# 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 **May 2, 2021**

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 June 4, 2021, there were **11,908,956** 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 | May 2, 2021 (unaudited) | January 31, 2021 |
|---|---|---|
| **Assets** | | |
| Current assets | | |
| Cash and cash equivalents | $ 61,596 | $ 65,841 |
| Trade accounts receivable, net | 91,336 | 83,290 |
| Inventories | 81,475 | 70,159 |
| Prepaid expenses and other current assets | 6,240 | 4,432 |
| Total current assets | 240,647 | 223,722 |
| Property, plant and equipment, net | 27,853 | 26,780 |
| Cash surrender value of life insurance policies | 25,935 | 25,365 |
| Deferred taxes | 12,400 | 14,173 |
| Operating leases right-of-use assets | 32,800 | 34,613 |
| Intangible assets, net | 25,641 | 26,237 |
| Goodwill | 490 | 490 |
| Other assets | 1,549 | 893 |
| Total non-current assets | 126,668 | 128,551 |
| Total assets | $ 367,315 | $ 352,273 |
| | | |
| **Liabilities and Shareholders' Equity** | | |
| Current liabilities | | |
| Trade accounts payable | $ 39,589 | $ 32,213 |
| Accrued salaries, wages and benefits | 6,084 | 7,136 |
| Income tax accrual | 1,536 | 501 |
| Customer deposits | 7,259 | 4,256 |
| Current portion of lease liabilities | 6,381 | 6,650 |
| Other accrued expenses | 2,796 | 3,354 |
| Total current liabilities | 63,645 | 54,110 |
| Deferred compensation | 11,127 | 11,219 |
| Lease liabilities | 27,980 | 29,441 |
| Total long-term liabilities | 39,107 | 40,660 |
| Total liabilities | 102,752 | 94,770 |
| | | |
| Shareholders' equity | | |
| Common stock, no par value, **20,000** shares authorized, **11,909** and 11,888 shares issued and outstanding on each date | 53,004 | 53,323 |
| Retained earnings | 212,291 | 204,988 |
| Accumulated other comprehensive loss | (732) | (808) |
| Total shareholders' equity | 264,563 | 257,503 |
| Total liabilities and shareholders' equity | $ 367,315 | $ 352,273 |

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)

| | Thirteen Weeks Ended | |
|---|---|---|
| | **May 2, 2021** | May 3, 2020 |
| Net sales | **$ 162,861** | $ 104,597 |
| Cost of sales | **129,279** | 85,944 |
| Gross profit | **33,582** | 18,653 |
| Selling and administrative expenses | **20,743** | 19,177 |
| Goodwill impairment charges | **-** | 39,568 |
| Trade name impairment charges | **-** | 4,750 |
| Intangible asset amortization | **596** | 596 |
| Operating income/(loss) | **12,243** | (45,438) |
| Other income/(expense), net | **4** | (42) |
| Interest expense, net | **31** | 208 |
| Income/(loss) before income taxes | **12,216** | (45,688) |
| Income tax expense/(benefit) | **2,773** | (10,869) |
| Net income/(loss) | **$ 9,443** | $ (34,819) |
| Earnings/(loss) per share | | |
| Basic | **$ 0.79** | $ (2.95) |
| Diluted | **$ 0.78** | $ (2.95) |
| Weighted average shares outstanding: | | |
| Basic | **11,833** | 11,798 |
| Diluted | **11,972** | 11,798 |
| Cash dividends declared per share | **$ 0.18** | $ 0.16 |

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)**

| | Thirteen Weeks Ended | |
|---|---|---|
| | **May 2, 2021** | May 3, 2020 |
| Net Income/(Loss) | **$ 9,443** | $ (34,819) |
| Other comprehensive income (loss): | | |
| Amortization of actuarial loss | **100** | 84 |
| Income tax effect on amortization | **(24)** | (20) |
| Adjustments to net periodic benefit cost | **76** | 64 |
| Total Comprehensive Income/(Loss) | **$ 9,519** | $ (34,755) |

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 Thirteen Weeks Ended | |
|---|---|---|
| | **May 2, 2021** | May 3, 2020 |
| **Operating Activities:** | | |
| Net income/(loss) | **$ 9,443** | $ (34,819) |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Goodwill and intangible asset impairment charges | **-** | 44,318 |
| Depreciation and amortization | **1,714** | 1,685 |
| Deferred income tax expense | **1,749** | (10,045) |
| Noncash restricted stock and performance awards | **(319)** | 605 |
| Benefit from doubtful accounts and sales allowances | **(791)** | (328) |
| Gain on life insurance policies | **(439)** | (571) |
| Changes in assets and liabilities: | | |
| Trade accounts receivable | **(7,255)** | 24,129 |
| Inventories | **(11,316)** | 10,763 |
| Income tax recoverable | **-** | (867) |
| Prepaid expenses and other current assets | **(2,441)** | (1,468) |
| Trade accounts payable | **7,373** | (12,149) |
| Accrued salaries, wages, and benefits | **(1,053)** | (1,661) |
| Accrued income taxes | **1,035** | - |
| Customer deposits | **3,004** | 673 |
| Operating lease liabilities | **84** | 367 |
| Other accrued expenses | **(558)** | (1,720) |
| Deferred compensation | **8** | 12 |
| Net cash provided by operating activities | **$ 238** | $ 18,924 |
| | | |
| **Investing Activities:** | | |
| Purchases of property and equipment | **(2,188)** | (380) |
| Premiums paid on life insurance policies | **(155)** | (162) |
| Proceeds received on life insurance policies | **-** | 673 |
| Net cash (used in)/provided by investing activities | **(2,343)** | 131 |
| | | |
| **Financing Activities:** | | |
| Cash dividends paid | **(2,140)** | (1,894) |
| Payments for long-term debt | **-** | (1,952) |
| Cash used in financing activities | **(2,140)** | (3,846) |
| | | |
| Net (decrease)/increase in cash and cash equivalents | **(4,245)** | 15,209 |
| Cash and cash equivalents - beginning of year | **65,841** | 36,031 |
| Cash and cash equivalents - end of quarter | **$ 61,596** | $ 51,240 |
| | | |
| *Supplemental disclosure of cash flow information:* | | |
| Cash paid for interest, net | **$ -** | $ 240 |
| Cash (refund)/paid for income taxes | **(9)** | 43 |
| | | |
| Non-cash transactions: | | |
| Increase/(decrease) in lease liabilities arising from obtaining right-of-use assets | **$ 6** | $ (3) |
| Increase in property and equipment through accrued purchases | **3** | 51 |

