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 **April 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 June 2, 2023, there were 10,916,369 shares of the registrant's common stock outstanding.

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PART I. FINANCIAL INFORMATION

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

As of	April 30, 2023 (unaudited)	January 29, 2023
Assets		
Current assets		
Cash and cash equivalents	**$ 30,976**	$ 19,002
Trade accounts receivable, net	**54,528**	62,129
Inventories	**73,188**	96,675
Income tax recoverable	**2,985**	3,079
Prepaid expenses and other current assets	**7,551**	6,418
Total current assets	**169,228**	187,303
Property, plant and equipment, net	**29,070**	27,010
Cash surrender value of life insurance policies	**27,899**	27,576
Deferred taxes	**14,208**	14,484
Operating leases right-of-use assets	**66,806**	68,949
Intangible assets, net	**30,895**	31,779
Goodwill	**14,952**	14,952
Other assets	**11,010**	9,663
Total non-current assets	**194,840**	194,413
Total assets	**$ 364,068**	$ 381,716
Liabilities and Shareholders' Equity		
Current liabilities		
Current portion of long-term debt	**$ 1,393**	$ 1,393
Trade accounts payable	**15,991**	16,090
Accrued salaries, wages and benefits	**5,743**	9,290
Customer deposits	**6,582**	8,511
Current portion of lease liabilities	**7,363**	7,316
Other accrued expenses	**2,685**	7,438
Total current liabilities	**39,757**	50,038
Long term debt	**22,526**	22,874
Deferred compensation	**8,022**	8,178
Operating lease liabilities	**61,877**	63,762
Other long-term liabilities	**855**	843
Total long-term liabilities	**93,280**	95,657
Total liabilities	**133,037**	145,695
Shareholders' equity		
Common stock, no par value, **20,000** shares authorized, **11,029** and 11,197 shares issued and outstanding on each date	**50,067**	50,770
Retained earnings	**180,152**	184,386
Accumulated other comprehensive income	**812**	865
Total shareholders' equity	**231,031**	236,021
Total liabilities and shareholders' equity	**$ 364,068**	$ 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	
	April 30, 2023	May 1, 2022
Net sales	**$ 121,815**	$ 147,314
Cost of sales	**93,909**	117,855
Gross profit	**27,906**	29,459
Selling and administrative expenses	**25,048**	24,658
Intangible asset amortization	**883**	878
Operating income	**1,975**	3,923
Other income, net	**56**	278
Interest expense, net	**179**	28
Income before income taxes	**1,852**	4,173
Income tax expense	**402**	991
Net income	**$ 1,450**	$ 3,182
Earnings per share		
Basic	**$ 0.13**	$ 0.27
Diluted	**$ 0.13**	$ 0.26
Weighted average shares outstanding:		
Basic	**10,976**	11,866
Diluted	**11,077**	11,949
Cash dividends declared per share	**$ 0.22**	$ 0.20

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	
	April 30, 2023	May 1, 2022
Net income	**$ 1,450**	$ 3,182
Other comprehensive income:		
Amortization of actuarial (loss) / gain	**(70)**	(18)
Income tax effect on amortization	**17**	4
Adjustments to net periodic benefit cost	**(53)**	(14)
Total comprehensive income	**$ 1,397**	$ 3,168

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

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

	For the Thirteen Weeks Ended	
	April 30, 2023	May 1, 2022
Operating Activities:		
Net income	**$ 1,450**	$ 3,182
Adjustments to reconcile net income to net cash provided by/(used in) operating activities:		
Depreciation and amortization	**2,147**	2,287
Deferred income tax expense	**293**	1,838
Noncash restricted stock and performance awards	**371**	354
Provision for doubtful accounts and sales allowances	**37**	(349)
Gain on life insurance policies	**(634)**	(568)
Changes in assets and liabilities:		
Trade accounts receivable	**7,564**	(7,386)
Inventories	**23,487**	(30,082)
Income tax recoverable	**93**	(762)
Prepaid expenses and other assets	**(2,080)**	(4,145)
Trade accounts payable	**(240)**	10,493
Accrued salaries, wages, and benefits	**(3,547)**	(1,827)
Customer deposits	**(1,928)**	(906)
Operating lease assets and liabilities	**305**	(168)
Other accrued expenses	**(4,743)**	(1,830)
Deferred compensation	**(225)**	(149)
Net cash provided by/(used in) operating activities	**$ 22,350**	$ (30,018)
Investing Activities:		
Acquisitions	**-**	(25,912)
Purchases of property and equipment	**(3,158)**	(830)
Premiums paid on life insurance policies	**(107)**	(118)
Net cash used in investing activities	**(3,265)**	(26,860)
Financing Activities:		
Purchase and retirement of common stock	**(4,317)**	-
Payments for long-term loans	**(350)**	-
Cash dividends paid	**(2,444)**	(2,388)
Cash used in financing activities	**(7,111)**	(2,388)
Net increase/(decrease) in cash and cash equivalents	**11,974**	(59,266)
Cash and cash equivalents - beginning of year	**19,002**	69,366
Cash and cash equivalents - end of quarter	**$ 30,976**	$ 10,100
Supplemental disclosure of cash flow information:		
Cash paid/(refund) for income taxes	**$ 16**	$ (85)
Cash paid for interest, net	**202**	-
Non-cash transactions:		
Increase in lease liabilities arising from changes in right-of-use assets	**$ -**	$ 3,689
Increase in property and equipment through accrued purchases	**145**	47

