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 **November 1, 2020**

Commission file number **000-25349**

HOOKER FURNITURE 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 December 4, 2020, there were **11,887,272** shares of the registrant's common stock outstanding.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

As of	November 1, 2020 (unaudited)	February 2, 2020
Assets		
Current assets		
Cash and cash equivalents	$ 93,874	$ 36,031
Trade accounts receivable, net	75,297	87,653
Inventories	64,083	92,813
Income tax recoverable	-	751
Prepaid expenses and other current assets	4,543	4,719
Total current assets	237,797	221,967
Property, plant and equipment, net	27,315	29,907
Cash surrender value of life insurance policies	25,104	24,888
Deferred taxes	14,152	2,880
Operating leases right-of-use assets	36,322	39,512
Intangible assets, net	26,833	33,371
Goodwill	490	40,058
Other assets	1,244	1,125
Total non-current assets	131,460	171,741
Total assets	$ 369,257	$ 393,708
Liabilities and Shareholders' Equity		
Current liabilities		
Current portion of term loans	$ 25,741	$ 5,834
Trade accounts payable	28,452	25,493
Accrued salaries, wages and benefits	4,491	4,933
Income tax payable	2,015	-
Customer deposits	4,319	3,351
Current portion of lease liabilities	6,772	6,307
Other accrued expenses	3,045	4,211
Total current liabilities	74,835	50,129
Long term debt	-	24,282
Deferred compensation	11,162	11,382
Lease liabilities	30,937	33,794
Other long-term liabilities	1,187	-
Total long-term liabilities	43,286	69,458
Total liabilities	118,121	119,587
Shareholders' equity		
Common stock, no par value, **20,000** shares authorized, **11,887** and 11,838 shares issued and outstanding on each date	53,055	51,582
Retained earnings	198,601	223,252
Accumulated other comprehensive loss	(520)	(713)
Total shareholders' equity	251,136	274,121
Total liabilities and shareholders' equity	$ 369,257	$ 393,708

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

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

	For the Thirteen Weeks Ended		For the Thirty-Nine Weeks Ended	
	Nov 1, 2020	Nov 3, 2019	**Nov 1, 2020**	Nov 3, 2019
Net sales	**$ 149,687**	$ 158,176	**$ 384,821**	$ 445,942
Cost of sales	**116,204**	129,777	**305,684**	363,201
Gross profit	**33,483**	28,399	**79,137**	82,741
Selling and administrative expenses	**19,850**	22,810	**57,920**	67,286
Goodwill impairment charges	**-**	-	**39,568**	-
Trade name impairment charges	**-**	-	**4,750**	-
Intangible asset amortization	**596**	596	**1,788**	1,788
Operating income / (loss)	**13,037**	4,993	**(24,889)**	13,667
Other income, net	**158**	309	**107**	215
Interest expense, net	**106**	316	**433**	986
Income/(loss) before income taxes	**13,089**	4,986	**(25,215)**	12,896
Income tax expense / (benefit)	**2,996**	1,066	**(6,263)**	2,829
Net income/(loss)	**$ 10,093**	$ 3,920	**$ (18,952)**	$ 10,067
Earnings/(Loss) per share				
Basic	**$ 0.85**	$ 0.33	**$ (1.61)**	$ 0.85
Diluted	**$ 0.84**	$ 0.33	**$ (1.61)**	$ 0.85
Weighted average shares outstanding:				
Basic	**11,833**	11,789	**11,818**	11,782
Diluted	**11,939**	11,816	**11,818**	11,821
Cash dividends declared per share	**$ 0.16**	$ 0.15	**$ 0.48**	$ 0.45

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

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

	For the Thirteen Weeks Ended		For the Thirty-Nine Weeks Ended	
	Nov 1, 2020	Nov 3, 2019	**Nov 1, 2020**	Nov 3, 2019
Net income/(loss)	**$ 10,093**	$ 3,920	**$ (18,952)**	$ 10,067
Other comprehensive income (loss):				
Gain on pension plan settlement	**-**	(520)	**-**	(520)
Income tax effect on settlement	**-**	124	**-**	124
Amortization of actuarial loss	**84**	37	**253**	111
Income tax effect on amortization	**(20)**	(9)	**(60)**	(27)
Adjustments to net periodic benefit cost	**64**	(368)	**193**	(312)
Total Comprehensive Income/(Loss)	**$ 10,157**	$ 3,552	**$ (18,759)**	$ 9,755

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

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

	For the Thirty-Nine Weeks Ended	
	Nov 1, 2020	Nov 3, 2019
Operating Activities:		
Net (loss)/income	**$ (18,952)**	$ 10,067
Adjustments to reconcile net income to net cash provided by operating activities:		
Goodwill and intangible asset impairment charges	**44,318**	-
Depreciation and amortization	**5,052**	5,260
Gain on pension settlement	**-**	(520)
Gain on disposal of assets	**-**	(271)
Deferred income tax (benefit) / expense	**(10,143)**	1,461
Noncash restricted stock and performance awards	**1,473**	891
Provision for doubtful accounts and sales allowances	**4,527**	1,365
Gain on life insurance policies	**(1,750)**	(715)
Changes in assets and liabilities:		
Trade accounts receivable	**7,829**	18,589
Inventories	**28,730**	1,589
Income tax recoverable	**751**	(2,348)
Prepaid expenses and other current assets	**620**	(638)
Trade accounts payable	**2,947**	(13,456)
Accrued salaries, wages, and benefits	**(441)**	(2,553)
Accrued income taxes	**2,015**	(3,159)
Customer deposits	**967**	10,006
Operating lease liabilities	**797**	536
Other accrued expenses	**(1,165)**	350
Deferred compensation	**32**	156
Net cash provided by operating activities	**$ 67,607**	$ 26,610
Investing Activities:		
Purchases of property and equipment	**(642)**	(4,745)
Proceeds received on notes from sale of assets	**-**	1,465
Premiums paid on life insurance policies	**(519)**	(558)
Proceeds received on life insurance policies	**1,489**	-
Net cash provided by/(used in) investing activities	**328**	(3,838)
Financing Activities:		
Payments for long-term debt	**(4,393)**	(4,393)
Cash dividends paid	**(5,699)**	(5,316)
Cash used in financing activities	**(10,092)**	(9,709)
Net increase in cash and cash equivalents	**57,843**	13,063
Cash and cash equivalents - beginning of year	**36,031**	11,435
Cash and cash equivalents - end of quarter	**$ 93,874**	$ 24,498
Supplemental disclosure of cash flow information:		
Cash paid for income taxes	**$ 2,301**	$ 6,754
Cash paid for interest, net	**365**	852
Non-cash transactions:		
Increase in lease liabilities arising from obtaining right-of-use assets	**$ 2,103**	$ 272
Increase in property and equipment through accrued purchases	**12**	25

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

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

	Common Stock Shares	Amount	Retained Earnings	Accumulated Other Comprehensive Income (loss)	Total Shareholders' Equity
Balance at February 3, 2019	11,785	$ 49,549	$ 213,380	$ 247	$ 263,176
Net income			10,067		10,067
Gain on pension settlement, net of tax of $124				(396)	(396)
Unrealized loss on defined benefit plan, net of tax of $27				84	84
Cash dividends paid and accrued ($0.15 per share)			(5,316)		(5,316)
Restricted stock grants, net of forfeitures	53	344			344
Restricted stock compensation cost		600			600
Recognition of PSUs as equity-based awards		684			684
Balance at November 3, 2019	11,838	$ 51,177	$ 218,131	$ (65)	$ 269,243
Balance at February 2, 2020	**11,838**	**$ 51,582**	**$ 223,252**	**$ (713)**	**$ 274,121**
Net loss			**(18,952)**		**(18,952)**
Unrealized loss on defined benefit plan, net of tax of $60				**193**	**193**
Cash dividends paid and accrued ($0.16 per share)			**(5,699)**		**(5,699)**
Restricted stock grants, net of forfeitures	**49**	**169**			**169**
Restricted stock compensation cost		**651**			**651**
Performance-based restricted stock units cost		**653**			**653**
Balance at November 1, 2020	**11,887**	**$ 53,055**	**$ 198,601**	**$ (520)**	**$ 251,136**

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

HOOKER FURNITURE CORPORATION AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Dollar and share amounts in tables, except per share amounts, in thousands unless otherwise indicated)
(Unaudited)
For the Thirty-Nine Weeks Ended November 1, 2020

1. Preparation of Interim Financial Statements

The condensed consolidated financial statements of Hooker Furniture 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 February 2, 2020 (“2020 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 2021 fiscal year thirteen-week period (also referred to as “three months,” “three-month period,” “quarter,” “third quarter” or “quarterly period”) that began August 3, 2020, and the thirty-nine week period (also referred to as “nine months”, “nine-month period” or “year-to-date period”) that began February 3, 2020, which both ended November 1, 2020. This report discusses our results of operations for this period compared to the 2020 fiscal year thirteen-week period that began August 5, 2019 and the thirty-nine week period that began February 4, 2019, which both ended November 3, 2019; and our financial condition as of November 1, 2020 compared to February 2, 2020.

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

- the 2021 fiscal year and comparable terminology mean the fifty-two-week fiscal year that began February 3, 2020 and will end January 31, 2021; and

- the 2020 fiscal year and comparable terminology mean the fifty-two-week fiscal year that began February 4, 2019 and ended February 2, 2020.

We continually monitor our reportable segments for changes in facts and circumstances to determine whether changes in the identification or aggregation of operating segments are necessary. In the fourth quarter of fiscal 2020, we updated our reportable segments. Consequently, the segment disclosures in this filing have been recast to reflect these changes and therefore differ from prior year quarterly filings. See Note 13 Segment Information for additional details.

2. Recently Adopted Accounting Policies

In June 2016, the FASB issued ASU 2016-13, Financial Instruments—Credit Losses (Topic 326). This update seeks to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments, including trade receivables, and other commitments to extend credit held by a reporting entity at each reporting date. The amendments require an entity to replace the incurred loss impairment methodology in current GAAP with a methodology that reflects current expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The amendments are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. We adopted the provisions of Topic 326 on February 3, 2020, the first day of our 2021 fiscal year. The adoption of this standard did not have a material effect on our condensed consolidated financial statements or results of operations. We will continue to actively monitor the impact of the COVID-19 pandemic on expected credit losses.

In December 2019, the FASB issued ASU 2019-12, Income Tax (Topic 740) – Simplifying the Accounting for Income Taxes. The amendments in this update simplify the accounting for income taxes by removing certain exceptions for intra-period tax allocation, the recognition of deferred tax liabilities after an investment in a foreign entity transitions to or from the equity method, and the general methodology for calculating income taxes in an interim period when a year-to-date loss exceeds the anticipated loss for the year. The amendments also introduce new guidance on determining how to apply the income tax guidance to franchise taxes that are partially based on income, clarifying the accounting for transactions that result in a step-up in the tax basis of goodwill, and the effect of an enacted change in tax laws or rates in the annual effective tax rate computation in the interim period. The amendments are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020, with early adoption permitted. We elected to adopt ASU 2019-12 on February 3, 2020, the first day of our 2021 fiscal year. The adoption of this standard resulted in additional $4.0 million of income tax benefit upon adoption. See Note 12 Income Taxes for additional details.

