

Hunter Douglas N.V.

Unaudited interim condensed consolidated financial statements

30 June 2021

Contents

Chairman's letter	3
Statement of income	5
Cash flow statement	7
Balance sheet	8
Statement of changes in equity	10
Notes to financial statements	11

Chairman's letter

To our shareholders

- **Sales:** USD 2,243.6 million, 43.8% higher than USD 1,559.8 million in the first half of 2020.

The 43.8% sales increase reflects a 40.2% volume increase, a 4.2% positive currency impact, a 0.4% increase from acquisitions and a 1.0% decrease from divestments. Volume increased in all areas.

North America accounted for 51% of sales, Europe 40%, and Asia, Latin America and Australia each 3%. Window Coverings were 94% and Architectural Products were 6% of sales.
- **Earnings before interest, tax, depreciation and amortization - EBITDA:** USD 436.1 million, compared with USD 164.5 million in the first half of 2020.
- **Income from Operations (before other income/expense):** USD 357.6 million compared with USD 88.9 million in the first half of 2020. Results in local currencies were higher in all areas.
- **Other expense:** USD 9.9 million compared with USD 44.5 million in the first half of 2020. The 2021 charges relate to the adjustment to the future purchase prices of interests in partially owned companies, while the 2020 charges mainly relate to reorganization expenses in North America and Europe (see also note 4).
- **Profit before Tax:** USD 343.3 million compared with USD 39.3 million in the first half of 2020.
- **Total Net Profit:** USD 262.5 million (per share EUR 6.27) compared with USD 28.5 million in the first half of 2020 (per share EUR 0.74).

Capital expenditures were USD 47.8 million compared with USD 31.6 million in the first half of 2020, while depreciation was USD 66.1 million compared with USD 64.2 million in the first half of 2020. For the full year capital expenditures are expected to be approximately USD 125 million and depreciation USD 130 million.

Operating cash flow: USD 200.8 million compared with USD 59.8 million in the first half of 2020.

Shareholder's equity was USD 2,191.7 million compared with USD 1,925.4 million at the end of 2020, reflecting the first half year results increased by a positive exchange translation.

RONAE (Return before interest/net assets employed) was 25.0% compared with 10.3% in the first half of 2020.

The outlook is positive but there are uncertainties as to when the pattern of consumer discretionary spending will normalize, the development of COVID-19 and the impact of inflation on interest rates and the economies.

Hunter Douglas is in a strong position in terms of its brands, products, distribution and finances.

Financial reporting

To the best of our knowledge and in accordance with the applicable accounting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company.

The Chairman's letter gives a true and fair view of the important events of the past six-months' period and their impact on the half year financial statements, as well as the principal risks and uncertainties for the six-months' period to come.

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.

Interim condensed consolidated statement of income for the first half year ended 30 June

Amounts in millions	USD	
	<u>2021</u> (unaudited)	<u>2020</u> (unaudited)
Net sales	2,243.6	1,559.8
Cost of sales	-1,325.4	-989.4
Gross profit	918.2	570.4
Selling and marketing expense	-373.0	-332.7
General and administrative expense	-187.6	-193.3
Income from operations before other income (expense)	357.6	44.4
Other expense	-9.9	
Income from operations (EBIT)	347.7	44.4
Finance income	1.1	2.0
Finance costs	-5.5	-7.1
Income before taxes	343.3	39.3
Taxes on income	-80.7	-10.8
Net profit for the period	262.6	28.5
Net profit attributable to non-controlling interest	0.1	
Net profit attributable to equity shareholders	262.5	28.5
Earnings per share		
- Basic, profit for the year attributable to ordinary equity holders of the parent	7.54	0.82
- Diluted, profit for the year attributable to ordinary equity holders of the parent	7.54	0.82

Interim condensed consolidated statement of comprehensive income for the first half year ended 30 June

Amounts in millions	USD	
	<u>2021</u> (unaudited)	<u>2020</u> (unaudited)
Net profit for the period	262.6	28.5
Other comprehensive income		
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods</i>		
Currency translation differences	3.7	-59.1
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	3.7	-59.1
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods</i>		
Other		-1.0
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	0.0	-1.0
Total comprehensive income for the period, net of tax	266.3	-31.6
Attributable to non-controlling interest		-0.4
Attributable to equity shareholders	266.3	-31.2

Interim condensed consolidated statement of income for the 2nd quarter ended 30 June

Amounts in millions	USD	
	<u>2021</u> (unaudited)	<u>2020</u> (unaudited)
Net sales	1,191.4	724.0
Cost of sales	-691.0	-475.8
Gross profit	500.4	248.2
Selling and marketing expense	-188.9	-150.1
General and administrative expense	-98.0	-103.3
Income from operations before other income (expense)	213.5	-5.2
Other expense	-9.9	
Income from operations (EBIT)	203.6	-5.2
Finance income	0.2	0.7
Finance costs	-4.5	-4.6
Income before taxes	199.3	-9.1
Taxes on income	-45.3	-1.0
Net profit for the period	154.0	-10.1
Net profit attributable to non-controlling interest	0.1	
Net profit attributable to equity shareholders	153.9	-10.1
Earnings per share		
- Basic, profit for the year attributable to ordinary equity holders of the parent	4.42	-0.29
- Diluted, profit for the year attributable to ordinary equity holders of the parent	4.42	-0.29