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 January 30, 2022	11,922	$ 53,295	$ 207,884	$ (51)	$ 261,128
Net income			3,182		3,182
Unrealized loss on defined benefit plan, net of tax of $4				(14)	(14)
Cash dividends paid and accrued ($0.20 per share)			(2,388)		(2,388)
Restricted stock grants, net of forfeitures	80	(96)			(96)
Restricted stock compensation cost		296			296
Performance-based restricted stock units costs		154			154
Balance at May 1, 2022	12,002	$ 53,649	$ 208,678	$ (65)	$ 262,262
Balance at January 29, 2023	**11,197**	**$ 50,770**	**$ 184,386**	**$ 865**	**$ 236,021**
Net income			**1,450**		**1,450**
Unrealized loss on defined benefit plan, net of tax of $17				**(53)**	**(53)**
Cash dividends paid and accrued ($0.22 per share)			**(2,444)**		**(2,444)**
Purchase and retirement of common stock	**(227)**	**$ (1,081)**	**(3,240)**		**(4,321)**
Restricted stock grants, net of forfeitures	**59**	**(150)**			**(150)**
Restricted stock compensation cost		**335**			**335**
Performance-based restricted stock units costs		**193**			**193**
Balance at April 30, 2023	**11,029**	**$ 50,067**	**$ 180,152**	**$ 812**	**$ 231,031**

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 Thirteen Weeks Ended April 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,” “first quarter” or “quarterly period”) that began January 30, 2023 and ended April 30, 2023. This report discusses our results of operations for this period compared to the 2023 fiscal year thirteen-week period that began January 31, 2022 and ended May 1, 2022; and our financial condition as of April 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

	April 30, 2023	January 29, 2023
Gross accounts receivable	**$ 59,941**	$ 67,600
Customer allowances	**(3,461)**	(3,702)
Allowance for doubtful accounts	**(1,952)**	(1,769)
Trade accounts receivable	**$ 54,528**	$ 62,129

4. Inventories

	April 30, 2023	January 29, 2023
Finished furniture	$ 89,658	$ 115,015
Furniture in process	1,766	1,943
Materials and supplies	13,391	13,509
Inventories at FIFO	104,815	130,467
Reduction to LIFO basis	(31,627)	(33,792)
Inventories	$ 73,188	$ 96,675

5. Property, Plant and Equipment

	Depreciable Lives *(In years)*	April 30, 2023	January 29, 2023
Buildings and land improvements	15 - 30	$ 32,783	$ 32,723
Computer software and hardware	3 - 10	16,000	15,887
Machinery and equipment	10	11,335	11,013
Leasehold improvements	Term of lease	15,064	11,894
Furniture and fixtures	3 - 10	6,313	5,991
Other	5	695	694
Total depreciable property at cost		82,190	78,202
Less accumulated depreciation		(54,663)	(53,427)
Total depreciable property, net		27,527	24,775
Land		1,077	1,077
Construction-in-progress		466	1,158
Property, plant and equipment, net		$ 29,070	$ 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 is expected to go-live in other legacy Hooker divisions during fiscal 2024, with the Home Meridian segment following afterwards.

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 noncurrent 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 April 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	1,298	66
Accumulated amortization	(19)	(1)
Balance at April 30, 2023	**$ 9,877**	**$ 149**

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

	Fair value at April 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	**$ -**	**$ 27,899**	**$ -**	**$ 27,899**	$ -	$ 27,576	$ -	$ 27,576

8. Intangible Assets

Our intangible assets with indefinite lives consist of goodwill related to the Shenandoah and Sunset West acquisitions and trademarks and tradenames related to the acquisitions of Bradington-Young, Sam Moore and Home Meridian. 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. We will amortize the value of Sam Moore trade name over a 24-month period using the straight-line method, starting from mid-April. Our intangible assets with definite lives are recorded in our Home Meridian and Domestic Upholstery segments. Details of our intangible assets are as follows:

	April 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	-
Goodwill	**14,952**	-	14,952	-
Trademarks and Trade names *	**7,511**	-	7,907	-
Intangible assets with definite lives:				
Customer Relations	**38,001**	**(16,460)**	38,001	(15,618)
Trademarks and Trade names	**2,334**	**(491)**	1,938	(449)
Intangible assets, net	**47,846**	**(16,951)**	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 trade names, which were recorded in fiscal 2021.