3. Accounts Receivable

	November 1, 2020	February 2, 2020
Trade accounts receivable	**$ 84,467**	$ 91,261
Receivable from factor	**-**	788
Other accounts receivable allowances	**(7,503)**	(3,493)
Allowance for doubtful accounts	**(1,667)**	(903)
Accounts receivable	**$ 75,297**	$ 87,653

“Receivable from factor” represented amounts due with respect to factored accounts receivable. The agreement was discontinued in early fiscal 2021.

4. Inventories

	November 1, 2020	February 2, 2020
Finished furniture	**$ 76,943**	$ 106,495
Furniture in process	**1,297**	1,304
Materials and supplies	**7,585**	8,479
Inventories at FIFO	**85,825**	116,278
Reduction to LIFO basis	**(21,742)**	(23,465)
Inventories	**$ 64,083**	$ 92,813

5. Property, Plant and Equipment

	Depreciable Lives (*In years*)	**November 1, 2020**	February 2, 2020
Buildings and land improvements	15 - 30	**$ 31,316**	$ 31,316
Computer software and hardware	3 - 10	**19,294**	19,166
Machinery and equipment	10	**9,348**	9,271
Leasehold improvements	Term of lease	**9,882**	9,737
Furniture and fixtures	3 - 10	**2,617**	2,597
Other	5	**651**	651
Total depreciable property at cost		**73,108**	72,738
Less accumulated depreciation		**47,335**	44,089
Total depreciable property, net		**25,773**	28,649
Land		**1,077**	1,077
Construction-in-progress		**465**	181
Property, plant and equipment, net		**$ 27,315**	$ 29,907

6. 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 November 1, 2020 and February 2, 2020, 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 November 1, 2020 and February 2, 2020, were as follows:

	Fair value at November 1, 2020				Fair value at February 2, 2020			
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	**$ -**	**$ 25,104**	**$ -**	**$ 25,104**	$ -	$ 24,888	$ -	$ 24,888

7. Intangible Assets

The adverse economic effects brought on by the COVID-19 pandemic, including reductions in our sales, earnings and market value, as well as other changing market dynamics, required that we perform a valuation of our intangible assets.

The calculation methodology for the fair value of our Home Meridian segment and the Shenandoah division of our Domestic Upholstery segment included three approaches: the Discounted Cash Flow Method (DCF) which was given the largest weighting, the Guideline Public Company Method (GPCM) based on the consideration of the facts of the Company's peer competitors and the Guideline Transaction Method (GTM) based on consideration of transactions with varying risk profiles, geographies and market conditions.

The income approach, specifically the relief from royalty method, was used as the valuation methodology for our trade names and trademarks, based on cash flow projections and growth rates for each trade name for five years in the future provided by management, and a royalty rate benchmark for companies with similar activities.

As a result of our intangible asset valuation analysis, in the first quarter of fiscal 2021, we recorded $44.3 million non-cash impairment charges including $23.2 million to Home Meridian goodwill, $16.4 million to Shenandoah goodwill and $4.8 million to certain of Home Meridian segment's trade names.

		Thirty-Nine Weeks Ended November 1, 2020			February 2, 2020		
Non-amortizable Intangible Assets	**Segment**	**Beginning Balance**	**Impairment Charges**	**Net Book Value**	Beginning Balance	Impairment Charges	Net Book Value
Goodwill	Home Meridian	**$ 23,187**	**$ (23,187)**	**$ -**	$ 23,187	$ -	$ 23,187
Goodwill	Domestic Upholstery	**16,871**	**(16,381)**	**490**	16,871	-	16,871
Total Goodwill		**40,058**	**(39,568)**	**490**	40,058	-	40,058
Trademarks and trade names - Home Meridian	Home Meridian	**11,400**	**(4,750)**	**6,650**	11,400	-	11,400
Trademarks and trade names - Bradington-Young	Domestic Upholstery	**861**	**-**	**861**	861	-	861
Trademarks and trade names - Sam Moore	Domestic Upholstery	**396**	**-**	**396**	396	-	396
Total Trademarks and trade names		**$ 12,657**	**$ (4,750)**	**$ 7,907**	$ 12,657	$ -	$ 12,657
Total non-amortizable assets		**$ 52,715**	**$ (44,318)**	**$ 8,397**	$ 52,715	$ -	$ 52,715

Our amortizable intangible assets are recorded in our Home Meridian and Domestic Upholstery segments. The carrying amounts and changes therein of those amortizable intangible assets were as follows:

	Amortizable Intangible Assets		
	Customer Relationships	**Trademarks**	**Totals**
Balance at February 2, 2020	$ 19,996	$ 718	$ 20,714
Amortization	(1,743)	(45)	(1,788)
Balance at November 1, 2020	**$ 18,253**	**$ 673**	**$ 18,926**

For the remainder of fiscal 2021, amortization expense is expected to be approximately $596,000.

8. Leases

In fiscal 2020, we adopted Accounting Standards Codification Topic 842 *Leases*. We recognized sub-lease income of $144,000 for the three-month period and $432,000 for the nine-month period, both ended November 1, 2020. The components of lease cost and supplemental cash flow information for leases for the three-month and nine-month ended November 1, 2020 were:

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	November 1, 2020	November 3, 2019	**November 1, 2020**	November 3, 2019
Operating lease cost	**$ 2,061**	$ 2,090	**$ 6,319**	$ 6,289
Variable lease cost	**37**	-	**105**	-
Short-term lease cost	**70**	173	**272**	467
Total operating lease cost	**$ 2,168**	$ 2,263	**$ 6,696**	$ 6,756
Operating cash outflows	**$ 2,056**	$ 1,918	**$ 5,908**	$ 6,255

The right-of-use assets and lease liabilities recorded on our Condensed Consolidated Balance Sheets as of November 1, 2020 were:

	November 1, 2020	February 2, 2020
Real estate	**$ 35,374**	$ 38,175
Property and equipment	**948**	1,337
Total operating leases right-of-use assets	**$ 36,322**	$ 39,512
Current portion of operating lease liabilities	**$ 6,772**	$ 6,307
Long term operating lease liabilities	**30,937**	33,794
Total operating lease liabilities	**$ 37,709**	$ 40,101

The weighted-average remaining lease term is 6.8 years. We used our incremental borrowing rate which is LIBOR plus 1.5% at the adoption date. The weighted-average discount rate is 2.3%. Due to the COVID-19 pandemic, we received concessions on several of our leases, including changes in lease terms and deferred rent payments. We accounted for the concessions as lease modifications and used current LIBOR plus 1.5% for those leases. The weighted-average discount rate decreased due to a decrease in LIBOR.

None of the modifications had a material effect on our condensed consolidated financial statements or results of operations.

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 November 1, 2020:

	Undiscounted Future Operating Lease Payments
Remainder of 2020	$ 1,949
2021	7,329
2022	5,557
2023	5,629
2024	5,253
2025 and thereafter	15,145
Total lease payments	$ 40,862
Less: impact of discounting	(3,153)
Present value of lease payments	$ 37,709

As of November 1, 2020, the Company has an additional lease for a warehouse in Georgia that had not yet commenced with estimated future minimum rental commitments of approximately $28 million. This lease is expected to commence in December 2021 with lease term of up to 10 years. Since the lease has not commenced, the undiscounted amounts are not included in the table above.

9. Debt

As of November 1, 2020, we had an aggregate $25.7 million available under the Existing Revolver to fund working capital needs. Standby letters of credit in the aggregate amount of $4.3 million, used to collateralize certain insurance arrangements and for imported product purchases, were outstanding under the revolving credit facility as of November 1, 2020. There were no additional borrowings outstanding under the Existing Revolver as of November 1, 2020.

We currently have one unsecured term loan and one secured term loan outstanding and a revolving credit facility. The term loans are related to the Home Meridian acquisition. The full remaining principal amounts of $25.7 million on our term loans are due on or before February 1, 2021. We expect to pay off our term loans in full and enter into a new credit facility on or before the expiration of the current agreement.

Subsequent to the end of the fiscal 2021 third quarter, the Existing Revolver was amended to increase the sublimit of the facility available for the issuance of letters of credit from $4 million to $10 million in order to support import purchases.

10. Employee Benefit Plans

We maintain two “frozen” retirement plans, which are paying benefits and may include active employees among the participants. We do not expect to add participants to these plans in the future. The two plans include:

- a supplemental retirement income plan (“SRIP”) for certain former and current executives of Hooker Furniture Corporation; and
- the Pulaski Furniture Corporation Supplemental Executive Retirement Plan (“SERP”) for certain former executives.

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	November 1, 2020	November 3, 2019	**November 1, 2020**	November 3, 2019
Net periodic benefit costs				
Service cost	**32**	26	**96**	78
Interest cost	**74**	204	**222**	613
Actuarial loss	**84**	37	**253**	111
Expected return on pension plan assets	**-**	(101)	**-**	(304)
Pension plan administrative expenses	**-**	98	**-**	293
Consolidated net periodic benefit costs	**$ 190**	$ 264	**$ 571**	$ 791

The SRIP and SERP plans are unfunded plans. In fiscal 2021, we paid $179,000 in the third quarter and $538,000 in the first nine months and expect to pay a total of approximately $191,000 in benefit payments from our general assets during the remainder of fiscal 2021 to fund SRIP and SERP payments.

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 2020 Annual Report, for additional information concerning the calculation of earnings per share.

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:

	November 1, 2020	February 2, 2020
Restricted shares	**55**	46
RSUs and PSUs	**159**	76
	214	122

The number of outstanding restricted shares increased due primarily to grants of restricted shares to a larger population of our non-executive employees as an incentive for retention and alignment of individual performance to our goals.

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

	Thirteen Weeks Ended		**Thirty-Nine Weeks Ended**	
	November 1, 2020	November 3, 2019	**November 1, 2020**	November 3, 2019
Net income/(loss)	**$ 10,093**	$ 3,920	**$ (18,952)**	$ 10,067
Less: Unvested participating restricted stock dividends	**9**	7	**26**	18
Net earnings allocated to unvested participating restricted stock	**47**	16	**-**	33
Earnings/(loss) available for common shareholders	**10,037**	3,897	**(18,978)**	10,016
Weighted average shares outstanding for basic earnings per share	**11,833**	11,789	**11,818**	11,782
Dilutive effect of unvested restricted stock, RSU and PSU awards	**106**	27	*****	39
Weighted average shares outstanding for diluted earnings per share	**11,939**	11,816	**11,818**	11,821
Basic earnings/(loss) per share	**$ 0.85**	$ 0.33	**$ (1.61)**	$ 0.85
Diluted earnings/(loss) per share	**$ 0.84**	$ 0.33	**$ (1.61)**	$ 0.85

*Due to the fiscal 2021 year-to-date net loss, approximately 92,000 shares would have been antidilutive and are therefore excluded from the calculation of earnings per share for the thirty-nine weeks ended November 1, 2020.

