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

FORM 10-Q

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

For the quarterly period ended **July 30, 2023**

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)	*(IRS employer identification no.)*

440 East Commonwealth Boulevard, Martinsville, VA 24112
(Address of principal executive offices, zip code)

(276) 632-2133
(Registrant's telephone number, including area code)

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 September 1, 2023, there were 10,740,820 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	**July 30, 2023 (unaudited)**	January 29, 2023
Assets		
Current assets		
Cash and cash equivalents	**$ 49,979**	$ 19,002
Trade accounts receivable, net	**39,441**	62,129
Inventories	**63,358**	96,675
Income tax recoverable	**3,025**	3,079
Prepaid expenses and other current assets	**7,370**	6,418
Total current assets	**163,173**	187,303
Property, plant and equipment, net	**28,433**	27,010
Cash surrender value of life insurance policies	**28,050**	27,576
Deferred taxes	**14,037**	14,484
Operating leases right-of-use assets	**58,589**	68,949
Intangible assets, net	**30,471**	31,779
Goodwill	**15,076**	14,952
Other assets	**12,286**	9,663
Total non-current assets	**186,942**	194,413
Total assets	**$ 350,115**	$ 381,716
Liabilities and Shareholders' Equity		
Current liabilities		
Current portion of long-term debt	**$ 1,393**	$ 1,393
Trade accounts payable	**14,068**	16,090
Accrued salaries, wages and benefits	**6,447**	9,290
Customer deposits	**8,269**	8,511
Current portion of operating lease liabilities	**6,926**	7,316
Other accrued expenses	**2,264**	7,438
Total current liabilities	**39,367**	50,038
Long term debt	**22,177**	22,874
Deferred compensation	**7,880**	8,178
Operating lease liabilities	**54,157**	63,762
Other long-term liabilities	**866**	843
Total long-term liabilities	**85,080**	95,657
Total liabilities	**124,447**	145,695
Shareholders' equity		
Common stock, no par value, **20,000** shares authorized, **10,819** and 11,197 shares issued and outstanding on each date	**49,561**	50,770
Retained earnings	**175,348**	184,386
Accumulated other comprehensive income	**759**	865
Total shareholders' equity	**225,668**	236,021
Total liabilities and shareholders' equity	**$ 350,115**	$ 381,716

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 July 30, 2023	For the Thirteen Weeks Ended July 31, 2022	For the Twenty-Six Weeks Ended July 30, 2023	For the Twenty-Six Weeks Ended July 31, 2022
Net sales	**$ 97,806**	$ 152,908	**$ 219,621**	$ 300,223
Cost of sales	**74,465**	121,853	**168,374**	239,709
Gross profit	**23,341**	31,055	**51,247**	60,514
Selling and administrative expenses	**21,144**	22,886	**46,191**	47,543
Intangible asset amortization	**924**	878	**1,807**	1,756
Operating income	**1,273**	7,291	**3,249**	11,215
Other income/(expense), net	**357**	(44)	**411**	234
Interest expense, net	**654**	83	**833**	111
Income before income taxes	**976**	7,164	**2,827**	11,338
Income tax expense	**191**	1,621	**593**	2,612
Net income	**$ 785**	$ 5,543	**$ 2,234**	$ 8,726
Earnings per share				
Basic	**$ 0.07**	$ 0.47	**$ 0.20**	$ 0.74
Diluted	**$ 0.07**	$ 0.46	**$ 0.20**	$ 0.73
Weighted average shares outstanding:				
Basic	**10,732**	11,876	**10,854**	11,871
Diluted	**10,828**	11,935	**10,962**	11,960
Cash dividends declared per share	**$ 0.22**	$ 0.20	**$ 0.44**	$ 0.40

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

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

	For the Thirteen Weeks Ended		For the Twenty-Six Weeks Ended	
	July 30, 2023	July 31, 2022	**July 30, 2023**	July 31, 2022
Net income	**$ 785**	$ 5,543	**$ 2,234**	$ 8,726
Other comprehensive income:				
Amortization of actuarial (gain) / loss	**(70)**	60	**(140)**	42
Income tax effect on amortization	**17**	(14)	**34**	(10)
Adjustments to net periodic benefit cost	**(53)**	46	**(106)**	32
Total comprehensive income	**$ 732**	$ 5,589	**$ 2,128**	$ 8,758

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 Twenty-Six Weeks Ended July 30, 2023	July 31, 2022
Operating Activities:		
Net income	**$ 2,234**	$ 8,726
Adjustments to reconcile net income to net cash provided by/(used in) operating activities:		
Depreciation and amortization	**4,372**	4,409
Deferred income tax expense	**481**	1,839
Noncash restricted stock and performance awards	**1,043**	873
Provision for doubtful accounts and sales allowances	**(475)**	(1,532)
Gain on life insurance policies	**(684)**	(587)
Loss/(Gain) on disposal of assets	**30**	-
Changes in assets and liabilities:		
Trade accounts receivable	**23,163**	(4,843)
Inventories	**35,062**	(53,489)
Income tax recoverable	**53**	787
Prepaid expenses and other assets	**(3,528)**	(6,175)
Trade accounts payable	**(2,029)**	4,691
Accrued salaries, wages, and benefits	**(2,843)**	(1,480)
Customer deposits	**(241)**	27
Operating lease assets and liabilities	**366**	(151)
Other accrued expenses	**(5,154)**	(1,293)
Deferred compensation	**(438)**	(283)
Net cash provided by/(used in) operating activities	**$ 51,412**	$ (48,481)
Investing Activities:		
Acquisitions	**(2,373)**	(25,912)
Purchases of property and equipment	**(3,965)**	(1,947)
Premiums paid on life insurance policies	**(317)**	(404)
Proceeds received on life insurance policies	**444**	-
Net cash used in investing activities	**(6,211)**	(28,263)
Financing Activities:		
Purchase and retirement of common stock	**(8,668)**	(1,137)
Cash dividends paid	**(4,856)**	(4,794)
Payments for long-term loans	**(700)**	-
Proceeds from long-term loans	**-**	25,000
Proceeds from revolving credit facility	**-**	30,301
Payments for revolving credit facility	**-**	(30,301)
Debt issuance cost	**-**	(38)
Net cash (used in)/provided by financing activities	**(14,224)**	19,031
Net increase/(decrease) in cash and cash equivalents	**30,977**	(57,713)
Cash and cash equivalents - beginning of year	**19,002**	69,366
Cash and cash equivalents - end of quarter	**$ 49,979**	$ 11,653
Supplemental disclosure of cash flow information:		
Cash paid/(refund) for income taxes	**$ 60**	$ (14)
Cash paid for interest, net	**914**	55
Non-cash transactions:		
(Decrease)/Increase in lease liabilities arising from changes in right-of-use assets	**$ (6,356)**	$ 7,680
Increase in property and equipment through accrued purchases	**8**	207

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 Earnings	Accumulated Other Comprehensive Income (loss)	Total Shareholders' Equity
	Shares	Amount			
Balance at May 1, 2022	12,002	$ 53,649	$ 208,678	$ (65)	$ 262,262
Net income for the 13 weeks ended July 31, 2022			5,543		5,543
Unrealized loss on defined benefit plan, net of tax of $14				46	46
Cash dividends paid ($0.20 per share)			(2,405)		(2,405)
Purchase and retirement of common stock	(68)	$ (315)	(822)		(1,137)
Restricted stock grants, net of forfeitures	25	(6)			(6)
Restricted stock compensation cost		371			371
Performance-based restricted stock units costs		154			154
Balance at July 31, 2022	11,959	$ 53,853	$ 210,994	$ (19)	$ 264,828
Balance at April 30, 2023	**11,029**	**$ 50,067**	**$ 180,152**	**$ 812**	**$ 231,031**
Net income for the 13 weeks ended July 30, 2023			**785**		**785**
Unrealized loss on defined benefit plan, net of tax of $17				**(53)**	**(53)**
Cash dividends paid ($0.22 per share)			**(2,412)**		**(2,412)**
Purchase and retirement of common stock	**(246)**	**$ (1,171)**	**(3,177)**		**(4,348)**
Restricted stock grants, net of forfeitures	**36**	**-**			**-**
Restricted stock compensation cost		**472**			**472**
Performance-based restricted stock units costs		**193**			**193**
Balance at July 30, 2023	**10,819**	**$ 49,561**	**$ 175,348**	**$ 759**	**$ 225,668**

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

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

	Common Stock		Retained Earnings	Accumulated Other Comprehensive Income (loss)	Total Shareholders' Equity
	Shares	Amount			
Balance at January 30, 2022	11,922	$ 53,295	$ 207,884	$ (51)	$ 261,128
Net income for the 26 weeks ended July 31, 2022			8,726		8,726
Unrealized loss on defined benefit plan, net of tax of $10				32	32
Cash dividends paid ($0.40 per share)			(4,794)		(4,794)
Purchase and retirement of common stock	(68)	(315)	(822)		(1,137)
Restricted stock grants, net of forfeitures	105	(102)			(102)
Restricted stock compensation cost		667			667
Performance-based restricted stock units costs		308			308
Balance at July 31, 2022	11,959	$ 53,853	$ 210,994	$ (19)	$ 264,828
Balance at January 29, 2023	**11,197**	**$ 50,770**	**$ 184,386**	**$ 865**	**$ 236,021**
Net income for the 26 weeks ended July 30, 2023			**2,234**		**2,234**
Unrealized loss on defined benefit plan, net of tax of $34				**(106)**	**(106)**
Cash dividends paid ($0.44 per share)			**(4,856)**		**(4,856)**
Purchase and retirement of common stock	**(473)**	**(2,252)**	**(6,416)**		**(8,668)**
Restricted stock grants, net of forfeitures	**95**	**(150)**			**(150)**
Restricted stock compensation cost		**807**			**807**
Performance-based restricted stock units costs		**386**			**386**
Balance at July 30, 2023	**10,819**	**$ 49,561**	**$ 175,348**	**$ 759**	**$ 225,668**

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 Twenty-Six Weeks Ended July 30, 2023

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 29, 2023 ("2023 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 2024 fiscal year thirteen-week period (also referred to as "three months," "three-month period," "quarter," "second quarter" or "quarterly period") that began May 1, 2023, and the twenty-six week period (also referred to as "six months", "six-month period" or "first half") that began January 30, 2023, which both ended July 30, 2023. This report discusses our results of operations for these periods compared to the 2023 fiscal year thirteen-week period that began May 2, 2022, and the twenty-six-week period that began January 31, 2022, which both ended July 31, 2022; and our financial condition as of July 30, 2023 compared to January 29, 2023.

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

- the 2024 fiscal year and comparable terminology mean the fifty-two-week fiscal year that began January 30, 2023 and will end January 28, 2024; and

- the 2023 fiscal year and comparable terminology mean the fifty-two-week fiscal year that began January 31, 2022 and ended January 29, 2023.

2. Recently Adopted Accounting Policies

No new accounting pronouncements have been adopted in the 2024 fiscal year. We reviewed newly issued accounting pronouncements and concluded 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

	July 30, 2023	January 29, 2023
Gross accounts receivable	**$ 44,263**	$ 67,600
Customer allowances	**(3,193)**	(3,702)
Allowance for doubtful accounts	**(1,629)**	(1,769)
Trade accounts receivable	**$ 39,441**	$ 62,129

4. Inventories

	July 30, 2023	January 29, 2023
Finished furniture	**$ 77,707**	$ 115,015
Furniture in process	**1,723**	1,943
Materials and supplies	**13,318**	13,509
Inventories at FIFO	**92,748**	130,467
Reduction to LIFO basis	**(29,390)**	(33,792)
Inventories	**$ 63,358**	$ 96,675

5. Property, Plant and Equipment

	Depreciable Lives *(In years)*	July 30, 2023	January 29, 2023
Buildings and land improvements	15 - 30	**$ 32,796**	$ 32,723
Computer software and hardware	3 - 10	**16,060**	15,887
Machinery and equipment	10	**11,361**	11,013
Leasehold improvements	Term of lease	**12,252**	11,894
Furniture and fixtures	3 - 10	**6,352**	5,991
Other	5	**695**	694
Total depreciable property at cost		**79,516**	78,202
Less accumulated depreciation		**(52,971)**	(53,427)
Total depreciable property, net		**26,545**	24,775
Land		**1,077**	1,077
Construction-in-progress		**811**	1,158
Property, plant and equipment, net		**$ 28,433**	$ 27,010

6. Cloud Computing Hosting Arrangement

We are in the process of implementing a common Enterprise Resource Planning system (ERP) across all divisions. The ERP went live at Sunset West in December 2022 and in the legacy Hooker divisions in early September 2023. We expect it to go live in the Home Meridian segment during fiscal 2025.