Amortization expenses for intangible assets with definite lives were $883,000 and $878,000 for the first quarters of fiscal 2024 and 2023, respectively. For the remainder of fiscal 2024, amortization expense is expected to be approximately $2.8 million.

9. Leases

We recognized sublease income of $29,000 and $348,000 in the first quarters of fiscal 2024 and 2023, respectively.

The components of lease cost and supplemental cash flow information for leases in the first quarters of fiscal 2024 and 2023 were:

	Thirteen Weeks Ended	
	April 30, 2023	May 1, 2022
Operating lease cost	**$ 2,838**	$ 2,527
Variable lease cost	**82**	55
Short-term lease cost	**79**	80
Total operating lease cost	**$ 2,999**	$ 2,662
Operating cash outflows	**$ 2,694**	$ 2,829

The right-of-use assets and lease liabilities recorded on our condensed consolidated balance sheets as of April 30, 2023 and January 29, 2023 were as follows:

	April 30, 2023	January 29, 2023
Real estate	**$ 66,173**	$ 68,212
Property and equipment	**633**	737
Total operating leases right-of-use assets	**$ 66,806**	$ 68,949
Current portion of operating lease liabilities	**$ 7,363**	$ 7,316
Long term operating lease liabilities	**61,877**	63,762
Total operating lease liabilities	**$ 69,240**	$ 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 4.01%. The weighted-average remaining lease term is 7.8 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 April 30, 2023:

	Undiscounted Future Operating Lease Payments
Remainder of fiscal 2024	$ 7,463
2025	10,102
2026	10,182
2027	10,267
2028	8,931
2029 and thereafter	35,130
Total lease payments	$ 82,075
Less: impact of discounting	(12,835)
Present value of lease payments	$ 69,240

As of April 30, 2023, the Company had an additional lease for a showroom in Atlanta, Georgia. This lease commenced in May of calendar 2023 with an initial lease term of 3 years and estimated future minimum rental commitments of approximately $1.0 million. Since the lease had not yet commenced at quarter end, the undiscounted amounts are not included in the table above. Subsequent to the fiscal 2024 first quarter, we entered into an agreement to reduce our footprint in the Georgia warehouse. This amendment results in an approximate $6 million decrease in rental payments over the remaining lease term. Since the agreement had 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 a $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 April 30, 2023, $5.9 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 April 30, 2023, unamortized loan costs of $31,875 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 April 30, 2023 and expect to remain in compliance with existing covenants for the foreseeable future.

As of April 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 April 30, 2023. There were no additional borrowings outstanding under the Existing Revolver as of April 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:

	April 30, 2023	January 29, 2023
Restricted shares	**175**	132
RSUs and PSUs	**156**	101
	331	233

All restricted shares, RSUs and PSUs awarded that have not yet vested are considered when computing diluted earnings per share. The following table sets forth the computation of basic and diluted earnings per share:

	Thirteen Weeks Ended	
	April 30, 2023	May 1, 2022
Net income	**$ 1,450**	$ 3,182
Less: Unvested participating restricted stock dividends	**30**	19
Net earnings allocated to unvested participating restricted stock	**18**	25
Earnings available for common shareholders	**1,402**	3,138
Weighted average shares outstanding for basic earnings per share	**10,976**	11,866
Dilutive effect of unvested restricted stock, RSU and PSU awards	**101**	83
Weighted average shares outstanding for diluted earnings per share	**11,077**	11,949
Basic earnings per share	**$ 0.13**	$ 0.27
Diluted earnings per share	**$ 0.13**	$ 0.26

12. Income Taxes

We recorded income tax expenses of $402,000 and $991,000 for the fiscal 2024 and fiscal 2023 first quarters, respectively. The effective tax rates for the fiscal 2024 and 2023 first quarters were 21.7% and 23.7%, 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 Furniture), Shenandoah Furniture and Sunset West, a business acquired at the beginning of fiscal 2023; and
- **All Other**, consisting of H Contract and Lifestyle Brands. Neither of these operating segments were individually reportable; therefore, we combined them in "All Other" in accordance with ASC 280.