12. Income Taxes

We recorded income tax expense of $3.0 million for the fiscal 2021 third quarter compared to $1.1 million for the comparable prior year period. The effective tax rates for the fiscal 2021 and 2020 third quarters were 22.9% and 21.4%, respectively. We recorded income tax benefit of $6.3 million for the fiscal 2021 first nine months, of which income tax benefit of $10.7 million was recorded related to goodwill and trade name impairment charges, compared to $2.8 million income tax expense for the comparable prior year period. The effective tax rates for the first nine months of fiscal 2021 and 2020 were 24.8% and 21.9%, respectively.

An entity is required to make its best estimate of the annual effective tax rate for the full fiscal year at the end of each interim period and to use this rate to calculate its income taxes on a year-to-date basis. Under the current income tax guidance, there is an exception that when the year-to-date loss for an interim period exceeds the projected loss for the full fiscal year, the income tax benefit recognized year-to-date is limited to the amount of benefit that would be recognized if the year-to-date loss were the anticipated loss for the full fiscal year. ASU 2019-12 removes this exception and no longer limits the computed benefit. We elected to early adopt ASU 2019-12 in the first quarter of fiscal 2021 and recognized an additional $4.0 million of income tax benefits upon adoption. In the nine months period, we recognized additional $2.4 million of income tax benefit.

The net unrecognized tax benefits as of November 1, 2020 and February 2, 2020, which, if recognized, would affect our effective tax rate are $3,000.

Tax years ending January 29, 2017 through February 2, 2020 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.

We continually monitor our reportable segments for changes in facts and circumstances to determine whether changes in the identification or aggregation of operating segments are necessary. In the fourth quarter of fiscal 2020, we updated our reportable segments as follows: domestic upholstery producers Bradington-Young, Sam Moore and Shenandoah Furniture were moved from All Other and aggregated into a new reportable segment called "Domestic Upholstery." All Other now consists of H Contract and Lifestyle Brands. Lifestyle Brands is a business in its start-up phase targeted at the interior design channel. The Hooker Branded and Home Meridian segments were unchanged. Therefore, 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, Sam Moore and Shenandoah Furniture; and
- **All Other**, consisting of H Contract and Lifestyle Brands, a new business started in late fiscal 2019. 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. Prior-year information has been recast to reflect the changes in segments discussed above:

	Thirteen Weeks Ended				Thirty-Nine Weeks Ended			
	November 1, 2020	**% Net Sales**	November 3, 2019	% Net Sales	**November 1, 2020**	**% Net Sales**	November 3, 2019	% Net Sales
Net Sales								
Hooker Branded	**$ 47,287**	**31.6%**	$ 43,703	27.6%	**$ 113,268**	**29.4%**	$ 122,707	27.5%
Home Meridian	**73,727**	**49.3%**	85,776	54.2%	**202,560**	**52.6%**	240,594	54.0%
Domestic Upholstery	**25,350**	**16.9%**	25,029	15.9%	**59,640**	**15.6%**	73,016	16.3%
All Other	**3,323**	**2.2%**	3,668	2.3%	**9,353**	**2.4%**	9,625	2.2%
Consolidated	**$ 149,687**	**100.0%**	$ 158,176	100.0%	**$ 384,821**	**100.0%**	$ 445,942	100.0%
Gross Profit								
Hooker Branded	**$ 15,446**	**32.7%**	$ 13,947	31.9%	**$ 35,894**	**31.7%**	$ 38,323	31.2%
Home Meridian	**11,169**	**15.1%**	7,286	8.5%	**28,489**	**14.1%**	24,139	10.0%
Domestic Upholstery	**5,751**	**22.7%**	5,847	23.4%	**11,555**	**19.4%**	16,766	23.0%
All Other	**1,117**	**33.6%**	1,319	36.0%	**3,199**	**34.2%**	3,513	36.5%
Consolidated	**$ 33,483**	**22.4%**	$ 28,399	18.0%	**$ 79,137**	**20.6%**	$ 82,741	18.6%
Operating Income/(Loss)								
Hooker Branded	**$ 7,686**	**16.3%**	$ 6,188	14.2%	**$ 15,108**	**13.3%**	$ 15,453	12.6%
Home Meridian	**2,510**	**3.4%**	(3,955)	-4.6%	**(26,754)**	**-13.2%**	(9,013)	-3.7%
Domestic Upholstery	**2,421**	**9.6%**	2,278	9.1%	**(14,399)**	**-24.1%**	5,830	8.0%
All Other	**420**	**12.6%**	482	13.2%	**1,156**	**12.4%**	1,397	14.5%
Consolidated	**$ 13,037**	**8.7%**	$ 4,993	3.2%	**$ (24,889)**	**-6.5%**	$ 13,667	3.1%
Capital Expenditures								
Hooker Branded	**$ 60**		$ 89		**$ 173**		$ 600	
Home Meridian	**27**		126		**137**		300	
Domestic Upholstery	**82**		871		**332**		3,835	
All Other	**-**		-		**-**		10	
Consolidated	**$ 169**		$ 1,086		**$ 642**		$ 4,745	
Depreciation & Amortization								
Hooker Branded	**$ 444**		$ 471		**$ 1,338**		$ 1,453	
Home Meridian	**540**		549		**1,608**		1,627	
Domestic Upholstery	**700**		765		**2,097**		2,170	
All Other	**3**		3		**9**		10	
Consolidated	**$ 1,687**		$ 1,788		**$ 5,052**		$ 5,260	

Identifiable Assets	**As of November 1, 2020**	**%Total Assets**	As of February 2, 2020	%Total Assets
Hooker Branded	**$ 201,158**	**58.8%**	$ 144,112	45.0%
Home Meridian	**91,547**	**26.8%**	138,313	43.2%
Domestic Upholstery	**47,775**	**14.0%**	36,085	11.3%
All Other	**1,454**	**0.4%**	1,769	0.5%
Consolidated	**$ 341,934**	**100.0%**	$ 320,279	100.0%
Consolidated Goodwill and Intangibles	**27,323**		73,429	
Total Consolidated Assets	**$ 369,257**		$ 393,708	

Sales by product type are as follows:

	Net Sales (in thousands)							
	Thirteen Weeks Ended				Thirty-Nine Weeks Ended			
	November 1, 2020	**%Total**	November 3, 2019	%Total	**November 1, 2020**	**%Total**	November 3, 2019	%Total
Casegoods	**$ 91,457**	**61%**	$ 105,018	66%	**$ 234,905**	**61%**	$ 288,470	65%
Upholstery	**58,230**	**39%**	53,158	34%	**149,916**	**39%**	157,472	35%
	$ 149,687	**100%**	$ 158,176	100%	**$ 384,821**	**100%**	$ 445,942	100%

14. Subsequent Events

Loan agreement

On November 4, 2020, we entered the Second Amendment to the Second Amended and Restated Loan Agreement (the "Agreement") to amend certain provisions of the Existing Loan Agreement. The Agreement was amended to increase the sublimit of the facility available for the issuance of letters of credit from $4 million to $10 million in order to support import purchases.

Dividends

On December 2, 2020, our board of directors declared a quarterly cash dividend of $0.18 per share, payable on December 31, 2020 to shareholders of record at December 16, 2020. This represents a 12.5% increase over the previous quarterly dividend and the fifth consecutive annual dividend increase.

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 Furniture Corporation and its consolidated subsidiaries, unless specifically referring to segment information. All references to the "Hooker", "Hooker Division", "Hooker Legacy Brands" or "traditional Hooker" divisions or companies refer to the current components of our Hooker Branded segment, the Domestic Upholstery Segment including Bradington-Young, Sam Moore, and Shenandoah Furniture, and All Other which includes H Contract and Lifestyle Brands.

References to the "Shenandoah acquisition" refer to the acquisition of substantially all of the assets of Shenandoah Furniture, Inc. on September 29, 2017. References to the "HMI acquisition" refer to the acquisition of substantially all of the assets of Home Meridian International, Inc. on February 1, 2016.

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:

- The effect and consequences of the coronavirus (COVID-19) pandemic or future pandemics on a wide range of matters including but not limited to U.S. and local economies; our business operations and continuity; the health and productivity of our employees; and the impact on our global supply chain, the retail environment and our customer base;

- general economic or business conditions, both domestically and internationally, and instability in the financial and credit markets, including their potential impact on our (i) sales and operating costs and access to financing or (ii) customers and suppliers and their ability to obtain financing or generate the cash necessary to conduct their respective businesses;

- 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, such as the current U.S. administration's imposing a 25% tariff on certain goods imported into the United States from China, including almost all furniture and furniture components manufactured in China, with the potential for additional or increased tariffs in the future;

- sourcing transitions away from China, including the lack of adequate manufacturing capacity and skilled labor and longer lead times, due to competition and increased demand for resources in those countries;

- risks associated with our reliance on offshore sourcing and the cost of imported goods, including fluctuation in the prices of purchased finished goods, ocean freight costs and warehousing costs and the risk that a disruption in our offshore suppliers could adversely affect our ability to timely fill customer orders;

- 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;

- disruptions involving our vendors or the transportation and handling industries, particularly those affecting imported products from Vietnam and China, including customs issues, labor stoppages, strikes or slowdowns and the availability of shipping containers and cargo ships;

- difficulties in forecasting demand for our imported products;

- risks associated with product defects, including higher than expected costs associated with product quality and safety, and regulatory compliance costs related to the sale of consumer products and costs related to defective or non-compliant products, including product liability claims and costs to recall defective products;
- disruptions and damage (including those due to weather) affecting our Virginia, North Carolina or California warehouses, our Virginia or North Carolina administrative facilities or our representative offices or warehouses in Vietnam and China;
- 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 specifically related to the concentrations of a material part of our sales and accounts receivable in only a few customers;
- our inability to collect amounts owed to us or significant delays in collecting such amounts;
- 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 or inadequate levels of cyber-insurance or risks not covered by cyber insurance;
- achieving and managing growth and change, and the risks associated with new business lines, acquisitions, restructurings, strategic alliances and international operations;
- the impairment of our long-lived assets, which can result in reduced earnings and net worth;
- capital requirements and costs, including the servicing of our floating-rate term loans;
- 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-quality, lower-priced furniture due to, among other things, fluctuating consumer confidence, amounts of discretionary income available for furniture purchases and the availability of consumer credit.

Our forward-looking statements could be wrong in light of 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 a number of 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 2020 annual report on Form 10-K (the “2020 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.

This quarterly report on Form 10-Q includes our unaudited condensed consolidated financial statements for the 2021 fiscal year thirteen-week period (also referred to as “three months,” “three-month period,” “quarter,” “third quarter” or “quarterly period”) that began August 3, 2020, and the thirty-nine week period (also referred to as “nine months”, “nine-month period” or “year-to-date period”) that began February 3, 2020, which both ended November 1, 2020. This report discusses our results of operations for this period compared to the 2020 fiscal year thirteen-week period that began August 5, 2019 and the thirty-nine week period that began February 4, 2019, which both ended November 3, 2019; and our financial condition as of November 1, 2020 compared to February 2, 2020.

