UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended **October 27, 2024**

Commission file number **000-25349**

HOOKER FURNISHINGS CORPORATION
(Exact name of registrant as specified in its charter)

Virginia	**54-0251350**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification Number)*

440 East Commonwealth Boulevard, Martinsville, VA 24112
(Address of principal executive offices, Zip Code)

(276) 632-2133
(Registrant's telephone

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

Indicate by check mark whether the registrant has submitted electronically, every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated Filer ☐	Accelerated filer ☒
Non-accelerated Filer ☐	Smaller reporting company ☐
Emerging growth company ☐	

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, no par value	**HOFT**	**NASDAQ Global Select Market**

As of November 29, 2024, there were 10,710,432 shares of the registrant's common stock outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

HOOKER FURNISHINGS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

As of	October 27, 2024 (unaudited)	January 28, 2024
Assets		
Current assets		
Cash and cash equivalents	$ 20,410	$ 43,159
Trade accounts receivable, net	51,773	51,280
Inventories	66,493	61,815
Income tax recoverable	3,005	3,014
Prepaid expenses and other current assets	9,038	5,530
Total current assets	150,719	164,798
Property, plant and equipment, net	28,524	29,142
Cash surrender value of life insurance policies	28,984	28,528
Deferred taxes	15,575	12,005
Operating leases right-of-use assets	47,435	50,801
Intangible assets, net	23,904	28,622
Goodwill	15,036	15,036
Other assets	16,687	14,654
Total non-current assets	176,145	178,788
Total assets	$ 326,864	$ 343,586
Liabilities and Shareholders' Equity		
Current liabilities		
Current portion of long-term debt	$ 1,393	$ 1,393
Trade accounts payable	23,240	16,470
Accrued salaries, wages and benefits	6,937	7,400
Customer deposits	5,799	5,920
Current portion of operating lease liabilities	7,612	6,964
Other accrued expenses	2,785	3,262
Total current liabilities	47,766	41,409
Long term debt	20,553	21,481
Deferred compensation	6,989	7,418
Operating lease liabilities	42,785	46,414
Other long-term liabilities	-	889
Total long-term liabilities	70,327	76,202
Total liabilities	118,093	117,611
Shareholders' equity		
Common stock, no par value, **20,000** shares authorized, **10,710** and 10,672 shares issued and outstanding on each date	50,026	49,524
Retained earnings	158,146	175,717
Accumulated other comprehensive income	599	734
Total shareholders' equity	208,771	225,975
Total liabilities and shareholders' equity	$ 326,864	$ 343,586

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

HOOKER FURNISHINGS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(Unaudited)

	For the Thirteen Weeks Ended		For the Thirty-Nine Weeks Ended	
	October 27, 2024	October 29, 2023	**October 27, 2024**	October 29, 2023
Net sales	**$ 104,352**	$ 116,831	**$ 293,005**	$ 336,452
Cost of sales	**80,327**	83,121	**228,687**	251,495
Gross profit	**24,025**	33,710	**64,318**	84,957
Selling and administrative expenses	**28,416**	24,016	**75,030**	70,207
Trade name impairment charges	**1,953**	-	**1,953**	-
Intangible asset amortization	**916**	924	**2,765**	2,732
Operating (loss) / income	**(7,260)**	8,770	**(15,430)**	12,018
Other income, net	**612**	659	**2,575**	1,071
Interest expense, net	**319**	364	**886**	1,197
(Loss) / income before income taxes	**(6,967)**	9,065	**(13,741)**	11,892
Income tax (benefit) / expense	**(2,836)**	2,027	**(3,567)**	2,620
Net (loss) / income	**$ (4,131)**	$ 7,038	**$ (10,174)**	$ 9,272
(Loss) / earnings per share				
Basic	**$ (0.39)**	$ 0.66	**$ (0.97)**	$ 0.85
Diluted	**$ (0.39)**	$ 0.65	**$ (0.97)**	$ 0.85
Weighted average shares outstanding:				
Basic	**10,541**	10,536	**10,519**	10,748
Diluted	**10,541**	10,676	**10,519**	10,878
Cash dividends declared per share	**$ 0.23**	$ 0.22	**$ 0.69**	$ 0.66

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

HOOKER FURNISHINGS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) / INCOME
(In thousands)
(Unaudited)

	For the			
	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	October 27, 2024	October 29, 2023	**October 27, 2024**	October 29, 2023
Net (loss) / income	**$ (4,131)**	$ 7,038	**$ (10,174)**	$ 9,272
Other comprehensive income:				
Actuarial adjustments	**(59)**	(70)	**(177)**	(209)
Income tax effect on adjustments	**14**	17	**42**	50
Adjustments to net periodic benefit cost	**(45)**	(53)	**(135)**	(159)
Total comprehensive (loss) / income	**$ (4,176)**	$ 6,985	**$ (10,309)**	$ 9,113

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

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HOOKER FURNISHINGS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	For the Thirty-Nine Weeks Ended	
	October 27, 2024	October 29, 2023
Operating Activities:		
Net (loss) / income	**$ (10,174)**	$ 9,272
Adjustments to reconcile net (loss) / income to net cash (used in) / provided by operating activities:		
Depreciation and amortization	**6,930**	6,626
Deferred income tax (benefit) / expense	**(3,532)**	2,575
Tradename impairment	**1,953**	-
Noncash restricted stock and performance awards	**502**	1,685
Provision for doubtful accounts and sales allowances	**272**	(270)
Gain on life insurance policies	**(1,060)**	(784)
(Gain) / loss on disposal of assets	**(2)**	29
Changes in assets and liabilities:		
Trade accounts receivable	**(765)**	3,334
Inventories	**(4,678)**	33,264
Income tax recoverable	**9**	5
Prepaid expenses and other assets	**(6,361)**	(3,400)
Trade accounts payable	**6,757**	7,169
Accrued salaries, wages, and benefits	**(463)**	(2,574)
Customer deposits	**(122)**	(3,477)
Operating lease assets and liabilities	**385**	366
Other accrued expenses	**(1,384)**	(4,400)
Deferred compensation	**(601)**	(650)
Net cash (used in) / provided by operating activities	**$ (12,334)**	$ 48,770
Investing Activities:		
Purchases of property and equipment	**(2,656)**	(5,718)
Premiums paid on life insurance policies	**(387)**	(378)
Proceeds received on life insurance policies	**936**	444
Proceeds from sales of assets	**3**	-
Acquisitions	**-**	(2,373)
Net cash used in investing activities	**$ (2,104)**	$ (8,025)
Financing Activities:		
Purchase and retirement of common stock	**-**	(11,674)
Cash dividends paid	**(7,378)**	(7,228)
Payments for long-term loans	**(933)**	(1,050)
Net cash used in financing activities	**$ (8,311)**	$ (19,952)
Net (decrease) / increase in cash and cash equivalents	**(22,749)**	20,793
Cash and cash equivalents - beginning of year	**43,159**	19,002
Cash and cash equivalents - end of quarter	**$ 20,410**	$ 39,795
Supplemental disclosure of cash flow information:		
Cash paid for income taxes, net of refund	**$ 82**	$ 74
Cash paid for interest, net	**970**	1,375
Non-cash transactions:		
Increase / (decrease) in lease liabilities arising from changes in right-of-use assets	**$ 2,263**	$ (8,987)
Increase in property and equipment through accrued purchases	**13**	35

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

HOOKER FURNISHINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands, except per share data)
(Unaudited)

	Common Stock		Retained	Accumulated Other Comprehensive	Total Shareholders'
	Shares	Amount	Earnings	Income	Equity
Balance at July 30, 2023	10,819	$ 49,561	$ 175,348	$ 759	$ 225,668
Net income for the 13 weeks ended October 29, 2023			7,038		7,038
Actuarial adjustments on defined benefit plan, net of tax of $17				(53)	(53)
Cash dividends paid ($0.22 per share)			(2,373)		(2,373)
Purchase and retirement of common stock	(147)	$ (700)	(2,434)		(3,134)
Restricted stock grants, net of forfeitures		-			-
Restricted stock compensation cost		449			449
Performance-based restricted stock units cost		193			193
Balance at October 29, 2023	10,672	$ 49,503	$ 177,579	$ 706	$ 227,788
Balance at July 28, 2024	**10,714**	**$ 49,950**	**$ 164,745**	**$ 644**	**$ 215,339**
Net loss for the 13 weeks ended October 27, 2024			**(4,131)**		**(4,131)**
Actuarial adjustments on defined benefit plan, net of tax of $14				**(45)**	**(45)**
Cash dividends paid ($0.23 per share)			**(2,468)**		**(2,468)**
Restricted stock grants, net of forfeitures	**(4)**	**(66)**			**(66)**
Restricted stock compensation cost		**473**			**473**
Performance-based restricted stock units cost		**(331)**			**(331)**
Balance at October 27, 2024	**10,710**	**$ 50,026**	**$ 158,146**	**$ 599**	**$ 208,771**

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

HOOKER FURNISHINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (CONT.)
(In thousands, except per share data)
(Unaudited)

	Common Stock		Retained	Accumulated Other Comprehensive	Total Shareholders'
	Shares	Amount	Earnings	Income (loss)	Equity
Balance at January 29, 2023	11,197	$ 50,770	$ 184,386	$ 865	$ 236,021
Net income for the 39 weeks ended October 29, 2023			9,272		9,272
Actuarial adjustments on defined benefit plan, net of tax of $50				(159)	(159)
Cash dividends paid ($0.66 per share)			(7,228)		(7,228)
Purchase and retirement of common stock	(620)	(2,952)	(8,851)		(11,803)
Restricted stock grants, net of forfeitures	95	(150)			(150)
Restricted stock compensation cost		1,255			1,255
Performance-based restricted stock units costs		580			580
Balance at October 29, 2023	10,672	$ 49,503	$ 177,579	$ 706	$ 227,788
Balance at January 28, 2024	**10,672**	**$ 49,524**	**$ 175,717**	**$ 734**	**$ 225,975**
Net loss for the 39 weeks ended October 27, 2024			**(10,174)**		**(10,174)**
Actuarial adjustments on defined benefit plan, net of tax of $42				**(135)**	**(135)**
Cash dividends paid ($0.69 per share)			**(7,397)**		**(7,397)**
Restricted stock grants, net of forfeitures	**38**	**(404)**			**(404)**
Restricted stock compensation cost		**1,237**			**1,237**
Performance-based restricted stock units costs		**(331)**			**(331)**
Balance at October 27, 2024	**10,710**	**$ 50,026**	**$ 158,146**	**$ 599**	**$ 208,771**

The accompanying notes are an integral part of the unaudited condensed consolidated financial statements.

HOOKER FURNISHINGS CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollar and share amounts in tables, except per share amounts, in thousands unless otherwise indicated)
(Unaudited)
For the Thirty-Nine Weeks Ended October 27, 2024

1. Preparation of Interim Financial Statements

The condensed consolidated financial statements of Hooker Furnishings Corporation and subsidiaries (referred to as “we,” “us,” “our,” “Hooker” or the “Company”) have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission (“SEC”). In the opinion of management these statements include all adjustments necessary for a fair statement of the results of all interim periods reported herein. All such adjustments are of a normal recurring nature. Certain information and footnote disclosures prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) are condensed or omitted pursuant to SEC rules and regulations. However, we believe that the disclosures made are adequate for a fair presentation of our results of operations and financial position. These financial statements should be read in conjunction with the audited consolidated financial statements and accompanying notes included in our annual report on Form 10-K for the fiscal year ended January 28, 2024 (“2024 Annual Report”). The preparation of financial statements in conformity with GAAP requires us to make estimates and assumptions that affect both the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from our estimates. Operating results for the interim periods reported herein may not be indicative of the results expected for the fiscal year.