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

	Thirteen Weeks Ended			
	April 30, 2023		May 1, 2022	
Net Sales		**% Net Sales**		% Net Sales
Hooker Branded	**$ 41,891**	**34.4%**	$ 42,230	28.7%
Home Meridian	**41,921**	**34.4%**	62,085	42.1%
Domestic Upholstery	**35,104**	**28.8%**	41,220	28.0%
All Other	**2,899**	**2.4%**	1,779	1.2%
Consolidated	**$ 121,815**	**100%**	$ 147,314	100.0%
Gross Profit				
Hooker Branded	**$ 13,091**	**31.3%**	$ 13,240	31.4%
Home Meridian	**6,713**	**16.0%**	6,305	10.2%
Domestic Upholstery	**7,023**	**20.0%**	9,354	22.7%
All Other	**1,079**	**37.2%**	560	31.5%
Consolidated	**$ 27,906**	**22.9%**	$ 29,459	20.0%
Operating Income/(Loss)				
Hooker Branded	**$ 2,300**	**5.5%**	$ 4,142	9.8%
Home Meridian	**(2,119)**	**-5.1%**	(3,095)	-5.0%
Domestic Upholstery	**1,328**	**3.8%**	2,752	6.7%
All Other	**466**	**16.1%**	124	7.0%
Consolidated	**$ 1,975**	**1.6%**	$ 3,923	2.7%
Capital Expenditures				
Hooker Branded	**$ 2,787**		$ 468	
Home Meridian	**227**		40	
Domestic Upholstery	**116**		322	
All Other	**28**		-	
Consolidated	**$ 3,158**		$ 830	
Depreciation & Amortization				
Hooker Branded	**$ 491**		$ 684	
Home Meridian	**687**		662	
Domestic Upholstery	**947**		938	
All Other	**22**		3	
Consolidated	**$ 2,147**		$ 2,287	

	As of April 30, 2023	**%Total Assets**	As of January 29, 2023	%Total Assets
Identifiable Assets				
Hooker Branded	**$ 172,499**	**54.2%**	$ 174,523	52.1%
Home Meridian	**80,709**	**25.4%**	92,469	27.6%
Domestic Upholstery	**63,307**	**19.9%**	66,435	19.8%
All Other	**1,706**	**0.5%**	1,558	0.5%
Consolidated	**$ 318,221**	**100%**	$ 334,985	100%
Consolidated Goodwill and Intangibles	**45,847**		46,731	
Total Consolidated Assets	**$ 364,068**		$ 381,716	

Sales by product type are as follows:

	Net Sales (in thousands)			
	Thirteen Weeks Ended			
	April 30, 2023	**%Total**	May 1, 2022	%Total
Casegoods	**$ 67,975**	**56%**	$ 74,192	50%
Upholstery	**53,840**	**44%**	73,122	50%
	$ 121,815	**100%**	$ 147,314	100%

14. Subsequent Events

Dividends

On June 5, 2023, our board of directors declared a quarterly cash dividend of $0.22 per share which will be paid on June 30, 2023 to shareholders of record at June 16, 2023.

Additional Share Repurchase Authorization

On June 5, 2023 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 June 2022. As of the filing date of this report, approximately $5.5 million remains available for the repurchase of our shares under these authorizations.

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 and Lifestyle Brands.

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;

- 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 HMI 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 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 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 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;

- 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;

- 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;

- 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,” “first quarter” or “quarterly period”) that began January 30, 2023 and ended April 30, 2023. This report discusses our results of operations for this period compared to the 2023 fiscal year thirteen-week period that began January 31, 2022 and ended May 1, 2022; and our financial condition as of April 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, and fabric-upholstered furniture 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. 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 this 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 April 30, 2023, our backlog of unshipped orders was as follows:

	Order Backlog (Dollars in 000s)		
Reporting Segment	**April 30, 2023**	January 29, 2023	May 1, 2022
Hooker Branded	**$ 17,357**	$ 19,276	$ 76,562
Home Meridian	**40,413**	43,052	120,844
Domestic Upholstery	**24,402**	28,404	79,018
All Other	**5,188**	4,654	6,153
Consolidated	**$ 87,360**	$ 95,386	$ 282,577

At the end of fiscal 2024 first quarter, order backlog decreased as compared to the fiscal 2023 year-end and the prior year first quarter end. The decrease was attributable to more normalized levels of shipping and lower incoming orders driven by a decrease in overall demand.

Executive Summary-Results of Operations

Consolidated net sales for the fiscal 2024 first quarter decreased by $25.5 million, or 17.3% compared to the prior year quarter, driven by a 32.5% sales decrease in the Home Meridian segment and to a lesser extent, a 14.8% decrease in the Domestic Upholstery segment. Despite being a smaller part of overall results, All Other contributed a $1.1 million sales increase. Net sales in the Hooker Branded segment remained relatively unchanged. Consolidated gross profit decreased mainly due to lower sales volume, while gross margin increased. Consolidated operating income was $2.0 million or 1.6% of net sales, compared to $3.9 million or 2.7% in the prior year period. Consolidated net income was $1.5 million or $0.13 per diluted share for the quarter, compared to a $3.2 million or $0.26 per diluted share in the prior year period.

Our fiscal 2024 first quarter performance is discussed in greater detail below under “Review” and “Results of Operations.”

Review

The home furnishings industry continues to experience decreased demand and a sluggish retail environment, as well as other economic uncertainties such as increased inflation and rising interest rates. We remain cautious yet positive for fiscal 2024 as during the first quarter of fiscal 2024 we managed to strengthen our financial position by building up cash by $12 million from the 2023 fiscal year ended in January, reducing inventory levels by $23 million, and maintaining profitability in the Hooker Branded and Domestic Upholstery segments. The Home Meridian segment’s operating loss was lower than prior year quarter’s result and better than management expected for the current year considering the current retail environment and the significant amount of closeout sales recorded in the first quarter.