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. In addition, based on the provisions of ASC 835 *Interest*, we capitalize interest associated with this ERP project by applying the interest rate on our unsecured term loan to the amount of the accumulated expenditures for the ERP asset. Both these costs are recorded on the "Other assets" line of our condensed consolidated balance sheets. Amortization expense commenced when the ERP went live at Sunset West in the fourth quarter of fiscal 2023. Capitalized implementation costs and interest are amortized over ten years on a straight-line basis. The capitalized implementation costs and interest expenses at July 30, 2023 and January 29, 2023 were as follows:

	Capitalized Implementation Costs	**Capitalized interest expenses**
Balance at January 29, 2023	$ 8,598	$ 84
Costs capitalized during the period	2,630	160
Accumulated amortization	(37)	(1)
Balance at July 30, 2023	**$ 11,191**	**$ 243**

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 July 30, 2023 and January 29, 2023, 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 July 30, 2023 and January 29, 2023, were as follows:

	Fair value at July 30, 2023				Fair value at January 29, 2023			
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	**$ -**	**$ 28,050**	**$ -**	**$ 28,050**	$ -	$ 27,576	$ -	$ 27,576

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. During the fiscal 2024 second quarter, we recorded $500,000 trademarks with indefinite lives and $124,000 goodwill as a result of the BOBO acquisition. During the fiscal 2024 first quarter, we announced the rebranding of the Sam Moore product line to “HF Custom”. As a result, we reassessed the characteristics of the Sam Moore trade name and the roll-out process, and determined it qualified for amortization; consequently, we began amortizing the Sam Moore trade name over a 24-month period using the straight-line method beginning mid-April 2023. Our intangible assets with definite lives are recorded in our Home Meridian and Domestic Upholstery segments. Details of our intangible assets are as follows:

	July 30, 2023		January 29, 2023	
	Gross carrying amount	**Accumulated Amortization**	Gross carrying amount	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	**124**	**-**	-	-
Goodwill	**15,076**	**-**	**14,952**	**-**
Trademarks and Trade names *	**8,011**	**-**	7,907	-
Intangible assets with definite lives:				
Customer Relations	**38,001**	**(17,301)**	38,001	(15,618)
Trademarks and Trade names	**2,334**	**(574)**	1,938	(449)
Intangible assets, net	**48,346**	**(17,875)**	47,846	(16,067)

*: 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's trade names, which were recorded in fiscal 2021.

Amortization expenses for intangible assets with definite lives were $924,000 and $1.8 million for the second quarter and first half of fiscal 2024, respectively. Amortization expenses for intangible assets with definite lives were $878,000 and $1.8 million for the second quarter and first half of fiscal 2023, respectively. For the remainder of fiscal 2024, amortization expense is expected to be approximately $1.8 million.

9. Leases

We have operating leases for warehouses, showrooms, manufacturing facilities, offices and equipment. We recognized sub-lease income of $45,000 and $74,000 for the second quarter and first half of fiscal 2024, respectively. We recognized sub-lease income of $34,000 and $381,000 for the second quarter and first half of fiscal 2023, respectively.

The components of lease cost and supplemental cash flow information for leases for the three-months and six-months ended July 30, 2023 and July 31, 2022 were:

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	July 30, 2023	July 31, 2022	**July 30, 2023**	July 31, 2022
Operating lease cost	**$ 2,862**	$ 2,270	**$ 5,700**	$ 4,797
Variable lease cost	**70**	56	**152**	111
Short-term lease cost	**92**	78	**170**	164
Total operating lease cost	**$ 3,024**	$ 2,404	**$ 6,022**	$ 5,072
Operating cash outflows	**$ 2,679**	$ 2,389	**$ 5,371**	$ 5,224

During fiscal 2024 second quarter, we reduced our footprint by 200,000 square feet in the Georgia warehouse. This modification resulted in an approximate $8 million decrease in the lease right-of-use assets and liabilities. The right-of-use assets and lease liabilities recorded on our condensed consolidated balance sheets as of July 30, 2023 and January 29, 2023 were as follows:

	July 30, 2023	January 29, 2023
Real estate	**$ 57,946**	$ 68,212
Property and equipment	**643**	737
Total operating leases right-of-use assets	**$ 58,589**	$ 68,949
Current portion of operating lease liabilities	**$ 6,926**	$ 7,316
Long term operating lease liabilities	**54,157**	63,762
Total operating lease liabilities	**$ 61,083**	$ 71,078

For leases that commenced before July 2022, we used our incremental borrowing rate which was LIBOR plus 1.5%. When we entered into the new loan agreement (described in Note 10 below), our incremental borrowing rate for unsecured term loan became the current BSBY rate plus 1.40%. We use this rate as discount rate for leases commenced in July 2022 and thereafter. The weighted-average discount rate is 5.04%. The weighted-average remaining lease term is 7.3 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 July 30, 2023:

	Undiscounted Future Operating Lease Payments
Remainder of fiscal 2024	$ 4,864
2025	9,980
2026	10,059
2027	9,888
2028	8,342
2029 and thereafter	31,691
Total lease payments	$ 74,824
Less: impact of discounting	(13,741)
Present value of lease payments	$ 61,083

During the fiscal 2024 second quarter, we entered into an agreement to further reduce our footprint in the Georgia warehouse in the fourth quarter of fiscal 2024. This amendment will result in an approximate $3 million decrease in rental payments over the remaining lease term. Since the agreement has not yet commenced, the modification is not reflected in the table above.

10. Long-Term Debt

On July 26, 2022, we entered into the Fourth 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 pay 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 July 30, 2023, $5.6 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 July 30, 2023, unamortized loan costs of $30,000 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:
  - 2.50:1.0 through July 30, 2023;
  - 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.

We were in compliance with each of these financial covenants at July 30, 2023 and expect to remain in compliance with existing covenants for the foreseeable future.

As of July 30, 2023, we had $27.2 million available under our $35 million Existing Revolver to fund working capital needs. Standby letters of credit in the aggregate amount of $7.8 million, used to collateralize certain insurance arrangements and for imported product purchases, were outstanding under the Existing Revolver as of July 30, 2023. There were no additional borrowings outstanding under the Existing Revolver as of July 30, 2023.

11. Earnings Per Share

We refer you to the discussion of Earnings Per Share in Note 2. Summary of Significant Accounting Policies, in the financial statements included in our 2023 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 through the end of a three-year service period. 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. 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. 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:

	July 30, 2023	January 29, 2023
Restricted shares	**183**	132
RSUs and PSUs	**156**	101
	339	233

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

During the fiscal 2024 six-month period, we purchased and retired 473,463 shares of our common stock (at an average price of $18.29 per share) under the $20 million share repurchase authorization approved by our board of directors in fiscal 2023 and the additional $5 million share repurchase authorization approved by our board of directors in the second quarter of this year. These repurchases reduced our total outstanding shares and, consequently, reduced the weighted outstanding shares used in our calculation of earnings per share for the fiscal 2024 second quarter and first half shown below.

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

	Thirteen Weeks Ended		**Twenty-Six Weeks Ended**	
	July 30, 2023	July 31, 2022	**July 30, 2023**	July 31, 2022
Net income	**$ 785**	$ 5,543	**$ 2,234**	$ 8,726
Less: Unvested participating restricted stock dividends	**40**	27	**71**	46
Net earnings allocated to unvested participating restricted stock	**13**	63	**33**	85
Earnings available for common shareholders	**732**	5,453	**2,130**	8,595
Weighted average shares outstanding for basic earnings per share	**10,732**	11,876	**10,854**	11,871
Dilutive effect of unvested restricted stock, RSU and PSU awards	**96**	59	**108**	89
Weighted average shares outstanding for diluted earnings per share	**10,828**	11,935	**10,962**	11,960
Basic earnings per share	**$ 0.07**	$ 0.47	**$ 0.20**	$ 0.74
Diluted earnings per share	**$ 0.07**	$ 0.46	**$ 0.20**	$ 0.73

12. Income Taxes

We recorded income tax expense of $191,000 for the fiscal 2024 second quarter compared to $1.6 million for the comparable prior year quarter. The effective tax rates for the fiscal 2024 and 2023 second quarters were 19.6% and 22.6%, respectively. For the fiscal 2024 first half, we recorded income tax expense of $593,000, compared to $2.6 million for the comparable prior year period. The effective tax rates for the fiscal 2024 and 2023 first half periods were 21.0% and 23.0%, respectively.

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

Tax years ending February 2, 2020 through January 29, 2023 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.

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**, a business acquired at the beginning of fiscal 2017, 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, a business acquired at the beginning of fiscal 2023; 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.

During the second quarter of fiscal 2024, we acquired substantially all the assets of BOBO Intriguing Objects. Based on the requirements of ASC 280: *Segment Reporting*, BOBO's results are included in All Other on a prospective basis.

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

	Thirteen Weeks Ended				Twenty-Six Weeks Ended			
	July 30, 2023	**% Net Sales**	July 31, 2022	% Net Sales	**July 30, 2023**	**% Net Sales**	July 31, 2022	% Net Sales
Net Sales								
Hooker Branded	**$ 34,685**	**35.4%**	$ 52,817	34.5%	**$ 76,576**	**34.9%**	$ 95,047	31.7%
Home Meridian	**28,911**	**29.6%**	59,048	38.6%	**70,832**	**32.3%**	121,133	40.3%
Domestic Upholstery	**30,892**	**31.6%**	38,326	25.1%	**65,996**	**30.0%**	79,546	26.5%
All Other	**3,318**	**3.4%**	2,717	1.8%	**6,217**	**2.8%**	4,497	1.5%
Consolidated	**$ 97,806**	**100%**	$ 152,908	100.0%	**$ 219,621**	**100.0%**	$ 300,223	100.0%
Gross Profit								
Hooker Branded	**$ 12,419**	**35.8%**	$ 15,598	29.5%	**$ 25,512**	**33.3%**	$ 28,837	30.3%
Home Meridian	**3,210**	**11.1%**	7,321	12.4%	**9,922**	**14.0%**	13,626	11.2%
Domestic Upholstery	**6,365**	**20.6%**	7,128	18.6%	**13,387**	**20.3%**	16,483	20.7%
All Other	**1,347**	**40.6%**	1,008	37.1%	**2,426**	**39.0%**	1,568	34.9%
Consolidated	**$ 23,341**	**23.9%**	$ 31,055	20.3%	**$ 51,247**	**23.3%**	$ 60,514	20.2%
Operating Income/(Loss)								
Hooker Branded	**$ 3,223**	**9.3%**	$ 6,072	11.5%	**$ 5,524**	**7.2%**	$ 10,214	10.7%
Home Meridian	**(3,336)**	**-11.5%**	(991)	-1.7%	**(5,454)**	**-7.7%**	(4,085)	-3.4%
Domestic Upholstery	**724**	**2.3%**	1,713	4.5%	**2,051**	**3.1%**	4,465	5.6%
All Other	**662**	**20.0%**	497	18.3%	**1,128**	**18.1%**	621	13.8%
Consolidated	**$ 1,273**	**1.3%**	$ 7,291	4.8%	**$ 3,249**	**1.5%**	$ 11,215	3.7%
Capital Expenditures								
Hooker Branded	**$ 622**		$ 239		**$ 3,409**		$ 706	
Home Meridian	**11**		592		**238**		632	
Domestic Upholstery	**141**		286		**257**		609	
All Other	**33**		-		**61**		-	
Consolidated	**$ 807**		$ 1,117		**$ 3,965**		$ 1,947	
Depreciation & Amortization								
Hooker Branded	**$ 503**		$ 437		**$ 994**		$ 1,122	
Home Meridian	**690**		725		**1,377**		1,386	
Domestic Upholstery	**1,007**		957		**1,954**		1,896	
All Other	**25**		3		**47**		5	
Consolidated	**$ 2,225**		$ 2,122		**$ 4,372**		$ 4,409	

Identifiable Assets	**As of July 30, 2023**	**%Total Assets**	As of January 29, 2023	%Total Assets
Hooker Branded	**$ 184,244**	**60.5%**	$ 174,523	52.1%
Home Meridian	**55,927**	**18.3%**	92,469	27.6%
Domestic Upholstery	**60,534**	**19.9%**	66,435	19.8%
All Other	**3,863**	**1.3%**	1,558	0.5%
Consolidated	**$ 304,568**	**100%**	$ 334,985	100%
Consolidated Goodwill and Intangibles	**45,547**		46,731	
Total Consolidated Assets	**$ 350,115**		$ 381,716	

Sales by product type are as follows:

	Net Sales (in thousands)							
	Thirteen Weeks Ended				Twenty-Six Weeks Ended			
	July 30, 2023	**%Total**	July 31, 2022	%Total	**July 30, 2023**	**%Total**	July 31, 2022	%Total
Casegoods	**$ 49,984**	**51%**	$ 92,869	61%	**$ 117,883**	**54%**	$ 167,313	56%
Upholstery	**47,822**	**49%**	60,039	39%	**101,738**	**46%**	132,910	44%
	$ 97,806	**100%**	$ 152,908	100%	**$ 219,621**	**100%**	$ 300,223	100%

14. Subsequent Events

Dividends

On September 5, 2023, our board of directors declared a quarterly cash dividend of $0.22 per share which will be paid on September 29, 2023 to shareholders of record at September 18, 2023.