References in this report to:

- the 2021 fiscal year and comparable terminology mean the fiscal year that began February 3, 2020 and will end January 31, 2021; and

- the 2020 fiscal year and comparable terminology mean the fiscal year that began February 4, 2019 and ended February 2, 2020.

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

In the discussion below 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. In a normal environment, we believe orders are generally good current indicators of sales momentum and business conditions. However, except for custom or proprietary products, orders may be cancelled before shipment. If the items ordered are in stock and the customer has requested immediate delivery, we generally ship products in about 7 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. In a normal environment, for the Hooker Branded segment, Domestic Upholstery segment and All Other, we generally consider unshipped order 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. In a normal environment, 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) Home Meridian’s sales volume, (ii) the average sales order sizes of its mass, club and mega account channels of distribution, (iii) the proprietary nature of many of its products and (iv) the project nature of its hospitality business, for which average order sizes tend to be larger and consequently, its order backlog tends to be larger. There are exceptions to the general predictive nature of our orders and backlogs noted in this paragraph due to current demand and supply chain challenges related to the COVID-19 Pandemic. They are discussed in greater detail below and are essential to understanding our prospects.

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 Securities and Exchange Commission (“SEC”), especially our 2020 Annual Report. Our 2020 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 2020 Annual Report and our other public filings made with the SEC are available, without charge, at www.sec.gov and at http://investors.hookerfurniture.com.

Overview

Hooker Furniture Corporation, incorporated in Virginia in 1924, is a designer, marketer and importer of case goods (wooden and metal furniture), leather-and fabric-upholstered furniture for the residential, hospitality and contract markets. We also domestically manufacture premium residential custom leather and custom fabric-upholstered furniture. We are ranked among the nation's top five largest publicly traded furniture sources, based on 2019 shipments to U.S. retailers, according to a 2020 survey by a leading trade publication.

We believe that consumer tastes and buying habits are evolving at a rapid pace and we continue to change to meet these demands.

Our strategy is to leverage the financial strength afforded us by Hooker's slower-growing but highly profitable traditional businesses in order to boost revenues and earnings both organically and by acquiring companies selling in faster-growing channels of distribution in which our traditional businesses are under-represented. Consequently, Hooker acquired the business of Home Meridian on February 1, 2016 and Shenandoah Furniture on September 29, 2017.

We believe our acquisition of Home Meridian has better positioned us in some of the fastest growing and advantaged channels of distribution, including e-commerce, warehouse membership clubs and hospitality furniture. While growing faster than industry average, these channels tend to operate at lower margins.

We also believe our acquisition of Shenandoah Furniture, a North Carolina-based domestic upholsterer, has better positioned us in the "lifestyle specialty" retail distribution channel. In that channel, domestically- produced, customizable upholstery is viable product preferred by the end consumers who shop at retailers in that channel.

COVID-19

During the fiscal 2021 first quarter, COVID-19 was recognized as a global pandemic. Federal, state and local governments in the U.S and elsewhere have imposed restrictions on travel and business operations and have advised or required individuals to limit or eliminate time outside of their homes. Temporary closures of certain businesses were also ordered in certain jurisdictions and other businesses temporarily closed voluntarily. Consequently, the COVID-19 outbreak severely restricted the level of economic activity in the U.S. and around the world and demand for our products plummeted, and orders decreased 40.5% in the fiscal 2021 first quarter as compared to the same prior-year period. Cancellations of stock orders by large customers and deferred orders from retailers who closed their stores during the shutdown partially drove the steep declines in the fiscal 2021 first quarter.

To address the financial impact of the virus felt in the first quarter, we delayed non-essential capital spending and implemented other cost-cutting measures, including abbreviated shifts, furloughs, the temporary closure of our domestic manufacturing plants, staff reductions, temporary fee reductions for our Board of Directors, temporary salary reductions for officers and other managers, rationalizing current import purchase orders and collaborating with our vendors to cut costs and extend payment terms where possible.

While we continue to spend cautiously, business has improved steadily beginning in May 2020 and we've seen greatly increased demand for our products compared to the prior-year period and the first quarter of fiscal 2021. Fiscal 2021 third quarter consolidated orders increased 34% compared to the same prior-year period and year-to-date orders increased 8.3% as compared to the same prior-year period, despite abysmal first quarter orders. All three domestic upholstery divisions were operating at current full capacity at the end of the third quarter. Most furloughs of our associates have ended, and temporary salary and fee reductions have been rescinded. We are in the process of re-building inventory to meet increased customer demand.

We monitor information on COVID-19 from the Centers for Disease Control and Prevention ("CDC") and believe we are adhering to their recommendations regarding the health and safety of our personnel. To address the potential human impact of the virus, most of our administrative staff are still telecommuting. For those administrative staff not telecommuting and our warehouse and domestic manufacturing employees, we have implemented social distancing and mask policies, instituted daily temperature checks and have stepped-up facility cleaning at each location. Non-essential domestic travel for our employees has ceased and international travel has been prohibited outright. Testing and treatment for COVID-19 is covered 100% under our medical plan and counseling is available through our employee assistance plan to assist employees with financial, mental and emotional stress related to the virus and other issues. In addition, for employees diagnosed with the virus (and those associates with another diagnosed person or persons in their household) we are offering work-from-home arrangements where feasible and are working to accommodate associates with child-care issues related to school or day-care closures and anticipated re-openings. The safety and health of our employees remains a top priority.

As of early December 2020, the average daily cases of COVID-19 and associated hospitalizations and deaths have been increasing since September. Governments have been implementing a range of measures in response to the second round of the pandemic. The extent to which these recent developments may adversely affect our sales, earnings and liquidity during the remainder of fiscal 2021 and into fiscal 2022 is unknown.

Executive Summary-Results of Operations

Consolidated net sales for fiscal 2021 third quarter decreased by $8.5 million or 5.4%, partially recovering from 22.8% and 14.3% net sales decreases, respectively, in the first and second quarters of fiscal 2021, all compared to their respective prior year periods. The net sales declines were principally driven by decreased sales at Home Meridian due to inventory availability challenges partially offset by increased Hooker Branded sales. Consolidated operating income increased by $8.0 million or 161% versus the prior year period with our three reportable segments and All Other reporting operating profit for the third quarter of fiscal 2021. Increased operating income was driven by the non-recurrence of certain expenses at Home Meridian in the current year, lower overall consolidated spending due to COVID-19 and increased sales in the Hooker Branded segment.

For the first nine months, consolidated net sales decreased $61.1 million or 13.7% from $445.9 million to $384.8 million as compared to the prior year period due to sales decreases in all three reportable segments as well as All Other driven by significantly reduced sales volume during the COVID-19 pandemic.

Consolidated net income during the current quarter increased by $6.2 million or 158% and quarterly earnings per share was $0.84 as compared to $0.33 in the prior year third quarter. The net loss reported in the year-to-date period was due principally to $44.3 million non-cash impairment charges on our goodwill and trade names, $33.7 million net of tax, driven largely by our depressed stock price which occurred at the depth of the crisis and which was a primary input in the valuation analysis that necessitated the write-off. First nine months of fiscal 2021 loss per share was $1.61 as compared to earnings per share of $0.85 in the comparable period.

Our fiscal 2021 third quarter and first nine months performance is discussed in greater detail below under "Review" and "Results of Operations."

Review

We are pleased to report encouraging results for the third quarter of fiscal 2021, which showed solid improvements from the initial pandemic conditions encountered earlier in the fiscal year. We believe that higher levels of consumer confidence and home sales compared to earlier in the year and more time spent at home have led to increased spending on home furnishings.

The Hooker Branded segment's net sales increased by $3.6 million or 8.2% compared to the prior year third quarter and diminished the year-to-date sales decrease to 7.7%, compared to 16.5% decrease for the six-month period. Incoming orders have been trending upward for five consecutive months driven by increased demand for our products. Hooker Casegoods incoming orders increased by over 30% and Hooker Upholstery incoming orders increased by over 50%, both compared to the prior year third quarter. This segment reported $7.7 million operating income or 16.3% operating margin and finished the quarter with an order backlog 1.5 times the comparable prior year period.

The Home Meridian segment's net sales decreased $12 million or 14% in the fiscal 2021 third quarter as compared to the prior year period due to decreases in Accentrics Home ("ACH"), Pulaski Furniture ("PFC") and Samuel Lawrence Hospitality ("SLH"), partially offset by increased sales in the Prime Resources International ("PRI") and HMidea divisions. Samuel Lawrence Furniture ("SLF") net sales stayed flat for the quarter. ACH, the division focused on e-commerce channels with a shorter selling cycle, PFC and SLF all experienced inventory availability issues due to container availability and production capacity constraints with import suppliers. These issues led to reduced net sales at ACH and PFC, especially with large furniture chains and e-commerce customers. We are in the process of re-building our inventory and we have large orders in production to fulfill expected demand in the Winter selling season and beyond. The COVID-19 pandemic severely impacted the hospitality business beginning in the fiscal 2021 second quarter and, consequently, SLH's sales decreased significantly. Division management is exploring new channels of distribution as the hospitality industry is expected to only partially recover in fiscal 2021. On a more positive note, PRI and HMidea net sales saw double-digit increases as compared to prior year third quarter driven by increased sales in the mass merchant and clubs channels. Despite decreased net sales, the segment reported $2.5 million in operating income compared to a $4.0 million operating loss in the prior year third quarter due principally to chargebacks with one major customer, excess inventory carrying costs due to customer returns and excess inventory, and inventory write-downs – all of which did not repeat in the current year. Home Meridian incoming orders increased by 36% with four out of six divisions reporting increases compared to the prior year period and the segment finished the quarter with backlog 80% higher than prior year quarter end. However, current order backlog may not be a helpful indicator of sales for the fourth quarter and the first half of fiscal 2022 due to supply chain challenges discussed above.

The Domestic Upholstery segment's net sales increased $321,000 or 1.3% in the fiscal 2021 third quarter as compared to the prior year period, which represented solid recovery after two quarters with double-digit percentage net sales declines. Third quarter incoming orders increased by over 30% as compared to the prior year period. In response to the COVID-19 pandemic and reduced orders early this year, we temporarily closed our manufacturing plants at Bradington-Young and Shenandoah in April and significantly reduced production at Sam Moore. We gradually resumed their operations in the second quarter. By the end of the third quarter, all three divisions were operating at current full capacity and their order backlogs had fully recovered and increased substantially over the prior year. Bradington-Young, Shenandoah, and Sam Moore order backlog was 251%, 74%, and 57% higher than the prior year third quarter end, respectively. However, given the current circumstances, the unshipped order backlog may not be a helpful indicator of this segment's sales for the fourth quarter and beyond due to production delays including labor shortages and scarcity of some raw materials and components. This segment has incurred higher labor costs as division management has increased capacity by hiring new associates to ramp up production in order to reduce backlogs. Domestic Upholstery reported $2.4 million in operating income or 9.6% operating margin in the third quarter of fiscal 2021, improvements compared to both prior year and operating losses experienced at the heights of the initial COVID crisis in the first and second quarters of the current fiscal year.