The financial statements contained herein are being filed as part of a quarterly report on Form 10-Q covering the 2025 fiscal year thirteen-week period (also referred to as “three months,” “three-month period,” “quarter,” “third quarter” or “quarterly period”) that began July 29, 2024, and the thirty-nine week period (also referred to as “nine months”, “nine-month period” or “year-to-date period”) that began January 29, 2024, which both ended October 27, 2024. This report discusses our results of operations for these periods compared to the 2024 fiscal year thirteen-week period that began July 31, 2023, and the thirty-nine week period that began January 30, 2023, which both ended October 29, 2023; and our financial condition as of October 27, 2024 compared to January 28, 2024.

References in these notes to the condensed consolidated financial statements of the Company to:

- the 2025 fiscal year and comparable terminology mean the fifty-three-week fiscal year that began January 29, 2024 and will end February 2, 2025; and

- the 2024 fiscal year and comparable terminology mean the fifty-two-week fiscal year that began January 30, 2023 and ended January 28, 2024.

2. Recently Adopted Accounting Policies

In November 2023, the FASB issued ASU 2023-07, “Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures”. The new guidance requires enhanced reportable segment disclosures to include significant segment expenses. ASU 2023-07 is effective for annual periods beginning after December 15, 2023 (our fiscal 2025) and interim periods beginning after December 15, 2024 (our fiscal 2026). We are currently evaluating the impact that the adoption of this new guidance will have on our consolidated financial statements and will add necessary disclosures upon adoption.

In December 2023, the FASB issued ASU 2023-09, “Income Taxes (Topic 740): Improvements to Income Tax Disclosures”. The new guidance requires enhanced effective tax rate reconciliation and income taxes paid disclosures. ASU 2023-09 is effective for annual periods beginning after December 15, 2024 (our fiscal 2026). We are currently evaluating the impact that the adoption of this new guidance will have on our consolidated financial statements and will add necessary disclosures upon adoption.

We reviewed all other newly issued accounting pronouncements and concluded that they are either not applicable to our business or are not expected to have a material effect on our consolidated financial statements as a result of future adoption.

3. Accounts Receivable

		October 27, 2024		January 28, 2024
Gross accounts receivable	$	**56,911**	$	54,897
Customer allowances		**(984)**		(1,800)
Allowance for doubtful accounts		**(4,154)**		(1,817)
Trade accounts receivable	$	**51,773**	$	51,280

4. Inventories

		October 27, 2024		January 28, 2024
Finished furniture	$	**79,174**	$	75,354
Furniture in process		**1,664**		1,702
Materials and supplies		**11,513**		10,538
Inventories at FIFO		**92,351**		87,594
Reduction to LIFO basis		**(25,858)**		(25,779)
Inventories	$	**66,493**	$	61,815

5. Property, Plant and Equipment

	Depreciable Lives *(In years)*		October 27, 2024		January 28, 2024
Buildings and land improvements	15 - 30	$	**34,406**	$	33,785
Machinery and equipment	10		**12,170**		11,708
Computer software and hardware	3 - 10		**8,576**		8,994
Leasehold improvements	Term of lease		**13,249**		12,436
Furniture and fixtures	3 - 10		**7,487**		7,256
Other	5		**702**		698
Total depreciable property at cost			**76,590**		74,877
Less accumulated depreciation			**(50,431)**		(47,700)
Total depreciable property, net			**26,159**		27,177
Land			**1,077**		1,077
Construction-in-progress			**1,288**		888
Property, plant and equipment, net		$	**28,524**	$	29,142

6. Cloud Computing Hosting Arrangement

We implemented a common Enterprise Resource Planning (ERP) system across all legacy Hooker divisions in fiscal 2023 and 2024.

Based on the provisions of ASU 2018-15, Intangibles — Goodwill and Other — Internal-Use Software, we capitalize implementation costs associated with hosting arrangements that are service contracts. These costs are recorded in other noncurrent assets of our consolidated balance sheets. We amortize on a straight-line basis over a 10-year term as the system went live. The amortization expenses are recorded as a component of selling and administrative expenses in our consolidated statements of operations. Additionally, we recorded capitalized interest as we entered into the term loans in July 2022.

Due to our cost reduction initiatives, we have temporarily paused the ERP project in the Home Meridian segment beginning in the third quarter of fiscal 2025. Implementation costs and interest expense of $451,000 and $1.3 million were capitalized in the third quarters of fiscal 2025 and fiscal 2024, respectively. Implementation costs and interest expense of $3.0 million and $4.0 million were capitalized in the fiscal 2025 and fiscal 2024 nine-month periods, respectively. Amortization expenses of $291,000 and $153,000 were recorded in the third quarters of fiscal 2025 and fiscal 2024, respectively. Amortization expenses of $874,000 and $190,000 were recorded in the fiscal 2025 and fiscal 2024 nine-month periods, respectively.

The capitalized implementation costs at October 27, 2024 and January 28, 2024 were as follows:

	October 27, 2024		January 28, 2024	
	Gross carrying amount	**Accumulated amortization**	Gross carrying amount	Accumulated amortization
Implementation Costs	**$ 16,565**	**$ (1,274)**	$ 13,736	$ (414)
Interest Expenses	**534**	**(22)**	357	(8)

7. Fair Value Measurements

Fair value is the price that would be received upon the sale of an asset or paid upon the transfer of a liability (an exit price) in an orderly transaction between market participants on the applicable measurement date. We use a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include:

- Level 1, defined as observable inputs such as quoted prices in active markets for identical assets and liabilities;
- Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and
- Level 3, defined as unobservable inputs for which little or no market data exists, therefore requiring an entity to develop its own assumptions.

As of October 27, 2024 and January 28, 2024, Company-owned life insurance was measured at fair value on a recurring basis based on Level 2 inputs. The fair value of the Company-owned life insurance is determined by inputs that are readily available in public markets or can be derived from information available in publicly quoted markets. Additionally, the fair value of the Company-owned life insurance is marked to market each reporting period and any change in fair value is reflected in income for that period.

Our assets measured at fair value on a recurring basis at October 27, 2024 and January 28, 2024, were as follows:

	Fair value at October 27, 2024				Fair value at January 28, 2024			
Description	**Level 1**	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
				(In thousands)				
Assets measured at fair value								
Company-owned life insurance	**$ -**	**$ 28,984**	**$ -**	**$ 28,984**	$ -	$ 28,528	$ -	$ 28,528

8. Intangible Assets

Our intangible assets with indefinite lives consist of: goodwill related to the Shenandoah, Sunset West and BOBO Intriguing Objects acquisitions; and trademarks and tradenames related to the acquisitions of Bradington-Young, Home Meridian and BOBO Intriguing Objects. Our intangible assets with definite lives are recorded in our Home Meridian and Domestic Upholstery segments. Details of our intangible assets are as follows:

	October 27, 2024		January 28, 2024	
	Gross carrying amount	**Impairment / Accumulated Amortization**	Gross carrying amount	Impairment / Accumulated Amortization
Intangible assets with indefinite lives:				
Goodwill				
Domestic Upholstery - Shenandoah *	**490**	**-**	490	-
Domestic Upholstery - Sunset West	**14,462**	**-**	14,462	-
All Other - BOBO Intriguing Objects	**84**	**-**	84	-
Goodwill	**15,036**	**-**	15,036	-
Trademarks and Trade names *	**8,011**	**(1,953)**	8,011	-
Intangible assets with definite lives:				
Customer Relations	**38,001**	**(21,507)**	38,001	(18,982)
Trademarks and Trade names	**2,334**	**(982)**	2,334	(741)
Intangible assets, net	**48,346**	**(24,442)**	48,346	(19,723)

*The amounts are net of impairment charges of $16.4 million related to Shenandoah goodwill and $4.8 million related to certain Home Meridian segment trade names, which were recorded in fiscal 2021. During the third quarter of fiscal 2025, we reviewed triggering events under ASU 2021-03, *Intangibles – Goodwill and Other (Topic 350)*. Due to the decline in revenue driven by the downturn in the furniture industry, increased freight costs, changes in management and strategy, and the bankruptcy of a key customer, we identified triggering events that necessitated a valuation of the indefinite-lived trade names and trademarks in the Home Meridian segment. Consequently, we performed a valuation using the discounted cash flow method. This methodology involved cash flow projections and growth rates for each trade name over the next five years, provided by management, along with a royalty rate benchmark for companies engaged in similar activities. Based on this analysis, we recorded non-cash impairment charges of $2.0 million for certain indefinite-lived trade names within the Home Meridian segment.

Amortization expenses for intangible assets with definite lives were $916,000 and $924,000 for the third quarters of fiscal 2025 and 2024, respectively. Amortization expenses for intangible assets with definite lives were $2.8 million and $2.7 million for the nine-month periods of fiscal 2025 and 2024, respectively. For the remainder of fiscal 2025, amortization expense is expected to be approximately $921,000.

9. Leases

We have operating leases for warehouses, showrooms, manufacturing facilities, offices and equipment. We recognized sub-lease income of $36,000 and $107,000 for the third quarter and nine-month period of fiscal 2025, respectively. We recognized sub-lease income of $27,000 and $101,000 for the third quarter and nine-month period of fiscal 2024, respectively.

The components of lease cost and supplemental cash flow information for leases for the three-months and nine-months ended October 27, 2024 and October 29, 2023 were:

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	October 27, 2024	October 29, 2023	**October 27, 2024**	October 29, 2023
Operating lease cost	**$ 2,550**	$ 2,715	**$ 7,610**	$ 8,414
Variable lease cost	**73**	50	**262**	202
Short-term lease cost	**68**	119	**270**	282
Total operating lease cost	**$ 2,691**	$ 2,884	**$ 8,142**	$ 8,898
Operating cash outflows	**$ 2,590**	$ 2,668	**$ 7,756**	$ 8,033

The right-of-use assets and lease liabilities recorded on our condensed consolidated balance sheets as of October 27, 2024 and January 28, 2024 were as follows:

	October 27, 2024	January 28, 2024
Real estate	**$ 46,427**	$ 49,968
Property and equipment	**1,008**	833
Total operating leases right-of-use assets	**$ 47,435**	$ 50,801
Current portion of operating lease liabilities	**$ 7,612**	$ 6,964
Long term operating lease liabilities	**42,785**	46,414
Total operating lease liabilities	**$ 50,397**	$ 53,378

The weighted-average discount rate is 5.44%. The weighted-average remaining lease term is 6.4 years.