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:

- 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 rising 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;

- 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;

- 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;

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

- 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, ocean and 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;

- risks associated with Home Meridian segment restructuring and cost-savings efforts, including our ability to timely dispose of excess inventories, reduce expenses and return the segment to profitability;

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

- 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 and possible future U.S. conflict with China;

- 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;

- risks associated with our Georgia warehouse including the inability to realize anticipated cost savings and subleasing excess space on favorable terms;

- 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;

- the risks related to the Sunset West Acquisition including integration costs, maintaining Sunset West's existing customer relationships, debt service costs, interest rate volatility, the use of operating cash flows to service debt to the detriment of other corporate initiatives or strategic opportunities, the loss of key employees from Sunset West, the disruption of ongoing businesses or inconsistencies in standards, controls, procedures and policies across the business which could adversely affect our internal control or information systems and the costs of bringing them into compliance and failure to realize benefits anticipated from the Sunset Acquisition;

- the risks related to the BOBO Intriguing Objects acquisition, including the loss of a key BOBO employee, inconsistencies in standards, controls, procedures and policies across the business which could adversely affect our internal control or information systems and failure to realize benefits anticipated from the BOBO acquisition;

- 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;

- 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;

- 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;

- 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;

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

- 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;

- capital requirements and costs;

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

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

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

- price competition in the furniture industry;

- competition from non-traditional outlets, such as internet and catalog retailers; and

- 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 2023 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 2024 fiscal year thirteen-week period (also referred to as "three months," "three-month period," "quarter," "second quarter" or "quarterly period") that began May 1, 2023, and the twenty-six week period (also referred to as "six months", "six-month period" or "first half") that began January 30, 2023, which both ended July 30, 2023. This report discusses our results of operations for these periods compared to the 2023 fiscal year thirteen-week period that began May 2, 2022, and the twenty-six-week period that began January 31, 2022, which both ended July 31, 2022; and our financial condition as of July 30, 2023 compared to January 29, 2023.

References in this report to:

- the 2024 fiscal year and comparable terminology mean the fiscal year that began January 30, 2023 and will end January 28, 2024; and
- the 2023 fiscal year and comparable terminology mean the fiscal year that began January 31, 2022 and ended January 29, 2023.

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 of our recent public filings made with the SEC, especially our 2023 Annual Report. Our 2023 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 2023 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 not 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 July 30, 2023, our backlog of unshipped orders was as follows:

	Order Backlog (Dollars in 000s)		
Reporting Segment	**July 30, 2023**	January 29, 2023	July 31, 2022
Hooker Branded	**$ 17,428**	$ 19,276	$ 54,168
Home Meridian	**43,001**	43,052	80,087
Domestic Upholstery	**22,718**	28,404	61,849
All Other	**5,086**	4,654	5,333
Consolidated	**$ 88,233**	$ 95,386	$ 201,437

At the end of fiscal 2024 second quarter, order backlog decreased as compared to the fiscal 2023 year-end and the prior year second quarter end. The decrease was attributable to more normalized levels of shipping, lower incoming orders driven by a decrease in overall demand, and the absence of ACH orders and backlog in the Home Meridian segment. See Review below for additional information on our incoming orders and backlog.

Executive Summary-Results of Operations

- Consolidated net sales for the fiscal 2024 second quarter decreased compared to the prior year second quarter, driven by decreased demand for home furnishings industry wide, as the industry continues to reduce excess inventories to more normal levels, and our exit from the ACH product line in our Home Meridian segment. Consolidated gross profit decreased driven by lower sales volume; however, gross margin increased due to improved margins at Hooker Branded (reduced freight costs) and Domestic Upholstery (improved material costs partially offset by under-absorbed indirect costs as the result of reduced production). Home Meridian gross margin decreased due to sales decline and under-absorbed operating costs. S&A expenses decreased for the quarter due to lower variable selling and compensation expenses driven mostly by lower net sales and profitability. Due to these factors, the company reported lower consolidated operating income and net income compared to the prior year second quarter. BOBO's results starting from mid-June till the end of the second quarter were recorded in All Other; however, it is immaterial to the consolidated results.

- For the fiscal 2024 first half, the consolidated net sales decrease was also driven by decreased demand for home furnishings industry wide as the industry continues to reduce excess inventories to more normal levels, and our exit from the Accentrics Home (ACH) product line in our Home Meridian segment. Gross profit decreased in three segments, while gross margin increased in Hooker Branded and Home Meridian segments due primarily to reduced freight costs. Domestic Upholstery's gross margin decreased slightly as favorable material costs were largely offset by under-absorbed indirect costs due to reduced production. S&A expenses decreased due to lower variable selling and compensation expenses driven mostly by lower net sales and profitability, partially offset by increased expenses in the new showrooms. Due to these factors, the company reported lower consolidated operating income and net income compared to the prior year six-month period. Despite being a smaller part of consolidated results, All Other contributed sales and profit increases. BOBO's results starting from mid-June till the end of the second quarter were recorded in All Other; however, it is immaterial to the consolidated results.

Our fiscal 2024 second quarter and first half performance are discussed in greater detail below under "Review" and "Results of Operations."

Review

The fiscal 2024 second quarter was challenging as we continued to experience macro-economic uncertainties and weak demand for home furnishings, consistent with that of our direct competitors and the home furnishings industry at large. We believe current anemic demand is driven by retailers continuing to sell through over-inventoried positions and a glut of heavily discounted home furnishings currently in the market on products carrying extremely high freight costs from prior periods. In this environment, we prioritized strengthening our financial position and strategically allocating our capital and resources. During the quarter we spent $2.4 million to acquire BOBO Intriguing Objects, a small Atlanta-based lighting, accessories, and décor source which we believe will position us as an even more valuable and well-rounded partner for our customers. Much like our Sunset West Acquisition, we intend to scale BOBO using our existing sales, marketing, and operations teams to make it a material part of our consolidated sales equation in the medium-to-longer term. At the end of fiscal 2024 second quarter, cash and cash equivalents stood at $50 million, double the balance of our term loans, compared to $11.7 million a year ago. During the first half of fiscal 2024, $51 million was generated from operating activities. Inventory levels decreased by $35 million from the year-end and $70 million from the same time a year ago. The liquidation sales of the now-shuttered ACH product line and other excess inventories written down in the fourth quarter of fiscal 2023 are mostly complete. We continue to align inventory levels with current demand, reduce obsolescence, and focus on our best sellers and new products. Despite a significant sales decrease during the quarter, we are pleased to report a consolidated net income and continued profitability at Hooker Branded, Domestic Upholstery, and All Other. Although Home Meridian had a difficult quarter with its sales decline due to reduced home furnishings demand and substantial closeout sales, its first half operating loss was in line with management's expectations.

The *Hooker Branded segment's* net sales decreased by $18.1 million, or 34.3%, in the fiscal 2024 second quarter. This decrease was due primarily to reduced volume driven by lower demand, as well as the same period of the previous year having unusually large net sales. Summer is normally our slowest season. However, delays in shipments during the prior year's first quarter due to inventory unavailability caused a surge in net sales in the subsequent quarter of the prior year and exacerbated the contrast with the current quarter. In addition, discounting increased by 240 bps from abnormally low levels in the prior year reflecting current softened demand. Despite these challenges, gross margin increased to 35.8% for the quarter, due to inventories carrying price increases to mitigate product cost inflation and higher ocean freight costs in the prior year. As most inventories that carried historically high freight costs have been sold, we anticipate implementing price adjustments to align with current product costs and demand. Furthermore, decreased warehousing costs also contributed to the increased gross margin. Demurrage and drayage expenses decreased significantly due to the easing of transportation and supply chain constraints. Despite the decline in net sales, this segment reported a solid operating income of $3.2 million and an operating margin of 9.3%, compared to $6.1 million and 11.5% in the prior year period. While quarter-end order backlog was much lower than the prior year quarter end, it remained about 40% higher than pre-pandemic levels at the end of fiscal 2020 second quarter. Incoming orders increased by 18.6% as compared to the prior year quarter. A significant portion of Hooker Branded's backlog consists of orders received late last year and earlier this year, which are expected to ship in the second half of this year and position us positively for the upcoming quarters.

The *Home Meridian segment* experienced a net sales decline of $30.1 million, or 51%, in the fiscal 2024 second quarter. Sales decreases at Samuel Lawrence Furniture (SLF) and Pulaski Furniture (PFC), the divisions that serve major furniture chains, accounted for approximately 70% of the decrease in the segment. While the re-invention of product line at SLF caused some delays in shipments, the sales decreases were due primarily to reduced order rates and delayed shipments to our retail customers which still carried excess inventories from the post-pandemic inventory glut and the return to a more typical retail environment for home furnishings. In addition, e-commerce channel sales were much lower due to our exit from the ACH product line, contributing to about 15% of the overall decrease. Samuel Lawrence Hospitality (SLH) net sales decreased in the second quarter, contrasting with a large increase in the first quarter. This fluctuation is attributed to its project-based business model. Sales of inventory that was written down in the fiscal 2023 fourth quarter totaled $5.5 million in the fiscal 2024 second quarter but had immaterial impact on the gross profit. Prime Resources International (PRI) net sales were flat as compared to the prior year quarter. Due to the significant sales decline and under-absorbed operating expenses, Home Meridian reported a $3.3 million operating loss for the quarter; however, its first half operating loss was in line with management's expectations. We reduced our footprint in the Georgia warehouse by 200,000 square feet during the fiscal 2024 second quarter and expect to further reduce it another 100,000 to 200,000 square feet in early calendar 2024. Right-sizing our footprint to align with our current business plan, in which we will no longer stock significant volumes of inventory for ACH will not only reduce costs, but will improve liquidity and working capital levels. Incoming orders nearly doubled compared to the prior year second quarter due to absence of Clubs order cancellations experienced early last year. Quarter-end backlog was lower than the previous year's quarter and the fiscal 2020 second quarter. This decline is attributed to the absence of orders from exited businesses, as well as a reduction in incoming orders from our retail customers burdened with excess inventories.

The *Domestic Upholstery segment's* net sales decreased by $7.4 million, or 19.4%, in the fiscal 2024 second quarter due to sales decreases at Shenandoah and HF Custom. During the quarter, incoming orders and backlog decreased to pre-pandemic levels from fiscal 2020 at Shenandoah and HF Custom. In response, we reduced production at these factories to align with current backlog levels. This reduced direct labor costs, but adversely impacted shipments and net sales in these divisions. Sunset West net sales increased by 10% compared to the prior year quarter. This rebound followed disruptions caused by the ERP system conversion and transition challenges incurred in the Georgia warehouse earlier in the year. Bradington-Young net sales stayed flat as compared to the prior year second quarter. Despite a decrease in overall net sales, the segment's gross margin increased by 200 basis points due to improved gross profit and margin at Bradington-Young and Sunset West. Direct material costs decreased as a percentage of net sales due to price increases we implemented last year to help mitigate materials cost inflation, as well as more stable raw material costs across all divisions. However, the favorable variance, including lower direct labor costs, were partially offset by under-absorbed indirect costs at Shenandoah and HF Custom. This segment reported an operating income of $724,000 and an operating margin of 2.3% due to solid profitability at Bradington-Young and Sunset West, partially offset by the volume loss at Shenandoah and HF Custom. Incoming orders increased by 36.7% as compared to prior year quarter; however, orders in the prior year period were relatively low due to higher backlog and longer lead times. Quarter-end backlog for Bradington-Young remained three times of the pre-pandemic levels at fiscal 2020 second quarter end, while the backlogs for HF Custom and Shenandoah decreased to levels similar to fiscal 2020.

Cash and cash equivalents stood at $50 million at fiscal 2024 second quarter-end, an increase of $31 million from the prior year-end. During the six-month period, we used a portion of the $51 million cash generated from operating activities to fund $8.7 million share repurchases, $4.9 million in cash dividends to our shareholders, $4.0 million capital expenditures including investments in our new High Point and Atlanta showrooms, $2.6 million for further development of our cloud-based ERP system, and $2.4 million on BOBO acquisition. We have spent a total of approximately $22 million to purchase and retire approximately 1.3 million shares of our common stock since our share repurchase program began in the second quarter of last year. In addition to our cash balance, we had an aggregate of $27.2 million available under our existing revolver at quarter-end to fund working capital needs. With strategic inventory management, reasonable capital expenditures, and prudent expense management, we believe we have sufficient financial resources to support our business operations for the foreseeable future.