All Other net sales decreased by 9.4% compared to prior year third quarter due primarily to sales declines at H Contract. Incoming orders decreased by over 30% in the third quarter, as senior-living facilities, which comprise the majority of H Contract's business, have decreased project spending due to the COVID-19 pandemic. Postponement of new facility construction, lower occupancy rates, and increased operating expenses related to COVID-19 resulted in reduced spending on furnishings. H Contract's backlog was 9.1% lower than the prior year third quarter. All Other reported $420,000 in operating income in the fiscal 2021 third quarter which was attributable to H Contract's performance, despite unfavorable product mix having a modest adverse impact on the gross margin.

We are very encouraged by the current historic levels of orders and backlogs; however, due to the current supply chain issues orders are not converting to shipments as quickly as could be expected in the pre-Pandemic environment and we expect that to continue at least into the fiscal 2022 first quarter. In a normal environment, we'd expect backlog to be one helpful indicator of sales for the Hooker Branded, Domestic Upholstery and All Other for the upcoming 30-day period and for the upcoming 90-day period for the Home Meridian segment. However, the current logistics challenges are slowing order fulfillment, particularly for Home Meridian whose average order sizes tend to be larger and more episodic versus orders for the traditional Hooker businesses, which tend to be smaller and more predictable. Additionally, Home Meridian orders are programmed out and scheduled for delivery to its larger accounts further into the future than usual, which is also contributing to the increased backlog. We expect these challenges will continue to negatively impact us and our sales in the fiscal 2021 fourth quarter, with steady improvements beginning in mid-February 2021 after the new year holidays in China and Vietnam.

To address the financial impact of the COVID-19 pandemic, we implemented certain measures to preserve cash and reduce operating expenses. Despite the operating loss for the nine-month period, which was driven by the non-cash impairment charges, we generated $67.6 million in cash from operating activities, distributed $5.7 million in cash dividends to our shareholders, and paid $4.8 million in principal and interest on our term loans. Cash and cash equivalents stood at $93.9 million at fiscal 2021 third quarter-end, an increase of $57.8 million compared to the balance at fiscal 2020 year-end. We are in the process of re-building our inventories to meet current demand and given current lead times with our Asian partners, we have and may continue to experience out-of-stocks with respect to certain imported products. We are confident that our strong financial condition can weather the expected short-term impacts of COVID-19; however, an extended impact may continue to materially and adversely affect our sales, earnings and liquidity.

Results of Operations

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

	Thirteen Weeks Ended		**Thirty-Nine Weeks Ended**	
	November 1, 2020	November 3, 2019	**November 1, 2020**	November 3, 2019
Net sales	**100.0%**	100.0%	**100.0%**	100.0%
Cost of sales	**77.6**	82.0	**79.4**	81.4
Gross profit	**22.4**	18.0	**20.6**	18.6
Selling and administrative expenses	**13.3**	14.4	**15.1**	15.1
Goodwill impairment charges	**-**	-	**10.3**	-
Trade name impairment charges	**-**	-	**1.2**	-
Intangible asset amortization	**0.4**	0.4	**0.5**	0.4
Operating income/(loss)	**8.7**	3.2	**(6.5)**	3.1
Other income, net	**0.1**	0.2	**-**	-
Interest expense, net	**0.1**	0.2	**0.1**	0.2
Income/(loss) before income taxes	**8.7**	3.2	**(6.6)**	2.9
Income tax expense/(benefit)	**2.0**	0.7	**(1.6)**	0.6
Net income/(loss)	**6.7**	2.5	**(4.9)**	2.3

Fiscal 2020 results have been recast based on the re-composition of our reportable segments during the fiscal 2020 fourth quarter. See Note 13 Segment Information for additional details regarding the re-composition of our operating segments.

Fiscal 2021 Third Quarter Compared to Fiscal 2020 Third Quarter

	Net Sales Thirteen Weeks Ended					
	November 1, 2020	**% Net Sales**	November 3, 2019	% Net Sales	$ Change	% Change
Hooker Branded	**$ 47,287**	**31.6%**	$ 43,703	27.6%	$ 3,584	8.2%
Home Meridian	**73,727**	**49.3%**	85,776	54.2%	(12,049)	-14.0%
Domestic Upholstery	**25,350**	**16.9%**	25,029	15.9%	321	1.3%
All Other	**3,323**	**2.2%**	3,668	2.3%	(345)	-9.4%
Consolidated	**$ 149,687**	**100%**	$ 158,176	100%	$ (8,489)	-5.4%

Unit Volume	**FY21 Q3 % Increase vs. FY20 Q3**	**Average Selling Price (ASP)**	**FY21 Q3 % Increase vs. FY20 Q3**
Hooker Branded	**6.2%**	Hooker Branded	**0.9%**
Home Meridian	**-20.7%**	Home Meridian	**7.9%**
Domestic Upholstery	**-3.0%**	Domestic Upholstery	**4.7%**
All Other	**-10.2%**	All Other	**3.4%**
Consolidated	**-16.3%**	Consolidated	**12.3%**

Consolidated net sales decreased due primarily to the sales decline in the Home Meridian segment, partially offset by increased net sales in the Hooker Branded segment.

- Hooker Branded segment net sales increased in the fiscal 2021 third quarter as compared to the prior year period, due to increased unit volume and, to a lesser extent, increased ASP.

- Net sales decreased in the Home Meridian segment due to inventory availability in the ACH and PFC divisions, as well as sales decline in the hospitality business which has been severely impacted by the pandemic. The decreases were partially offset by increased sales in the mass merchants and Clubs sales channels. ASP increased in four of six divisions; however, it was not enough to offset the volume loss in these divisions.

- Domestic Upholstery segment net sales increased due to net sales increases in the Bradington-Young and Sam Moore divisions, partially offset by lower sales in the Shenandoah division due to reduced unit volume. During the fiscal 2021 third quarter, Bradington-Young and Sam Moore restored operations to full capacity. Shenandoah ramped up production and shipping at a slower pace but was at current full capacity at quarter-end. ASP increased due to increases in the Sam Moore and Shenandoah divisions as well as increased mix of higher-priced Bradington-Young leather products.

- All Other net sales decreased by 9.4% in the fiscal 2021 third quarter as compared to the prior year period due principally to decreased unit volume in H Contract, which was adversely impacted by the pandemic.

	Gross Income and Margin Thirteen Weeks Ended					
	November 1, 2020	% Net Sales	November 3, 2019	% Net Sales	$ Change	% Change
Hooker Branded	**$ 15,446**	**32.7%**	$ 13,947	31.9%	$ 1,499	10.7%
Home Meridian	**11,169**	**15.1%**	7,286	8.5%	3,883	53.3%
Domestic Upholstery	**5,751**	**22.7%**	5,847	23.4%	(96)	-1.6%
All Other	**1,117**	**33.6%**	1,319	36.0%	(202)	-15.3%
Consolidated	**$ 33,483**	**22.4%**	$ 28,399	18.0%	$ 5,084	17.9%

Consolidated gross profit increased in absolute terms and as a percentage of net sales due primarily to increased gross margin in the Home Meridian segment and to a lesser in the Hooker Branded segment in the fiscal 2021 third quarter as compared to the prior year period.

- The Hooker Branded segment's gross profit increase was attributable to increased sales but was partially offset by higher ocean freight costs and increased product costs at Hooker Upholstery due to a higher mix of product sourced from China which carried higher costs.

- Home Meridian segment gross profit increased significantly in absolute terms and as a percentage of net sales despite a 14% net sales decline. Gross margin benefitted from the absence of higher customer chargebacks, write-downs of quality-related returns, and warehousing and distribution costs to handle excess inventory in the prior year third quarter, as well as lower product costs due to the sourcing transition from China to non-tariff countries.

- Domestic Upholstery segment's gross profit decreased slightly in absolute terms and as a percentage of net sales due to decreased gross profit in the Shenandoah division as the result of net sales decline, partially offset by increased gross income and margin in the Bradington Young and Sam Moore divisions. All three divisions experienced increased material costs due to inflation and increased direct labor costs to service excess backlog but benefited from lower indirect costs as three divisions were at full capacity by quarter-end and were better able to absorb the indirect and fixed costs.

- All Other's gross profit decreased in absolute terms and as a percentage of net sales due to net sales decline and unfavorable product mix at the H Contract division.

Selling and Administrative Expenses (S&A)
Thirteen Weeks Ended

	November 1, 2020	% Net Sales	November 3, 2019	% Net Sales	$ Change	% Change
Hooker Branded	**$ 7,762**	**16.4%**	$ 7,760	17.8%	$ 2	0.0%
Home Meridian	**8,325**	**11.3%**	10,907	12.7%	(2,582)	-23.7%
Domestic Upholstery	**3,067**	**12.1%**	3,307	13.2%	(240)	-7.3%
All Other	**696**	**21.0%**	836	22.8%	(140)	-16.7%
Consolidated	**$ 19,850**	**13.3%**	$ 22,810	14.4%	$ (2,960)	-13.0%

Consolidated selling and administrative ("S&A") expenses decreased in absolute terms and as a percentage of net sales in the fiscal 2021 third quarter as compared to prior year period.

- The Hooker Branded segment's S&A expenses stayed essentially flat in absolute terms. Increased selling expenses were offset by the cost reduction initiatives, lower October Market costs and spending concessions granted, all related to the COVID-19 pandemic. S&A expenses decreased as a percentage of net sales due to increased net sales.

- The Home Meridian segment's S&A expenses decreased in absolute terms and as a percentage of net sales due to lower selling expenses on decreased net sales and overall spending reductions in response to the COVID-19 crisis, partially offset by increased allowances for doubtful accounts.

- The Domestic Upholstery segment's S&A expenses decreased in absolute terms and as a percentage of net sales due to the cost reduction efforts as well as decreased advertising supply and sample expenses due to fewer new product introductions, partially offset by increased selling expenses on increased net sales.

- All Other S&A expenses decreased in absolute terms and as a percentage of net sales due to lower selling expenses on decreased net sales as well as cost reduction initiatives related to the pandemic.

Intangible Asset Amortization
Thirteen Weeks Ended

	November 1, 2020	% Net Sales	November 3, 2019	% Net Sales	$ Change	% Change
Intangible asset amortization	**$ 596**	**0.4%**	$ 596	0.4%	$ -	0.0%

Intangible asset amortization expense stayed the same compared to the prior year third quarter.

Operating Profit/(Loss) and Margin
Thirteen Weeks Ended

	November 1, 2020	% Net Sales	November 3, 2019	% Net Sales	$ Change	% Change
Hooker Branded	**$ 7,686**	**16.3%**	$ 6,188	14.2%	$ 1,498	24.2%
Home Meridian	**2,510**	**3.4%**	(3,955)	-4.6%	6,465	163.5%
Domestic Upholstery	**2,421**	**9.6%**	2,278	9.1%	143	6.3%
All Other	**420**	**12.6%**	482	13.2%	(62)	-12.9%
Consolidated	**$ 13,037**	**8.7%**	$ 4,993	3.2%	$ 8,044	161.1%

Operating profit increased in absolute terms and as a percentage of net sales, due to the factors discussed above.