The following table reconciles the undiscounted future lease payments for operating leases to the operating lease liabilities recorded in the condensed consolidated balance sheets on October 27, 2024:

	Undiscounted Future Operating Lease Payments
Remainder of fiscal 2025	$ 2,531
2026	10,204
2027	10,068
2028	8,309
2029	7,605
2030 and thereafter	21,725
Total lease payments	$ 60,442
Less: impact of discounting	(10,045)
Present value of lease payments	$ 50,397

10. Long-Term Debt

On July 26, 2022, we entered into the Fourth Amendment (the "amendment") to the Second Amended and Restated Loan Agreement with Bank of America, N.A. ("BofA") to replenish cash used to make the acquisition of substantially all of the assets of Sunset West (which closed at the beginning of the first quarter of fiscal 2023) (the "Sunset Acquisition"). The Second Amended and Restated Loan Agreement dated as of September 29, 2017, had previously been amended by a First Amendment to Second Amended and Restated Loan Agreement dated as of January 31, 2019, a Second Amendment to Second Amended and Restated Loan Agreement dated as of November 4, 2020, and a Third Amendment to Second Amended and Restated Loan Agreement dated as of January 27, 2021 (as so amended, the "Existing Loan Agreement"). Details of the individual credit facilities provided for in the Amendment are as follows:

- Unsecured Revolving Credit Facility. Under the Amendment, the expiration date of the existing $35 million Unsecured Revolving Credit Facility (the "Existing Revolver") was extended to July 26, 2027. Any amounts outstanding will bear interest at a rate per annum, equal to the then current Bloomberg Short-Term Bank Yield Index ("BSBY") (adjusted periodically) plus 1.00%. The interest rate will be adjusted on a monthly basis. The actual daily amount of undrawn letters of credit is subject to a quarterly fee equal to a per annum rate of 1%. We must also pay a quarterly unused commitment fee that is based on the average daily amount of the facility utilized during the applicable quarter;

- 2022 Secured Term Loan. The Amendment provided us with an $18 million term loan (the "Secured Term Loan"), which was disbursed to us on July 26, 2022. We are required to pay monthly interest only payments at a rate per annum equal to the then current BSBY rate (adjusted periodically) plus 0.90% on the outstanding balance until the principal is paid in full. The interest rate will be adjusted on a monthly basis. On July 26, 2027, the entire outstanding indebtedness is due in full, including all principal and interest. The Secured Term Loan is secured by certain company-owned life insurance policies under a Security Agreement (Assignment of Life Insurance Policy as Collateral) dated July 26, 2022, by and between the Company and BofA; and

- 2022 Unsecured Term Loan. The Amendment provided us with a $7 million unsecured term loan (the "Unsecured Term Loan"), which was disbursed to us on July 26, 2022. We are required to make monthly principal payments of $116,667 and monthly interest payments at a rate per annum equal to the then current BSBY (adjusted periodically) plus 1.40% on the outstanding balance until paid in full. The interest rate will be adjusted monthly. On July 26, 2027, the entire outstanding indebtedness is due in full, including all principal and interest.

We may prepay any outstanding principal amounts borrowed under either the Secured Term Loan or the Unsecured Term Loan at any time, without penalty provided that any payment is accompanied by all accrued interest owed. As of October 27, 2024, $4.0 million was outstanding under the Unsecured Term Loan and $18 million was outstanding under the Secured Term Loan.

We incurred $37,500 in debt issuance costs in connection with our term loans. As of October 27, 2024, unamortized loan costs of $20,625 were netted against the carrying value of our term loans on our condensed consolidated balance sheets.

The Amendment also included customary representations and warranties and requires us to comply with customary covenants, including, among other things, the following financial covenants:

- Maintain a ratio of funded debt to EBITDA not exceeding:
  - 2.25:1.0 through July 30, 2024; and
  - 2.00:1.00 thereafter.
- A basic fixed charge coverage ratio of at least 1.25:1.00; and
- Limit capital expenditures to no more than $15.0 million during any fiscal year.

The Existing Loan Agreement also limits our right to incur other indebtedness, make certain investments and create liens upon our assets, subject to certain exceptions, among other restrictions. The Existing Loan Agreement does not restrict our ability to pay cash dividends on, or repurchase, shares of our common stock, subject to our compliance with the financial covenants discussed above if we are not otherwise in default under the Existing Loan Agreement.

Due to our first nine months results, we were not in compliance with the Existing Loan Agreement's basic fixed charge ratio covenant in the first three fiscal 2025 quarterly periods. Additionally, we were not in compliance with the Funded Debt to EBITDA Ratio in the third quarter. However, subsequent to the end of all three quarterly periods, we obtained covenant waivers from BofA. Subsequent to the fiscal 2025 third quarter end, we finalized a new credit facility with BofA in December 2024. Consequently, we expect to be in compliance with our revised financial covenants in our fiscal 2025 fourth quarter and for the foreseeable future. We refer you to the discussion in Note 14 Subsequent Events.

As of October 27, 2024, we had $28.3 million available under our $35 million Existing Revolver to fund working capital needs. Standby letters of credit in the aggregate amount of $6.7 million, used to collateralize certain insurance arrangements and for imported product purchases, were outstanding under the Existing Revolver as of October 27, 2024. There were no additional borrowings outstanding under the Existing Revolver as of October 27, 2024.

11. Earnings Per Share

We refer you to the discussion of Earnings Per Share in Note 1. Summary of Significant Accounting Policies, in the financial statements included in our 2024 Annual Report, for additional information concerning the calculation of earnings per share (EPS).

All stock awards are designed to encourage retention and to provide an incentive for increasing shareholder value. We have issued restricted stock awards to non-employee members of the board of directors since 2006 and to certain non-executive employees since 2014. We have issued restricted stock units ("RSUs") to certain senior executives since fiscal 2012 under the Company's Stock Incentive Plan. Each RSU entitles an executive to receive one share of the Company's common stock if the executive remains continuously employed with the Company subject to a three-year vesting schedule. The RSUs may be paid in shares of our common stock, cash or both at the discretion of the Compensation Committee of our board of directors. We have issued Performance-based Restricted Stock Units ("PSUs") to certain senior executives since fiscal 2019 under the Company's Stock Incentive Plan. Each PSU entitles the executive officer to receive one share of our common stock based on the achievement of two specified performance conditions if the executive officer remains continuously employed through the end of the three-year performance period. Historically, one target is based on our annual average growth in our EPS over the performance period and the other target is based on EPS growth over the performance period compared to our peers. For the PSUs issued under the Company's 2024 Stock Incentive Plan in fiscal 2025, one target is the Company's annual EPS growth over the performance period and the other target is the Company's total shareholder return during the performance period compared to the Company's peer group. The payout or settlement of the PSUs will be made in shares of our common stock.

We expect to continue to grant these types of awards annually in the future. The following table sets forth the number of outstanding restricted stock awards and RSUs and PSUs, net of forfeitures and vested shares, as of the fiscal period-end dates indicated:

	October 27, 2024	January 28, 2024
Restricted shares	**169**	182
RSUs and PSUs	**141**	140
	310	322

All restricted shares, RSUs and PSUs awarded that have not yet vested are considered when computing diluted earnings per share.

The following table sets forth the computation of basic and diluted earnings per share:

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	October 27, 2024	October 29, 2023	**October 27, 2024**	October 29, 2023
Net (loss) / income	**$ (4,131)**	$ 7,038	**$ (10,174)**	$ 9,272
Less: Unvested participating restricted stock dividends	**38**	40	**120**	111
Net earnings allocated to unvested participating restricted stock	**-**	120	**-**	143
(Loss) / Earnings available for common shareholders	**(4,169)**	6,878	**(10,294)**	9,018
Weighted average shares outstanding for basic earnings per share	**10,541**	10,536	**10,519**	10,748
Dilutive effect of unvested restricted stock, RSU and PSU awards	**-**	140	**-**	130
Weighted average shares outstanding for diluted earnings per share	**10,541**	10,676	**10,519**	10,878
Basic (loss) / earnings per share	**$ (0.39)**	$ 0.66	**$ (0.97)**	$ 0.85
Diluted (loss) / earnings per share	**$ (0.39)**	$ 0.65	**$ (0.97)**	$ 0.85

Due to net losses in the fiscal 2025 third quarter and nine-month period, approximately 174,000 and 184,000 shares would have been antidilutive and are therefore excluded from the calculation of earnings per share, respectively.

12. Income Taxes

We recorded income tax benefit of $2.8 million for the fiscal 2025 third quarter, compared to $2.0 million income tax expense in the comparable prior year quarter. The effective tax rates for the fiscal 2025 and 2024 third quarters were 40.7% and 22.4%, respectively. The increase in the fiscal 2025 third-quarter effective tax rate was primarily due to the annualization method, which resulted in the recognition of income tax benefits from previous quarters. For the fiscal 2025 nine-month period, we recorded income tax benefit of $3.6 million compared to the income tax expense of $2.6 million for the previous year's comparable period. The effective tax rates for the fiscal 2025 and 2024 nine-month periods were 26.0% and 22.0%, respectively.

No material and non-routine positions have been identified as uncertain tax positions.

Tax years ending January 31, 2021 through January 28, 2024 remain subject to examination by federal and state taxing authorities.

13. Segment Information

As a public entity, we are required to present disaggregated information by segment using the management approach. The objective of this approach is to allow users of our financial statements to see our business through the eyes of management based upon the way management reviews performance and makes decisions. The management approach requires segment information to be reported based on how management internally evaluates the operating performance of the company's business units or segments. The objective of this approach is to meet the basic principles of segment reporting as outlined in ASC 280 *Segments* ("ASC 280"), which are to allow the users of our financial statements to:

- better understand our performance;
- better assess our prospects for future net cash flows; and
- make more informed judgments about us as a whole.

We define our segments as those operations our chief operating decision maker ("CODM") regularly reviews to analyze performance and allocate resources. We measure the results of our segments using, among other measures, each segment's net sales, gross profit and operating income, as determined by the information regularly reviewed by the CODM.

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For financial reporting purposes, we are organized into three reportable segments and "All Other", which includes the remainder of our businesses:

- **Hooker Branded**, consisting of the operations of our imported Hooker Casegoods and Hooker Upholstery businesses;
- **Home Meridian**, is a stand-alone, mostly autonomous business that serves a different type or class of customer than do our other operating segments and at much lower margins;
- **Domestic Upholstery,** which includes the domestic upholstery manufacturing operations of Bradington-Young, HF Custom (formerly Sam Moore), Shenandoah Furniture and Sunset West; and
- **All Other**, consisting of H Contract, Lifestyle Brands and BOBO Intriguing Objects. None of these operating segments were individually reportable; therefore, we combined them in "All Other" in accordance with ASC 280.

The following table presents segment information for the periods, and as of the dates, indicated.