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		**Twenty-Six Weeks Ended**	
	July 30, 2023	July 31, 2022	**July 30, 2023**	July 31, 2022
Net sales	**100%**	100%	**100%**	100%
Cost of sales	**76.1**	79.7	**76.7**	79.8
Gross profit	**23.9**	20.3	**23.3**	20.2
Selling and administrative expenses	**21.6**	15.0	**21.0**	15.8
Intangible asset amortization	**0.9**	0.6	**0.8**	0.6
Operating income	**1.3**	4.8	**1.5**	3.7
Other income, net	**0.4**	-	**0.2**	0.1
Interest expense	**0.7**	0.1	**0.4**	-
Income before income taxes	**1.0**	4.7	**1.3**	3.8
Income tax expense	**0.2**	1.1	**0.3**	0.9
Net income	**0.8**	3.6	**1.0**	2.9

Fiscal 2024 Second Quarter and First-Half Compared to Fiscal 2023 Second Quarter and First Half

	Net Sales											
	Thirteen Weeks Ended						Twenty-Six Weeks Ended					
	July 30, 2023	% Net Sales	July 31, 2022	% Net Sales	$ Change	% Change	**July 30, 2023**	% Net Sales	July 31, 2022	% Net Sales	$ Change	% Change
Hooker Branded	**$ 34,685**	**35.4%**	$ 52,817	34.5%	$ (18,132)	-34.3%	**$ 76,576**	**34.9%**	$ 95,047	31.7%	$ (18,471)	-19.4%
Home Meridian	**28,911**	**29.6%**	59,048	38.6%	(30,137)	-51.0%	**70,832**	**32.3%**	121,133	40.3%	(50,301)	-41.5%
Domestic Upholstery	**30,892**	**31.6%**	38,326	25.1%	(7,434)	-19.4%	**65,996**	**30.0%**	79,546	26.5%	(13,550)	-17.0%
All Other	**3,318**	**3.4%**	2,717	1.8%	601	22.1%	**6,217**	**2.8%**	4,497	1.5%	1,720	38.2%
Consolidated	**$ 97,806**	**100%**	$ 152,908	100%	$ (55,102)	-36.0%	**$ 219,621**	**100%**	$ 300,223	100%	$ (80,602)	-26.8%

Unit Volume	FY24 Q2 % Increase vs. FY23 Q2	FY24 YTD % Increase vs. FY23 YTD	Average Selling Price ("ASP")	FY24 Q2 % Increase vs. FY23 Q2	FY24 YTD % Increase vs. FY23 YTD
Hooker Branded	**-36.9%**	**-23.1%**	Hooker Branded	**6.8%**	**7.3%**
Home Meridian	**-29.8%**	**-19.6%**	Home Meridian	**-27.5%**	**-25.8%**
Domestic Upholstery	**-28.6%**	**-26.7%**	Domestic Upholstery	**13.3%**	**13.2%**
All Other	**2.2%**	**24.6%**	All Other	**9.6%**	**6.6%**
Consolidated	**-30.6%**	**-20.6%**	Consolidated	**-5.8%**	**-6.4%**

Consolidated net sales decreased in the fiscal 2024 second quarter and first half compared to the prior year periods:

- The Hooker Branded segment's net sales decreased by $18.1 million, or 34.3%, in the fiscal 2024 second quarter due to decreased shipments and unit volume. Furthermore, discounting was 240 basis points higher than the prior year quarter, indicating softer demand for home furnishings. Although ASP increased due to the price increases we implemented last year in response to product cost inflation, the favorable impact was not sufficient to offset the volume loss. For the fiscal 2024 first half, Hooker Branded net sales decreased by $18.5 million, or 19.4%, compared to the prior year six-month period. This was due principally to the second quarter sales decrease which was driven by lower demand. In addition to discounting, quality-related costs also negatively impacted net sales in the current second quarter and six-month period.

- The Home Meridian segment's net sales decreased by $30.1 million, or 51%, in the fiscal 2024 second quarter due largely to lower demand driven by excess customer inventories. Sales decreases in the major furniture chains and e-commerce channel accounted for over 70% and 15% of the total decrease in this segment, respectively. SLH hospitality net sales decreased in the second quarter but increased in the first quarter. This fluctuation was ascribed to its project-based business model. ASP decreased significantly due primarily to the liquidation sales of heavily discounted ACH inventories. Sales of obsolete inventories at PRI and SLF also negatively impacted ASP. For the fiscal 2024 six-month period, Home Meridian net sales decreased due to the same factors discussed above, including sales decreases with mass merchants.

- The Domestic Upholstery segment's net sales decreased by $7.4 million, or 19.4%, in the fiscal 2024 second quarter due to sales decreases at Shenandoah and HF Custom, partially offset by a 10% increase at Sunset West. Bradington-Young net sales were the same as in the prior year second quarter. For the fiscal 2024 first half, net sales decreased at HF Custom, Shenandoah, and Sunset West, which experienced disruptions earlier in the year with the ERP conversion and transitions to the Georgia warehouse. Bradington-Young reported a small sales increase for the current six-month period. ASP increased across all divisions during the fiscal 2024 second quarter and first half due to the price increases we implemented last year in response to the inflation of raw material costs. However, the increase in ASP was not sufficient to offset the decrease in unit volume.

- All Other's net sales increased in the fiscal 2024 second quarter and first half driven by increased unit volume and ASP at H Contract due to continued recovery of the senior living industry after the COVID pandemic, and to a lesser extent, the addition of BOBO net sales.

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Gross Profit and Margin

	Thirteen Weeks Ended						Twenty-Six Weeks Ended					
	July 30, 2023	% Net Sales	July 31, 2022	% Net Sales	$ Change	% Change	**July 30, 2023**	% Net Sales	July 31, 2022	% Net Sales	$ Change	% Change
Hooker Branded	**$ 12,419**	**35.8%**	$ 15,598	29.5%	$ (3,179)	-20.4%	**$ 25,512**	**33.3%**	$ 28,837	30.3%	$ (3,325)	-11.5%
Home Meridian	**3,210**	**11.1%**	7,321	12.4%	(4,111)	-56.2%	**9,922**	**14.0%**	13,626	11.2%	(3,704)	-27.2%
Domestic Upholstery	**6,365**	**20.6%**	7,128	18.6%	(763)	-10.7%	**13,387**	**20.3%**	16,483	20.7%	(3,096)	-18.8%
All Other	**1,347**	**40.6%**	1,008	37.1%	339	33.6%	**2,426**	**39.0%**	1,568	34.9%	858	54.7%
Consolidated	**$ 23,341**	**23.9%**	$ 31,055	20.3%	$ (7,714)	-24.8%	**$ 51,247**	**23.3%**	$ 60,514	20.2%	$ (9,267)	-15.3%

Consolidated gross profit decreased in the second quarter and first half of fiscal 2024, due primarily to decreased net sales in all three segments, while consolidated gross margin increased during these periods.

- The Hooker Branded segment's gross profit decreased in the fiscal 2024 second quarter and first half due to a decrease in net sales. However, gross margin increased during these periods due primarily to favorable product costs. Inventories carried price increases to mitigate higher product costs and freight costs, which helped to increase gross margin. In addition, warehousing costs decreased due to lower demurrage and drayage expenses, lower labor and compensation expenses due to reduced shipping activities, and the exit of a leased warehouse in Asia.

- The Home Meridian segment's gross profit and margin both decreased in the fiscal 2024 second quarter as a result of net sales decline and under-absorbed operating costs. Product costs decreased as a percentage of net sales due to lower freight costs, but fixed costs such as warehousing rent and labor expenses adversely impacted the gross margin due to significantly lower net sales. For the fiscal 2024 first half, gross profit decreased due to the net sales decrease. However, lower ocean freight costs, the absence of warehouse transition and start-up costs incurred in the prior year first quarter, and lower wage expenses due to organizational and personnel changes all contributed to an increase in gross margin. Sales of previously written-down or written-off inventory had an immaterial impact on gross profit in the fiscal 2024 second quarter and first half.

- The Domestic Upholstery segment's gross profit decreased in the fiscal 2024 second quarter due to a sales decrease; however, the segment reported a gross margin 200 basis points higher than the prior year quarter due to decreased direct costs, including more stable raw material costs and lower direct labor costs due to reduced production at HF Custom and Shenandoah. These decreases were partially offset by under-absorbed indirect costs, which negatively affected gross margin. For the fiscal 2024 first half, gross profit decreased due to a decrease in net sales. Gross margin slightly decreased by 40 basis points, as favorable material costs were largely offset by increased indirect costs.

- All Other's gross profit and margin both increased in the fiscal 2024 second quarter and first half due to increased net sales, lower product costs, and lower freight expense.

Selling and Administrative Expenses (S&A)

	Thirteen Weeks Ended						Twenty-Six Weeks Ended					
	July 30, 2023	% Net Sales	July 31, 2022	% Net Sales	$ Change	% Change	**July 30, 2023**	% Net Sales	July 31, 2022	% Net Sales	$ Change	% Change
Hooker Branded	**$ 9,197**	**26.5%**	$ 9,526	18.0%	$ (329)	-3.5%	**$ 19,987**	**26.1%**	$ 18,624	19.6%	$ 1,363	7.3%
Home Meridian	**6,215**	**21.5%**	7,978	13.5%	(1,763)	-22.1%	**14,717**	**20.8%**	17,043	14.1%	(2,326)	-13.6%
Domestic Upholstery	**5,047**	**16.3%**	4,871	12.7%	176	3.6%	**10,189**	**15.4%**	10,929	13.7%	(740)	-6.8%
All Other	**685**	**20.6%**	511	18.8%	174	34.1%	**1,298**	**20.9%**	947	21.1%	351	37.1%
Consolidated	**$ 21,144**	**21.6%**	$ 22,886	15.0%	$ (1,742)	-7.6%	**$ 46,191**	**21.0%**	$ 47,543	15.8%	$ (1,352)	-2.8%

Consolidated selling and administrative ("S&A") expenses decreased in absolute terms for the fiscal 2024 second quarter and first half due primarily to the decreases at Home Meridian. Consolidated S&A expenses increased significantly as a percentage of net sales due to decreased net sales in these periods.

- The Hooker Branded segment's S&A expenses decreased in absolute terms during the fiscal 2024 second quarter. This was driven by lower selling costs resulting from decreased net sales, and lower bonus accruals based on current profitability. These decreases were partially offset by higher showroom expenses including those for the Showplace showroom and the new Atlanta showroom, higher salary expenses due to salary inflation and increased headcount, as well as the resumption of international travel. For the fiscal 2024 six-month period, S&A expenses increased in absolute terms due to increased showroom expenses, higher compensation expenses, increased donations of second-quality furniture, and higher professional service fees. These increases were partially offset by lower selling costs and bonus accruals. S&A as a percentage of net sales increased for the fiscal 2024 second quarter and first half due to lower net sales.

- The Home Meridian segment's S&A expenses decreased in absolute terms for the fiscal 2024 second quarter and first half due primarily to decreased salary expenses as the result of personnel changes, lower selling costs, and to a lesser extent, lower bonus accruals. These decreases were partially offset by higher travel expenses and repairs. S&A expenses increased as a percentage of net sales for these periods due to lower net sales.

- The Domestic Upholstery segment's S&A expenses increased in absolute terms in fiscal 2024 second quarter due to increased showroom expenses and advertising supplies for the new M Brand. The increases were partially offset by decreased salary expenses at HF Custom due to personnel changes and reduced work schedules, the absence of accelerated depreciation expense of the ERP system in the prior year period, and other spending reductions. S&A expenses decreased for the six-months period due to decreased salary expenses, lower selling costs, as well as the absence of accelerated ERP depreciation expenses discussed earlier. These decreases were partially offset by increased showroom expenses, expenses for the new M Brand, and benefits expense driven by higher medical claims and workers compensation costs.

- All Other S&A expenses increased in the fiscal 2024 second quarter and first half due to increased selling costs on H Contract net sales increases and higher bonus accrual on current profitability, as well as the addition of BOBO operating expenses.

Intangible Asset Amortization

	Thirteen Weeks Ended						Twenty-Six Weeks Ended					
	July 30, 2023		July 31, 2022				**July 30, 2023**		July 31, 2022			
		% Net Sales		% Net Sales	$ Change	% Change		% Net Sales		% Net Sales	$ Change	% Change
Intangible asset amortization	**$ 924**	**0.9%**	$ 878	0.6%	$ 46	5.2%	**$ 1,807**	**0.8%**	$ 1,756	0.6%	$ 51	2.9%

Intangible asset amortization expense increased slightly in fiscal 2024 second quarter and first half due to the reassessment and amortization of Sam Moore trade name. See Note 8 to our Condensed Consolidated Financial Statements for additional information.