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 | | Retained Earnings | Accumulated Other Comprehensive Income (loss) | Total Shareholders' Equity |
|---|---|---|---|---|---|
| | Shares | Amount | | | |
| Balance at February 2, 2020 | 11,838 | $ 51,582 | $ 223,252 | $ (713) | $ 274,121 |
| Net loss | | | (34,819) | | (34,819) |
| Unrealized loss on defined benefit plan, net of tax of $20 | | | | 64 | 64 |
| Cash dividends paid and accrued ($0.16 per share) | | | (1,893) | | (1,893) |
| Restricted stock grants, net of forfeitures | 33 | 169 | | | 169 |
| Restricted stock compensation cost | | 218 | | | 218 |
| Performance-based restricted stock units costs | | 218 | | | 218 |
| Balance at May 3, 2020 | 11,871 | $ 52,187 | $ 186,540 | $ (649) | $ 238,078 |
| | | | | | |
| **Balance at January 31, 2021** | **11,888** | **$ 53,323** | **$ 204,988** | **$ (808)** | **$ 257,503** |
| **Net income** | | | **9,443** | | **9,443** |
| **Unrealized loss on defined benefit plan, net of tax of $24** | | | | **76** | **76** |
| **Cash dividends paid and accrued ($0.18 per share)** | | | **(2,140)** | | **(2,140)** |
| **Restricted stock grants, net of forfeitures** | **21** | | | | **-** |
| **Restricted stock compensation cost** | | **274** | | | **274** |
| **Performance-based restricted stock units costs** | | **147** | | | **147** |
| **PSU awards** | | **(740)** | | | **(740)** |
| **Balance at May 2, 2021** | **11,909** | **$ 53,004** | **$ 212,291** | **$ (732)** | **$ 264,563** |

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 Thirteen Weeks Ended May 2, 2021

## 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 January 31, 2021 (“2021 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 thirteen-week period (also referred to as “three months,” “three-month period,” “quarter,” “first quarter” or “quarterly period”) that began February 1, 2021 and ended May 2, 2021. This report discusses our results of operations for this period compared to the thirteen-week period that began February 3, 2020 and ended May 3, 2020; and our financial condition as of May 2, 2021 compared to January 31, 2021.

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

- the 2022 fiscal year and comparable terminology mean the fifty-two-week fiscal year that began February 1, 2021 and will end January 30, 2022; and

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

## 2. Recently Adopted Accounting Policies

In August 2018, the FASB issued ASU No. 2018-14, Compensation —Retirement Benefits —Defined Benefit Plans —General (Subtopic 715-20) — Disclosure Framework —Changes to the Disclosure Requirements for Defined Benefit Plans (“ASU 2018-14”). The amendments in this update change the disclosure requirements for employers that sponsor defined benefit pension and/or other post-retirement benefit plans. It eliminates requirements for certain disclosures that are no longer considered cost beneficial and requires new disclosures that the FASB considers pertinent. The guidance is effective for fiscal years ending after December 15, 2020. We adopted this guidance in the fiscal 2022 first quarter. The adoption of ASU 2018-14 did not have a material impact on our consolidated financial statements or disclosures.

## 3. Accounts Receivable

| | **May 2, 2021** | January 31, 2021 |
|---|---|---|
| Trade accounts receivable | **$ 99,979** | $ 92,621 |
| Other accounts receivable allowances | **(6,311)** | (6,993) |
| Allowance for doubtful accounts | **(2,332)** | (2,338) |
| Accounts receivable | **$ 91,336** | $ 83,290 |

## 4. Inventories

| | May 2, 2021 | January 31, 2021 |
|---|---|---|
| Finished furniture | $ **90,591** | $ 81,290 |
| Furniture in process | **1,888** | 1,397 |
| Materials and supplies | **11,345** | 9,639 |
| Inventories at FIFO | **103,824** | 92,326 |
| Reduction to LIFO basis | **(22,349)** | (22,167) |
| Inventories | $ **81,475** | $ 70,159 |

## 5. Property, Plant and Equipment

| | Depreciable Lives *(In years)* | May 2, 2021 | January 31, 2021 |
|---|---|---|---|
| Buildings and land improvements | 15 - 30 | $ **31,321** | $ 31,316 |
| Computer software and hardware | 3 - 10 | **15,152** | 15,012 |
| Machinery and equipment | 10 | **9,584** | 9,314 |
| Leasehold improvements | Term of lease | **10,022** | 10,005 |
| Furniture and fixtures | 3 - 10 | **2,667** | 2,614 |
| Other | 5 | **651** | 651 |
| Total depreciable property at cost | | **69,397** | 68,912 |
| Less accumulated depreciation | | **45,216** | 44,098 |
| Total depreciable property, net | | **24,181** | 24,814 |
| Land | | **1,077** | 1,077 |
| Construction-in-progress | | **2,595** | 889 |
| Property, plant and equipment, net | | $ **27,853** | $ 26,780 |

## 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 May 2, 2021 and January 31, 2021, 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 May 2, 2021 and January 31, 2021, were as follows:

| | **Fair value at May 2, 2021** | | | | Fair value at January 31, 2021 | | | |
|---|---|---|---|---|---|---|---|---|
| **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 | $ **-** | $ **25,935** | $ **-** | $ **25,935** | $ - | $ 25,365 | $ - | $ 25,365 |

## 7. Intangible Assets

| Non-amortizable Intangible Assets | Segment | January 31, 2021 Beginning Balance | Impairment Charges | **May 2, 2021 Net Book Value** |
|---|---|---|---|---|
| Goodwill | Domestic Upholstery | $ 490 | $ - | **$ 490** |
| | | | | |
| Trademarks and trade names - Home Meridian | Home Meridian | 6,650 | - | **6,650** |
| Trademarks and trade names - Bradington-Young | Domestic Upholstery | 861 | - | **861** |
| Trademarks and trade names - Sam Moore | Domestic Upholstery | 396 | - | **396** |
| Total Trademarks and trade names | | $ 7,907 | $ - | **$ 7,907** |
| | | | | |
| Total non-amortizable assets | | $ 8,397 | $ - | **$ 8,397** |

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 January 31, 2021 | $ 17,672 | $ 658 | $ 18,330 |
| Amortization | (581) | (15) | (596) |
| **Balance at May 2, 2021** | **$ 17,091** | **$ 643** | **$ 17,734** |

For the remainder of fiscal 2022, amortization expense is expected to be approximately $1.8 million.