	Thirteen Weeks Ended				**Thirty-Nine Weeks Ended**			
	October 27, 2024	**% Net Sales**	October 29, 2023	% Net Sales	**October 27, 2024**	**% Net Sales**	October 29, 2023	% Net Sales
Net Sales								
Hooker Branded	**$ 34,940**	**33.5%**	$ 39,122	33.5%	**$ 105,049**	**35.9%**	$ 118,936	35.4%
Home Meridian	**38,553**	**36.9%**	43,692	37.4%	**95,493**	**32.6%**	114,524	34.0%
Domestic Upholstery	**29,327**	**28.1%**	32,559	27.9%	**87,910**	**30.0%**	98,555	29.3%
All Other	**1,532**	**1.5%**	1,458	1.2%	**4,553**	**1.6%**	4,437	1.3%
Consolidated	**$ 104,352**	**100%**	$ 116,831	100%	**$ 293,005**	**100%**	$ 336,452	100%
Gross Profit								
Hooker Branded	**$ 10,404**	**29.8%**	$ 17,935	45.8%	**$ 31,867**	**30.3%**	$ 44,556	37.5%
Home Meridian	**7,910**	**20.5%**	8,803	20.1%	**17,308**	**18.1%**	18,726	16.4%
Domestic Upholstery	**5,748**	**19.6%**	6,485	19.9%	**15,099**	**17.2%**	19,872	20.2%
All Other	**(37)**	**-2.4%**	487	33.4%	**44**	**1.0%**	1,803	40.6%
Consolidated	**$ 24,025**	**23.0%**	$ 33,710	28.9%	**$ 64,318**	**22.0%**	$ 84,957	25.3%
Operating (Loss) / Income								
Hooker Branded	**$ (1,694)**	**-4.9%**	$ 7,399	18.9%	**$ (2,094)**	**-2.0%**	$ 14,014	11.8%
Home Meridian	**(3,681)**	**-9.5%**	923	2.1%	**(7,850)**	**-8.2%**	(4,532)	-4.0%
Domestic Upholstery	**(281)**	**-1.0%**	688	2.1%	**(2,875)**	**-3.3%**	2,739	2.8%
All Other	**(1,604)**	**-104.7%**	(240)	-16.5%	**(2,611)**	**-57.4%**	(203)	-4.6%
Consolidated	**$ (7,260)**	**-7.0%**	$ 8,770	7.5%	**$ (15,430)**	**-5.3%**	$ 12,018	3.6%
Capital Expenditures (net of disposals)								
Hooker Branded	**$ 587**		$ 747		**$ 1,032**		$ 4,156	
Home Meridian	**29**		827		**280**		1,065	
Domestic Upholstery	**619**		179		**1,334**		436	
All Other	**-**		-		**11**		61	
Consolidated	**$ 1,235**		$ 1,753		**$ 2,657**		$ 5,718	
Depreciation & Amortization								
Hooker Branded	**$ 562**		$ 467		**$ 1,676**		$ 1,461	
Home Meridian	**651**		670		**1,935**		2,047	
Domestic Upholstery	**1,074**		1,100		**3,239**		3,092	
All Other	**27**		17		**80**		26	
Consolidated	**$ 2,314**		$ 2,254		**$ 6,930**		$ 6,626	

Identifiable Assets	As of October 27, 2024	%Total Assets	As of January 28, 2024	%Total Assets
Hooker Branded	$ 166,224	57.7%	$ 168,832	56.3%
Home Meridian	57,373	19.9%	58,799	19.6%
Domestic Upholstery	60,161	20.9%	67,230	22.4%
All Other	4,166	1.4%	5,067	1.7%
Consolidated	$ 287,924	100%	$ 299,928	100%
Consolidated Goodwill and Intangibles	38,940		43,658	
Total Consolidated Assets	$ 326,864		$ 343,586	

Sales by product type are as follows:

	Net Sales (in thousands)							
	Thirteen Weeks Ended				Thirty-Nine Weeks Ended			
	October 27, 2024	%Total	October 29, 2023	%Total	October 27, 2024	%Total	October 29, 2023	%Total
Casegoods	$ 64,765	62%	$ 71,787	61%	$ 158,632	54%	$ 191,825	57%
Upholstery	39,587	38%	45,044	39%	134,373	46%	144,627	43%
	$ 104,352	100%	$ 116,831	100%	$ 293,005	100%	$ 336,452	100%

14. Subsequent Events

Dividends

On December 2, 2024, our board of directors declared a quarterly cash dividend of $0.23 per share which will be paid on December 30, 2024 to shareholders of record at December 13, 2024.

Material Definitive Agreement

On December 5, 2024, Hooker Furnishings Corporation (the "Company") and its wholly owned subsidiaries, Bradington-Young, LLC, Sam Moore Furniture LLC and Home Meridian Group, LLC (together with the Company, the "Borrowers"), entered into an Amended and Restated Loan and Security Agreement (the "Amended and Restated Loan Agreement") with Bank of America, N.A. ("BofA"), as lender. The Amended and Restated Loan Agreement amends, restates and replaces the Second Amended and Restated Loan Agreement, dated as of September 29, 2017, between the Borrowers and BofA, as amended (the "Existing Loan Agreement"). $21,733,333 in principal amount of loans outstanding and $6,730,000 in face amount of letters of credit issued under the Existing Loan Agreement and used to collateralize certain insurance arrangements and for imported product purchases will remain outstanding as loans and letters of credit under the Amended and Restated Loan Agreement.

The Amended and Restated Loan Agreement provides for a revolving credit facility in a committed principal amount of up to $70,000,000 (the "Revolving Commitment"), including subline of $8,000,000 for letters of credit, and an option to increase the Revolving Commitment by up to $30,000,000 upon meeting certain conditions, including agreement by BofA to increase the Revolving Commitment by such amount. Proceeds of loans and letters of credit under the Amended and Restated Loan Agreement will be available (a) on entry into the Amended and Restated Loan Agreement to replace the outstanding loans and letters of credit outstanding under the Existing Loan Agreement and to pay fees and expenses related to entry into the Amended and Restated Loan Agreement and (b) from and after entry into the Amended and Restated Loan Agreement, for general working capital and other corporate purposes of the Borrower.

Availability of loans and letters of credit under the Revolving Commitment is capped by a borrowing base formula calculated as of any date as the sum for the Borrowers of (a) the value of their accounts receivable, (b) the value of their inventory, (c) the value of their in-transit inventory and (d) the life insurance cash surrender value of company-owned life insurance policies, in each case subject to eligibility requirements, advance rates, valuation metrics, reductions for write-offs and other dilutive items and reserves (the "Borrowing Base"). The lesser of the Revolving Commitment and the Borrowing Base, in each case net of the principal amount of outstanding loans and the face amount of letters of credit, constitutes "Availability" under the Amended and Restated Credit Agreement. As calculated immediately following entry into the Amended and Restated Loan Agreement, after giving effect to the incurrence of $28,870,207 of loans and letters of credit in respect of outstanding obligations under the Existing Loan Agreement and fees and expenses related to entry into the Amended and Restated Loan Agreement, the Borrowers have approximately $41,129,793 of Availability based on the current Borrowing Base.

Outstanding loans under the Amended and Restated Loan Agreement will bear interest at a rate per annum equal to the then-current Term SOFR Rate for a period of one month plus 0.10% plus a margin of 1.75%. The Term SOFR Rate will be adjusted on a monthly basis. Letters of credit are subject to a letter of credit fee equal to the actual daily amount of undrawn letters of credit multiplied by a per annum rate of 1.75% and a fronting fee equal to the actual daily amount of undrawn letters of credit multiplied by a per annum rate of 0.125%. We must also pay a monthly unused commitment fee that is based on the average daily unused amount of Revolving Commitment multiplied by a per annum rate of 0.25%. All accrued interest and fees are payable in cash monthly in arrears.

We may prepay any outstanding principal amounts borrowed under the Amended and Restated Loan Agreement at any time, without penalty provided that any payment is accompanied by all accrued interest owed. Subject to the Borrowers having sufficient borrowing base capacity and customary conditions precedent to borrowing, amounts repaid may be reborrowed. The Revolving Commitment will terminate, and all amounts outstanding thereunder will be due and payable, on December 5, 2029.

The obligations under the Amended and Restated Loan Agreement are secured by a first priority security interest in substantially all of the assets of the Borrowers, other than real estate, including all Company-owned life insurance policies, all accounts receivable, all inventory, all intellectual property, all equipment and all other personal property.

The Amended and Restated Loan Agreement includes customary representations and warranties and requires the Borrowers to comply with customary affirmative and negative covenants, including, among other things, a financial covenant requiring the maintenance of a ratio of (x) EBITDA net of capital expenditures (to the extent not paid using Borrowed Money) to (y) the sum of debt service and dividends paid, in each case as of the last day of each month for the trailing twelve-month period ending on such day, of at least 1.0 to 1.0, if an event of default has occurred and is continuing or Availability has fallen below 10% of the Revolving Commitment at any time (until such time as both Availability is 10% or greater and no event of default exists, for the 30 consecutive days prior to such month end).

The Amended and Restated Loan Agreement also limits the Borrowers' right to incur other indebtedness, make certain investments and create liens upon our assets, subject to certain exceptions, among other restrictions. The Amended and Restated Loan Agreement does not restrict the Company's ability to pay cash dividends on, or repurchase, shares of its common stock, subject to (a) no default existing prior to or resulting from such dividend or repurchase, (b) Availability is not less than 15% of the Revolving Commitment for each of the preceding 45 days prior to announcement of such dividend or repurchase and after giving pro forma effect to such dividend or repurchase and (c) if Availability is less than 20% of the Revolving Commitment on any day in such 45-day period, the Borrowers are in compliance with the financial covenant described above after giving effect to such dividend or repurchase.

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

All references to the "Company," "we," "us" and "our" in this document refer to Hooker Furnishings Corporation and its consolidated subsidiaries, unless specifically referring to segment information. All references to the "Hooker," "Hooker Division(s)," "Hooker Legacy Brands" or "traditional Hooker" divisions or companies refer to all current business units and brands except for those in the Home Meridian segment. The Hooker Branded segment includes Hooker Casegoods and Hooker Upholstery. The Domestic Upholstery segment includes Bradington-Young, HF Custom (formerly Sam Moore), Shenandoah Furniture and Sunset West. All Other includes H Contract, Lifestyle Brands, and BOBO Intriguing Objects.

Forward-Looking Statements

Certain statements made in this report, including statements under Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations" and in the notes to the consolidated financial statements included in this report, are not based on historical facts, but are forward-looking statements. These statements reflect our reasonable judgment with respect to future events and typically can be identified by the use of forward-looking terminology such as "believes," "expects," "projects," "intends," "plans," "may," "will," "should," "would," "could" or "anticipates," or the negatives thereof, or other variations thereof, or comparable terminology, or by discussions of strategy. Forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. Those risks and uncertainties include but are not limited to:

1) general economic or business conditions, both domestically and internationally, including the current macro-economic uncertainties and challenges to the retail environment for home furnishings along with instability in the financial and credit markets, in part due to inflation and high interest rates, including their potential impact on (i) our sales and operating costs and access to financing, (ii) customers, and (iii) suppliers and their ability to obtain financing or generate the cash necessary to conduct their respective businesses;

2) the cyclical nature of the furniture industry, which is particularly sensitive to changes in consumer confidence, the amount of consumers' income available for discretionary purchases, and the availability and terms of consumer credit;

3) risks associated with the ultimate outcome of our planned cost reduction plans, including the amounts and timing of savings realized;

4) risks associated with the outcome of the HMI segment restructuring which we expect to complete in fiscal 2025, including whether we can return the segment to consistent profitability;

5) risks associated with our reliance on offshore sourcing and the cost of imported goods, including fluctuation in the prices of purchased finished goods, customs issues, freight costs, including the price and availability of shipping containers, ocean vessels, domestic trucking, and warehousing costs and the risk that a disruption in our offshore suppliers or the transportation and handling industries, including labor stoppages, strikes, or slowdowns, could adversely affect our ability to timely fill customer orders;

6) the impairment of our long-lived assets, which can result in reduced earnings and net worth;

7) difficulties in forecasting demand for our imported products and raw materials used in our domestic operations;

8) adverse political acts or developments in, or affecting, the international markets from which we import products, including duties or tariffs imposed on those products by foreign governments or the U.S. government;

9) our inability to collect amounts owed to us or significant delays in collecting such amounts;

10) the interruption, inadequacy, security breaches or integration failure of our information systems or information technology infrastructure, related service providers or the internet or other related issues including unauthorized disclosures of confidential information, hacking or other cyber-security threats or inadequate levels of cyber-insurance or risks not covered by cyber-insurance;