Operating Profit/(Loss) and Margin

	Thirteen Weeks Ended						Twenty-Six Weeks Ended					
	July 30, 2023		July 31, 2022				**July 30, 2023**		July 31, 2022			
		% Net Sales		% Net Sales	$ Change	% Change		% Net Sales		% Net Sales	$ Change	% Change
Hooker Branded	**$ 3,223**	**9.3%**	$ 6,072	11.5%	$ (2,849)	-46.9%	**$ 5,524**	**7.2%**	$ 10,214	10.7%	$ (4,690)	-45.9%
Home Meridian	**(3,336)**	**-11.5%**	(991)	-1.7%	(2,345)	-236.6%	**(5,454)**	**-7.7%**	(4,085)	-3.4%	(1,369)	-33.5%
Domestic Upholstery	**724**	**2.3%**	1,713	4.5%	(989)	-57.7%	**2,051**	**3.1%**	4,465	5.6%	(2,414)	-54.1%
All Other	**662**	**20.0%**	497	18.3%	165	33.2%	**1,128**	**18.1%**	621	13.8%	507	81.6%
Consolidated	**$ 1,273**	**1.3%**	$ 7,291	4.8%	$ (6,018)	-82.5%	**$ 3,249**	**1.5%**	$ 11,215	3.7%	$ (7,966)	-71.0%

Operating profit and margin decreased as compared to the prior year periods due to the factors discussed above.

Interest Expense, net	Thirteen Weeks Ended						Twenty-Six Weeks Ended					
	July 30, 2023	% Net Sales	July 31, 2022	% Net Sales	$ Change	% Change	**July 30, 2023**	% Net Sales	July 31, 2022	% Net Sales	$ Change	% Change
Consolidated interest expense, net	**$ 654**	**0.7%**	$ 83	0.1%	$ 571	688.0%	**$ 833**	**0.4%**	$ 111	0.0%	$ 722	650.5%

Consolidated interest expense was higher in fiscal 2024 second quarter and first half due to interest on the term loans, which we entered in July 2022, as well as increased interest rates.

Income taxes	Thirteen Weeks Ended						Twenty-Six Weeks Ended					
	July 30, 2023	% Net Sales	July 31, 2022	% Net Sales	$ Change	% Change	**July 30, 2023**	% Net Sales	July 31, 2022	% Net Sales	$ Change	% Change
Consolidated income tax expense	**$ 191**	**0.2%**	$ 1,621	1.1%	$ (1,430)	-88.2%	**$ 593**	**0.3%**	$ 2,612	0.9%	$ (2,019)	-77.3%
Effective Tax Rate	**19.6%**		22.6%				**21.0%**		23.0%			

We recorded income tax expenses of $191,000 and $1.6 million for the fiscal 2024 and fiscal 2023 second quarters, respectively. The effective tax rates for the fiscal 2024 and 2023 second quarters were 19.6% and 22.6%, respectively. For the fiscal 2024 first half, we recorded income tax expense of $593,000, compared to $2.6 million for the comparable prior year period. The effective tax rates for the fiscal 2024 and 2023 first half periods were 21.0% and 23.0%, respectively.

Net Income	Thirteen Weeks Ended						Twenty-Six Weeks Ended					
	July 30, 2023	% Net Sales	July 31, 2022	% Net Sales	$ Change	% Change	**July 30, 2023**	% Net Sales	July 31, 2022	% Net Sales	$ Change	% Change
Consolidated net income	**$ 785**	**0.8%**	$ 5,543	3.6%	$ (4,758)	-85.8%	**$ 2,234**	**1.0%**	$ 8,726	2.9%	$ (6,492)	-74.4%
Diluted earnings per share	**$ 0.07**		$ 0.46				**$ 0.20**		$ 0.73			

Outlook

We believe there are conflicting signals in the economy. A housing shortage and an over 20-year high on fixed mortgage rates has slowed down housing activity. The continued rise in interest rates has suppressed consumer confidence. However, overall retail spending and activity in the manufacturing sector and new business start-ups is healthy, while the unemployment rate remains near a 30-year low.

As we anticipated, the first half of the year was difficult as the industry worked through bloated inventories and consumers' spending habits changed. We expect demand and business to pick up in the second half for several reasons. First, consolidated orders are up in mid-double-digits over this time a year ago, with orders trending up in each segment for the past few months. Secondly, a significant portion of Hooker Branded's backlog consists of orders for new products launched at the High Point market and are expected to ship in the second half of this year. Thirdly, in the second half, Home Meridian expects to ship to over a thousand retail floors in what we believe to be the largest number of new product placements in its history. We believe all the right pieces are in place for Home Meridian to achieve sustainable profitability in the second half of the year.

While we are focused on reducing overhead costs, keeping our balance sheet strong and judiciously deploying capital, we have continued to invest significantly in initiatives that promote higher visibility amongst potential customers and future growth and believe these things will put us in the strongest possible position when demand improves.

Financial Condition, Liquidity and Capital Resources

Cash Flows – Operating, Investing and Financing Activities

	Twenty-Six Weeks Ended	
	July 30, 2023	July 31, 2022
Net cash provided by/(used in) operating activities	**$ 51,412**	$ (48,481)
Net cash used in investing activities	**(6,211)**	(28,263)
Net Cash (used in)/ provided by financing activities	**(14,224)**	19,031
Net increase / (decrease) in cash and cash equivalents	**$ 30,977**	$ (57,713)

During the six months ended July 30, 2023, we used a portion of the $51.4 million cash generated from operations and $444,000 life insurance proceeds to fund $8.7 million share repurchases, $4.9 million in cash dividends to our shareholders, $4.0 million capital expenditures including investments in our new showrooms, $2.6 million for development of our cloud-based ERP system, $2.4 million on the BOBO acquisition, and $317,000 in life insurance premiums on Company-owned life insurance policies.

In comparison, during the six months ended July 31, 2022, we used a portion of the $25 million term-loan proceeds and existing cash and cash equivalents on hand to build up inventory levels, fund the Sunset West Acquisition, pay $4.8 million in cash dividends, $1.9 million capital expenditures to enhance our business systems and facilities, $1.1 million in purchases and retirement of common stock, and $404,000 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 the mid-summer as a result 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 pay 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 July 30, 2023, $5.6 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 July 30, 2023, unamortized loan costs of $30,000 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:
  - 2.50:1.0 through July 30, 2023;
  - 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.

We were in compliance with each of these financial covenants at July 30, 2023 and expect to remain in compliance with existing covenants for the foreseeable future.

As of July 30, 2023, we had $27.2 million available under our $35 million Existing Revolver to fund working capital needs. Standby letters of credit in the aggregate amount of $7.8 million, used to collateralize certain insurance arrangements and for imported product purchases, were outstanding under the Existing Revolver as of July 30, 2023. There were no additional borrowings outstanding under the Existing Revolver as of July 30, 2023.

Share Repurchase Authorization

In fiscal 2023, our Board of Directors authorized the repurchase of up to $20 million of the Company's common shares. The authorization does not obligate us to acquire a specific number of shares during any period and does not have an expiration date, but it may be modified, suspended, or discontinued at any time at the discretion of our Board of Directors. Repurchases may be made from time to time in the open market, or through privately negotiated transactions or otherwise, in compliance with applicable laws, rules and regulations, and subject to our cash requirements for other purposes, compliance with the covenants under the loan agreement for our revolving credit facility and other factors we deem relevant. In fiscal 2024 second quarter, our Board of Directors approved an additional $5 million for the repurchase of our common shares, adding to the $20 million authorization it approved in fiscal 2023.

During the first half of fiscal 2024, we used approximately $8.7 million of the authorization to purchase 473,463 of our common shares (at an average price of $18.29 per share), with approximately $3.0 million remaining available for future purchases under the authorization as of the end of the fiscal 2024 second quarter.

Capital Expenditures

We expect to spend approximately $1 million in capital expenditures over the remainder of fiscal 2024 to maintain and enhance our operating systems and facilities.

Enterprise Resource Planning Project

During calendar 2021, our Board of Directors approved an upgrade to our current ERP system and implementation efforts began shortly thereafter. The ERP system went live at Sunset West in December 2022 and in the legacy Hooker divisions in early September 2023. We expect it to go live in the Home Meridian segment in fiscal 2025. To complete the ERP system implementation as anticipated, we will be required to expend significant financial and human resources. We anticipate spending approximately $2.5 million over the remainder of fiscal 2024, with a significant amount of time invested by our associates.

Dividends

On September 5, 2023, our board of directors declared a quarterly cash dividend of $0.22 per share which will be paid on September 29, 2023 to shareholders of record at September 18, 2023.

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 2023 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 July 30, 2023 other than standby letters of credit in the amount of $7.8 million. As of July 30, 2023, $23.6 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 $230,000.

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 July 30, 2023. Based on this evaluation, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures are effective as of July 30, 2023 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

On January 31, 2022, we closed on the acquisition of substantially all of the assets of Sunset HWM, LLC (“Sunset West"). As permitted by SEC guidance for newly acquired businesses, we excluded Sunset West’s operations from the scope of our Sarbanes-Oxley Section 404 report on internal controls over financial reporting for the year ending January 29, 2023. We are in the process of implementing our internal control structure at Sunset West and expect that this effort will be completed in fiscal 2024.

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 intend to exclude 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 July 30, 2023, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds (1).

	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased As Part of Publicly Announced Program	Maximum Dollar Value of Shares That May Yet Be Purchased Under The Program
				$ 2,325,293
May 1, 2023 - June 4, 2023	112,893	15.80	112,893	539,017
June 5, 2023 - July 2, 2023	31,683	17.68	31,683	4,978,281
July 3, 2023 - July 30, 2023	101,557	19.68	101,557	2,977,651
Total	246,133	$ 17.64	246,133	

(1) On June 6, 2022, our Board of Directors authorized the repurchase of up to $20 million of the Company's common shares. The authorization does not obligate us to acquire a specific number of shares during any period and does not have an expiration date, but it may be modified, suspended, or discontinued at any time at the discretion of our Board of Directors. Repurchases may be made from time to time in the open market, or through privately negotiated transactions or otherwise, in compliance with applicable laws, rules and regulations, and subject to our cash requirements for other purposes, compliance with the covenants under the loan agreement for our revolving credit facility and other factors we deem relevant. In fiscal 2024 second quarter, our Board of Directors approved an additional $5 million for the repurchase of our common shares, adding to the $20 million authorization it approved in fiscal 2023.

During the first half of fiscal 2024, we used approximately $8.7 million of the authorization to purchase 473,463 of our common shares (at an average price of $18.29 per share), with approximately $3.0 million remaining available for future purchases under the authorization as of the end of the fiscal 2024 second quarter.

Item 5. Other Information

During the three months ended July 30, 2023, 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.

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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
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)
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: September 8, 2023

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

BYLAWS OF
HOOKER FURNISHINGS CORPORATION

AMENDED AND RESTATED
September 5, 2023

ARTICLE I.
OFFICES

The principal office of the Corporation shall be located in the City of Martinsville, Virginia. The Corporation may have such other offices, either within or without the Commonwealth of Virginia, as the Board of Directors may designate or as the business of the Corporation may require from time to time.

ARTICLE II.
SHAREHOLDERS

SECTION 1. *Annual Meeting*. The annual meeting of the shareholders shall be held at 2:00 p.m. on the first Tuesday of June in each year, or on such other date and at such other time in each year as may be designated by resolution of the Board of Directors from time to time for the purpose of electing Directors and conducting such other business as may properly come before the meeting.

At each annual meeting of shareholders, only such business shall be conducted as is proper to consider and has been brought before the meeting (i) pursuant to the Corporation's notice of the meeting, (ii) by or at the direction of the Board of Directors or (iii) by a shareholder who is a shareholder of record of a class of shares entitled to vote on the business such shareholder is proposing and who is such a shareholder of record, both at the time of the giving of the shareholder's notice hereinafter described in this Section and on the record date for determining the shareholders entitled to vote at such annual meeting, and who complies with the notice procedures set forth in this Section.

In addition to any other applicable requirements, in order to bring before an annual meeting of shareholders any business which may properly be considered, a shareholder who meets the requirements set forth in the preceding paragraph must give the Corporation timely written notice. To be timely, a shareholder's notice must be given, either by personal delivery to the Secretary at the principal office of the Corporation or by certified United States mail, with postage prepaid, addressed to the Secretary at the principal office of the Corporation. Any such notice must be received (i) not later than 120 days before the one-year anniversary of the date of mailing the notice of the preceding year's annual meeting of shareholders, if clause (ii) is not applicable, or (ii) not later than 90 days before the date of the meeting if the date of such meeting, as prescribed in these Bylaws, has been changed by more than 30 days.