Interim condensed consolidated statement of comprehensive income for the 2nd quarter ended 30 June

Amounts in millions	USD	
	<u>2021</u> (unaudited)	<u>2020</u> (unaudited)
Net profit for the period	154.0	-10.1
Other comprehensive income		
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods</i>		
Currency translation differences	13.7	22.0
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	13.7	22.0
Total comprehensive income for the period, net of tax	167.7	11.9
Attributable to non-controlling interest	0.1	
Attributable to equity shareholders	167.6	11.9

Interim condensed consolidated cash flow statement for the first half year ended 30 June

Amounts in millions	USD	
	<u>2021</u> (unaudited)	<u>2020</u> (unaudited)
Net profit	262.5	28.5
Adjustments for:		
Depreciation tangible fixed assets	42.9	42.6
Depreciation right-of-use tangible fixed assets	23.2	21.6
Amortization patents & trademarks	12.4	11.4
Decrease provisions	-30.4	-30.8
Adjustments of put/call options over non-controlling interest	9.9	
Other non-cash items	8.9	-12.0
Operating cash flow before working capital changes	329.4	61.3
Changes in working capital:		
-increase trade and other receivables and prepayments	-60.2	-30.9
-increase inventories	-41.1	-16.7
-(decrease) increase trade and other payables	-27.3	46.1
Operating cash flow	200.8	59.8
Net cash from operations	200.8	59.8
Cash flow from investing activities		
Investments in subsidiaries, net of cash acquired	-27.8	
Investments in tangible fixed assets	-47.8	-31.6
Divestments tangible fixed assets	11.7	8.3
Investments in intangible fixed assets		-0.1
Decrease (increase) other financial non-current assets	9.1	-4.4
Net cash from investing activities	-54.8	-27.8
Cash flow from financing activities		
Decrease interest-bearing loans and borrowings	-1.7	-11.1
Payment of lease liabilities	-19.6	-20.3
Net cash from financing activities	-21.3	-31.4
Net increase in cash and cash equivalents	124.7	0.6
Change in cash and cash equivalents		
Balance at 1 January	47.2	39.3
Net increase in cash and cash equivalents	124.7	0.6
Exchange difference cash and cash equivalents	-0.5	-1.8
Balance at 30 June	171.4	38.1

Interim condensed consolidated statement of financial position at

Assets

Amounts in millions	USD	
	<u>30 Jun 2021</u> (unaudited)	<u>31 Dec 2020</u>
Non-current assets		
Intangible fixed assets	1,441.5	1,417.7
Tangible fixed assets	475.0	485.6
Right-of-use tangible fixed assets	127.1	134.8
Deferred income tax assets	142.8	147.4
Other financial non-current assets	68.8	69.1
Total non-current assets	2,255.2	2,254.6
Current assets		
Inventories	639.1	603.2
Trade and other receivables	479.4	428.8
Prepaid income tax	22.7	38.4
Prepayments	129.4	105.1
Currency derivatives	0.1	1.4
Cash and short-term deposits	171.4	47.2
Total current assets	1,442.1	1,224.1
TOTAL ASSETS	3,697.3	3,478.7

Interim condensed consolidated statement of financial position at

Shareholders' equity and liabilities

Amounts in millions	USD	
	<u>30 Jun 2021</u> (unaudited)	<u>31 Dec 2020</u>
Equity attributable to equity shareholders		
Issued capital	9.9	10.2
Share premium	167.3	167.3
Foreign currency translation	-240.4	-244.5
Legal reserve	125.9	125.9
Retained earnings	2,129.0	1,866.5
Total equity attributable to equity shareholders of the parent	2,191.7	1,925.4
Non-controlling interest	0.4	0.4
Total equity	2,192.1	1,925.8
Non-current liabilities		
Interest-bearing loans and borrowings	148.5	121.9
Preferred shares	9.8	10.1
Lease liabilities	102.6	103.7
Provisions	216.4	46.4
Deferred income tax liabilities	43.2	227.9
Total non-current liabilities	520.5	510.0
Current liabilities		
Trade and other payables	856.2	878.9
Lease liabilities	36.1	36.9
Income tax payable	56.2	46.8
Restructuring provisions	9.2	21.8
Currency derivatives	0.9	
Interest-bearing loans and borrowings	26.1	58.5
Total current liabilities	984.7	1,042.9
TOTAL LIABILITIES	1,505.2	1,552.9
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	3,697.3	3,478.7

Interim condensed consolidated statement of changes in equity for the first half year 2021