11) risks associated with domestic manufacturing operations, including fluctuations in capacity utilization and the prices and availability of key raw materials, as well as changes in transportation, warehousing and domestic labor costs, availability of skilled labor, and environmental compliance and remediation costs;

12) disruptions and damage (including those due to weather) affecting our Virginia or Georgia warehouses, our Virginia, North Carolina or California administrative facilities, our High Point, Las Vegas, and Atlanta showrooms or our representative offices or warehouses in Vietnam and China;

13) changes in U.S. and foreign government regulations and in the political, social and economic climates of the countries from which we source our products;

14) risks associated with product defects, including higher than expected costs associated with product quality and safety, regulatory compliance costs (such as the costs associated with the US Consumer Product Safety Commission's new mandatory furniture tip-over standard, STURDY) related to the sale of consumer products and costs related to defective or non-compliant products, product liability claims and costs to recall defective products and the adverse effects of negative media coverage;

15) the risks specifically related to the concentrations of a material part of our sales and accounts receivable in only a few customers, including the loss of several large customers through business consolidations, failures or other reasons, or the loss of significant sales programs with major customers;

16) the direct and indirect costs and time spent by our associates associated with the implementation of our Enterprise Resource Planning system ("ERP"), including costs resulting from unanticipated disruptions to our business;

17) achieving and managing growth and change, and the risks associated with new business lines, acquisitions, including the selection of suitable acquisition targets, restructurings, strategic alliances and international operations;

18) risks associated with securing a suitable credit facility, which may include restrictive covenants that could limit our ability to pursue our business strategies;

19) risks associated with distribution through third-party retailers, such as non-binding dealership arrangements;

20) the cost and difficulty of marketing and selling our products in foreign markets;

21) changes in domestic and international monetary policies and fluctuations in foreign currency exchange rates affecting the price of our imported products and raw materials;

22) price competition in the furniture industry; and

23) changes in consumer preferences, including increased demand for lower-priced furniture.

Our forward-looking statements could be wrong considering these and other risks, uncertainties and assumptions. The future events, developments or results described in this report could turn out to be materially different. Any forward-looking statement we make speaks only as of the date of that statement, and we undertake no obligation, except as required by law, to update any forward-looking statements whether as a result of new information, future events or otherwise and you should not expect us to do so.

Also, our business is subject to significant risks and uncertainties, any of which can adversely affect our business, results of operations, financial condition or future prospects. For a discussion of risks and uncertainties that we face, see the Forward-Looking Statements detailed above and Item 1A, "Risk Factors" in our 2024 Annual Report.

Investors should also be aware that while we occasionally communicate with securities analysts and others, it is against our policy to selectively disclose to them any material nonpublic information or other confidential commercial information. Accordingly, investors should not assume that we agree with any projection, forecast or report issued by any analyst regardless of the content of the statement or report, as we have a policy against confirming information issued by others.

Quarterly Reporting

This quarterly report on Form 10-Q includes our unaudited condensed consolidated financial statements for the 2025 fiscal year thirteen-week period (also referred to as “three months,” “three-month period,” “quarter,” “third quarter” or “quarterly period”) that began July 29, 2024 and the thirty-nine week period (also referred to as “nine months”, “nine-month period” or “year-to-date period”) that began January 29, 2024, which both ended October 27, 2024. This report discusses our results of operations for these periods compared to the 2024 fiscal year thirteen-week period that began July 31, 2023, and the thirty-nine week period that began January 30, 2023, which both ended October 29, 2023; and our financial condition as of October 27, 2024 compared to January 28, 2024.

References in this report to:

- the 2025 fiscal year and comparable terminology mean the fiscal year that began January 29, 2024, and will end February 2, 2025; and

- the 2024 fiscal year and comparable terminology mean the fiscal year that began January 30, 2023, and ended January 28, 2024.

Dollar amounts presented in the tables below are in thousands except for per share data.

The following discussion should be read in conjunction with the condensed consolidated financial statements, including the related notes, contained elsewhere in this quarterly report. We also encourage users of this report to familiarize themselves with all our recent public filings made with the SEC, especially our 2024 Annual Report. Our 2024 Annual Report contains critical information regarding known risks and uncertainties that we face, critical accounting policies and information on commitments and contractual obligations that are not reflected in our condensed consolidated financial statements, as well as a more thorough and detailed discussion of our corporate strategy and new business initiatives.

Our 2024 Annual Report and other public filings made with the SEC are available, without charge, at www.sec.gov and at http://investors.hookerfurnishings.com.

Overview

Hooker Furnishings Corporation, incorporated in Virginia in 1924, is a designer, marketer, and importer of casegoods (wooden and metal furniture), leather furniture, fabric-upholstered furniture, lighting, accessories, and home décor for the residential, hospitality and contract markets. We also domestically manufacture premium residential custom leather, custom fabric-upholstered furniture and outdoor furniture.

Orders and Backlog

In the discussion below and herein, we reference changes in sales orders or “orders” and sales order backlog (unshipped orders at a point in time) or “backlog” over and compared to certain periods of time and changes discussed are in sales dollars and not units of inventory, unless stated otherwise. We believe orders are generally good current indicators of sales momentum and business conditions. If the items ordered are in stock and the customer has requested immediate delivery, we generally ship products in about seven days or less from receipt of order; however, orders may be shipped later if they are out of stock or there are production or shipping delays or the customer has requested the order to be shipped at a later date. It is our policy and industry practice to allow order cancellation for casegoods up to the time of shipment or, in the case of container direct orders, up until the time the container is booked with the ocean freight carrier; therefore, customer orders for casegoods are not firm. However, domestically produced upholstered products are predominantly custom-built and consequently, cannot be cancelled once the leather or fabric has been cut. Our hospitality products are highly customized and are generally non-cancellable. For our outdoor furnishings, most orders require a deposit upon order and the balance before production is started, and hence are generally non-cancellable.

For the Hooker Branded and Domestic Upholstery segments and All Other, we generally consider backlogs to be one helpful indicator of sales for the upcoming 30-day period, but because of our relatively quick delivery and our cancellation policies, we do not consider order backlogs to be a reliable indicator of expected long-term sales. At times, the ratio of new products to currently available inventory items can affect the amount of the backlog that can be converted to shipments in the short-term. We generally consider the Home Meridian segment’s backlog to be one helpful indicator of that segment’s sales for the upcoming 90-day period. Due to (i) the average sales order sizes of its mass and mega account channels of distribution, (ii) the proprietary nature of many of its products and (iii) the project nature of its hospitality business, for which average order sizes tend to be larger and consequently, the Home Meridian segment’s order backlog tends to be larger.

There have been exceptions to the general predictive nature of our orders and backlogs noted in the above paragraph, such as during times of extremely high demand and supply chain challenges as experienced during the immediate aftermath of the initial COVID-19 crisis and subsequent recovery. Orders were not being converted to shipments as quickly as would be expected compared to the pre-pandemic environment due to the lack and cost of shipping containers and vessel space as well as limited overseas vendor capacity and our domestic production capacity. As a result, backlogs were significantly elevated and reached historical levels in the prior two years.

At October 27, 2024, our backlog of unshipped orders was as follows:

	Order Backlog (Dollars in 000s)			
Reporting Segment	**October 27, 2024**	January 28, 2024	October 29, 2023	*November 3, 2019
Hooker Branded	**$ 13,049**	$ 15,416	$ 18,646	$ 11,058
Home Meridian	**36,506**	36,013	27,611	103,467
Domestic Upholstery	**15,018**	18,920	21,418	12,206
All Other	**1,194**	1,475	1,760	2,250
Consolidated	**$ 65,767**	$ 71,824	$ 69,435	$ 128,981

Consolidated order backlog decreased by 5.3% and 8.4% compared to the end of the previous year's third quarter and the fiscal 2024 year-end in January, respectively.

Hooker Branded incoming orders decreased by 13.3% year-over-year. The quarter-end order backlog was 30% lower than at the end of the prior year's third quarter but remained 18% higher than pre-pandemic levels at the end of the fiscal 2020 third quarter.

Home Meridian incoming orders increased by 8.1% compared to the previous year's third quarter. The quarter-end backlog was 32.2% higher than the prior year's third quarter end, primarily due to increased orders from the hospitality business.

Domestic Upholstery incoming orders decreased by 4.8% during the quarter, and the quarter-end backlog was 29.9% lower than at the end of the prior year's third quarter. Excluding Sunset West, the order backlog remained consistent with pre-pandemic levels at the end of the fiscal 2020 third quarter.

*For comparison purposes, we included order backlog as of fiscal 2020 third quarter end, the year before the COVID crisis. At fiscal 2020 third quarter end, Home Meridian backlog included approximately $17 million orders from the unprofitable Clubs and Accentrics Home e-commerce (ACH) businesses which we decided to exit in fiscal 2022 and fiscal 2023, respectively. Domestic Upholstery backlog did not include Sunset West, the business we acquired in the beginning of fiscal 2023. At fiscal 2020 third quarter end, Sunset West had approximately $1.5 million in backlog. See Review below for additional information on our incoming orders and backlog.

Executive Summary-Results of Operations

Our fiscal 2025 third quarter and nine months results were adversely affected by macro-economic headwinds and challenging conditions which are impacting most of the home furnishings industry. Consolidated net sales were $104.4 million, a decrease of $12.5 million, or 10.7%, compared to the same quarter of the previous year. Additionally, we recorded $2.4 million in bad debt expense due to a large customer's bankruptcy, which also triggered tradename impairment of $2.0 million. On a positive note, we are starting to see benefits from our cost reduction plan announced in the second quarter; however, we incurred $3.1 million in costs related to those measures in the third quarter. The Company reported a consolidated operating loss of $7.3 million and a net loss of $4.1 million, or ($0.39) per diluted share.

For the nine-month period of fiscal 2025, consolidated net sales were $293.0 million, a decrease of $43.4 million or 12.9% compared to the same period of the previous year. This decrease was also due to persistent low demand affecting the home furnishings industry, and the absence of $11 million in liquidation sales from the unprofitable ACH product line which the Company exited last year. For the current nine-month period, the Company reported a consolidated operating loss of $15.4 million and a net loss of $10.2 million, or ($0.97) per diluted share, attributed to lower overall sales, higher ocean freight costs at Hooker Branded, under-absorbed indirect costs at Domestic Upholstery, as well as a total of $7.5 million charges mentioned earlier.

Our fiscal 2025 third quarter and nine months performance are discussed in greater detail below under "Results of Operations."

Results of Operations

The following table sets forth the percentage relationship to net sales of certain items included in the condensed consolidated statements of income included in this report.