## 8. Leases

In fiscal 2020, we adopted Accounting Standards Codification Topic 842 *Leases*. We recognized $146,000 sub-lease income for the three-month period ended May 2, 2021. The components of lease cost and supplemental cash flow information for leases for the three-months ended May 2, 2021 were:

| | **Thirteen Weeks Ended** | |
|---|---|---|
| | **May 2, 2021** | May 3, 2020 |
| Operating lease cost | **$ 2,013** | $ 2,100 |
| Variable lease cost | **44** | 46 |
| Short-term lease cost | **19** | 116 |
| Total operating lease cost | **$ 2,076** | $ 2,262 |
| | | |
| Operating cash outflows | **$ 1,992** | $ 1,852 |

The right-of-use assets and lease liabilities recorded on our Condensed Consolidated Balance Sheets as of May 2, 2021 and January 31, 2021 were as follows:

| | **May 2, 2021** | January 31, 2021 |
|---|---|---|
| Real estate | **$ 31,918** | $ 33,651 |
| Property and equipment | **882** | 962 |
| Total operating leases right-of-use assets | **$ 32,800** | $ 34,613 |
| | | |
| Current portion of operating lease liabilities | **$ 6,381** | $ 6,650 |
| Long term operating lease liabilities | **27,980** | 29,441 |
| Total operating lease liabilities | **$ 34,361** | $ 36,091 |

The weighted-average remaining lease term is 6.6 years. We used our incremental borrowing rate which is LIBOR plus 1.5% at the adoption date. The weighted-average discount rate is 2.2%.

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 May 2, 2021:

| | Undiscounted Future Operating Lease Payments |
|---|---|
| Remainder of 2022 | $ 5,436 |
| 2023 | 5,593 |
| 2024 | 5,665 |
| 2025 | 5,281 |
| 2026 | 5,336 |
| 2027 and thereafter | 9,809 |
| Total lease payments | $ 37,120 |
| Less: impact of discounting | (2,759) |
| Present value of lease payments | $ 34,361 |

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. None of the modifications had a material effect on our condensed consolidated financial statements or results of operations. As of May 2, 2021, the Company had 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 Fall of 2021 with an initial lease term of 10 years. Since the lease has not commenced, the undiscounted amounts are not included in the table above.

## 9. Long-Term Debt

As of May 2, 2021, we had an aggregate $28.7 million available under our $35 million revolving credit facility (the “Existing Revolver”) to fund working capital needs. Standby letters of credit in the aggregate amount of $6.3 million, used to collateralize certain insurance arrangements and for imported product purchases, were outstanding under the revolving credit facility as of May 2, 2021. There were no additional borrowings outstanding under the Existing Revolver as of May 2, 2021.

## 10. 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 2021 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:

| | May 2, 2021 | January 31, 2021 |
|---|---|---|
| Restricted shares | 75 | 55 |
| RSUs and PSUs | 151 | 141 |
| | 226 | 196 |

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 | |
|---|---|---|
| | May 2, 2021 | May 3, 2020 |
| Net income/(loss) | $ 9,443 | $ (34,819) |
| Less: Unvested participating restricted stock dividends | 11 | 8 |
| Net earnings allocated to unvested participating restricted stock | 49 | - |
| Earnings/(loss) available for common shareholders | 9,383 | (34,827) |
| | | |
| Weighted average shares outstanding for basic earnings per share | 11,833 | 11,798 |
| Dilutive effect of unvested restricted stock, RSU and PSU awards | 139 | - |
| Weighted average shares outstanding for diluted earnings per share | 11,972 | 11,798 |
| | | |
| Basic earnings/(loss) per share | $ 0.79 | $ (2.95) |
| | | |
| Diluted earnings/(loss) per share | $ 0.78 | $ (2.95) |

**11. Income Taxes**

We recorded income tax expense of $2.8 million for the fiscal 2022 first quarter, compared to income tax benefit of $10.9 million for the comparable prior year period, of which $10.6 million was recorded related to goodwill and trade name impairment charges. The effective tax rates for the fiscal 2022 and 2021 first quarters were 22.7% and 23.8%, respectively.

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

Tax years ending January 28, 2018 through January 31, 2021 remain subject to examination by federal and state taxing authorities.

**12. 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.

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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. 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.

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

| | Thirteen Weeks Ended | | | |
|---|---|---|---|---|
| | **May 2, 2021** | **% Net Sales** | May 3, 2020 | % Net Sales |
| **Net Sales** | | | | |
| Hooker Branded | **$ 51,339** | **31.5%** | $ 27,162 | 26.0% |
| Home Meridian | **84,411** | **51.8%** | 57,665 | 55.1% |
| Domestic Upholstery | **24,492** | **15.1%** | 16,783 | 16.0% |
| All Other | **2,619** | **1.6%** | 2,987 | 2.9% |
| Consolidated | **$ 162,861** | **100%** | $ 104,597 | 100.0% |
| | | | | |
| **Gross Profit** | | | | |
| Hooker Branded | **$ 17,212** | **33.5%** | $ 8,005 | 29.5% |
| Home Meridian | **10,135** | **12.0%** | 6,809 | 11.8% |
| Domestic Upholstery | **5,355** | **21.9%** | 2,783 | 16.6% |
| All Other | **880** | **33.6%** | 1,056 | 35.4% |
| Consolidated | **$ 33,582** | **20.6%** | $ 18,653 | 17.8% |
| | | | | |
| **Operating Income/(Loss)** | | | | |
| Hooker Branded | **$ 9,442** | **18.4%** | $ 1,333 | 4.9% |
| Home Meridian | **866** | **1.0%** | (30,348) | -52.6% |
| Domestic Upholstery | **1,688** | **6.9%** | (16,810) | -100.2% |
| All Other | **247** | **9.4%** | 387 | 12.9% |
| Consolidated | **$ 12,243** | **7.5%** | $ (45,438) | -43.4% |
| | | | | |
| **Capital Expenditures** | | | | |
| Hooker Branded | **$ 83** | | $ 53 | |
| Home Meridian | **1,346** | | 89 | |
| Domestic Upholstery | **759** | | 238 | |
| All Other | **-** | | - | |
| Consolidated | **$ 2,188** | | $ 380 | |
| | | | | |
| **Depreciation & Amortization** | | | | |
| Hooker Branded | **$ 449** | | $ 455 | |
| Home Meridian | **501** | | 528 | |
| Domestic Upholstery | **761** | | 699 | |
| All Other | **3** | | 3 | |
| Consolidated | **$ 1,714** | | $ 1,685 | |

| Identifiable Assets | As of May 2, 2021 | %Total Assets | As of January 31, 2021 | %Total Assets |
|---|---|---|---|---|
| Hooker Branded | $ 170,115 | 49.8% | $ 174,475 | 53.5% |
| Home Meridian | 119,737 | 35.1% | 100,497 | 30.9% |
| Domestic Upholstery | 50,794 | 14.9% | 49,370 | 15.2% |
| All Other | 538 | 0.2% | 1,204 | 0.4% |
| Consolidated | $ 341,184 | 100% | $ 325,546 | 100% |
| Consolidated Goodwill and Intangibles | 26,131 | | 26,727 | |
| Total Consolidated Assets | $ 367,315 | | $ 352,273 | |