	Interest Expense, net Thirteen Weeks Ended							
	November 1, 2020			November 3, 2019			$ Change	% Change
			% Net Sales			% Net Sales		
Consolidated interest expense, net	**$**	**106**	**0.1%**	$	316	0.2%	$ (210)	-66.5%

Consolidated interest expense decreased in fiscal 2021 third quarter primarily due to lower interest rates on our variable-rate term loans, as well as lower principal balances.

	Income taxes Thirteen Weeks Ended							
	November 1, 2020			November 3, 2019			$ Change	% Change
			% Net Sales			% Net Sales		
Consolidated income tax expense	**$**	**2,996**	**2.0%**	$	1,066	0.7%	$ 1,930	181.1%
Effective Tax Rate		**22.9%**			21.4%			

We recorded income tax expense of $3.0 million for the fiscal 2021 third quarter compared to $1.1 million for the comparable prior year period. The effective tax rates for the fiscal 2021 and 2020 third quarters were 22.9% and 21.4%, respectively.

	Net Income Thirteen Weeks Ended							
	November 1, 2020			November 3, 2019			$ Change	% Change
Net income			% Net Sales			% Net Sales		
Consolidated	**$**	**10,093**	**6.7%**	$	3,920	2.5%	$ 6,173	157.5%
Diluted earnings per share	**$**	**0.84**		$	0.33			

Fiscal 2021 First Nine Months Compared to Fiscal 2020 First Nine Months

	Net Sales Thirty-Nine Weeks Ended							
	November 1, 2020			November 3, 2019			$ Change	% Change
			% Net Sales			% Net Sales		
Hooker Branded	**$**	**113,268**	**29.4%**	$	122,707	27.5%	$ (9,439)	-7.7%
Home Meridian		**202,560**	**52.6%**		240,594	54.0%	(38,034)	-15.8%
Domestic Upholstery		**59,640**	**15.6%**		73,016	16.3%	(13,376)	-18.3%
All Other		**9,353**	**2.4%**		9,625	2.2%	(272)	-2.8%
Consolidated	**$**	**384,821**	**100%**	$	445,942	100%	$ (61,121)	-13.7%

Unit Volume	**FY21 YTD % Increase vs. FY20 YTD**	**Average Selling Price (ASP)**	**FY21 YTD % Increase vs. FY20 YTD**
Hooker Branded	**-9.6%**	Hooker Branded	**1.4%**
Home Meridian	**-17.7%**	Home Meridian	**4.1%**
Domestic Upholstery	**-17.3%**	Domestic Upholstery	**-1.2%**
All Other	**-4.5%**	All Other	**1.2%**
Consolidated	**-16.5%**	Consolidated	**4.1%**

Consolidated net sales decreased due to significantly reduced sales volume in all three reportable segments as compared to the prior year period. Much of the unit volume decline in all segments is attributable to order cancelations and reduced ordering by our customers in immediate response to the COVID-19 pandemic, which caused many of our customers, particularly traditional furniture retailers which were deemed non-essential businesses, to face state-mandated temporary store closures to help reduce the spread of COVID-19.

- The net sales decrease in the Hooker Branded segment was attributable to decreased net sales in the Hooker Casegoods division driven by reduced unit volume. Hooker Upholstery division reported increased net sales in the second and third quarters, while nine-month net sales stayed essentially flat as compared to the prior year period. ASP increased in the Hooker Branded segment due to increased ASP in Hooker Casegoods, partially offset by decreased ASP in Hooker Upholstery driven by higher discounting on e-commerce sales and unfavorable product mix.

- Home Meridian segment net sales decreased due to decreased unit volume in five of six divisions as the result of reduced sales volume with large retailers and regional furniture chains, sales declines in its hospitality business, and inventory availability issues in the e-commence channel, while partially offset by increased sales in its clubs channel. The ASP increase was attributable to increased ASP in SLH due to product mix.

- Domestic Upholstery segment net sales decreased due to decreased unit volume in all three divisions. Early this year, in response to COVID-19 pandemic restrictions and a decline in orders, we temporarily shut down Bradington-Young's and Shenandoah's manufacturing plants while we kept Sam Moore division operating at 50% capacity, which adversely impacted net sales in this segment. We resumed operations in the second quarter and operated at current full capacity for all three divisions by the end of the third quarter. The Domestic Upholstery segment's ASP decreased due to a reduced proportion of higher-priced leather products sold.

- All Other net sales decreased due to sales declines at H Contract, which was adversely impacted by the pandemic, partially offset by increased in sales at Lifestyle Brands.

Gross Income and Margin
Thirty-Nine Weeks Ended

	November 1, 2020	% Net Sales	November 3, 2019	% Net Sales	$ Change	% Change
Hooker Branded	**$ 35,894**	**31.7%**	$ 38,323	31.2%	$ (2,429)	-6.3%
Home Meridian	**28,489**	**14.1%**	24,139	10.0%	4,350	18.0%
Domestic Upholstery	**11,555**	**19.4%**	16,766	23.0%	(5,211)	-31.1%
All Other	**3,199**	**34.2%**	3,513	36.5%	(314)	-8.9%
Consolidated	**$ 79,137**	**20.6%**	$ 82,741	18.6%	$ (3,604)	-4.4%

Consolidated gross profit decreased in absolute terms but increased as a percentage of net sales in the fiscal 2021 first nine months versus the prior year period.

- The Hooker Branded segment's gross profit decreased in absolute terms due to the net sales decline. Gross margin increased as a percentage of net sales as compared to the prior year period due principally to a higher percentage of sales sourced from non-tariff countries and lower warehousing and distribution spending, partially offset by higher discounting.

- Home Meridian segment gross margin increased in absolute terms and as a percentage of net sales despite net sales decline. In the prior year period, this segment was heavily impacted by increased product costs due to excess tariffs, higher chargebacks of product with quality-related issues, increased warehousing and distribution costs to handle excess inventory, and some lower-margin programs due to customer mix. These issues either did not re-occur in fiscal 2021 or re-occurred at much lower or near normal levels.

- Domestic Upholstery segment's gross profit decreased significantly in absolute terms and as a percentage of net sales due primarily to the net sales decline and inefficiencies of operating at reduced production volumes during the first and second quarters. Indirect fixed costs adversely impacted gross margin by 310 basis points in this segment.

- All Other's gross profit and margin decreased in absolute terms and as a percentage of net sales due to sales decline and unfavorable product mix in H Contract division, partially offset by the addition of Lifestyle Brands.

Selling and Administrative Expenses (S&A)
Thirty-Nine Weeks Ended

	November 1, 2020	% Net Sales	November 3, 2019	% Net Sales	$ Change	% Change
Hooker Branded	**$ 20,788**	**18.4%**	$ 22,870	18.6%	$ (2,082)	-9.1%
Home Meridian	**26,305**	**13.0%**	32,152	13.4%	(5,847)	-18.2%
Domestic Upholstery	**8,785**	**14.7%**	10,149	13.9%	(1,364)	-13.4%
All Other	**2,042**	**21.8%**	2,115	22.0%	(73)	-3.5%
Consolidated	**$ 57,920**	**15.1%**	$ 67,286	15.1%	$ (9,366)	-13.9%

Consolidated S&A expenses decreased in absolute terms but stayed unchanged as a percentage of net sales in the fiscal 2021 first nine months versus the prior year period.

- The Hooker Branded segment's S&A expenses decreased in absolute terms and as a percentage of net sales in the fiscal 2021 first nine months due primarily to decreased selling expenses on lower net sales, cost-cutting measures implemented to address the COVID-19 crisis, lower advertising supplies and sample expenses due to fewer new product introductions, as well as lower travel expenses due to pandemic-related restrictions. The decreases were partially offset by higher bad debt expense due to a customer write-off during the first quarter unrelated to COVID-19 and an increase in reserves to recognize expected future credit losses under ASC 326 requirements, which we adopted during the first quarter of fiscal 2021.

- The Home Meridian segment's S&A expenses decreased in absolute terms and as a percentage of net sales, attributable to lower selling expenses on lower net sales and overall spending reductions implemented in response to the COVID-19 crisis, as well as the absence of the resourcing transition costs in the prior year period.

- The Domestic Upholstery segment's S&A expenses decreased in absolute terms due to decreased selling expenses on lower net sales, decreased advertising supply expenses, as well as the overall cost reductions on operating expenses. S&A expenses increased as a percentage of net sales due to lower net sales.

- All Other S&A expenses decreased in absolute terms and as a percentage of net sales driven by lower selling expenses and advertising supply expenses.

Goodwill impairment charges
Thirty-Nine Weeks Ended

	November 1, 2020	% Net Sales	November 3, 2019	% Net Sales	$ Change	% Change
Home Meridian	**$ 23,187**	**11.4%**	$ -	0.0%	$ 23,187	
Domestic Upholstery	**16,381**	**27.5%**	-	0.0%	16,381	
Consolidated	**39,568**	**10.3%**	-		39,568	

Trade name impairment charges
Thirty-Nine Weeks Ended

	November 1, 2020	% Net Sales	November 3, 2019	% Net Sales	$ Change	% Change
Home Meridian	**$ 4,750**	**2.3%**	$ -		$ 4,750	
Consolidated	**$ 4,750**	**1.2%**	$ -		4,750	

In the first quarter of fiscal 2021, we recorded $23.2 million and $16.4 million in non-cash impairment charges to write down goodwill in the Home Meridian segment and the Shenandoah division of the Domestic Upholstery segment, respectively. We also recorded $4.8 million in non-cash impairment charges to write down tradenames in the Home Meridian segment.

	Intangible Asset Amortization Thirty-Nine Weeks Ended					
	November 1, 2020	% Net Sales	November 3, 2019	% Net Sales	$ Change	% Change
Intangible asset amortization	**$ 1,788**	**0.5%**	$ 1,788	0.4%	$ -	0.0%

Intangible asset amortization expense stayed the same compared to the prior year first nine months.

	Operating (Loss)/Profit and Margin Thirty-Nine Weeks Ended					
	November 1, 2020	% Net Sales	November 3, 2019	% Net Sales	$ Change	% Change
Hooker Branded	**$ 15,108**	**13.3%**	$ 15,453	12.6%	$ (345)	-2.2%
Home Meridian	**(26,754)**	**-13.2%**	(9,013)	-3.7%	(17,741)	-196.8%
Domestic Upholstery	**(14,399)**	**-24.1%**	5,830	8.0%	(20,229)	347.0%
All Other	**1,156**	**12.4%**	1,397	14.5%	(241)	-17.3%
Consolidated	**$ (24,889)**	**-6.5%**	$ 13,667	3.1%	$ (38,556)	-282.1%

Operating profitability decreased in absolute terms and as a percentage of net sales, due to the factors discussed above.

	Interest Expense, net Thirty-Nine Weeks Ended					
	November 1, 2020	% Net Sales	November 3, 2019	% Net Sales	$ Change	% Change
Consolidated interest expense, net	**$ 433**	**0.1%**	$ 986	0.2%	$ (553)	-56.1%

Consolidated interest expense decreased in the fiscal 2021 first nine months primarily due to lower interest rates on our variable-rate term loans, as well as lower principal balances.