The *Hooker Branded segment’s* net sales were essentially flat, decreasing slightly by 0.8% or $339,000 compared to the prior year period. Discounting increased by 230 bps from abnormally low levels in the prior year due to softened demand in the quarter. In addition, returns and allowances increased by 140 bps compared to the prior year period. At the end of the first quarter, inventory levels decreased by $14 million as compared to fiscal 2023 year-end but were still elevated and much higher than pre-pandemic levels in fiscal 2020. We are actively working to reduce inventory levels to align with current demand. This segment reported an operating income of $2.3 million and an operating margin of 5.5%, compared to $4.1 million and 9.8%, respectively, in the prior year period. The decrease was due to higher professional services fees and increased marketing and advertising expenses to support the growth and expansion strategies. Additionally, compensation expenses also increased due to wage inflation and higher benefits expenses. Quarter-end backlog was much lower than the prior year first quarter end but remained 50% higher than pre-pandemic levels at fiscal 2020 first quarter end. Incoming orders decreased by 16.6% as compared to the prior year quarter and approached levels similar to fiscal 2020 first quarter, reflecting more normalized demand after the pandemic.

The *Home Meridian segment's* net sales decreased by $20.2 million, or 32.5% in the fiscal 2024 first quarter versus the prior year first quarter. In addition, this segment recorded an operating loss of $2.1 million resulting from sales volume losses. Sales of inventory that was written down in the fiscal 2023 fourth quarter totaled $12.2 million in the fiscal 2024 first quarter. Sales of previously written-down or written-off inventory had an immaterial impact on gross profit in the quarter. While the results were disappointing, the operating loss improved by $1 million as compared to prior year first quarter. The sales declines were attributed to decreases with major furniture chains and mass merchants, due to a slower retail environment for home furnishings and slower order rates and delayed orders from our retail customers as they continue to reduce their inventory levels. Prime Resources International and Samuel Lawrence Furniture accounted for nearly all the net sales decreases and about 70% of the operating loss, while Pulaski Furniture's net sales decreased by $1.2 million. Meanwhile, at the Accentrics Home business unit (ACH), which focused on e-commerce customers, net sales remained flat as compared to the prior year quarter, and accounted for 30% of the operating loss in this segment due to the liquidation of the ACH business. On a more positive note, Samuel Lawrence Hospitality's net sales more than doubled compared to the prior year quarter indicating a strong recovery in the hospitality industry after the COVID pandemic. Additionally, freight costs improved by approximately 300 bps versus the prior year first quarter due to the stabilization of ocean freight rates. Incoming orders and quarter-end backlog were lower than the prior year quarter and fiscal 2020 first quarter, due to the absence of orders from Clubs channel and the ACH business, as well as decreased incoming orders from the retail customers.

The *Domestic Upholstery segment's* net sales decreased by $6.1 million, or 14.8% in the fiscal 2024 first quarter, following a streak of sales growth for the past two years. HF Custom, Sunset West and Shenandoah experienced sales decreases. These decreases were partially offset by increased net sales at Bradington-Young. The sales decline at HF Custom resulted from decreased incoming orders. Sales decreases at Sunset West were attributed to slowed shipping in February and March caused by the December 2022 conversion to our new ERP system. Additionally, during the expansion of our outdoor furniture business to the east coast, we experienced transition issues and start-up delays in the Georgia warehouse, which affected shipping activities at Sunset West. These issues were mostly resolved by the end of the first quarter. Profitability in the segment was negatively impacted by higher medical claims across all divisions and under-absorbed indirect costs at HF Custom due to sales volume loss and reduced working hours. Gross margin benefited from the price increases we implemented last year to help mitigate materials cost inflation. Despite the sales decline and disruptions, this segment reported an operating income of $1.3 million and an operating margin of 3.8%. Quarter-end backlog for Bradington-Young remained over three times of the pre-pandemic levels at fiscal 2020 first quarter end, while the backlogs for HF Custom and Shenandoah decreased to levels similar to fiscal 2020. Incoming orders at Bradington-Young and Shenandoah were at similar levels in the first quarter of fiscal 2020, while HF Custom experienced lower orders compared to this period.

Cash and cash equivalents stood at $31 million at fiscal 2024 first quarter-end, an increase of $12 million from the prior year-end. During the first quarter, we used a portion of the $22.4 million cash generated from operating activities to fund $4.3 million share repurchases, $3.2 million capital expenditures including investments in our new showroom, $2.4 million in cash dividends to our shareholders, and $1.3 million for development of our cloud-based ERP system. 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. We believe that our liquidity and capital requirements will be further improved through the liquidation sales of excess inventories at Home Meridian, as discussed above. 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 operations included in this report.