Sales by product type are as follows:

| | Net Sales (in thousands) | | | |
|---|---|---|---|---|
| | Thirteen Weeks Ended | | | |
| | May 2, 2021 | %Total | May 3, 2020 | %Total |
| Casegoods | $ 97,959 | 60% | $ 63,602 | 61% |
| Upholstery | 64,902 | 40% | 40,995 | 39% |
| | $ 162,861 | 100% | $ 104,597 | 100% |

**13. Subsequent Events**

Dividends

On June 3, 2021, our board of directors declared a quarterly cash dividend of $0.18 per share, which will be paid on June 30, 2021 to shareholders of record at June 16, 2021.

## 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.*

**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:

- 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;
- 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 prior U.S. administration's imposition of a 25% tariff on certain goods imported into the United States from China including almost all furniture and furniture components manufactured in China, which is still in effect, 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;
- 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 (and our new Georgia warehouse when occupied), our Virginia or North Carolina administrative facilities or our representative offices or warehouses in Vietnam and China;
- risks associated with our newly leased warehouse space in Georgia, including delays in construction and occupancy and risks associated with our move to the facility, including information systems, access to warehouse labor and the inability to realize anticipated cost savings;

- 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, including the loss of several large customers through business consolidations, failures or other reasons, or the loss of significant sales programs with major customers;
- our inability to collect amounts owed to us or significant delays in collecting such amounts;
- 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;
- the direct and indirect costs and time spent by our associates associated with the implementation of our Enterprise Resource Planning system, including costs resulting from unanticipated disruptions to our business;
- 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;
- 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.

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 2021 annual report on Form 10-K (the "2021 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 thirteen-week period (also referred to as "three months," "three-month period," "quarter," "first quarter" or "quarterly period") that began February 1, 2021 and ended May 2, 2021. This report discusses our results of operations for this period compared to the 2021 fiscal year thirteen-week period that began February 3, 2020 and ended May 3, 2020; and our financial condition as of May 2, 2021 compared to January 31, 2021.

References in this report to:

- the 2022 fiscal year and comparable terminology mean the fiscal year that began February 1, 2021 and will end January 30, 2022; and
- the 2021 fiscal year and comparable terminology mean the fiscal year that began February 3, 2020 and ended January 31, 2021.

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

In the discussion below and herein we reference changes in sales orders or "orders" and sales order backlog (unshipped orders at a point in time) or "backlog" over and compared to certain periods of time and changes discussed are in sales dollars and not units of inventory, unless stated otherwise. We believe orders are generally good current indicators of sales momentum and business conditions. 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 seven days or less from receipt of order; however, orders may be shipped later if they are out of stock or there are production or shipping delays or the customer has requested the order to be shipped at a later date. For the Hooker Branded and Domestic Upholstery segments 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. 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.

At May 2, 2021, our backlog of unshipped orders was as follows:

| | Order Backlog (Dollars in 000s) | | |
|---|---|---|---|
| | **May 2, 2021** | January 31, 2021 | May 3, 2020 |
| **Reporting Entity** | **Dollars** | Dollars | Dollars |
| Hooker Branded | **$ 41,007** | $ 34,776 | $ 12,392 |
| Home Meridian | **191,767** | 180,188 | 63,831 |
| Domestic Upholstery | **43,985** | 30,271 | 12,720 |
| All Other | **3,704** | 2,845 | 2,656 |
| Consolidated | **$ 280,463** | $ 248,080 | $ 91,599 |

At the end of fiscal 2022 first quarter, order backlog had increased $32.4 million or 13% as compared to the end of fiscal 2021 and increased $188.9 million or 206% as compared to the prior-year first quarter end, due to increased incoming orders in all three reportable segments as well as the supply chain disruptions in the Home Meridian and, to a lesser degree, Hooker Branded segments and production delays in the Domestic Upholstery segment. We are very encouraged by the current historic levels of orders and backlogs; however, due to the current supply chain issues including the lack of shipping containers and vessel space and limited overseas vendor capacity, orders are not converting to shipments as quickly as could be expected compared to the pre-pandemic environment and we expect that to continue at least into the second half of fiscal 2022. 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.

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 2021 Annual Report. Our 2021 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 2021 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 casegoods (wooden and metal furniture), leather furniture and fabric-upholstered furniture for the residential, hospitality and contract markets. We also domestically manufacture premium residential custom leather 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 channels in which they shop for furniture are evolving at a rapid pace and we continue to change to meet these demands.

**Executive Summary-Results of Operations**

As discussed in greater detail under “Results of Operations” below, the following are the primary factors that affected our consolidated fiscal 2022 first quarter results of operations:

- Consolidated net sales for fiscal 2022 first quarter increased by $58.3 million or 55.7% as compared to the prior year period, from $104.6 million to $162.9 million, due to an 89% sales increase in the Hooker Branded segment and 46% sales increases in both Home Meridian and Domestic Upholstery segments. All Other net sales decreased by 12.3% as H Contract has not yet recovered from certain impacts of the COVID-19 pandemic.

- Consolidated gross profit increased both in absolute terms and as a percentage of net sales, due to increased gross profit and margin at Hooker Branded and Domestic Upholstery segments. Home Meridian’s gross profit increased slightly as a percentage of net sales as this segment was heavily impacted by higher freight costs which largely offset the sales increase. All Other’s gross profit decreased in absolute terms and as a percentage of net sales.

- Consolidated operating income was $12.2 million compared to $45.4 million operating loss in the prior year period, which was largely attributable to $44.3 million in non-cash impairment charges. Consolidated net income was $9.4 million or $0.78 per diluted share, as compared to net loss of $34.8 million or $(2.95) per diluted share in the prior year period.