	Income taxes Thirty-Nine Weeks Ended					
	November 1, 2020	% Net Sales	November 3, 2019	% Net Sales	$ Change	% Change
Consolidated income tax (benefit)/expense	**$ (6,263)**	**-1.6%**	$ 2,829	0.6%	$ (9,092)	-321.4%
Effective Tax Rate	**24.8%**		21.9%			

We recorded income tax benefit of $6.3 million for the fiscal 2021 first nine months, of which $10.7 million was recorded related to goodwill and trade name impairment charges, compared to $2.8 million income tax expense for the comparable prior year period. The effective tax rates for the fiscal 2021 and 2020 first nine months periods were 24.8% and 21.9%, respectively.

	Net (Loss)/Income Thirty-Nine Weeks Ended					
	November 1, 2020	% Net Sales	November 3, 2019	% Net Sales	$ Change	% Change
Net (loss) / income						
Consolidated	**$ (18,952)**	**-4.9%**	$ 10,067	2.3%	$ (29,019)	-288.3%
Diluted (loss) / earnings per share	**$ (1.61)**		$ 0.85			

Outlook

As we head into the fourth quarter and next fiscal year, we are encouraged by our significant backlog and robust demand from all residential channels. We believe that furniture will be an advantaged sector of the economy, benefitting from a renewed consumer focus on the home, a strong housing market and less discretionary spending competition from travel, dining out and entertainment.

Currently, supply chain bottlenecks in an environment of surging demand are our greatest business challenge. Limitations on supply include scarcity of some raw materials and components, limited availability of shipping containers and ocean vessel space and production delays from some import suppliers. We are making progress with these challenges, as our overseas suppliers and own factories ramp up production to allow us to begin to meet the strong demand. However, we expect short-term unfavorable impacts to our fiscal 2021 fourth quarter sales and earnings, especially in our Home Meridian segment.

We are concerned about the human and economic toll of COVID-19, both currently and prospectively, especially the recent surge in COVID infections and hospitalizations. We continue to maintain rigorous safety protocols in all our workplaces and are encouraged that we have had essentially no workplace spread in any location thus far.

Despite these challenges, as we look forward to the next two to three quarters, we are optimistic and believe we have the backlog, order velocity and momentum to deliver strong results when our supply chain challenges subside. However, we have limited visibility of how the economic and health crises may fluctuate in the coming months.

We remain in exceptional financial condition with a strong balance sheet. As of the end of our fiscal 2021 third quarter, our cash position was nearly $94 million, an increase of about $58 million over the end of the 2020 fiscal year on February 2, 2020. Additionally, we have access to about $26 million under our existing revolver to fund working capital requirements and to an additional $25 million in cash surrender value of Company-owned life insurance policies. While we expect our cash balances to decline somewhat over the remainder of the year as we rebuild inventories and as trade receivables increase, both to accommodate increased sales, we expect our liquidity to be sufficient.

Discussions with lenders to refinance our credit facility which expires in February 2021 are nearing completion and we expect to be successful in refinancing our debt; however, we believe we have enough financial resources to continue to operate effectively even without refinancing our debt. Due to our strong cash position and expected working capital needs, we expect to pay off the balance of our term loans on or before closing of the New Credit Facility. If we were unable to enter into the new credit facility, we believe we have enough cash on hand to pay off our term loans and fund our operations in the near future. We expect to continue managing cash and spending cautiously as we move through the coming months.

We face many significant risks and uncertainties, as more fully discussed in Item 1A, “Risk Factors” in our 2020 Annual Report.

Financial Condition, Liquidity and Capital Resources

Cash Flows – Operating, Investing and Financing Activities

	Thirty-Nine Weeks Ended	
	November 1, 2020	November 3, 2019
Net cash provided by operating activities	**$ 67,607**	$ 26,610
Net cash provided by / (used in) investing activities	**328**	(3,838)
Cash used in financing activities	**(10,092)**	(9,709)
Net increase in cash and cash equivalents	**$ 57,843**	$ 13,063

During the nine months ended November 1, 2020, we used a portion of the $67.6 million cash generated from operations and $1.5 million life insurance proceeds to pay $5.7 million in cash dividends, $4.8 million in principal and interest payments on our term loans, $642,000 to enhance our business systems and facilities, and $519,000 in life insurance premiums on Company-owned life insurance policies.

In comparison, during the nine months ended November 3, 2019, we used some of the $26.6 million of cash generated from operations and $1.4 million of proceeds on a note receivable to pay for $5.3 million in cash dividends, $4.7 million of capital expenditures to expand our domestic manufacturing capacities and to enhance our business systems and facilities, $4.4 million in term loans payments, and $558,000 in life insurance premiums.

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.

We believe these resources are sufficient to meet our business requirements through fiscal 2021 and for the foreseeable future, including:

- capital expenditures;
- working capital; and
- the servicing of our acquisition-related debt.

Loan Agreements and Revolving Credit Facility

We currently have one unsecured term loan and one secured term loan outstanding and a revolving credit facility. The term loans are related to the HMI acquisition. Details of our loan agreements and revolving credit facility are outlined below.

Original Loan Agreement

On February 1, 2016, we entered into an amended and restated loan agreement (the “Original Loan Agreement”) with Bank of America, N.A. (“BofA”) in connection with the closing of the Home Meridian acquisition. Also, on February 1, 2016, we borrowed in full the amounts available under the Unsecured Term Loan (the “Unsecured Term Loan”) and the Secured Term Loan (the “Secured Term Loan”) in connection with the completion of the HMI acquisition.

Details of the individual credit facilities referenced in the Original Loan Agreement are as follows:

- **Unsecured revolving credit facility.** The Original Loan Agreement increased the amount available under our existing unsecured revolving credit facility from $15 million to $30 million and increased the sublimit of the facility available for the issuance of letters of credit from $3 million to $4 million (subsequently revised to $10 million in the 2021 fiscal fourth quarter). Amounts outstanding under the revolving facility bear interest at a rate, adjusted monthly, equal to the then-current LIBOR monthly rate plus 1.50%. 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;

- **Unsecured Term Loan.** The Original Loan Agreement provided us with a $41 million Unsecured Term Loan. Any amount borrowed under the Unsecured Term Loan bears interest at a rate, adjusted monthly, equal to the then-current LIBOR monthly rate plus 1.50%. We must repay any principal amount borrowed under the Unsecured Term Loan in monthly installments of approximately $490,000, together with any accrued interest, until the full amount borrowed is repaid or until February 1, 2021, at which time all amounts outstanding under the Unsecured Term Loan will become due and payable; and

- **Secured Term Loan.** The Original Loan Agreement provided us with a $19 million term loan secured by a security interest in certain Company-owned life insurance policies granted to BofA under a security agreement, dated as of February 1, 2016 (the "Security Agreement"). Any amount borrowed under the Secured Term Loan bears interest at a rate, adjusted monthly, equal to the then-current LIBOR monthly rate plus 0.50%. We must pay the interest accrued on any principal amounts borrowed under the Secured Term Loan on a monthly basis until the full principal amount borrowed is repaid or until February 1, 2021, at which time all amounts outstanding under the Secured Term Loan will become due and payable. BofA's rights under the Security Agreement are enforceable upon the occurrence of an event of default under the Original Loan Agreement.

New Loan Agreement

On September 29, 2017, we entered into a second amended and restated loan agreement (the "New Loan Agreement") with BofA in connection with the completion of the Shenandoah acquisition. The New Loan Agreement:

- amends and restates the Original Loan Agreement detailed above such that our existing $30 million unsecured revolving credit facility (the "Existing Revolver"), Unsecured Term Loan, and Secured Term Loan all remain outstanding under the New Loan Agreement; and

- provided us with a new $12 million unsecured term loan (the "New Unsecured Term Loan"), which we subsequently paid off in full.

The New Loan Agreement 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 August 31, 2018;
- 2.25:1.0 through August 31, 2019; 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 beginning in fiscal 2020.

The New 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 New 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 New Loan Agreement. We paid off the New Unsecured Term Loan in fiscal 2019.

We were in compliance with each of these financial covenants at November 1, 2020 and expect to remain in compliance with existing covenants for the foreseeable future. We believe we have the financial resources to weather the expected short-term impacts of COVID-19; however, an extended impact may materially and adversely affect our sales, earnings and liquidity.

As of November 1, 2020, $8.6 million was outstanding under the Unsecured Term Loan, and $17.1 million was outstanding under the Secured Term Loan.

Revolving Credit Facility Availability

As of November 1, 2020, we had an aggregate $25.7 million available under our revolving credit facility to fund working capital needs. Standby letters of credit in the aggregate amount of $4.3 million, used to collateralize certain insurance arrangements and for imported product purchases, were outstanding under the revolving credit facility as of November 1, 2020. There were no additional borrowings outstanding under the revolving credit facility as of November 1, 2020.

Loan agreement

On November 4, 2020, we entered the Second Amendment to the Second Amended and Restated Loan Agreement to amend certain provisions of the Existing Loan Agreement. The following provisions of the Existing Loan Agreement are amended as: the Bank may from time to time issue letters of credit for the Company; the amount of any letters of credit outstanding at any one time (including the drawn and unreimbursed amounts of the letters of credit) may not exceed $10 million in the aggregate.

Expected New Credit Facility and Term Loan Payoff in Fiscal 2021

All amounts outstanding on our term loans and revolving credit facility are due and payable on the first day of fiscal 2022, February 1, 2021 and discussions with lenders about refinancing are concluding. We expect to enter into a new credit facility on or before the expiration of the current agreement. Due to our strong cash position and expected working capital needs, we expect to pay off the balance of our term loans on or before closing of the New Credit Facility. In the unlikely event that we are unable to enter into the new credit facility as expected, we believe we have enough cash on hand to pay off our term loans and fund our operations in the near future.

Given current market dynamics, credit could be more costly than our current lending arrangements. If the negative economic effects of COVID-19 persist or further deteriorate, it would likely have a material adverse effect on our sales, earnings and liquidity. Consequently, our credit rating may decrease, or the availability of loans may be limited and refinancing our debt may be more difficult and loans more costly.

Capital Expenditures

Prior to the COVID-19 crisis, we expected to spend between $2.5 million to $4.5 million for capital projects in fiscal 2021 to maintain and enhance our operating systems and facilities. However, due to the negative economic effects of COVID-19, we have delayed indefinitely about $3 million in non-critical capital spending. We expect to spend about $500,000 during the remainder of the 2021 fiscal year to maintain and enhance our operating systems and facilities.

COVID-19 Cost Cutting and Cash Preservation Measures

During the fiscal 2021 first quarter, we initiated certain measures to reduce operating expenses and preserve cash which include temporary fee reductions for our Board of Directors, temporary salary reductions for officers and certain other managers, strategic staff reductions, the temporary closure of our domestic manufacturing plants and the furlough of manufacturing, warehouse and administrative associates. We also delayed all non-critical capital spending, rationalized our import purchase orders and accepted certain accommodations from our vendors to cut costs and extend payment terms where possible.