Each such shareholder's notice shall set forth as to each matter the shareholder proposes to bring before the annual meeting (i) a brief description of the business desired to be brought before the meeting, including the complete text of any resolutions to be presented at the meeting (including the text of any proposed amendment to these Bylaws in the event that such business includes a proposal to amend these Bylaws), and the reasons for wanting to conduct such business at the meeting, (ii) the name and address, as they appear on the Corporation's share transfer books, of the shareholder proposing such business, the name and address of any beneficial owner on whose behalf the proposal is being made and the name and address of any of their respective affiliates or associates or other parties with whom such shareholder or such beneficial owner is acting in concert (each, an "Associated Person"), (iii) the class and number of shares of stock of the Corporation owned (directly or indirectly) beneficially and of record by such shareholder and any beneficial owner on whose behalf the proposal is being made, and any Associated Person, (iv) a representation that such shareholder is a shareholder of record at the time of the giving of the notice and intends to appear in person or by proxy at the meeting to present the business specified in the notice, (v) a description of any agreement, arrangement or understanding (including any derivative or short positions, profit interests, options, warrants, convertible securities, stock appreciation or similar rights, hedging transactions, and borrowed or loaned shares) that has been entered into as of the date of the shareholder's notice by, or on behalf of, such shareholder and such beneficial owner, and any Associated Person, whether or not such instrument or right shall be subject to settlement in an underlying class of stock of the Corporation (collectively, "Derivative Instruments"), the effect or intent of which is to mitigate loss to, manage risk or benefit share price changes for, or increase or decrease the voting power of, such shareholder or such beneficial owner, or any Associated Person, with respect to shares of stock of the Corporation, or relates to the acquisition or disposition of any shares of stock of the Corporation, (vi) any proxy (other than a revocable proxy given in response to a solicitation statement filed pursuant to, and in accordance with, Section 14(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), voting trust, voting agreement or similar contract, arrangement, agreement or understanding pursuant to which the shareholder and any beneficial owner on whose behalf the proposal is being made, or any Associated Person, has a right to vote or direct the voting of any of the Corporation's securities, (vii) any rights to dividends on the shares of the Corporation owned beneficially by the shareholder and any Associated Person that are separated or separable from the underlying shares of the Corporation, (viii) any proportionate interest in shares of the Corporation or any Derivative Instruments held, directly or indirectly, by a general or limited partnership or limited liability company or similar entity in which the shareholder, the beneficial owner or any Associated Person is a general partner or, directly or indirectly, beneficially owns an interest in a general partner, is the manager, managing member or, directly or indirectly, beneficially owns an interest in the manager or managing member of a limited liability company or similar entity, (ix) any performance-related fees (other than an asset-based fee) that the shareholder, the beneficial owner or any Associated Person is entitled to based on the increase or decrease in the value of shares of the Corporation or Derivative Instruments, (x) any material interest which the shareholder and any beneficial owner on whose behalf the proposal is being made, and any Associated Person, may have in such business, and (xi) any other information as reasonably requested by the Corporation. The shareholder shall (1) notify the Corporation of any inaccuracy or change (within two business days of becoming aware of such inaccuracy or change) in any information previously provided to the Corporation pursuant to this Section and (2) promptly update and supplement information previously provided to the Corporation pursuant to this Section, if necessary, so that the information provided or required to be provided shall be true and complete (y) as of the voting record date for the annual meeting of shareholders and (z) as of the date that is 10 days prior to the annual meeting of shareholders or any adjournment or postponement thereof, and such update and supplement shall be delivered to the secretary of the Corporation at the Corporation's principal executive offices. The immediately foregoing provisions shall not be construed to extend any applicable deadlines hereunder, enable a shareholder to change the business proposed for the meeting after the advance notice deadlines hereunder have expired or limit the Corporation's rights with respect to any inaccuracies or other deficiencies in notices provided by a shareholder. Unless otherwise required by law, if the shareholder (or a qualified representative of the shareholder) does not appear at the meeting of shareholders to present such business, such proposal shall be disregarded and such business shall not be transacted, notwithstanding that the Corporation may have received proxies in respect of such vote.

In addition to the other requirements of this Section with respect to any business proposed by a shareholder to be made at a meeting, each shareholder, any beneficial owner on whose behalf the proposal is being made and any Associated Person shall also comply with all applicable requirements of the Articles of Incorporation, these Bylaws and state and federal law, including the Exchange Act, with respect to any such proposal or the solicitation of proxies with respect thereto.

The Secretary shall deliver each shareholder's notice that has been timely received to the Chair of the Board or a committee designated by the Board of Directors for review.

Notwithstanding anything in the Bylaws to the contrary, no business shall be conducted at an annual meeting except in accordance with the procedures set forth in this Section. The chair of an annual meeting shall, if the facts warrant, determine that the business was not brought before the meeting in accordance with the procedures prescribed by this Section. If the chair should so determine, he or she shall so declare to the meeting, and the business not properly brought before the meeting shall not be transacted. Notwithstanding the foregoing provisions of this Section, a shareholder seeking to have a proposal included in the Corporation's proxy statement for an annual meeting of shareholders shall comply with the requirements of Regulation 14A under the Exchange Act (including, but not limited to, Rule 14a-8 or its successor provision).

SECTION 2. *Special Meetings*. Special meetings of the shareholders, for any purpose or purposes, unless otherwise prescribed by statute, may be called by the Chair of the Board of Directors (the "Chair"), the Chief Executive Officer or the Board of Directors. Notice of a special meeting shall state the purpose or purposes for which the meeting is called.

SECTION 3. *Place of Meeting*. The Board of Directors may designate any place, either within or without the Commonwealth of Virginia unless otherwise prescribed by statute, as the place of meeting of shareholders for any annual meeting or for any special meetings; *provided*, *however*, that the Board of Directors may, in its sole discretion, determine that (a) the meeting shall not be held at any place and shall instead be held solely by means of remote communication as provided under the Virginia Stock Corporation Act ("VSCA"), or (b) the meeting shall be held in a hybrid setting allowing for a physical place for the meeting and attendance via remote communication if and as allowed under the VSCA. If no designation is made, the place of the meeting shall be the principal office of the Corporation.

SECTION 4. *Notice of Meeting*. Written notice stating the place, day and hour of each meeting of shareholders and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall, unless otherwise prescribed by statute, be delivered not less than ten (10) nor more than sixty (60) days before the date of the meeting (except when a different time is required in these Bylaws or by law), either personally or by mail, telecopy or any other form of communication permitted by applicable law or by private courier, by or at the direction of the Chair, the Chief Executive Officer, the Board of Directors or the Secretary to each shareholder of record entitled to vote at such meeting as of the record date for determining the shareholders entitled to notice of the meeting. If the purpose for which a shareholders meeting is called is to act on an amendment to the Articles of Incorporation, a plan of merger, share exchange, domestication or entity conversion, a proposed sale of assets contemplated by Section 13.1-724 of the VSCA, or the dissolution of the Corporation, notice shall be delivered not less than twenty-five (25) nor more than sixty (60) days before the meeting date to all shareholders of the Corporation, whether or not entitled to vote. The notice shall include the record date for determining the shareholders entitled to vote at the meeting, if such date is different than the record date for determining shareholders entitled to notice of the meeting.

Notwithstanding the foregoing, no notice of a shareholders' meeting need be given to a shareholder if (i) an annual report and proxy statements for two consecutive annual meetings of shareholders, or (ii) all, and at least two, checks in payment of dividends or interest on securities during a twelve-month period, have been sent by first-class United States mail, with postage prepaid, addressed to the shareholder at the shareholder's address as it appears on the share transfer books of the Corporation, and returned undeliverable. The obligation of the Corporation to give notice of shareholders' meetings to any such shareholder shall be reinstated once the Corporation has received a new address for such shareholder for entry on its share transfer books.

If a meeting is adjourned to a different date, time or place, notice need not be given if the new date, time or place is announced at the meeting before adjournment. However, if a new record date for an adjourned meeting is fixed, notice of the adjourned meeting shall be given to shareholders of record entitled to vote at such adjourned meeting as of the record date fixed for notice of such adjourned meeting unless a court provides otherwise.

SECTION 5. *Record Dates*. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders, or to receive any dividend or for any purpose, the Board of Directors may fix, in advance, a record date or dates for any such determination of shareholders, such date or dates in any case to be not more than seventy (70) days before the meeting or action requiring such determination of shareholders. When a determination of shareholders entitled to notice of or to vote at any meeting of shareholders has been made as provided in this Section, such determination shall apply to any adjournment thereof unless the Board of Directors fixes a new record date or dates, which shall be required if the meeting is adjourned to a date more than one-hundred twenty (120) days after the date of the original meeting. The record date for a shareholders' meeting fixed by the Board of Directors shall be the record date for determining shareholders entitled to both notice of and to vote at the shareholders' meeting, unless the Board of Directors, at the time it fixes the record date for shareholders entitled to notice of the meeting, fixes a later record date on or before the date of the meeting to determine the shareholders entitled to vote at the meeting.

SECTION 6. *Quorum*. Unless otherwise required by law or the Articles of Incorporation, a majority of the outstanding shares of the Corporation entitled to vote on a matter, represented in person or by proxy, shall constitute a quorum for action on that matter. Once a share is represented for any purpose at a meeting, it is deemed present for quorum purposes for the remainder of the meeting and for any adjournment of that meeting unless a new record date or dates are or shall be set for that adjourned meeting. If less than a majority of the outstanding shares are represented at a meeting, a majority of the shares so represented may adjourn the meeting from time to time without further notice. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed.

SECTION 7. *Proxies*. At all meetings of shareholders, a shareholder may vote the shareholder's shares in person or by proxy. A shareholder or the shareholder's agent or attorney-in-fact may appoint a proxy to vote or otherwise act for the shareholder by signing an appointment form or by an electronic transmission. Such proxy shall be effective when received by the inspectors of election or other officer or agent of the Corporation authorized to tabulate votes. Such proxy shall be valid for eleven (11) months from the date of its execution, unless otherwise provided in the proxy. An appointment of a proxy is revocable unless the appointment form states that it is irrevocable and the appointment is coupled with an interest. Any shareholder directly or indirectly soliciting proxies from other shareholders must use a proxy card color other than white, which shall be reserved for the exclusive use by the Board of Directors.

SECTION 8. *Voting of Shares*. If a quorum exists, action on a matter, other than the election of directors, is approved if the votes cast favoring the action exceed the votes cast opposing the action unless a greater number of affirmative votes is required by law. Directors shall be elected by a plurality of the votes cast by the shares entitled to vote in the election at a meeting at which a quorum is present.

SECTION 9. *Organization and Order of Business.*

(a) The Chair shall serve as chair at all meetings of the shareholders. In the absence of the Chair or if the Chair declines to serve, the chair of the meeting shall be designated by the Board of Directors. The Secretary, or in the Secretary's absence an Assistant Secretary, shall act as secretary at all meetings of the shareholders. In the event that neither the Secretary nor an Assistant Secretary is present, the chair of the meeting may appoint any person to act as secretary of the meeting.

(b) The chair of the meeting shall have the authority to make such rules and regulations, to establish such procedures and to take such steps as the chair deems necessary or desirable for the proper conduct of each meeting of the shareholders, including, without limitation, the authority to make the agenda and to establish procedures for (i) dismissing business not properly presented, (ii) maintaining order and safety, (iii) placing limitations on the time allotted to questions or comments on the affairs of the Corporation, (iv) placing restrictions on attendance at a meeting by persons or classes of persons who are not shareholders or their proxies, (v) restricting entry to a meeting after the time prescribed for the commencement thereof, (vi) commencing, conducting and closing voting on any matter and (vii) adjourning the meeting to be reconvened at a later date.

ARTICLE III.
BOARD OF DIRECTORS

SECTION 1. *General Powers*. The Corporation shall have a Board of Directors. All corporate powers shall be exercised by or under the authority of, and the business and affairs of the Corporation managed under the direction of, its Board of Directors, and such officers and agents as the Board of Directors may elect to employ, subject to any limitation set forth in the Articles of Incorporation.

SECTION 2. *Number, Tenure and Qualification*. The number of directors of the Corporation shall not be less than five (5) nor more than fifteen (15), with the number to be fixed from time to time by resolution of the Board of Directors. Directors shall be elected for terms of one (1) year. No decrease in the number of directors shall have the effect of shortening the term of any incumbent director. Each director shall hold office until the next annual meeting of shareholders. Despite the expiration of a director's term, the director shall continue to serve until his or her successor shall have been elected and duly qualified, until there is a decrease in the number of directors or until removed by the shareholders, whichever event first occurs.