**Review**

We are pleased to report fiscal 2022 first quarter results with strong rebound and record growth one year after the severe onset of the COVID-19 pandemic as the Company witnessed the most significant downturn in its history in the prior year. Despite logistics challenges that impacted our Hooker Branded and Home Meridian segments and some raw material shortages affecting our Domestic Upholstery segment, consolidated net sales increased by 55.7% or $58.3 million as compared to the prior year period with all three reportable segments delivering significant revenue growth, driven by industry-wide ongoing high demand and consumer interest in home furnishings and home-related projects.

The Hooker Branded segment’s net sales increased by $24.2 million or 89% versus the prior year period as incoming orders nearly doubled and finished the quarter with a backlog that more than tripled versus the prior year first quarter end. The majority of Hooker Branded sales are shipped out of U.S. warehouses and because we source product on a consistent weekly basis, we were better able to flow imports from Asia and utilize lower cost freight contracts, which helped reduce the unfavorable impacts of vessel space and container shortages and domestic trucking availability. Additionally, we were also able to sell some slower-moving inventory from our warehouses. As the result of this higher sales volume, transportation cost containment, and to a lesser extent lower discounting, this segment remained highly profitable and contributed over 75% of consolidated operating profit during the quarter.

The Home Meridian segment’s net sales increased by $26.7 million or 46.4% in the fiscal 2022 first quarter versus the fiscal 2021 first quarter due to increased sales with major furniture chains and retail stores driven by increased demand and incoming orders. The Pulaski Furniture, Samuel Lawrence Furniture and Prime Resources International divisions experienced increased incoming orders and reported significantly increased net sales. However, profits on these increased sales were largely offset by higher freight costs as the result of continued global supply chain challenges. Freight costs have a more material and adverse impact on the Home Meridian segment compared to Hooker Branded segment due to relatively lower value of each of Home Meridian’s containers and Home Meridian’s greater reliance on the spot market for container freight. Net sales in the Accentrics Home division, which focuses on the e-commerce channel, increased slightly versus the prior year period as inventory availability had a more adverse impact on its sales, since ecommerce customers generally expect immediate shipment. The HMidea division’s sales to its Club accounts remained stable; however, current sales volumes are not sufficient to fully cover fixed costs at the relatively lower margins in this channel. The Samuel Lawrence Hospitality division was also unprofitable during the quarter due to very low sales volume as a result of continued low building and remodeling activity in the hospitality industry as it continues its slow climb out of the depths of the COVID crisis. The Home Meridian segment finished the quarter with a small operating profit and backlog tripled as compared to the prior year quarter end. Freight surcharges and price increases were imposed during the quarter to try to mitigate these increased costs; however these customer increases often trail the increases passed on by our suppliers.

The Domestic Upholstery segment's net sales increased by $7.7 million or 45.9% in the fiscal 2022 first quarter versus the prior year period due to significantly increased sales volume at all three divisions. (In response to the COVID-19 restrictions and reduced orders, we temporarily closed our manufacturing plants at Bradington-Young and Shenandoah for about a month during the prior year first quarter, and Sam Moore operated at about 50% capacity. As a result, these divisions did not report sales or reported sales at much lower levels during that month.) Although we are encouraged by 156% higher incoming orders during this quarter, we started to experience foam shortages and inflation in certain raw materials, such as foam, lumber, plywood, fabric and mechanisms. These manufacturing constraints led to reduced production levels later this quarter, which adversely impacted sales volume and led to operating inefficiencies in this segment. We believe the foam shortage is beginning to show signs of improvement and we are increasing prices to our customers where possible to offset increased raw material costs.

All Other's net sales decreased by $368,000 or 12.3% as compared to the prior year period due principally to 16.6% sales decrease at H Contract. The senior living industry, which comprises the majority of H Contract's business, has not yet recovered from the COVID-19 crisis. However, we believe the ongoing vaccination progress has helped the senior living industry as H Contract's incoming orders increased by 9.5% during the quarter and backlog was 35% higher than prior year quarter end. Despite the sale decline, H Contract still reported operating income for the quarter. Lifestyle Brands, a new business started in fiscal 2019, also reported a profit.

We used $238,000 generated from operating activities and existing cash on hand to pay $2.2 million of capital expenditures to enhance our business systems and facilities and $2.1 million in cash dividends to our shareholders. Cash and cash equivalents stood at $61.6 million at fiscal 2022 first quarter-end, a decrease of $4.2 million compared to the balance at fiscal 2021 year-end. Meanwhile, our inventory balance increased $11.3 million as production capacity at our Asian suppliers continues to return to pre-pandemic levels. We expect our cash balances to decrease as we continue to build inventories to meet increased customer demand. In addition to our cash balance, we have an aggregate of $28.7 million available under our existing revolver to fund working capital needs, which we believe we have the financial resources to fund our business operations, including weathering the logistics issues, cost increases and production capacity constraints which are currently impacting our industry.

**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** | |
|---|---|---|
| | **May 2, 2021** | May 3, 2020 |
| Net sales | **100%** | 100% |
| Cost of sales | **79.4** | 82.2 |
| Gross profit | **20.6** | 17.8 |
| Selling and administrative expenses | **12.7** | 18.3 |
| Goodwill impairment charges | - | 37.8 |
| Trade name impairment charges | - | 4.6 |
| Intangible asset amortization | **0.4** | 0.6 |
| Operating income/(loss) | **7.5** | (43.4) |
| Interest expense, net | - | 0.2 |
| Income/(Loss) before income taxes | **7.5** | (43.7) |
| Income tax expense | **1.7** | (10.4) |
| Net income/(loss) | **5.8** | (33.3) |

**Fiscal 2022 First Quarter Compared to Fiscal 2021 First Quarter**

| | Net Sales Thirteen Weeks Ended | | | | | |
|---|---|---|---|---|---|---|
| | **May 2, 2021** | % Net Sales | May 3, 2020 | % Net Sales | $ Change | % Change |
| Hooker Branded | **$ 51,339** | **31.5%** | $ 27,162 | 26.0% | $ 24,177 | 89.0% |
| Home Meridian | **84,411** | **51.8%** | 57,665 | 55.1% | 26,746 | 46.4% |
| Domestic Upholstery | **24,492** | **15.1%** | 16,783 | 16.0% | 7,709 | 45.9% |
| All Other | **2,619** | **1.6%** | 2,987 | 2.9% | (368) | -12.3% |
| Consolidated | **$ 162,861** | **100%** | $ 104,597 | 100% | $ 58,264 | 55.7% |

| **Unit Volume** | **FY22 Q1 % Increase vs. FY21 Q1** | **Average Selling Price (ASP)** | **FY22 Q1 % Increase vs. FY21 Q1** |
|---|---|---|---|
| Hooker Branded | **72.2%** | Hooker Branded | **8.5%** |
| Home Meridian | **49.4%** | Home Meridian | **-5.4%** |
| Domestic Upholstery | **43.8%** | Domestic Upholstery | **0.9%** |
| All Other | **-20.5%** | All Other | **6.2%** |
| Consolidated | **51.0%** | Consolidated | **0.6%** |

Consolidated net sales increased significantly due to strong sales in all three reportable segments compared to the prior year period.