While we continue to spend cautiously, business has improved steadily beginning in May 2020 and we've seen greatly increased demand for our products. Consequently, during the 2021 second quarter, our domestic manufacturing plants reopened and are currently operating at current capacity. During the fiscal 2021 third quarter, temporary salary and fee reductions were rescinded and as of early December 2020 furloughs of our associates have ended. We are in the process of re-building inventory to meet increased customer demand.

As of the end of our fiscal 2021 third quarter of November 1, 2020, our cash position had increased by about $58 million over the end of the 2020 fiscal year on February 2, 2020. We expect these cash balances to decrease as we build inventories to meet increased customer demand and pay off the balance of our term loans.

Dividends

On December 2, 2020, our board of directors declared a quarterly cash dividend of $0.18 per share, payable on December 31, 2020 to shareholders of record at December 16, 2020. This represents a 12.5% increase over the previous quarterly dividend and the fifth consecutive annual dividend increase.

We expect our low fixed cost business model, which served us well during the Great Recession, to help us navigate the current disruption. Our cash position has remained strong and has continued to improve since our fiscal year-end in early February, with additional availability under our revolving credit facility if needed. Consequently, while we are confident in our future and are proud of our fifty-plus year history of consistently paying dividends, we have limited visibility into future economic conditions. The Board will continue to evaluate the appropriateness of the current dividend rate considering our performance and economic conditions in future quarters.

Critical Accounting Policies

Except as discussed below, 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 2020 Annual Report.

On the first day of the current fiscal year, we adopted the accounting standards outlined in Part 1, Notes to Condensed Consolidated Financial Statements, "Note 2. Recently Adopted Accounting Policies" ("Note 2"). See Note 2 for additional information related to the impact of adopting these accounting standards.

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 and the Unsecured Term Loan bear interest based on LIBOR plus 1.5% and borrowings under the Secured Term Loan bear interest based on LIBOR plus 0.5%. 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 November 1, 2020, other than standby letters of credit in the amount of $4.3 million; however, as of November 1, 2020, $25.7 million was outstanding under our term loans. A 1% increase in the LIBOR rate would result in an annual increase in interest expenses on our terms loans of approximately $62,000.

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, leather, 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 November 1, 2020. Based on this evaluation, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures are effective as of November 1, 2020 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

There have been no changes in our internal control over financial reporting during the fiscal quarter ended November 1, 2020, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 6. Exhibits

3.1	Amended and Restated Articles of Incorporation of the Company, as amended March 28, 2003 (incorporated by reference to Exhibit 3.1 of the Company's Form 10-Q (SEC File No. 000-25349) for the quarter ended February 28, 2003)
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	Amended and Restated Articles of Incorporation of the Company, as amended (See Exhibit 3.1)
4.2	Amended and Restated Bylaws of the Company, as amended (See Exhibit 3.2)
10.1	Second Amendment to the Second Amended and Restated Loan Agreement, dated as of November 4, 2020, between Bank of America, N.A. and Hooker Furniture Corporation, a Virginia corporation, Bradington-Young, LLC, a Virginia limited liability company, Sam Moore Furniture LLC, a Virginia limited liability company, and Home Meridian Group, LLC, a Virginia limited liability company.
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*	The following financial statements from the Company's Quarterly Report on Form 10-Q for the quarter ended November 1, 2020, formatted in Inline Extensible Business Reporting Language ("XBRL"): (i) condensed consolidated balance sheets, (ii) condensed consolidated statements of income, (iii) condensed consolidated statements of comprehensive income, (iv) condensed consolidated statements of cash flows, and (v) the notes to the condensed consolidated financial statements
104	Cover page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101).

*Filed herewith
** Furnished herewith

SIGNATURE

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

HOOKER FURNITURE CORPORATION

Date: December 10, 2020

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

SECOND AMENDMENT TO
SECOND AMENDED AND RESTATED LOAN AGREEMENT

THIS SECOND AMENDMENT TO SECOND AMENDED AND RESTATED LOAN AGREEMENT (this "Amendment") is dated as of the 4th day of November, 2020, by and between **Bank of America, N.A.** (the "Bank") and **Hooker Furniture Corporation**, a Virginia corporation, **Bradington-Young, LLC**, a Virginia limited liability company, **Sam Moore Furniture LLC**, a Virginia limited liability company, and **Home Meridian Group, LLC**, a Virginia limited liability company (collectively, the "Borrowers," and individually, a "Borrower").

The Borrowers and the Bank are parties to a Second Amended and Restated Loan Agreement dated as of September 29, 2017, as amended by a First Amendment to Second Amended and Restated Loan Agreement dated as of January 31, 2019 (as so amended, the "Existing Loan Agreement"), and they now desire to amend certain provisions of the Existing Loan Agreement as provided herein.

Accordingly, for and in consideration of the premises and the mutual covenants contained herein, the receipt and sufficiency of which consideration are hereby mutually acknowledged, the Borrowers and the Bank hereby agree as follows:

1. Capitalized Terms; Effective Date. Capitalized terms used in this Amendment which are not otherwise defined herein shall have the meanings assigned thereto in the Existing Loan Agreement, as amended by this Amendment (the Existing Loan Agreement, as amended by this Amendment, being hereinafter referred to as the "Loan Agreement"). Except as expressly provided to the contrary herein, all amendments to the Existing Loan Agreement set forth herein shall be effective as of the date of this Amendment.

2. Amendments to Existing Loan Agreement. The following provisions of the Existing Loan Agreement are amended as follows:

2.1. Letters of Credit under Facility No. 1. Section 1.5(a) and (b) of the Existing Loan Agreement are amended to read as follows:

"(a) As a subfeature under Facility No. 1, the Bank may from time to time up to and including the Facility No. 1 Expiration Date, issue letters of credit for the account of the Borrowers; provided, however, that the form and substance of each application for a letter of credit and each letter of credit shall be subject to approval by the Bank, which approval shall not be unreasonably withheld or delayed; and provided further that the aggregate undrawn amount of all outstanding letters of credit shall not at any time exceed $10,000,000. Issuance of workers' compensation letters of credit shall be subject to validation and approval of modifier and loss reserve by the Bank. Each letter of credit shall be issued for a term not to exceed 366 days, as designated by the Borrowers, provided, however, that the Bank shall not be obligated to issue a letter of credit that would have an expiration date subsequent to the Facility No. 1 Expiration Date. Each draft or other demand for payment paid by the Bank under a letter of credit shall be deemed an advance under the line of credit and shall be repaid in accordance with the terms of the line of credit; provided however, that if the line of credit is not available for any reason whatsoever, at the time any draft or demand is paid by the Bank, or if advances are not available under the line of credit in such amount due to any limitation of borrowing set forth herein, then the full amount of such drafts or demand shall be immediately due and payable, together with interest thereon from the date such amount is paid by the Bank to the date such amount is fully repaid by the Borrowers at the rate of interest applicable to advances under Facility No. 1. In such event, the Bank, in its sole discretion, may debit any account maintained by the Borrowers with the Bank for the amount of any such drawing. The Borrowers agree to deposit in a cash collateral account with the Bank an amount equal to the aggregate outstanding undrawn face amount of all letters of credit which remain outstanding on the Facility No. 1 Expiration Date. The Borrowers grant a security interest in such cash collateral account to the Bank to secure the Obligations of the Borrowers. Amounts held in such cash collateral account shall be applied by the Bank to the payment of drafts drawn under such letters of credit and to the obligations and liabilities of the Borrowers to the Bank, in such order of application as the Bank may in its sole discretion elect.

(b) The amount of any letters of credit outstanding under Facility No. 1 at any one time (including the drawn and unreimbursed amounts of the letters of credit) may not exceed $10,000,000 in the aggregate."

3. No Other Amendments; Reaffirmation by Borrowers. Except as expressly amended hereby, the terms of the Loan Agreement shall remain in full force and effect in all respects, and each Borrower hereby reaffirms its obligations under the Loan Agreement and under each of the other Loan Documents to which it is a party.

4. References. All references in the Loan Agreement to "this Agreement," "herein," "hereunder" or other words of similar import, and all references to the "Loan Agreement" or similar words in the other Loan Documents, or any other document or instrument that refers to the Loan Agreement, shall be deemed to be references to the Loan Agreement as amended by this Amendment.

5. Expenses. The Borrowers hereby agree to pay all costs and expenses incurred by the Bank in connection with the preparation of this Amendment and the consummation of the transactions described herein, including, without limitation, the reasonable attorneys' fees and expenses of the Bank.

6. Applicable Law. This Amendment shall be construed in accordance with and governed by the laws of the Commonwealth of Virginia, without reference to conflicts of law principles.

7. Counterparts; Electronic Delivery. This Amendment may be executed in any number of counterparts, each of which shall be an original, but all of which taken together shall constitute one and the same instrument. Delivery by any party to this Amendment of its signatures hereon through facsimile or other electronic image file (including .pdf) (i) may be relied upon as if this Amendment were physically delivered with an original hand-written signature of such party, and (ii) shall be binding on such party for all purposes.

8. Successors. This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

[Signatures begin on following page]

IN WITNESS WHEREOF, the Borrowers and the Bank have caused this Amendment to be duly executed under seal, all as of the day and year first above written.

Bank:	Borrowers:
Bank of America, N.A. By: Colleen Landau Name: Colleen Landau Title: Vice President	**Hooker Furniture Corporation** By: Paul A. Huckfeldt (Seal) Name: Paul A. Huckfeldt Title: Chief Financial Officer and Senior Vice President - Finance and Accounting **Bradington-Young, LLC** By: Paul A. Huckfeldt (Seal) Name: Paul A. Huckfeldt Title: Chief Financial Officer and Senior Vice President - Finance and Accounting **Sam Moore Furniture LLC** By: Paul A. Huckfeldt (Seal) Name: Paul A. Huckfeldt Title: Chief Financial Officer and Senior Vice President - Finance and Accounting **Home Meridian Group, LLC** By: Paul A. Huckfeldt (Seal) Name: Paul A. Huckfeldt Title: Chief Financial Officer and Senior Vice President - Finance and Accounting

Exhibit 31.1

Form 10-Q for the Quarterly Period Ended November 1, 2020
SECTION 13a-14(a) CERTIFICATION

I, Paul B. Toms, Jr., certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: December 10, 2020

By: /s/ Paul B. Toms, Jr.
Paul B. Toms, Jr.
Chairman and Chief Executive Officer

Exhibit 31.2

Form 10-Q for the Quarterly Period Ended November 1, 2020
SECTION 13a-14(a) CERTIFICATION

I, Paul A. Huckfeldt, certify that:

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

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

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

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

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

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

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

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

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

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

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

Date: December 10, 2020

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 Furniture Corporation (the "Company") Quarterly Report on Form 10-Q for the quarterly period ended November 1, 2020 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

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

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

Date: December 10, 2020

By: /s/ Paul B. Toms, Jr.
Paul B. Toms, Jr.
Chairman and Chief Executive Officer

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