douglas Argentina, Buenos Aires

Brazil
Hunter Douglas do Brasil (99.78%), São Paulo, Campinas

Chile
Hunter Douglas Chile (95%), Santiago
Persianas Andina (95%), Santiago

Colombia
Hunter Douglas de Colombia (95%), Bogotá

Mexico
Hunter Douglas de Mexico, Mexico City
Hunter Douglas Fabrication, Monterrey
ILM, Playas de Rosarito
Levolor, Agua Prieta
Plenimex, S.A. De C.V., Ensenada

Panama
Hunter Douglas Panama, Panama City

Peru
Hunter Douglas Peru, Lima

Venezuela
Hunter Douglas Venezuela, Caracas

Asia
www.hunterdouglas.asia

China
Hunter Douglas Architectural Products, Shanghai, Beijing, Suzhou, Xian, Chengdu, Shenzhen,
Hunter Douglas Window Covering Products, Shanghai, Beijing, Shenzhen
Turnils/Mermet, Shanghai

Hong Kong, SAR
Hunter Douglas China/Hong Kong

India
Hunter Douglas India, Chennai, Mumbai, New Delhi, Bangalore, Silvassa, Kolkata

Indonesia
Hunter Douglas Indonesia, Jakarta, Cikarang

Japan
Hunter Douglas Japan, Tokyo, Ibaraki
Tuiss Décor, Tokyo

Korea
Hunter Douglas Korea, Seoul, Gumi City

Malaysia
Hunter Douglas Malaysia, Kuala Lumpur
Turnils-Mermet Asia, Kuala Lumpur

Singapore
Hunter Douglas Singapore, Singapore

Taiwan
Hunter Douglas Taiwan, Taipei

Thailand
Hunter Douglas Thailand, Bangkok

Vietnam
Hunter Douglas Indochina, Ho Chi Minh City, Hanoi, Danang, Can Tho, Phnom Penh (Cambodia)
Blaze, Hanoi (49%)

Australia
www.hunterdouglas.com.au

Australia
Hunter Douglas Components, Sydney
Hunter Douglas Blindmaker, Sydney, Brisbane
Turnils, Sydney
Blinds Online, Melbourne
Blindware, Melbourne
Vertilux, Melbourne
Victory Curtains and Blinds, Melbourne

New Zealand
New Zealand Window Shades, Auckland

Hunter Douglas N.V.

Directors

B.M. Brown

J.M. Fox

A. Ruys

E. Wind

Officers

C. King

L. Reijtenbagh

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Stock listings
Common shares:
> Amsterdam (HDG)
> Frankfurt (HUD)

Preferred shares:
> Amsterdam (HUNDP)

Depositaries and dividend disbursements agents
> ABN AMRO BANK: Amsterdam, Rotterdam - The Netherlands
> ING BANK: Amsterdam, Rotterdam - The Netherlands