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	October 27, 2024	October 29, 2023	**October 27, 2024**	October 29, 2023
Net sales	**100%**	100%	**100%**	100%
Cost of sales	**77.0**	71.1	**78.0**	74.7
Gross profit	**23.0**	28.9	**22.0**	25.3
Selling and administrative expenses	**27.2**	20.6	**25.6**	20.9
Trade name impairment charges	**1.9**	-	**0.7**	-
Intangible asset amortization	**0.9**	0.8	**0.9**	0.8
Operating (loss)/income	**(7.0)**	7.5	**(5.3)**	3.6
Other income, net	**0.6**	0.6	**0.9**	0.3
Interest expense	**0.3**	0.3	**0.3**	0.4
(Loss)/income before income taxes	**(6.7)**	7.8	**(4.7)**	3.5
Income tax (benefit) / expense	**(2.7)**	1.7	**(1.2)**	0.8
Net (loss)/income	**(4.0)**	6.0	**(3.5)**	2.8

Fiscal 2025 Third Quarter and Nine Months Compared to Fiscal 2024 Third Quarter and Nine Months

	Net Sales											
	Thirteen Weeks Ended						Thirty-Nine Weeks Ended					
	October 27, 2024	% Net Sales	October 29, 2023	% Net Sales	$ Change	% Change	**October 27, 2024**	% Net Sales	October 29, 2023	% Net Sales	$ Change	% Change
Hooker Branded	**$ 34,940**	**33.5%**	$ 39,122	33.5%	$ (4,182)	-10.7%	**$ 105,049**	**35.9%**	$ 118,936	35.4%	$ (13,887)	-11.7%
Home Meridian	**38,553**	**36.9%**	43,692	37.4%	(5,139)	-11.8%	**95,493**	**32.6%**	114,524	34.0%	(19,031)	-16.6%
Domestic Upholstery	**29,327**	**28.1%**	32,559	27.9%	(3,232)	-9.9%	**87,910**	**30.0%**	98,555	29.3%	(10,645)	-10.8%
All Other	**1,532**	**1.5%**	1,458	1.2%	74	5.1%	**4,553**	**1.6%**	4,437	1.3%	116	2.6%
Consolidated	**$ 104,352**	**100%**	$ 116,831	100%	$ (12,479)	-10.7%	**$ 293,005**	**100%**	$ 336,452	100%	$ (43,447)	-12.9%

Unit Volume	**FY25 Q3 vs. FY24 Q3 Change**	**FY25 YTD vs. FY24 YTD Change**
Hooker Branded	**-2.1%**	**-1.1%**
Home Meridian	**-19.1%**	**-36.6%**
Domestic Upholstery	**-9.9%**	**-8.4%**
All Other	**-37.8%**	**-40.3%**
Consolidated	**-15.0%**	**-27.9%**

Average Selling Price ("ASP")	**FY25 Q3 vs. FY24 Q3 Change**	**FY25 YTD vs. FY24 YTD Change**
Hooker Branded	**-5.6%**	**-5.9%**
Home Meridian	**1.1%**	**26.7%**
Domestic Upholstery	**0.5%**	**-1.4%**
All Other	**-24.2%**	**-30.0%**
Consolidated	**2.5%**	**20.2%**

Consolidated net sales decreased in both the third quarter and nine-month period of fiscal 2025, as all three segments reported lower sales due to the ongoing challenging environment for home furnishings.

- The Hooker Branded segment's net sales decreased by $4.2 million, or 10.7%, in the third quarter of fiscal 2025. The average selling price decreased by 5.6%, reflecting price reductions implemented last year to align with lower ocean freight costs, as well as higher discounting on excess inventories due to re-balancing inventory mix and levels. Additionally, returns and allowances increased by 110 bps driven by handling charges. While unit volume decreased by a modest 2.1% compared to the prior year's third quarter, it exceeded levels seen in the first and second quarters of this fiscal year. For the nine-month period, net sales decreased by $13.9 million, or 11.7%, also due to lower average selling price and decreased unit volume.

- The Home Meridian segment's net sales decreased by $5.1 million, or 11.8%, in the third quarter of fiscal 2025, due to reduced unit volume. Approximately 40% of this decrease was attributable to the loss of a significant customer following its bankruptcy. Sales through major furniture chains and independent furniture stores decreased, though these decreases were partially offset by an 8% increase in sales within the hospitality business. For the nine-month period, net sales decreased by $19 million, or 16.6%, largely due to the absence of $11 million in ACH liquidation sales, which accounted for approximately 60% of the sales decrease and 75% of the unit volume decrease. Sales across nearly all channels experienced decreases during the period, except for the hospitality business which experienced a strong 23% increase. The average selling price increased significantly over the nine-month period due to the absence of liquidation sales.

- The Domestic Upholstery segment's net sales decreased by $3.2 million, or 9.9%, in the third quarter of fiscal 2025, due to sales decreases at Shenandoah, Bradington-Young, and HF Custom, attributed to persistent low demand. This decrease was partially offset by a 9.1% increase in sales at Sunset West, which has delivered year-over-year quarterly sales growth for three consecutive quarters this fiscal year, driven by its expansion on the East Coast and the stabilization of its ERP system. For the nine-month period, net sales decreased by $10.6 million, or 10.8% due to the same factors. Bradington-Young, HF Custom and Shenandoah have been operating on a reduced production schedule since summer of this year to align with lower backlog levels, leading to decreased unit volumes at these divisions for both the third quarter and the nine-month period.

Gross Profit and Margin

	Thirteen Weeks Ended						**Thirty-Nine Weeks Ended**					
	October 27, 2024	% Net Sales	October 29, 2023	% Net Sales	$ Change	% Change	**October 27, 2024**	% Net Sales	October 29, 2023	% Net Sales	$ Change	% Change
Hooker Branded	**$ 10,404**	**29.8%**	$ 17,935	45.8%	$ (7,531)	-42.0%	**$ 31,867**	**30.3%**	$ 44,556	37.5%	$ (12,689)	-28.5%
Home Meridian	**7,910**	**20.5%**	8,803	20.1%	(893)	-10.1%	**17,308**	**18.1%**	18,726	16.4%	(1,418)	-7.6%
Domestic Upholstery	**5,748**	**19.6%**	6,485	19.9%	(737)	-11.4%	**15,099**	**17.2%**	19,872	20.2%	(4,773)	-24.0%
All Other	**(37)**	**-2.4%**	487	33.4%	(524)	-107.6%	**44**	**1.0%**	1,803	40.6%	(1,759)	-97.6%
Consolidated	**$ 24,025**	**23.0%**	$ 33,710	28.9%	$ (9,685)	-28.7%	**$ 64,318**	**22.0%**	$ 84,957	25.3%	$ (20,639)	-24.3%

Consolidated gross profit and margin decreased in both the third quarter and nine-month period of fiscal 2025, primarily due to lower overall net sales and increased ocean freight costs at Hooker Branded, partially offset by increased gross margin at Home Meridian.

- The Hooker Branded segment's gross profit and margin decreased in both periods, impacted by lower net sales, higher product costs driven by increased ocean freight costs, and reduced margins on discounted products. Additionally, the prior year quarter's gross margin was elevated by the combination of lower freight costs and higher selling prices, significantly impacting the year-over-year comparison. Warehousing and distribution expenses increased by 180 and 150 bps compared to both the previous year's periods, respectively, due to the decreases in net sales.

- The Home Meridian segment's gross profit decreased in both the third quarter and nine-month period of fiscal 2025, primarily driven by lower net sales. Despite decreased net sales, Home Meridian achieved a gross margin of 20.5%, its highest level since the acquisition in 2016. The restructuring efforts over recent years to support sustained profitability at Home Meridian have shown meaningful results, including significantly reduced allowances, improved product margins, and lower fixed costs across nearly all areas of this segment. For the nine-month period, gross profit and margin benefited from strong sales and profitability in the hospitality business during the second quarter. These favorable variances were partially offset by unfavorable customer mix, which included higher volume but lower margin accounts.

- The Domestic Upholstery segment's gross profit decreased in both periods due to lower net sales. While gross margin remained relatively flat in the third quarter, it decreased by 300 bps in the nine-month period of fiscal 2025. In the third quarter, direct material costs decreased by 150 bps primarily due to lower purchased inventory costs at Sunset West, partially offset by increased fabric costs at Shenandoah and higher freight expenses across four divisions. Direct labor costs decreased by 60 bps due to reduced headcount and working hours. For the nine-month period, direct material and direct labor costs remained unchanged as a percentage of net sales. Indirect costs increased by 40 and 120 bps in the third quarter and nine-month period, respectively, due to lower net sales and production inefficiencies, partially mitigated by decreased indirect labor and benefits costs. Warehousing and distribution expenses increased by 200 and 150 bps in these periods, respectively, primarily driven by higher rent expenses related to the redeploying of a portion of the Georgia warehouse to support Sunset West's East Coast expansion, as well as increased labor costs at this division.

- All Other recorded approximately $470,000 in restructuring costs, primarily due to BOBO inventory write-downs and warehouse closure expenses, as a result of the consolidation of BOBO business into Hooker Branded operations.

	Selling and Administrative Expenses (S&A)											
	Thirteen Weeks Ended						**Thirty-Nine Weeks Ended**					
	October 27, 2024		October 29, 2023				**October 27, 2024**		October 29, 2023			
		% Net Sales		% Net Sales	$ Change	% Change		% Net Sales		% Net Sales	$ Change	% Change
Hooker Branded	**$ 12,098**	**34.6%**	$ 10,535	26.9%	$ 1,563	14.8%	**$ 33,962**	**32.3%**	$ 30,542	25.7%	$ 3,420	11.2%
Home Meridian	**9,316**	**24.2%**	7,550	17.3%	1,766	23.4%	**22,221**	**23.3%**	22,267	19.4%	(46)	-0.2%
Domestic Upholstery	**5,435**	**18.5%**	5,203	16.0%	232	4.5%	**16,191**	**18.4%**	15,392	15.6%	799	5.2%
All Other	**1,567**	**102.3%**	728	49.9%	839	115.2%	**2,656**	**58.3%**	2,006	45.2%	650	32.4%
Consolidated	**$ 28,416**	**27.2%**	$ 24,016	20.6%	$ 4,400	18.3%	**$ 75,030**	**25.6%**	$ 70,207	20.9%	$ 4,823	6.9%

Consolidated selling and administrative ("S&A") expenses increased in absolute terms in the fiscal 2025 third quarter and the nine-month period due to a $2.6 million restructuring costs and a $2.4 million bad debt expense recorded in the third quarter. S&A increased as a percentage of net sales due to lower net sales and these charges.

- The Hooker Branded segment's S&A expenses increased by $1.6 million or 770 bps compared to the third quarter of the previous year. Approximately $950,000 restructuring costs, primarily severance costs, were recorded in the third quarter. Additional contributing factors included higher compensation costs due to wage inflation and investment in talent, as well as increased IT-related expenses. For the nine-month period, S&A expenses increased due to these same factors, along with increased professional service expenses to support strategic growth initiatives, increased showroom expenses, higher bad debt and banking expenses, and compliance costs. Despite decreases in net sales in both periods, commissions did not decrease significantly due to higher commission rates in the contract and interior design channels.

- The Home Meridian segment's S&A expenses increased by $1.8 million or 690 bps during fiscal 2025 third quarter, primarily driven by the $2.4 million bad debt expense resulting from the bankruptcy of a major customer, and to a lesser extent, $233,000 in severance costs. Excluding these costs, S&A expenses would have been lower than in the previous year's third quarter due to the cost reduction initiatives including personnel changes and reduced spending, as well as lower selling costs on decreased net sales. For the nine-month period, S&A expenses were essentially flat as the increase in bad debt expense was offset by cost savings and lower selling costs on reduced net sales. S&A expenses increased by 390 bps over the nine-month period due to decreased net sales.

- The Domestic Upholstery segment's S&A expenses increased both in absolute terms and as a percentage of net sales during the third quarter and the nine-month period of fiscal 2025, primarily due to approximately $560,000 in severance costs recorded in the third quarter. This increase was largely offset by reductions in compensation expenses, driven by lower medical claims and bonus accruals, as well as decreased selling costs due to lower net sales and other cost-saving initiatives. S&A expenses increased for the nine-month period also due to higher professional services expenses incurred earlier in the year.