SECTION 3. *Nomination of Directors*. Nominations for the election of directors may be made by the Board of Directors or any committee designated by the Board of Directors (each such nominee, a "Board Nominee") or by any shareholder entitled to vote in the election of directors at the applicable meeting of shareholders who is a shareholder of record, both at the time of the giving of the shareholder's notice hereinafter described in this Section and on the record date for determining the shareholders entitled to vote at the applicable meeting (each such nominee, a "Shareholder Nominee"). However, any such shareholder of record may nominate one or more persons for election as directors only if written notice of such shareholder's intent to make such nomination or nominations is submitted in writing, either by personal delivery or by certified United States mail, with postage prepaid, to the Secretary and is received at the Corporation's principal offices not later than, (i) 120 days before the one-year anniversary of the date of mailing the notice of the preceding year's annual meeting of shareholders, if neither clause (ii) or (iii) of this sentence is applicable, or (ii) 90 days before the date of the annual meeting if the date of such annual meeting, as prescribed in these Bylaws, has been changed by more than 30 days or (iii) the close of business on the tenth day following the date on which notice is first given to shareholders with respect to a special meeting of shareholders for the election of directors.

Each such shareholder's notice shall set forth: (i) the name and address, as they appear on the Corporation's share transfer books, of the shareholder giving the notice, the name and address of any beneficial owner on whose behalf the nomination is being made and the name and address of any Associated Person; (ii) the class and number of shares of stock of the Corporation owned (directly or indirectly) beneficially and of record by such shareholder and any beneficial owner on whose behalf the notice is given and any Associated Person, (iii) a representation that such shareholder is a holder of record of shares of the Corporation entitled to vote at such meeting at the time of giving of the notice and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; (iv) a description of any Derivative Instrument that has been entered into as of the date of the shareholder's notice by, or on behalf of, such shareholder and such beneficial owner, and any Associated Person, whether or not such instrument or right shall be subject to settlement in an underlying class of stock of the Corporation, the effect or intent of which is to mitigate loss to, manage risk or benefit of share price changes for, or increase or decrease the voting power of, such shareholder or such beneficial owner, or any Associated Person, with respect to shares of stock of the Corporation, or relates to the acquisition or disposition of any shares of stock of the Corporation, (v) any proxy (other than a revocable proxy given in response to a solicitation statement filed pursuant to, and in accordance with, Section 14(a) of the Exchange Act), voting trust, voting agreement or similar contract, arrangement, agreement or understanding pursuant to which the shareholder and any beneficial owner on whose behalf the nomination is being made, or any Associated Person, has a right to vote or direct the voting of any of the Corporation's securities, (vi) any rights to dividends on the shares of the Corporation owned beneficially by the shareholder and any Associated Person that are separated or separable from the underlying shares of the Corporation, (vii) any proportionate interest in shares of the Corporation or any Derivative Instruments held, directly or indirectly, by a general or limited partnership or limited liability company or similar entity in which the shareholder, the beneficial owner or any Associated Person is a general partner or, directly or indirectly, beneficially owns an interest in a general partner, is the manager, managing member or, directly or indirectly, beneficially owns an interest in the manager or managing member of a limited liability company or similar entity, (viii) any performance-related fees (other than an asset-based fee) that the shareholder, the beneficial owner or any Associated Person is entitled to based on the increase or decrease in the value of shares of the Corporation or Derivative Instruments, (ix) a description of all agreements, arrangements and understandings between such shareholder or such beneficial owner or any Associated Person and each Shareholder Nominee with respect to such Shareholder Nominee's service or duties as a nominee or director of the Corporation, including any direct or indirect confidentiality, compensation, reimbursement or indemnification arrangement in connection with such Shareholder Nominee's service or action as a nominee or director or any commitment or assurance as to how such Shareholder Nominee will act or vote on any matter, (x) the information that would be required to be set forth in a Schedule 13D filed pursuant to Rule 13d-1(a) or an amendment pursuant to Rule 13d-2(a) if such statement were required to be filed under the Exchange Act and the rules and regulations promulgated thereunder by such shareholder and any beneficial owner on whose behalf the notice is given, and (xi) any other information as reasonably requested by the Corporation.

Each such shareholder's notice pursuant to this Section shall also set forth:

(i) the name, age, business address and, if known, residence address of each Shareholder Nominee for whom the shareholder is proposing or intends to solicit proxies and of each Shareholder Nominee who would be presented for election at the annual meeting in the event of a need to change the shareholder's original slate, (ii) the principal occupation or employment of each Shareholder Nominee, (iii) the class and number of shares of stock of the Corporation that are owned beneficially and of record by each Shareholder Nominee, (iv) any other information relating to each Shareholder Nominee that is required to be disclosed in solicitations of proxies for election of directors or is otherwise required to be disclosed under the VSCA or applicable listing standards of the primary exchange on which the Corporation's capital stock is listed or by the rules and regulations of the U.S. Securities and Exchange Commission promulgated under the Exchange Act, including any proxy statement filed pursuant thereto (in each case, assuming the election is contested), (v) a representation as to whether the shareholder, the beneficial owner, if any, or any Associated Person intends to solicit proxies in support of director nominees other than Board Nominees in compliance with the requirements of Rule 14a-19(b) under the Exchange Act, including a statement that the shareholder, the beneficial owner, if any, or any Associated Person intends to solicit the holders of shares representing at least 67% of the voting power of the shares entitled to vote in the election of directors, and (vi) the written consent of such Shareholder Nominee to be named in proxy statements as a nominee and to serve as a director if elected for the full term.

The shareholder shall (1) notify the Corporation of any inaccuracy or change (within two business days of becoming aware of such inaccuracy or change) in any information previously provided to the Corporation pursuant to this Section and (2) promptly update and supplement information previously provided to the Corporation pursuant to this Section, if necessary, so that the information provided or required to be provided shall be true and complete (y) as of the voting record date for the meeting of shareholders and (z) as of the date that is 10 calendar days prior to the meeting or any adjournment or postponement thereof, and such update and supplement shall be delivered to the Secretary at the Corporation's principal offices.

In addition to the other requirements of this Section with respect to any nomination proposed by a shareholder to be made at a meeting, each shareholder, any beneficial owner on whose behalf the nomination is being made and any Associated Person shall also comply with all applicable requirements of the Articles of Incorporation, these Bylaws and state and federal law, including the Exchange Act (including Rule 14a-19 thereunder), with respect to any such nomination or the solicitation of proxies with respect thereto. In addition to the other requirements of this Section, unless otherwise required by law, (i) no shareholder, beneficial owner or Associated Person shall solicit proxies in support of any nominees other than Board Nominees unless such shareholder, beneficial owner and Associated Person have complied with Rule 14a-19 under the Exchange Act in connection with the solicitation of such proxies, including the provision to the Corporation of notices required thereunder in a timely manner, and (ii) if such shareholder, beneficial owner or Associated Person (1) provides notice pursuant to Rule 14a-19(b) under the Exchange Act and (2) subsequently fails to comply with any of the requirements of Rule 14a-19 under the Exchange Act, then the Corporation shall disregard any proxies or votes solicited for such shareholder's nominees. Upon request by the Corporation, if any shareholder, beneficial owner or Associated Person provides notice pursuant to Rule 14a-19(b) under the Exchange Act, such shareholder, beneficial owner or Associated Person shall deliver to the Corporation, no later than five business days prior to the applicable meeting, reasonable evidence that such shareholder, beneficial owner or Associated Person has met the requirements of Rule 14a-19 under the Exchange Act.

The foregoing provisions shall not be construed to extend any applicable deadlines hereunder, enable a shareholder to change the person or persons specified in the notice for election as director after the advance notice deadlines hereunder have expired or limit the Corporation's rights with respect to any inaccuracies or other deficiencies in notices provided by a shareholder. The Secretary shall deliver each shareholder's notice under this Section that has been timely received to the Board or a committee designated by the Board for review.

Unless otherwise required by law, if the shareholder (or a qualified representative of the shareholder) does not appear at the meeting of shareholders to nominate the individual set forth in the shareholder's notice of nomination as a director, such nomination shall be disregarded, notwithstanding that the Corporation may have received proxies in respect of such vote.

In addition to the information required to be provided by shareholders pursuant to this Section, each Shareholder Nominee shall provide to the Secretary the following information:

(i) a completed copy of the Corporation's form of director's questionnaire and a written consent of the Shareholder Nominee to the Corporation following such processes for evaluation of such nominee as the Corporation follows in evaluating any person being considered for nomination to the Board of Directors, as provided by the Secretary; (ii) the Shareholder Nominee's agreement to comply with the Corporation's various corporate governance policies applicable to directors, as provided by the Secretary; (iii) written confirmation that the Shareholder Nominee (A) does not have, and will not have or enter into, any agreement, arrangement or understanding as to how he or she will vote on any matter, if elected as a director of the Corporation, and (B) is not a party to, and will not become a party to, any agreement, arrangement or understanding with any person or entity, including any direct or indirect compensation, reimbursement or indemnification arrangement with any person or entity other than the Corporation in connection with such nominee's service or action as a director of the Corporation the terms of which have not been fully disclosed in advance to the Secretary; (iv) written disclosure of any transactions between the shareholder and the Shareholder Nominee within the preceding five years; and (v) any additional information as necessary to permit the Board to determine if each Shareholder Nominee is independent under applicable listing standards with respect to service on the Board or any committee thereof, under any applicable rules of the SEC, and under any publicly disclosed standards used by the Board of Directors in determining and disclosing the independence and qualifications of the Corporation's directors.

Notwithstanding anything in the Bylaws to the contrary, no nomination for the election of a director shall be considered and voted upon at a meeting except in accordance with the procedures set forth in this Section. The chair of a meeting shall, if the facts warrant, determine that a nomination for the election of a director was not brought before the meeting in accordance with the procedures prescribed by this Section. If the chair of the meeting should so determine, he or she shall so declare to the meeting, and the nomination for the election of such director not properly brought before the meeting shall not be considered and voted upon.

SECTION 4. *Election*. Except as provided in Section 13 of this Article III, directors shall be elected by the holders of the common shares at each annual meeting of shareholders or at a special meeting called for such purpose. Directors shall be elected by a plurality of the votes cast by the shares entitled to vote in the election of directors at a meeting at which a quorum is present. No individual shall be named or elected as a director without such individual's prior consent.

SECTION 5. *Regular Meetings*. The Board of Directors may adopt a schedule of meetings, which shall be considered regular meetings. Regular meetings shall be held at such times and at such places, within or without the Commonwealth of Virginia, as the Chair, the Chief Executive Officer or the Board of Directors shall designate from time to time. If no place is designated, regular meetings shall be held at the principal office of the Corporation.

SECTION 6. *Special Meetings*. Special meetings of the Board of Directors may be called by or at the request of the Chair, the Chief Executive Officer, the Board of Directors or any two directors and shall be held at such times and at such places, within or without the Commonwealth of Virginia, as such person or persons calling the meeting shall designate. If no such place is designated in the notice of a meeting, it shall be held at the principal office of the Corporation.

SECTION 7. *Notice*. No notice need be given of regular meetings of the Board of Directors. Notice of any special meeting shall be given at least six (6) hours before the meeting in person or delivered to his or her residence or business address (or such other place as the director may have directed in writing) by mail, messenger, telecopy, telegraph, email or any other form of communication permitted by applicable law or by telephoning such notice to the director. Any such notice may be oral or written and shall set forth the date, time and place of the meeting and shall state the purpose for which the meeting is called.

SECTION 8. *Quorum*. A majority of the number of directors in office immediately before the meeting begins shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, but if less than such majority is present at a meeting, a majority of the directors then present may adjourn the meeting from time to time without further notice.

SECTION 9. *Voting*. If a quorum is present when a vote is taken, the affirmative vote of a majority of the directors present is the act of the Board of Directors. A director who is present at a meeting of the Board of Directors or a committee of the Board of Directors when corporate action is taken is deemed to have assented to the action taken unless (i) the director objects, at the beginning of the meeting or promptly upon arrival, to holding the meeting or transacting specified business at the meeting or (ii) the director votes against or abstains from the action taken.

SECTION 10. *Participation in Meetings.* The Board of Directors may permit any or all directors to participate in a regular or special meeting by, or conduct the meeting through the use of, any means of communication by which all directors participating may simultaneously hear each other during the meeting. A director participating in a meeting by this means is deemed to be present in person at the meeting.

SECTION 11. *Action Without a Meeting*. Any action that may be taken by the Board of Directors at a meeting may be taken without a meeting if one or more written consents describing the action is signed by each director before or after such action is taken and included in the minutes or filed with the corporate records. Action taken under this Section shall be effective when the last director signs the consent unless the consent specifies a different effective date in which event the action taken is effective as of the date specified therein provided the consent states the date of execution by each director.