- The Hooker Branded segment's net sales increased by 89% as compared to the prior year period due to increased unit volume and ASP, driven by increased demand and lower discounting. A strong retail environment also enabled this segment to sell slower-moving inventory with less promotional and discounting costs.

- The Home Meridian segment's net sales increased due to increased unit volume with major furniture chains and retail stores as the result of strong demand, partially offset by decreased sales in the Samuel Lawrence Hospitality as the hospitality business has not recovered from the pandemic. Accentrics Home net sales increased slightly compared to prior year first quarter as e-commerce sales were more impacted by inventory availability. The ASP decrease was attributable to customer mix.

- The Domestic Upholstery segment's net sales increased due to increased unit volume in all three divisions. In the prior year period, we temporarily shut down Bradington-Young and Shenandoah manufacturing plants and kept the Sam Moore division operating at 50% capacity for a month. In fiscal 2022 first quarter, all three divisions were operated near full capacity in response to increased orders and backlog. However, we saw foam allocations and certain material shortages later in the quarter that limited our production levels and adversely impacted sales volume.

- All Other's net sales decrease was attributable to H Contract, as this division has not yet recovered from the pandemic, partially offset by continued growth at Lifestyle Brands.

| | Gross Profit and Margin Thirteen Weeks Ended | | | | | |
|---|---|---|---|---|---|---|
| | **May 2, 2021** | % Net Sales | May 3, 2020 | % Net Sales | $ Change | % Change |
| Hooker Branded | **$ 17,212** | **33.5%** | $ 8,005 | 29.5% | $ 9,207 | 115.0% |
| Home Meridian | **10,135** | **12.0%** | 6,809 | 11.8% | 3,326 | 48.8% |
| Domestic Upholstery | **5,355** | **21.9%** | 2,783 | 16.6% | 2,572 | 92.4% |
| All Other | **880** | **33.6%** | 1,056 | 35.4% | (176) | -16.7% |
| Consolidated | **$ 33,582** | **20.6%** | $ 18,653 | 17.8% | $ 14,929 | 80.0% |

Consolidated gross profit and margin both increased in the fiscal 2022 first quarter as compared to the prior year period.

- The Hooker Branded segment's gross profit and margin both increased due primarily to the net sales increase as well as lower fixed distribution costs. Product costs benefited from a favorable sourcing mix as we imported a higher portion of product from Vietnam which carried lower costs. The favorable sourcing mix was negatively impacted by higher freight costs and inflation from Asian vendors.

- The Home Meridian segment's gross profit increased in absolute terms and slightly as a percentage of net sales. Freight costs increased 300 bps as compared to prior year period, which was the primary driver of product costs increase. Despite a net sales increase, Home Meridian's gross margins were negatively impacted by some higher-volume but lower-margin sales programs.

- The Domestic Upholstery segment's gross profit and margin increased significantly due to the net sales increases and operating efficiency improvements this segment experienced as compared to the prior year period that included lower sales volumes and operating inefficiencies due to temporary factory shutdowns. However, foam allocations and other critical material shortages began to impact production in the first quarter of fiscal 2022. This led to operating at reduced production volumes and resulted in production inefficiencies which adversely impacted gross profit. Inflation of raw material costs also drove increased product costs in this segment.

- All Other's gross profit and margin decreased in the first quarter due principally to net sales decline at H Contract.

| | Selling and Administrative Expenses (S&A) Thirteen Weeks Ended | | | | | |
|---|---|---|---|---|---|---|
| | **May 2, 2021** | | May 3, 2020 | | $ Change | % Change |
| | | % Net Sales | | % Net Sales | | |
| Hooker Branded | **$ 7,771** | **15.1%** | $ 6,672 | 24.6% | $ 1,099 | 16.5% |
| Home Meridian | **8,936** | **10.6%** | 8,886 | 15.4% | 50 | 0.6% |
| Domestic Upholstery | **3,404** | **13.9%** | 2,949 | 17.6% | 455 | 15.4% |
| All Other | **632** | **24.1%** | 670 | 22.4% | (38) | -5.7% |
| Consolidated | **$ 20,743** | **12.7%** | $ 19,177 | 18.3% | $ 1,566 | 8.2% |

Consolidated selling and administrative ("S&A") expenses increased in absolute terms while decreased as a percentage of net sales in the fiscal 2022 first quarter versus the prior year period.

- The Hooker Branded segment's S&A expenses increased in absolute terms due primarily to increased selling costs as the result of higher net sales, and to a lesser extent increased expenses incurred as part of our ERP system implementation. The increases were partially offset by lower bad debt expenses due to a customer write-off in the prior year and lower advertising supplies and market expenses due to the postponement of the Spring High Point Furniture Market. Hooker Branded segment's S&A expenses decreased as a percentage of net sales due to increased net sales.

- The Home Meridian segment's S&A expenses increased slightly in absolute terms but decreased as a percentage of net sales. The increase was principally attributable to increased selling expenses due to higher net sales, partially offset by decreased travel expenses, decreased professional service expenses and other spending reductions.

- The Domestic Upholstery segment's S&A expenses increased in absolute terms due to increased selling expenses on higher net sales, higher salaries and wages compared to the prior year, when a number of employees were furloughed due to factory shutdowns, and increased depreciation expenses due to the accelerated depreciation of our existing ERP system, partially offset by lower medical claims costs.