	Thirteen Weeks Ended	
	April 30, 2023	May 1, 2022
Net sales	**100%**	100%
Cost of sales	**77.1**	80.0
Gross profit	**22.9**	20.0
Selling and administrative expenses	**20.6**	16.7
Intangible asset amortization	**0.7**	0.6
Operating income	**1.6**	2.7
Other income, net	**0.1**	0.2
Interest expense	**0.1**	-
Income before income taxes	**1.5**	2.9
Income tax expense	**0.3**	0.7
Net income	**1.2**	2.2

Fiscal 2024 First Quarter Compared to Fiscal 2023 First Quarter

	Net Sales Thirteen Weeks Ended					
	April 30, 2023	% Net Sales	May 1, 2022	% Net Sales	$ Change	% Change
Hooker Branded	**$ 41,891**	**34.4%**	$ 42,230	28.7%	$ (339)	-0.8%
Home Meridian	**41,921**	**34.4%**	62,085	42.1%	(20,164)	-32.5%
Domestic Upholstery	**35,104**	**28.8%**	41,220	28.0%	(6,116)	-14.8%
All Other	**2,899**	**2.4%**	1,779	1.2%	1,120	63.0%
Consolidated	**$ 121,815**	**100%**	$ 147,314	100%	$ (25,499)	-17.3%

Unit Volume	FY24 Q1 % Increase vs. FY23 Q1	Average Selling Price ("ASP")	FY24 Q1 % Increase vs. FY23 Q1
Hooker Branded	**-6.3%**	Hooker Branded	**8.2%**
Home Meridian	**-10.5%**	Home Meridian	**-24.4%**
Domestic Upholstery	**-25.0%**	Domestic Upholstery	**13.2%**
All Other	**55.1%**	All Other	**4.7%**
Consolidated	**-11.1%**	Consolidated	**-6.1%**

Consolidated net sales decreased in the fiscal 2024 first quarter due to sales declines in the Home Meridian and Domestic Upholstery segments, while net sales at All Other were up $1.1 million and Hooker Branded net sales decreased slightly.

- The Hooker Branded segment's net sales decreased by 0.8% in the fiscal 2024 first quarter compared to the prior year quarter. Although ASP increased due to the price increases we implemented last year in response to product cost inflation, the favorable effect was offset by higher discounting and returns and allowances, which were 370 bps higher than prior year period, as well as decreased unit volume.

- The Home Meridian segment's net sales decreased by 32.5% in the fiscal 2024 first quarter attributed to lower sales in the major furniture chains and mass merchant channels due to a slow retail environment. These decreases were partially offset by strong sales in the hospitality business, which more than doubled as compared to the prior year period. ASP decreased significantly due to the increased volume of liquidation sales, which accounted for over 50% of the total units sold but less than 30% of total sales dollars.

- The Domestic Upholstery segment's net sales decreased by 14.8% in the fiscal 2024 first quarter compared to the prior year period. This decrease was driven by sales declines at HF Custom and Sunset West, and to a lesser extent, a sales decrease at Shenandoah. Bradington-Young reported a sales increase. ASP increased across all divisions due to the price increases we implemented in response to the inflation of raw material costs. However, it was not sufficient to offset the decrease in unit volume.

- All Other's net sales increased significantly in the fiscal 2024 first quarter driven by increased unit volume and ASP at H Contract due to continued recovery of the senior living industry after the COVID pandemic.

	Gross Profit and Margin Thirteen Weeks Ended					
	April 30, 2023	% Net Sales	May 1, 2022	% Net Sales	$ Change	% Change
Hooker Branded	**$ 13,091**	**31.3%**	$ 13,240	31.4%	$ (149)	-1.1%
Home Meridian	**6,713**	**16.0%**	6,305	10.2%	408	6.5%
Domestic Upholstery	**7,023**	**20.0%**	9,354	22.7%	(2,331)	-24.9%
All Other	**1,079**	**37.2%**	560	31.5%	519	92.7%
Consolidated	**$ 27,906**	**22.9%**	$ 29,459	20.0%	$ (1,553)	-5.3%

Consolidated gross profit decreased in the fiscal 2024 first quarter due to a decrease in the Domestic Upholstery segment, partially offset by increases in gross profit at Home Meridian and All Other. Consolidated gross margin increased due to lower net sales and improved gross margin in the traditionally lower margin Home Meridian segment.

- The Hooker Branded segment's gross profit and gross margin both remained flat. Warehousing costs increased primarily due to higher demurrage and drayage expenses. Although these expenses have shown a downward trend in recent quarters, they were higher than the prior year first quarter. Additionally, operating and shipping supplies expenses, along with benefits expenses, also contributed to the increase in warehousing costs. These increases were partially offset by lower warehouse costs resulting from the exit of a leased warehouse in Asia and lower labor expenses due to reduced shipping activities.