SECTION 12. *Removal*. The shareholders may remove one or more directors with or without cause. Unless the Articles of Incorporation require a greater vote, a director may be removed if the number of votes cast to remove the director constitutes a majority of the votes entitled to be cast at an election of directors. A director may be removed by the shareholders only at a meeting called for the purpose of removing such director and the meeting notice must state that the purpose, or one of the purposes of the meeting, is removal of the director.

SECTION 13. *Vacancies*. Any vacancy occurring in the Board of Directors, including a vacancy resulting from the removal of a director or an increase in the number of directors, may be filled by the affirmative vote of a majority of the remaining directors though less than a quorum of the Board of Directors, unless otherwise provided by law. The term of a director elected by the Board of Directors to fill a vacancy shall expire at the next shareholders' meeting at which directors are elected.

SECTION 14. *Compensation*. The directors shall receive such compensation for their services as directors and as members or chair of any committee appointed by the Board as may be prescribed by the Board of Directors and shall be reimbursed by the Corporation for ordinary and reasonable expenses incurred in the performance of their duties.

SECTION 15. *Committees*. The Board of Directors may create one or more committees and appoint members of the Board of Directors to serve on them. Unless otherwise provided in these Bylaws, each committee shall have two or more members who serve at the pleasure of the Board of Directors. The creation of a committee and appointment of members to it shall be approved by the greater of (i) a majority of all of the directors in office when action is taken, or (ii) the number of directors required by the Articles of Incorporation or these Bylaws to take action. The provisions of these Bylaws that govern meetings, action without meetings, notice and waiver of notice, and quorum and voting requirements of the Board of Directors shall apply to committees of directors and their members as well.

SECTION 16. *Chair of the Board*. The Chair, if one is designated by the Board of Directors, shall preside at all meetings of the Board and perform such other duties as the Board shall assign from time to time. In the absence of the Chair, the chair of the meeting shall be designated by the Board of Directors.

SECTION 17. *Secretary of Meetings*. The Secretary or an Assistant Secretary shall act as secretary of meetings of the Board. In the absence of the Secretary or an Assistant Secretary, the Chair of the meeting may appoint any person to act as secretary of the meeting.

ARTICLE IV.
OFFICERS

SECTION 1. *Number*. The officers of the Corporation shall include a Chief Executive Officer and a Secretary and may include a Chair of the Board, President, one or more Vice Presidents, a Treasurer and such other officers and assistant officers as may be deemed necessary or advisable to carry on the business of the Corporation. The Board of Directors shall designate a Chief Financial Officer from among the officers of the Corporation. One person may hold two or more offices, except those of Chief Executive Officer and Secretary.

SECTION 2. *Election and Term of Office*. The Board of Directors shall elect the Chair of the Board, if there is one, the Chief Executive Officer, the Secretary and such other officers as the Board of Directors shall, in its discretion, determine. The Chief Executive Officer may, from time to time, appoint other officers. The action of the Chief Executive Officer in appointing officers shall be reported to the next regular meeting of the Board of Directors after it is taken. Each officer shall hold office until his or her successor shall have been duly elected or appointed and shall have qualified or until his or her death or resignation or shall have been removed in the manner hereinafter provided. In the event of the Chief Executive Officer’s death, resignation, removal or inability or refusal to act, the Board shall promptly designate an interim or acting Chief Executive Officer. In the event of the Chief Financial Officer’s death, resignation, removal or inability or refusal to act, the Board or the Chief Executive Officer shall promptly designate an interim or acting Chief Financial Officer. The Board of Directors shall annually establish the scope of the authority of the Chief Executive Officer and Chief Financial Officer to enter into Contracts (as defined in Section 11 of this Article IV) in the name and on behalf of the Corporation as contemplated by Section 11 of this Article IV.

SECTION 3. *Removal*. Any officer, employee or agent may be removed by the Board of Directors with or without cause whenever in its judgment, the best interests of the Corporation will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Any officer or assistant officer, if appointed by the Chief Executive Officer, may likewise be removed by the Chief Executive Officer. Such action shall be reported to the next regular meeting of the Board of Directors after it is taken. Election or appointment of an officer, employee or agent shall not of itself create contract rights.

SECTION 4. *Chief Executive Officer*. The Chief Executive Officer shall be the principal executive officer of the Corporation and, subject to the direction of the Board of Directors, shall in general supervise and control all of the business and affairs of the Corporation and in general shall perform all duties incident to the office of Chief Executive Officer and such other duties as may be prescribed by the Board of Directors from time to time.

SECTION 5. *President*. In the absence of the Chief Executive Officer or in the event of his or her death, resignation, removal or inability or refusal to act, and unless and until the Board designates an interim or acting Chief Executive Officer, the President, if one has been appointed, shall perform the duties of the Chief Executive Officer, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Chief Executive Officer. The President, if one has been appointed, shall perform such other duties as from time to time may be assigned by the Chief Executive Officer or by the Board of Directors.

SECTION 6. *Chief Financial Officer*. The Chief Financial Officer of the Corporation shall keep or cause to be kept full and accurate books of account. Whenever required by the Board of Directors or the Chief Executive Officer, the Chief Financial Officer shall render financial statements showing all transactions of the Corporation and the financial condition of the Corporation. The Chief Financial Officer shall also perform such other duties as from time to time may be assigned by the Chief Executive Officer or by the Board of Directors.

SECTION 7. *Secretary*. The Secretary, or an Assistant Secretary, shall: (a) keep the minutes of the proceedings of the shareholders and of the Board of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the Corporation, if any; and (d) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to such officer by the Chief Executive Officer or by the Board of Directors.

SECTION 8. *Duties of Other Officers*. The other officers of the Corporation, which may include Executive Vice Presidents, Senior Vice Presidents, Vice Presidents, Assistant Vice Presidents, a Treasurer, Assistant Treasurers, a Controller or Assistant Controllers, and Assistant Secretaries shall have such authority and perform such duties as shall be prescribed by the Board of Directors or the Chief Executive Officer. To the extent that such duties are not so stated, such officers shall have such authority and perform the duties which generally pertain to their respective offices, subject to the direction of the Chief Executive Officer or the Board of Directors.

SECTION 9. *Voting Securities of Other Corporations*. Unless otherwise provided by the Board of Directors, each of the Chief Executive Officer, President (if one has been appointed) and Chief Financial Officer, in the name and on behalf of the Corporation, may appoint from time to time himself or herself or any other person (or persons) proxy, attorney or agent for the Corporation to cast the votes that the Corporation may be entitled to cast as a shareholder, member or otherwise in any other corporation, partnership or other legal entity, domestic or foreign, whose stock, interests or other securities are held by the Corporation, or to consent in writing to any action by such other entity, or to exercise any or all other powers of this Corporation as the holder of the stock, interests or other securities of such other entity. Each of the Chief Executive Officer, President (if one has been appointed) and Chief Financial Officer may instruct the person or persons so appointed as to the manner of casting such votes or giving such consent and may execute or cause to be executed on behalf of the Corporation and under its corporate seal such written proxies, consents, waivers, or other instruments as may be deemed necessary or proper. Each of the Chief Executive Officer, President (if one has been appointed) and Chief Financial Officer may attend any meeting of the holders of stock, interests or other securities of any such other entity and vote or exercise any or all other powers of this Corporation as the holder of the stock, interest or other securities of such other entity.

SECTION 10. *Compensation*. The Board of Directors or a committee of the Board of Directors shall fix the compensation of the executive officers of the Corporation, including the Chief Executive Officer.

SECTION 11. *Contracts*. Each of the Chief Executive Officer, President (if one has been appointed) and Chief Financial Officer (each an "Authorized Officer"), and any officer(s), employee(s) or agent(s) of the Corporation any such Authorized Officer may designate, may enter into any deed, mortgage, deed of trust, note, lease, contract or agreement (collectively "Contracts") and execute and deliver any instrument in the name and on behalf of the Corporation, to the extent authorized to do so by the Board of Directors pursuant to Section 2 of this Article IV or otherwise, and such authority may be general or confined to specific instances. The Board of Directors may authorize any other officer(s), employee(s) or agent(s), of the Corporation to enter into any Contracts or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

ARTICLE V.
SHARE CERTIFICATES

SECTION 1. *Certificates for Shares*. Shares of the Corporation, when fully paid, shall be evidenced by certificates containing such information as is required by law and in such form as approved by the Board of Directors. When issued, such certificates shall be signed by the Chief Executive Officer, President (if one has been appointed) or Chief Financial Officer and the Secretary or an Assistant Secretary and may (but need not) be sealed with the seal of the Corporation. The seal of the Corporation and any or all of the signatures on a share certificate may be facsimile. If any officer, transfer agent or registrar who signed, or whose facsimile signature has been written, printed or stamped on, a certificate for shares shall have ceased to be such officer, transfer agent or registrar before such certificate is issued by the Corporation, such certificate shall be as valid as though such individual were such officer, transfer agent or registrar at the date of issue.

Alternatively, the Board of Directors may authorize the issuance of some or all shares without certificates. In such event, within a reasonable time after issuance, the Corporation shall mail to the shareholder a written confirmation of its records with respect to such shares containing the information required by law.

SECTION 2. *Transfer; Restrictions on Transfer*. The Board of Directors may make rules and regulations concerning the issue, registration and transfer of shares and/or certificates representing the shares of the Corporation. Transfer of shares of the Corporation, and/or certificates representing such shares, shall be made on the share transfer books of the Corporation by the shareholder of record thereof or by the shareholder's legal representative, who shall furnish proper evidence of authority to transfer, or by the shareholder's attorney-in-fact thereunto authorized by power-of-attorney duly executed and filed with the Secretary of the Corporation, and on surrender for cancellation of the certificate representing such shares, if any, accompanied by written assignments given by such record shareholder, legal representative or attorney-in-fact.

SECTION 3. *Transfer Agents and Registrar*. The Board of Directors may appoint one or more transfer agents or transfer clerks, and one or more registrars, who shall be appointed at such times and places as the requirements of the Corporation may necessitate and the Board of Directors may designate.

SECTION 4. *Lost or Destroyed Share Certificates*. The Corporation may issue a new share certificate or a written confirmation of its records with respect to shares in the place of any certificate theretofore issued which is alleged to have been lost or destroyed, and may require the owner of such certificate, or such owner's legal representative, to give the Corporation a bond, with or without surety, or such other agreement, undertaking or security as the Board of Directors shall determine is appropriate, to indemnify the Corporation against any claim that may be made against it on account of the alleged loss or destruction of the former certificate or the issuance of any such new certificate.

SECTION 5. *Registered Shareholders*. The Corporation shall be entitled to treat the holder of record of any share or shares of the Corporation as the owner thereof and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person. The Corporation shall not be liable for registering any transfer of shares which are registered in the name of a fiduciary unless done with actual knowledge of facts which would cause the Corporation's action in registering the transfer to amount to bad faith.

ARTICLE VI.
FISCAL YEAR

The Board of Directors shall have power to fix and to change the fiscal year of the Corporation.

ARTICLE VII.
DIVIDENDS

The Board of Directors may from time to time declare, and the Corporation may pay, dividends on its outstanding shares in the manner and upon the terms and conditions provided by law and its Articles of Incorporation.

ARTICLE VIII.
CORPORATE SEAL

The Corporation may, but need not, have a corporate seal, which may be altered at will, and may use the same by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced. The failure to affix a seal shall not affect the validity of any instrument.

ARTICLE IX.
WAIVER OF NOTICE

Unless otherwise provided by law, whenever any notice is required to be given to any shareholder or director of the Corporation under the provisions of these Bylaws or under the provisions of the Articles of Incorporation or under the provisions of the VSCA, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the date and time of the meeting, shall be deemed equivalent to the giving of such notice. Such waiver shall be delivered to the Secretary of the Corporation for inclusion in the minutes or filing with the corporate records.

A shareholder's attendance at a meeting (i) waives objection to lack of notice or defective notice of the meeting unless the shareholder, at the beginning of the meeting, objects to holding the meeting or transacting business at the meeting and (ii) waives objection to consideration of a particular matter at the meeting that is not within the purpose or purposes described in the meeting notice unless the shareholder objects to considering the matter when it is presented.

A director's attendance at or participation in a meeting waives any required notice to such director of the meeting unless the director, at the beginning of the meeting or promptly upon arrival, objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

ARTICLE X.
AMENDMENTS

These Bylaws may be altered, amended or repealed and new Bylaws may be adopted by the Board of Directors. Bylaws adopted by the Board of Directors may be repealed or changed or new bylaws adopted by the shareholders, and the shareholders may prescribe that any bylaw adopted by them may not be altered, amended or repealed by the Board of Directors.

Exhibit 31.1

Form 10-Q for the Quarterly Period Ended July 30, 2023
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: September 8, 2023

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

Exhibit 31.2

Form 10-Q for the Quarterly Period Ended July 30, 2023
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: September 8, 2023

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 July 30, 2023, 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: September 8, 2023

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