- All Other S&A expenses decreased in absolute terms due to decreased selling expenses as well as decreased advertising supply expenses. S&A expenses increased as a percentage of net sales due to lower net sales.

| | Goodwill impairment charges Thirteen Weeks Ended | | | | | |
|---|---|---|---|---|---|---|
| | **May 2, 2021** | % Net Sales | May 3, 2020 | % Net Sales | $ Change | % Change |
| Home Meridian | **$ -** | **0.0%** | $ 23,187 | 40.2% | $ (23,187) | |
| Domestic Upholstery | **-** | **0.0%** | 16,381 | 97.6% | (16,381) | |
| Consolidated | **-** | **0.0%** | 39,568 | 37.8% | (39,568) | |

| | Trade name impairment charges Thirteen Weeks Ended | | | | | |
|---|---|---|---|---|---|---|
| | **May 2, 2021** | % Net Sales | May 3, 2020 | % Net Sales | $ Change | % Change |
| Home Meridian | **$ -** | **0.0%** | $ 4,750 | 8.2% | $ (4,750) | |
| Consolidated | **-** | **0.0%** | $ 4,750 | 4.6% | (4,750) | |

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

| | Intangible Asset Amortization Thirteen Weeks Ended | | | | | |
|---|---|---|---|---|---|---|
| | **May 2, 2021** | % Net Sales | May 3, 2020 | % Net Sales | $ Change | % Change |
| Intangible asset amortization | **$ 596** | **0.4%** | $ 596 | 0.6% | $ - | 0.0% |

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

| | Operating Profit/(Loss) and Margin Thirteen Weeks Ended | | | | | |
|---|---|---|---|---|---|---|
| | **May 2, 2021** | % Net Sales | May 3, 2020 | % Net Sales | $ Change | % Change |
| Hooker Branded | **$ 9,442** | **18.4%** | $ 1,333 | 4.9% | $ 8,109 | 608.3% |
| Home Meridian | **866** | **1.0%** | (30,348) | -52.6% | 31,214 | 102.9% |
| Domestic Upholstery | **1,688** | **6.9%** | (16,810) | -100.2% | 18,498 | 110.0% |
| All Other | **247** | **9.4%** | 387 | 12.9% | (140) | -36.2% |
| Consolidated | **$ 12,243** | **7.5%** | $ (45,438) | -43.4% | $ 57,681 | 126.9% |

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

| | Interest Expense, net Thirteen Weeks Ended | | | | | |
|---|---|---|---|---|---|---|
| | **May 2, 2021** | % Net Sales | May 3, 2020 | % Net Sales | $ Change | % Change |
| **Consolidated interest expense, net** | **$ 31** | **0.0%** | $ 208 | 0.2% | $ (177) | -85.1% |

Consolidated interest expense decreased in fiscal 2022 first quarter primarily due to the payoff of our term loans in fiscal 2021 fourth quarter.

| | Income taxes Thirteen Weeks Ended | | | | | |
|---|---|---|---|---|---|---|
| | **May 2, 2021** | % Net Sales | May 3, 2020 | % Net Sales | $ Change | % Change |
| **Consolidated income tax expense/(benefit)** | **$ 2,773** | **1.7%** | $ (10,869) | -10.4% | $ 13,642 | 125.5% |
| **Effective Tax Rate** | **22.7%** | | 23.8% | | | |

We recorded income tax expense of $2.8 million for the fiscal 2022 first quarter compared to income tax benefit of $10.9 million for the comparable prior year period. The effective tax rates for the fiscal 2022 and 2021 first quarters were 22.7% and 23.8%, respectively.

| | Net Income/(Loss) Thirteen Weeks Ended | | | | | |
|---|---|---|---|---|---|---|
| | **May 2, 2021** | % Net Sales | May 3, 2020 | % Net Sales | $ Change | % Change |
| **Net income/(loss)** | | | | | | |
| **Consolidated** | **$ 9,443** | **5.8%** | $ (34,819) | -33.3% | $ 44,262 | 127.1% |
| **Diluted earnings/(loss) per share** | **$ 0.78** | | $ (2.95) | | | |

**COVID-19**

We monitor information on COVID-19 from the 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, much of our administrative staff are telecommuting. For those administrative staff not telecommuting and our warehouse and domestic manufacturing employees, we have implemented appropriate social distancing policies and have stepped-up facility cleaning at each location. Non-essential domestic travel for our employees has ceased and international travel has been prohibited out-right. Testing, treatment and vaccinations for COVID-19 are 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, we are offering temporary paid leave to employees diagnosed with the virus (and those associates with another diagnosed person or persons in their household) and are working to accommodate associates with child-care issues related to school or day-care closures.

As more state and local governments have eased restrictions on retail activities, we have seen a significant improvement in our business conditions, including order rates, profitability, and financial condition. We continue to cautiously make decisions regarding our financial resources to weather and adapt to changes in market conditions, including any remaining impacts of COVID-19 and future pandemics.

**Outlook**

Our consolidated orders and backlogs are more than double historical norms as we head into the summer months. Given this strong position, we are cautiously optimistic, considering the industry-wide supply chain, logistics and raw materials shortages and inflation.

We continue to manage our logistics issues, with the goal of minimizing costs and maximizing delivery; however, there is no indication that ocean freight container rates will return to pre-COVID-19 levels in the near term. We believe we have mitigated these dynamics as much as possible through surcharges and price increases, but these increases often trail price increases received by logistics partners and suppliers. Additionally, these supply-side factors are unpredictable and often involve frequent, unexpected changes with little or no notice.

We believe that several macroeconomic factors provide a nice path for growth such as the strong housing market and favorable demographics with the large Millennial generation becoming highly engaged in household formation and home furnishings purchases. However, we expect increased competition for consumer discretionary income from industries such as travel, apparel, dining out and in-person events as vaccination rates increase.

While we expect the extraordinary levels of demand for home furnishings to diminish somewhat, we also expect that demand for home furnishings will settle into a higher level of demand than pre-pandemic. We believe we are well positioned to help consumers enhance their homes with comfortable, stylish and quality home furnishings.

**Financial Condition, Liquidity and Capital Resources**

Cash Flows – Operating, Investing and Financing Activities

| | Thirteen Weeks Ended | |
|---|---|---|
| | **May 2, 2021** | May 3, 2020 |
| Net cash provided by operating activities | **$ 238** | $ 18,924 |
| Net cash used in investing activities | **(2,343)** | 131 |
| Cash used in financing activities | **(2,140)** | (3,846) |
| Net (decrease)/increase in cash and cash equivalents | **$ (4,245)** | $ 15,209 |

During the three months ended May 2, 2021, we used a portion of the existing cash and cash equivalent on hand to pay $2.2 million of capital expenditures to enhance our business systems and facilities, $2.1 million in cash dividends, and $155,000 in life insurance premiums on Company-owned life insurance policies.