- Approximately $850,000 restructuring costs, primarily severance costs, were recorded in All Other resulting from the consolidation of BOBO business.

	Intangible Asset Impairment and Amortization											
	Thirteen Weeks Ended						**Thirty-Nine Weeks Ended**					
	October 27, 2024		October 29, 2023				**October 27, 2024**		October 29, 2023			
		% Net Sales		% Net Sales	$ Change	% Change		% Net Sales		% Net Sales	$ Change	% Change
Tradenames impairment	**$ 1,953**	**1.9%**	$ -	0.0%	$ 1,953	-	**$ 1,953**	**0.7%**	$ -	0.0%	$ 1,953	-
Intangible asset amortization	**916**	**0.9%**	924	0.8%	-8	-0.9%	**2,765**	**0.9%**	2,732	0.8%	33	1.2%

See Note 8 to our Condensed Consolidated Financial Statements for additional information.

	Operating (Loss) / Profit and Margin											
	Thirteen Weeks Ended						Thirty-Nine Weeks Ended					
	October 27, 2024	% Net Sales	October 29, 2023	% Net Sales	$ Change	% Change	**October 27, 2024**	% Net Sales	October 29, 2023	% Net Sales	$ Change	% Change
Hooker Branded	**$ (1,694)**	**-4.9%**	$ 7,399	18.9%	$ (9,093)	-122.9%	**$ (2,094)**	**-2.0%**	$ 14,014	11.8%	$ (16,108)	-114.9%
Home Meridian	**(3,681)**	**-9.5%**	923	2.1%	(4,604)	-498.8%	**(7,850)**	**-8.2%**	(4,532)	-4.0%	(3,318)	-73.2%
Domestic Upholstery	**(281)**	**-1.0%**	688	2.1%	(969)	-140.8%	**(2,875)**	**-3.3%**	2,739	2.8%	(5,614)	-205.0%
All Other	**(1,604)**	**-104.7%**	(240)	-16.5%	(1,364)	-568.3%	**(2,611)**	**-57.4%**	(203)	-4.6%	(2,408)	-1186.2%
Consolidated	**$ (7,260)**	**-7.0%**	$ 8,770	7.5%	$ (16,030)	-182.8%	**$ (15,430)**	**-5.3%**	$ 12,018	3.6%	$ (27,448)	-228.4%

The Company reported operating losses in the fiscal 2025 third quarter and the nine-month period due to the $3.1 million in restructuring costs, $2.4 million in bad debt, and $2.0 million in intangible asset impairment, as well as low sales volume.

	Income taxes											
	Thirteen Weeks Ended						Thirty-Nine Weeks Ended					
	October 27, 2024	% Net Sales	October 29, 2023	% Net Sales	$ Change	% Change	**October 27, 2024**	% Net Sales	October 29, 2023	% Net Sales	$ Change	% Change
Consolidated income tax (benefit) / expense	**$ (2,836)**	**-2.7%**	$ 2,027	1.7%	$ (4,863)	-239.9%	**$ (3,567)**	**-1.2%**	$ 2,620	0.8%	$ (6,187)	-236.1%
Effective Tax Rate	**40.7%**		22.4%				**26.0%**		22.0%			

We recorded income tax benefit of $2.8 million for the fiscal 2025 third quarter, compared to $2.0 million income tax expense in the comparable prior year quarter. The effective tax rates for the fiscal 2025 and 2024 third quarters were 40.7% and 22.4%, respectively. The increase in the fiscal 2025 third-quarter effective tax rate was primarily due to the annualization method, which resulted in the recognition of income tax benefits from previous quarters. For the fiscal 2025 nine-month period, we recorded income tax benefit of $3.6 million compared to the income tax expense of $2.6 million for the previous year's comparable period. The effective tax rates for the fiscal 2025 and 2024 nine-month periods were 26.0% and 22.0%, respectively.

	Net (Loss) / Income											
	Thirteen Weeks Ended						Thirty-Nine Weeks Ended					
	October 27, 2024	% Net Sales	October 29, 2023	% Net Sales	$ Change	% Change	**October 27, 2024**	% Net Sales	October 29, 2023	% Net Sales	$ Change	% Change
Consolidated net (loss) / income	**$ (4,131)**	**-4.0%**	$ 7,038	6.0%	$ (11,169)	-158.7%	**$ (10,174)**	**-3.5%**	$ 9,272	2.8%	$ (19,446)	-209.7%
Diluted (loss) / earnings per share	**$ (0.39)**		$ 0.65				**$ (0.97)**		$ 0.85			

Outlook

Over the last few months, the key economic indicators that impact furniture sales have been trending positively:

- Interest rates, which drive home mortgage rates, were cut by the Federal Reserve in September and November.

- Since summer, inflation has been cooling to levels closer to the Federal Reserve's 2% target: at 2.9% in July, 2.5% in August, 2.4% in September and 2.6% in October.

- In November, a leading real estate industry group stated its belief that the worst of the US housing inventory shortage is ending and forecasted an approximate 10% increase in home sales for 2025, with mortgage rates stabilizing around 6%.

- Consumer sentiment rose in November to 71.8, its highest level since April, and the stock market continues near all-time highs.

While the macro-economic outlook is improving, we continue to focus on the controllables and improvements already underway. Our balance sheet, financial condition and seasoned management team should well equip us to navigate any remaining challenges as we focus on maximizing efficiencies with the cost reductions while simultaneously investing in expansion strategies that will position us for revenue and profitability growth when demand fully returns.

Financial Condition, Liquidity and Capital Resources

Cash Flows – Operating, Investing and Financing Activities

	Thirty-Nine Weeks Ended	
	October 27, 2024	October 29, 2023
Net cash (used in) / provided by operating activities	**$ (12,334)**	$ 48,770
Net cash used in investing activities	**(2,104)**	(8,025)
Net cash used in financing activities	**(8,311)**	(19,952)
Net (decrease)/increase in cash and cash equivalents	**$ (22,749)**	$ 20,793

During fiscal 2025 nine-month period, we used existing cash and cash equivalents on hand and $936,000 life insurance proceeds to fund $7.4 million in cash dividends to our shareholders, $2.8 million for further development of our cloud-based ERP system, $2.7 million capital expenditures and $387,000 in life insurance premiums on Company-owned life insurance policies.

In comparison, during the fiscal 2024 nine-month period, we used a portion of the $48.8 million cash generated from operations and $444,000 life insurance proceeds to fund $11.7 million share repurchases, $7.2 million in cash dividends to our shareholders, $5.7 million capital expenditures including investments in our new showrooms, $3.8 million for development of our cloud-based ERP system, $2.4 million on the BOBO acquisition, and $378,000 in life insurance premiums on Company-owned life insurance policies.

Liquidity, Financial Resources and Capital Expenditures

Our financial resources include:

- available cash and cash equivalents, which are highly dependent on incoming order rates and our operating performance;

- expected cash flow from operations;

- available lines of credit; and

- cash surrender value of Company-owned life insurance.

The most significant components of our working capital are inventory, accounts receivable and cash and cash equivalents reduced by accounts payable and accrued expenses.

Our most significant ongoing short-term cash requirements relate primarily to funding operations (including expenditures for inventory, lease payments and payroll), quarterly dividend payments and capital expenditures related primarily to our ERP project, showroom renovations and upgrading systems, buildings and equipment. The timing of our working capital needs can vary greatly depending on demand for and availability of raw materials and imported finished goods but is generally the greatest in mid-summer because of inventory build-up for the traditional fall selling season. Long term cash requirements relate primarily to funding lease payments and repayment of long-term debt.

Loan Agreements and Revolving Credit Facility

On July 26, 2022, we entered into the Fourth Amendment to the Second Amended and Restated Loan Agreement (the "Amendment") with Bank of America, N.A. ("BofA") to replenish cash used to make the Sunset Acquisition. The Second Amended and Restated Loan Agreement dated as of September 29, 2017, had previously been amended by a First Amendment to Second Amended and Restated Loan Agreement dated as of January 31, 2019, a Second Amendment to Second Amended and Restated Loan Agreement dated as of November 4, 2020, and a Third Amendment to Second Amended and Restated Loan Agreement dated as of January 27, 2021 (as so amended, the "Existing Loan Agreement"). Details of the individual credit facilities provided for in the Amendment are as follows:

- Unsecured Revolving Credit Facility. Under the Amendment, the expiration date of the existing $35 million Unsecured Revolving Credit Facility (the "Existing Revolver") was extended to July 26, 2027. Any amounts outstanding will bear interest at a rate per annum, equal to the then current Bloomberg Short-Term Bank Yield Index ("BSBY") (adjusted periodically) plus 1.00%. The interest rate will be adjusted on a monthly basis. The actual daily amount of undrawn letters of credit is subject to a quarterly fee equal to a per annum rate of 1%. We must also pay a quarterly unused commitment fee that is based on the average daily amount of the facility utilized during the applicable quarter;

- 2022 Secured Term Loan. The Amendment provided us with an $18 million term loan (the "Secured Term Loan"), which was disbursed to us on July 26, 2022. We are required to pay monthly interest only payments at a rate per annum equal to the then current BSBY rate (adjusted periodically) plus 0.90% on the outstanding balance until the principal is paid in full. The interest rate will be adjusted on a monthly basis. On July 26, 2027, the entire outstanding indebtedness is due in full, including all principal and interest. The Secured Term Loan is secured by certain company-owned life insurance policies under a Security Agreement (Assignment of Life Insurance Policy as Collateral) dated July 26, 2022, by and between the Company and BofA; and

- 2022 Unsecured Term Loan. The Amendment provided us with a $7 million unsecured term loan (the "Unsecured Term Loan"), which was disbursed to us on July 26, 2022. We are required to make monthly principal payments of $116,667 and monthly interest payments at a rate per annum equal to the then current BSBY (adjusted periodically) plus 1.40% on the outstanding balance until paid in full. The interest rate will be adjusted monthly. On July 26, 2027, the entire outstanding indebtedness is due in full, including all principal and interest.

We may prepay any outstanding principal amounts borrowed under either the Secured Term Loan or the Unsecured Term Loan at any time, without penalty provided that any payment is accompanied by all accrued interest owed. As of October 27, 2024, $4.0 million was outstanding under the Unsecured Term Loan and $18 million was outstanding under the Secured Term Loan.

We incurred $37,500 in debt issuance costs in connection with our term loans. As of October 27, 2024, unamortized loan costs of $20,625 were netted against the carrying value of our term loans on our condensed consolidated balance sheets.

The Amendment also included customary representations and warranties and requires us to comply with customary covenants, including, among other things, the following financial covenants:

- Maintain a ratio of funded debt to EBITDA not exceeding:
  - 2.25:1.0 through July 30, 2024; and
  - 2.00:1.00 thereafter.
- A basic fixed charge coverage ratio of at least 1.25:1.00; and
- Limit capital expenditures to no more than $15.0 million during any fiscal year.

The Existing Loan Agreement also limits our right to incur other indebtedness, make certain investments and create liens upon our assets, subject to certain exceptions, among other restrictions. The Existing Loan Agreement does not restrict our ability to pay cash dividends on, or repurchase, shares of our common stock, subject to our compliance with the financial covenants discussed above if we are not otherwise in default under the Existing Loan Agreement.