- The Home Meridian segment's gross profit and margin both increased in the fiscal 2024 first quarter despite a net sales decline. Gross profit and margin increased due to lower ocean freight costs, the absence of warehouse transition and start-up costs incurred in the prior year period, and lower wage expenses due to organizational and personnel changes. Sales of previously written-down or written-off inventory had an immaterial impact on gross profit in the quarter.

- The Domestic Upholstery segment's gross profit and margin both decreased in the fiscal 2024 first quarter due to sales decline and increased benefits expense driven by higher medical claims, which were 310 bps higher than the prior year period.

- All Other's gross profit and margin both increased in the fiscal 2024 first quarter due to increased net sales.

	Selling and Administrative Expenses (S&A) Thirteen Weeks Ended					
	April 30, 2023	% Net Sales	May 1, 2022	% Net Sales	$ Change	% Change
Hooker Branded	**$ 10,791**	**25.8%**	$ 9,098	21.5%	$ 1,693	18.6%
Home Meridian	**8,502**	**20.3%**	9,066	14.6%	(564)	-6.2%
Domestic Upholstery	**5,142**	**14.6%**	6,058	14.7%	(916)	-15.1%
All Other	**613**	**21.1%**	436	24.5%	177	40.6%
Consolidated	**$ 25,048**	**20.6%**	$ 24,658	16.7%	$ 390	1.6%

Consolidated selling and administrative ("S&A") expenses increased slightly in absolute terms due to the increase in the Hooker Branded segment, which was offset by decreases in the Home Meridian and Domestic Upholstery segments. Consolidated S&A expenses increased significantly as a percentage of net sales due to overall decreased net sales.

- The Hooker Branded segment's S&A expenses increased both in absolute terms and as a percentage of net sales in the fiscal 2024 first quarter. This increase was attributed to various factors, including higher compensation and benefits expense from salary inflation and higher medical claims, higher marketing costs and higher professional services fees. The increases were partially offset by a decrease in bad debt expense due to decreased AR balance.

- The Home Meridian segment's S&A expenses decreased in absolute terms in the fiscal 2024 first quarter due primarily to decreased salary expenses as the result of personnel changes, and to a lesser extent lower selling costs and product development cost. These decreases were partially offset by higher bad debt expense due to an increase in uninsured AR balance, return to more normalized travel expenses and higher compliance costs. S&A expenses increased as a percentage of net sales due to lower net sales.

- The Domestic Upholstery segment's S&A expenses decreased in absolute terms and remained flat as a percentage of net sales in the fiscal 2024 first quarter. The decrease was primarily due to lower selling costs resulting from decreased net sales, the absence of accelerated depreciation expense on its ERP system in the prior year period, as well as decreased wage expenses. The decrease was partially offset by increased benefits expense driven by higher medical claims, higher professional service fees, and other general spending.

- All Other S&A expenses increased in the fiscal 2024 first quarter due to increased selling costs on over 60% net sales increase.

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	Intangible Asset Amortization Thirteen Weeks Ended					
	April 30, 2023		May 1, 2022			
		% Net Sales		% Net Sales	$ Change	% Change
Intangible asset amortization	**$ 883**	**0.7%**	$ 878	0.6%	$ 5	0.6%

Intangible asset amortization expense increased slightly in fiscal 2024 first quarter 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					
	April 30, 2023		May 1, 2022			
		% Net Sales		% Net Sales	$ Change	% Change
Hooker Branded	**$ 2,300**	**5.5%**	$ 4,142	9.8%	$ (1,842)	-44.5%
Home Meridian	**(2,119)**	**-5.1%**	(3,095)	-5.0%	976	31.5%
Domestic Upholstery	**1,328**	**3.8%**	2,752	6.7%	(1,424)	-51.7%
All Other	**466**	**16.1%**	124	7.0%	342	275.8%
Consolidated	**$ 1,975**	**1.6%**	$ 3,923	2.7%	$ (1,948)	-49.7%

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

	Interest Expense, net Thirteen Weeks Ended					
	April 30, 2023		May 1, 2022			
		% Net Sales		% Net Sales	$ Change	% Change
Consolidated interest expense, net	**$ 179**	**0.1%**	$ 28	0.0%	$ 151	539.3%

Consolidated interest expense was higher in fiscal 2024 first quarter due to interest on the term loans, which we entered into in July 2022.

	Income taxes Thirteen Weeks Ended					
	April 30, 2023		May 1, 2022			
		% Net Sales		% Net Sales	$ Change	% Change
Consolidated income tax expense	**$ 402**	**0.3%**	$ 991	0.7%	$ (589)	-59.4%
Effective Tax Rate	**21.7%**		23.7%			

We recorded income tax expenses of $402,000 and $991,000 for the fiscal 2024 and fiscal 2023 first quarters, respectively. The effective tax rates for the fiscal 2024 and 2021 first quarters were 21.7% and 23.7%, respectively.