In comparison, during the three months ended May 3, 2020, we used a portion of the $18.9 million cash generated from operations and $673,000 life insurance proceeds to pay $2.2 million in principal and interest payments on our term loans, $1.9 million in cash dividends, and $162,000 in life insurance premiums on Company-owned life insurance policies.

Liquidity, Financial Resources and Capital Expenditures

Our financial resources include:

- available cash and cash equivalents, which are highly dependent on incoming order rates and our operating performance;
- expected cash flow from operations;
- available lines of credit; and
- cash surrender value of Company-owned life insurance.

We believe these resources are sufficient to meet our business requirements and the payment of dividends through fiscal 2022 and for the foreseeable future, including expected capital expenditures and working capital needs.

*Loan Agreements and Revolving Credit Facility*

We paid off the remaining $24.3 million term loans at the end of fiscal 2021 and currently have one $35 million revolving credit facility (the "Existing Revolver"). The credit facility was provided for in the amended and restated loan agreement (the "Original Loan Agreement"), which we entered into on February 1, 2016 with Bank of America, N. A. ("BofA"). We entered a Second Amended and Restated Loan Agreement dated as of September 29, 2017 (the "Second Amended and Restated Loan Agreement"), a First Amendment to Second Amended and Restated Loan Agreement dated as of January 31, 2019, a Second Amendment to Second Amended and Restated Loan Agreement dated as of November 4, 2020, and a Third Amendment to the Second Amended and Restated Loan Agreement dated as of January 27, 2021. Details of our Existing Revolver are outlined below:

- The facility is available between January 27, 2021 and February 1, 2026 or such earlier date as the availability may terminate or such later date as BofA may from time to time in its sole discretion designate in any extension notice;
- During the availability period, BofA will provide a line of credit to the maximum amount of the Existing Revolver;
- The initial amount of the Existing Revolver is $35 million;
- The sublimit of the facility available for the issuance of letters of credit was increased to $10 million;
- The actual daily amount of undrawn letters of credit is subject to a quarterly fee equal to a per annum rate of 1%;
- We may, on a one-time basis, request an increase in the Existing Revolver by an amount not to exceed $30 million at BofA's discretion; and

- Any amounts outstanding under the Existing Revolver bear interest at a rate, equal to the then current LIBOR monthly rate (adjusted periodically) plus 1.00%. We must also pay a quarterly unused commitment fee at a rate of 0.15% determined by the actual daily amount of credit outstanding during the applicable quarter.

The loan covenants agreed to under the Second Amended and Restated Loan Agreement continue to apply to us. They include 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 2.00:1.00.

- 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.

They also limit our right to incur other indebtedness, make certain investments and create liens upon our assets, subject to certain exceptions, among other restrictions. They do 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 agreements.

We were in compliance with each of these financial covenants at May 2, 2021 and expect to remain in compliance with existing covenants for the foreseeable future. We believe we have the financial resources to fund our business operations, including weathering the logistics issues, cost increases and production capacity constraints which are currently impacting our industry.

*Revolving Credit Facility Availability*

As of May 2, 2021, we had an aggregate $28.7 million available under our Existing Revolver to fund working capital needs. Standby letters of credit in the aggregate amount of $6.3 million, used to collateralize certain insurance arrangements and for imported product purchases, were outstanding under the Existing Revolver as of May 2, 2021. There were no additional borrowings outstanding under the revolving credit facility as of May 2, 2021.

*Capital Expenditures*

We expect to spend approximately $5 million in capital expenditures over the remainder of fiscal 2022 to maintain and enhance our operating systems and facilities. Of those amounts, we expect to spend approximately:

- $3.0 million outfitting a newly built leased warehouse space in Savannah, Georgia that we expect to occupy in the fall of 2021. The facility will consolidate several older, less efficient Home Meridian segment warehouses into a single strategically located distribution facility near the port of Savannah and major interstate highways. We believe this is critical to servicing customers and is expected to reduce transportation costs and increase operating efficiencies; and

- $1.0 million on implementation costs for a new common, cloud-based Enterprise Resource Planning (“ERP”) platform which we expect to be online in our Hooker Branded segment and certain divisions under Domestic Upholstery segment by mid-2022, with other segments following thereafter.

*Enterprise Resource Planning*

In early fiscal 2022, our Board of Directors approved an upgrade to our current ERP system and implementation efforts began shortly thereafter. We expect to implement the ERP upgrade in our Hooker Branded segment and certain divisions under Domestic Upholstery segment by mid calendar 2022, with Home Meridian and Shenandoah divisions following afterwards. To complete the ERP system implementation as anticipated, we will be required to expend significant financial and human resources. We anticipate spending approximately $5.5 million over the course of this project, with a significant amount of time invested by our associates. In the fiscal 2022 first quarter, we spent approximately $400,000 on this project.

*Dividends*

Subsequent to the end of the fiscal 2022 first quarter, on June 3, 2021, our board of directors declared a quarterly cash dividend of $0.18 per share, which will be paid on June 30, 2021 to shareholders of record at June 16, 2021. 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 2021 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 this accounting standard.

**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 the revolving credit facility bears interest based on LIBOR plus 1.0%. As such, this debt instrument exposes us to market risk for changes in interest rates. There was no outstanding balance under our revolving credit facility as of May 2, 2021, other than amounts reserved for standby letters of credit in the amount of $6.3 million.

**Raw Materials Price Risk**

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

**Currency Risk**

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

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

**Item 4. Controls and Procedures**

**Evaluation of Disclosure Controls and Procedures**

Our management, with the participation of our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures as of the end of the fiscal quarter ended May 2, 2021. Based on this evaluation, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures are effective as of May 2, 2021 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 May 2, 2021, 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) |
| 31.1* | Rule 13a-14(a) Certification of the Company's principal executive officer |
| 31.2* | Rule 13a-14(a) Certification of the Company's principal financial officer |
| 32.1** | Rule 13a-14(b) Certification of the Company's principal executive officer and principal financial officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| 101* | Interactive Data Files (formatted as Inline XBRL) |
| 104* | Cover page Interactive Data File (formatted 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: June 10, 2021

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

Exhibit 31.1

**Form 10-Q for the Quarterly Period Ended May 2, 2021**
**SECTION 13a-14(a) CERTIFICATION**

I, Jeremy R. Hoff, 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: June 10, 2021

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

Exhibit 31.2

**Form 10-Q for the Quarterly Period Ended May 2, 2021**
**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: June 10, 2021

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 May 2, 2021 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), each of the undersigned certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of his knowledge:

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

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

Date: June 10, 2021

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

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