Due to our first nine months results, we were not in compliance with the Existing Loan Agreement's basic fixed charge ratio covenant in the first three fiscal 2025 quarterly periods. Additionally, we were not in compliance with the Funded Debt to EBITDA Ratio in the third quarter. However, subsequent to the end of all three quarterly periods, we obtained covenant waivers from BofA. Subsequent to the fiscal 2025 third quarter end, we finalized a new credit facility with BofA. Consequently, we expect to be in compliance with our revised financial covenants in our fiscal 2025 fourth quarter and for the foreseeable future. We refer you to the discussion in Note 14 Subsequent Events.

As of October 27, 2024, we had $28.3 million available under our $35 million Existing Revolver to fund working capital needs. Standby letters of credit in the aggregate amount of $6.7 million, used to collateralize certain insurance arrangements and for imported product purchases, were outstanding under the Existing Revolver as of October 27, 2024. There were no additional borrowings outstanding under the Existing Revolver as of October 27, 2024.

Capital Expenditures

We expect to spend approximately $600,000 to $700,000 in capital expenditures over the remainder of fiscal 2025 to maintain and enhance our operating systems and facilities, excluding any possible spending decreases resulting from the cost reduction plan discussed above.

Enterprise Resource Planning Project

During calendar 2021, our Board of Directors approved an upgrade to our current ERP system and implementation efforts begun shortly thereafter. The ERP system went live at Sunset West in December 2022 and in the legacy Hooker divisions in early September 2023. Due to our cost reduction initiatives, we have temporarily paused the ERP project in the Home Meridian segment. We do not anticipate further significant ERP spending in fiscal 2025.

Dividends

On December 2, 2024, our board of directors declared a quarterly cash dividend of $0.23 per share which will be paid on December 30, 2024, to shareholders of record at December 13, 2024.

Critical Accounting Policies

There have been no material changes to our critical accounting policies and estimates from the information provided in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations," included in our 2024 Annual Report.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to various types of market risk in the normal course of our business, including the impact of interest rate changes, raw materials price risk and changes in foreign currency exchange rates, which could impact our results of operations or financial condition. We manage our exposure to this risk through our normal operating activities.

Interest Rate Risk

Borrowings under our revolving credit facility, the Secured Term Loan and the Unsecured Term loan bear interest based on BSBY plus 1.00%, BSBY plus 0.90% and BSBY plus 1.40%, respectively. As such, these debt instruments expose us to market risk for changes in interest rates. There was no outstanding balance under our revolving credit facility as of October 27, 2024 other than standby letters of credit in the amount of $6.7 million. As of October 27, 2024, $22.0 million was outstanding under our term loans. A 1% increase in the BSBY rate would result in an annual increase in interest expenses on our terms loans of approximately $212,000.

Raw Materials Price Risk

We are exposed to market risk from changes in the cost of raw materials used in our domestic upholstery manufacturing processes; principally, wood, fabric, and foam products. Increases in home construction activity could result in increases in wood and fabric costs. Additionally, the cost of petroleum-based foam products we utilize are sensitive to crude oil prices, which vary due to supply, demand, and geo-political factors.

Currency Risk

For imported products, we generally negotiate firm pricing denominated in U.S. Dollars with our foreign suppliers, typically for periods of at least one year. We accept the exposure to exchange rate movements beyond these negotiated periods. We do not use derivative financial instruments to manage this risk but could choose to do so in the future. Most of our imports are purchased from suppliers located in Vietnam and China. The Chinese currency floats within a limited range in relation to the U.S. Dollar, resulting in exposure to foreign currency exchange rate fluctuations.

Since we transact our imported product purchases in U.S. Dollars, a relative decline in the value of the U.S. Dollar could increase the price we pay for imported products beyond the negotiated periods. We generally expect to reflect substantially all of the effect of any price increases from suppliers in the prices we charge for imported products. However, these changes could adversely impact sales volume or profit margins during affected periods.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures as of the end of the fiscal quarter ended October 27, 2024. Based on this evaluation, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures are effective as of October 27, 2024 to provide reasonable assurance that information required to be disclosed in the reports that we file or submit under the Securities Exchange Act of 1934, as amended, is accumulated and communicated to the Company's management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure and are effective to provide reasonable assurance that such information is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

Changes in Internal Control over Financial Reporting

During fiscal 2024 second quarter, we closed on the acquisition of substantially all of the assets of BOBO Intriguing Objects ("BOBO"). As permitted by SEC guidance for newly acquired businesses, we excluded BOBO's operations from the scope of our Sarbanes-Oxley Section 404 report on internal controls over financial reporting for the year ending January 28, 2024. We are in the process of implementing our internal control structure at BOBO and expect that this effort will be completed in fiscal 2025.

There have been no changes in our internal control over financial reporting during the fiscal quarter ended October 27, 2024, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 5. Other Information

During the three months ended October 27, 2024, no director or officer of the Company adopted, terminated or modified a 'Rule 10b5-1 trading arrangement' or 'non-Rule 10b5-1 trading arrangement,' as each term is defined in Item 408(a) of Regulation S-K.

As further described under "Liquidity, Financial Resources and Capital Expenditures" in Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations herein, the Company entered into a covenant waiver with BofA under the Existing Loan Agreement on December 3, 2024 (the "Waiver"). A copy of the Waiver is filed herewith as Exhibit 10.3 to this Quarterly Report on Form 10-Q and its terms are hereby incorporated by reference into this Item 5.

Item 6. Exhibits

3.1	Articles of Incorporation of the Company, as amended as of September 16, 2021 (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q (SEC File No. 000-25349) for the quarter ended October 31, 2021)
3.2	Amended and Restated Bylaws of the Company, as amended September 5, 2023 (incorporated by reference to Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q (SEC File No. 000-25349) for the quarter ended July 30, 2023)
4.1	Articles of Incorporation of the Company, as amended (See Exhibit 3.1)
4.2	Amended and Restated Bylaws of the Company, as amended (See Exhibit 3.2)
10.3*	Covenant Waiver Letter between the Company and Bank of America executed on December 3, 2024 under the Company's Second Amended and Restated Loan Agreement dated as of September 29, 2017.
31.1*	Rule 13a-14(a) Certification of the Company's principal executive officer
31.2*	Rule 13a-14(a) Certification of the Company's principal financial officer
32.1**	Rule 13a-14(b) Certification of the Company's principal executive officer and principal financial officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101*	Interactive Data Files (formatted as Inline XBRL)
104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

*Filed herewith
** Furnished herewith

SIGNATURE

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

HOOKER FURNISHINGS CORPORATION

Date: December 6, 2024

By: /s/ Paul A. Huckfeldt
Paul A. Huckfeldt
Chief Financial Officer and
Senior Vice President – Finance and Accounting

Exhibit 10.3

BANK OF AMERICA

December 3, 2024

Hooker Furnishings Corporation
440 East Commonwealth Blvd.
Martinsville, Virginia 24112
Attn: Paul A. Huckfeldt

Dear Paul:

Reference is made to that certain Second Amended and Restated Loan Agreement dated as of September 29, 2017 (as amended from time to time, the "Loan Agreement"), between Bank of America, N.A. (the "Bank") and Hooker Furnishings Corporation (formerly known as Hooker Furniture Corporation), a Virginia corporation, Bradington-Young, LLC, a Virginia limited liability company, Sam Moore Furniture LLC, a Virginia limited liability company, and Home Meridian Group, LLC, a Virginia limited liability company (each a "Borrower" and collectively the "Borrowers"), pursuant to which the Bank has made certain credit facilities available to the Borrowers. Capitalized terms used and not otherwise defined herein shall have the meanings assigned to them in the Loan Agreement.

As we have discussed, an Event of Default has occurred under the Loan Agreement as a result of the Borrowers' failure to maintain a Basic Fixed Charge Coverage Ratio as required by Section 9.4(c) of the Loan Agreement as of October 27, 2024 (the "FCCR Covenant Default") as well as the Borrower's failure to maintain a Funded Debt to EBITDA Ratio as required by Section 9.4(c) of the Loan Agreement as of October 27, 2024 (the "Funded Debt Covenant Default").

The Bank hereby waives the FCCR Covenant Default and the Funded Debt Covenant Default.

Each Borrower acknowledges and agrees (by the execution of a counterpart of this waiver letter) that (a) the waiver set forth above (the "Waiver") relates only to the FCCR Covenant Default and the Funded Debt Covenant Default, and the Bank has not waived any other Default or Event of Default that may be outstanding under the Loan Agreement or any of the other Loan Documents, (b) the Waiver does not imply or in any way obligate the Bank to consent to any transaction or to waive any other Default or Event of Default that may now exist or may hereafter arise, (c) the Waiver does not affect or impair any of the Bank's rights or remedies under the Loan Agreement or the other Loan Documents, or the right of the Bank to demand strict compliance by the Borrowers with all terms and conditions of the Loan Agreement and the other Loan Documents, except with respect to the FCCR Covenant Default and the Funded Debt Covenant Default, and (d) all existing terms and conditions of the Loan Agreement and the other Loan Documents are, and shall remain, in full force and effect, and the Bank expressly reserves all of its rights and remedies thereunder.

The Borrowers agrees to pay all out-of-pocket expenses incurred by the Bank in connection with the preparation of this waiver letter and the consummation of the transactions described herein, including, without limitation, the attorneys' fees and expenses of the Bank.

The effectiveness of this waiver letter is conditioned on the Borrowers signing and returning a copy of this waiver letter to me by electronic mail (colleen.landau@bofa.com), which each Borrower acknowledges and agrees will be treated the same as if this waiver letter were physically delivered to the Bank with original hand-written signatures of the Borrowers.

This waiver letter may be executed in any number of counterparts, each of which shall be an original, but all of which taken together shall constitute one and the same instrument.

Very truly yours,

BANK OF AMERICA, N.A.

By: /s/ Colleen Landau
Name: Colleen Landau
Title: Senior Vice President

ACKNOWLEDGED AND AGREED:

HOOKER FURNISHINGS CORPORATION,
BRADINGTON-YOUNG, LLC,
SAM MOORE FURNITURE LLC and
HOME MERIDIAN GROUP, LLC

By: /s/ Paul Huckfeldt
Name: Paul Huckfeldt
Title: Senior Vice President

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Exhibit 31.1

Form 10-Q for the Quarterly Period Ended October 27, 2024
SECTION 13a-14(a) CERTIFICATION

I, Jeremy R. Hoff, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Hooker Furnishings Corporation;

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

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

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

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

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

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

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

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

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

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

Date: December 6, 2024

By: /s/ Jeremy R. Hoff
Jeremy R. Hoff
Chief Executive Officer and Director

Exhibit 31.2

Form 10-Q for the Quarterly Period Ended October 27, 2024
SECTION 13a-14(a) CERTIFICATION

I, Paul A. Huckfeldt, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Hooker Furnishings Corporation;

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

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

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

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

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

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

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

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

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

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

Date: December 6, 2024

By: /s/ Paul A. Huckfeldt
Paul A. Huckfeldt
Chief Financial Officer and
Senior Vice President - Finance and Accounting

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Hooker Furnishings Corporation (the “Company”) Quarterly Report on Form 10-Q for the quarterly period ended October 27, 2024, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), each of the undersigned certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

a. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

b. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: December 6, 2024

By: /s/ Jeremy R. Hoff
Jeremy R. Hoff
Chief Executive Officer and Director

By: /s/ Paul A. Huckfeldt
Paul A. Huckfeldt
Chief Financial Officer and Senior Vice President - Finance and Accounting