Amounts in millions

	Attributable to equity shareholders of the parent						Non-controlling interest	Total Equity
	Issued capital	Share premium	Foreign currency translation	Legal reserve	Retained earnings	Total		
At 1 January 2021	10.2	167.3	-244.5	125.9	1,866.5	1,925.4	0.4	1,925.8
Net profit					262.5	262.5	0.1	262.6
Other comprehensive income (expense)	-0.3		4.1			3.8	-0.1	3.7
Total comprehensive income (expense)	-0.3	0.0	4.1	0.0	262.5	266.3	0.0	266.3
At 30 June 2021 (unaudited)	9.9	167.3	-240.4	125.9	2,129.0	2,191.7	0.4	2,192.1

Amounts in millions

	Attributable to equity shareholders of the parent						Non-controlling interest	Total Equity
	Issued capital	Share premium	Foreign currency translation	Legal reserve	Retained earnings	Total		
At 1 January 2020	9.4	167.3	-283.6	134.0	1,771.3	1,798.4	0.5	1,798.9
Net profit					28.5	28.5		28.5
Other comprehensive income (expense)			-58.7		-1.0	-59.7	-0.4	-60.1
Total comprehensive income (expense)	0.0	0.0	-58.7	0.0	27.5	-31.2	-0.4	-31.6
At 30 June 2020 (unaudited)	9.4	167.3	-342.3	134.0	1,798.8	1,767.2	0.1	1,767.3

Notes to the interim condensed consolidated financial statements

USD (millions, unless indicated otherwise)

1. Corporate information

The interim condensed consolidated financial statements of Hunter Douglas N.V. for the half year ended 30 June 2021 were authorized for issue in accordance with a resolution of the Directors on 9 August 2021.

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. Basis of preparation and significant accounting policies

Basis of preparation

The consolidated financial statements of Hunter Douglas N.V. and all its subsidiaries have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements at 31 December 2020. The same accounting policies are followed in the interim condensed consolidated financial statements as compared with the Company's annual financial statements at 31 December 2020.

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 covering products 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.

Business segments

The following table presents revenue and income information and certain asset and liability information regarding the Company's business segments:

First half year 2021	Window Coverings	Architectural Products	Total
Revenue			
Sales to external customers	2,109.6	134.0	2,243.6
Total revenue	2,109.6	134.0	2,243.6
Results			
Segment profit (loss) before tax	336.5	6.8	343.3
First half year 2020			
	Window Coverings	Architectural Products	Total
Revenue			
Sales to external customers	1,422.8	137.0	1,559.8
Total revenue	1,422.8	137.0	1,559.8
Results			
Segment profit before tax	53.6	-14.3	39.3
Assets and liabilities			
Segment assets	3,364.5	299.5	3,664.0
Investment in an associate	33.3		33.3
Total assets at 30 June 2021	3,397.8	299.5	3,697.3
Segment liabilities	1,367.4	137.8	1,505.2
Total liabilities at 30 June 2021	1,367.4	137.8	1,505.2
Assets and liabilities			
Segment assets	3,106.5	272.9	3,379.4
Investment in an associate	13.1		13.1
Total assets at 30 June 20	3,119.6	272.9	3,392.5
Segment liabilities	1,448.5	176.7	1,625.2
Total liabilities at 30 June 2020	1,448.5	176.7	1,625.2

Sales by region

	Europe		North America		Latin America		Asia		Australia		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Net sales												
Window Coverings	863	590	1,098	730	37	27	36	19	76	57	2,110	1,423
Architectural Products	31	35	46	52	21	20	36	30			134	137
Total	894	625	1,144	782	58	47	72	49	76	57	2,244	1,560

4. Expenses

Non-recurring restructuring expenses are included in the consolidated statement of income as follows:

	<u>2021</u>	<u>2020</u>
Cost of sales		16.1
Selling and marketing expense		11.1
General and administrative expense		17.3
	<u>0.0</u>	<u>44.5</u>

Non-recurring restructuring expenses mainly relate to the reduction of employees caused by changes of the business per company.

5. Other expense

This relates to adjustments to the future purchase prices of interests in partially owned companies. In the first half year of 2020 no adjustments were made.

6. Business combination

In the first half year of 2021 Hunter Douglas acquired 3 small businesses in the window covering segment with total additional sales of 7.

In the first half year of 2020 no new businesses were acquired.

7. Impairment testing of indefinitely lived goodwill, patents and licenses

An impairment analysis has been performed per the end of 2020. There are no impairment indicators that would require an updated calculation.

8. 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. The fair value of cash and cash equivalents at 30 June 2021 is 171.4 (30 June 2019: 38.1).

At 30 June 2021 the Company had available 700 of undrawn committed borrowing facilities in respect of which all conditions precedent had been met. For the purposes of the consolidated cash flow statement, cash and cash equivalents comprise the following at 30 June:

	<u>2021</u>	<u>2020</u>
Cash at bank and in hand	170.1	35.6
Short-term deposits	1.3	2.5
	<u>171.4</u>	<u>38.1</u>

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.

9. Capital commitments and other commitments

Capital commitments

At 30 June 2021, the Company has commitments for capital expenditures of 44 (31 December 2020: 30).

10. Events after balance sheet date

There are no material subsequent events after balance sheet date.

Rotterdam, 9 August 2021

Board of Directors