	Net Income Thirteen Weeks Ended					
	April 30, 2023		May 1, 2022			
		% Net Sales		% Net Sales	$ Change	% Change
Consolidated net income	**$ 1,450**	**1.2%**	$ 3,182	2.2%	$ (1,732)	-54.4%
Diluted earnings per share	**$ 0.13**		$ 0.26			

Outlook

While retail conditions remain mixed and economic uncertainties continue, we saw increases in consolidated incoming orders in fiscal May. We believe the industry is steadily working through excess inventory and believe incoming order trends are indicative of that progress. Furthermore, we are encouraged by reports from customers about strong Memorial Day sales.

Following Hooker Legacy Brands' successful new showroom grand opening at the Spring High Point Market, we expect to continue initiatives to enhance visibility and addressable market reach this summer such as debuting a new showroom at the Atlanta Market for Hooker Legacy brands and showing at our fourth Las Vegas Market this summer. Sunset West will debut a new showroom at the Atlanta Market, which is the new sponsor of the Casual Market for outdoor furniture, recently relocated from Chicago. At HMI, we expect the previously announced inventory liquidations to be substantially completed by the end of the fiscal 2024 second quarter. While we expect some short-term volatility in sales and earnings at HMI, we continue to expect the segment to achieve profitability by the end of the 2024 fiscal year.

We continue to focus on organic growth opportunities through expanded visibility, strategic product development, operational improvements, and cost reductions. We believe by focusing on these controllables, we will be in the strongest possible position when the demand environment improves.

Financial Condition, Liquidity and Capital Resources

Cash Flows – Operating, Investing and Financing Activities

	Thirteen Weeks Ended	
	April 30, 2023	May 1, 2022
Net cash provided by/(used in) operating activities	**$ 22,350**	$ (30,018)
Net cash used in investing activities	**(3,265)**	(26,860)
Cash used in financing activities	**(7,111)**	(2,388)
Net increase / (decrease) in cash and cash equivalents	**$ 11,974**	$ (59,266)

During the three months ended April 30, 2023, we used a portion of the $22.4 million cash generated from operations to fund $4.3 million share repurchases, $3.2 million capital expenditures including investments in our new showroom, $2.4 million in cash dividends to our shareholders, $1.3 million for development of our cloud-based ERP system, and $107,000 in life insurance premiums on Company-owned life insurance policies.

In comparison, during the three months ended May 1, 2022, we used a portion of the existing cash and cash equivalents on hand to build up inventory levels, fund the Acquisition, pay $2.4 million in cash dividends, $830,000 capital expenditures to enhance our business systems and facilities, and $118,000 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 a $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 April 30, 2023, $5.9 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 April 30, 2023, unamortized loan costs of $31,875 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 April 30, 2023 and expect to remain in compliance with existing covenants for the foreseeable future.

As of April 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 April 30, 2023. There were no additional borrowings outstanding under the Existing Revolver as of April 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.

During the first quarter of fiscal 2024, we used approximately $4.3 million of the authorization to purchase 227,330 of our common shares (at an average price of $18.99 per share), with approximately $2.3 million remaining available for future purchases under the authorization as of the end of the fiscal 2024 first quarter. See Note 14 to our Condensed Consolidated Financial Statement "Additional Share Repurchase Authorization" herein for an update on our share repurchase program.

Capital Expenditures

We expect to spend approximately $2.0-3.0 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 is expected to go live in other legacy Hooker divisions in fiscal 2024, with the Home Meridian segment following afterwards. 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 June 5, 2023, our board of directors declared a quarterly cash dividend of $0.22 per share which will be paid on June 30, 2023 to shareholders of record at June 16, 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 April 30, 2023 other than standby letters of credit in the amount of $7.8 million. As of April 30, 2023, $23.9 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 $233,000.

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 April 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 April 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.

There have been no changes in our internal control over financial reporting during the fiscal quarter ended April 30, 2023, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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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
				$ 6,646,127
January 30, 2023 - March 5, 2023	57,772	20.94	57,772	5,435,040
March 6, 2023 - April 2, 2023	58,216	19.79	58,216	4,281,603
April 3, 2023 - April 30, 2023	111,342	17.55	111,342	2,325,293
Total	227,330	$ 18.99	227,330	

(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.

During the first quarter of fiscal 2024, we used approximately $4.3 million of the authorization to purchase 227,330 of our common shares (at an average price of $18.99 per share), with approximately $2.3 million remaining available for future purchases under the authorization as of the end of the fiscal 2024 first quarter. See Note 14 to our Condensed Consolidated Financial Statement "Additional Share Repurchase Authorization" herein for an update on our share repurchase program.

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 December 10, 2013 (incorporated by reference to Exhibit 3.2 to the Company's Annual Report on Form 10-K (SEC File No. 000-25349) for the year ended February 2, 2014)

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).

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*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: June 8, 2023

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

Exhibit 31.1

Form 10-Q for the Quarterly Period Ended April 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: June 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 April 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: June 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 April 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: June 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