HF | HOOKER® FURNISHINGS

2026 Annual Report

hookerfurnishings.com

Transformative Change

To Our Shareholders,

Fiscal 2026 was a year of meaningful change for Hooker Furnishings Corporation.

We operated through a difficult environment, including disruptive tariffs, continued softness in demand, and ongoing pressure across the home furnishings category. At the same time, we made a number of significant decisions that we believe will have a lasting impact on the company.

During the year, we reduced fixed costs by approximately $26.3 million, or 25% of which approximately $17.5 million in fixed cost savings is related to the continuing operations, maintained or grew market share in key areas, launched what we view as the most significant product introduction in our 102-year history, expanded our global logistics capabilities with a container mixing warehouse in Asia, and exited two unprofitable divisions.

None of these actions were easy. All of them were necessary.

Taken together, these actions have meaningfully changed the structure of the business. We are operating with a lower cost base, a more focused portfolio, and a clearer view of where we can create value going forward.

Today, Hooker Furnishings is a leaner and more flexible company. Our breakeven point is lower, our balance sheet is stronger, and we are better positioned to operate in a range of demand environments, not just when conditions are favorable.

Market Environment

Demand in home furnishings continues to be closely tied to existing home sales. Elevated mortgage rates, limited housing turnover, and ongoing affordability pressures have kept activity below historical levels. Consumer confidence has also remained uneven.

Historically, our industry tends to lag housing recovery by several months. While there are some early signs of stabilization, we have not yet seen a sustained improvement in demand. We are managing the business with that reality in mind.

Our Approach to Value Creation

Hooker Furnishings has always taken a long-term view, and that has not changed. We are not focused on managing for a single quarter or pursuing revenue at any cost. Our objective is to build a business that can perform consistently over time, across cycles. That requires discipline, particularly in environments like the one we are in today.

Our priorities remain straightforward:

- Maintain a cost structure that allows us to operate profitably at lower levels of demand
- Allocate capital carefully, with a focus on returns
- Preserve balance sheet strength and flexibility
- Invest where we see clear opportunities to strengthen the business over time


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LUXURY PRIVATE ISLANDS
IC STAYS
MARGARITAVILLE

We believe this approach has served the Company well over many years, and it continues to guide our decisions today.

Fiscal 2026 Highlights
The actions we took during the year are reflected in our results:

- Approximately $26.3 million in annualized cost savings, of which approximately $17.5 million savings is related to the continuing operations
- A reduction in our operating breakeven point, improving our ability to generate profitability across a wider range of demand levels
- Net sales of $278.1 million, down 12.4% year-over-year, driven by lower hospitality sales and a shorter fiscal year
- Gross margin increased 180 basis points and SG&A decreased by $11.9 million, reflecting structural cost improvements
- Operating loss of $16.5 million, primarily due to $15.6 million in non-cash impairment charges
- Hooker Branded returned to profitability, while Domestic Upholstery gross margin improved significantly
- The divestiture of Pulaski Furniture and Samuel Lawrence Furniture, simplifying the portfolio and exiting lower-margin businesses
- A successful launch of the Margaritaville licensed product line, with strong dealer adoption and gallery commitments
- The opening of our Asia container mixing warehouse, with utilization increasing over time
- A reduction in net debt of approximately 84%, to $3.6 million at year-end
- A recalibrated dividend and authorization of a $5 million share repurchase program

These are not short-term fixes. They reflect structural changes to the business.

Operating Discipline
The decisions we made this year were guided by a consistent set of principles:

- Act with integrity and transparency
- Focus on long-term value rather than short-term results
- Maintain a disciplined cost structure
- Be thoughtful in how we allocate capital
- Continue to adapt as conditions change

Those principles are easy to state. They are harder to follow when conditions are challenging. This year required us to make a number of difficult decisions, but they were consistent with how we believe the company should be managed.

Investing for Long-Term Growth
Even as we reduced costs, we continued to invest selectively in areas that we believe will matter over time.

We made changes to our merchandising and marketing approach and we also made progress in improving speed-to-market, with new product introductions moving more quickly than in prior years.

In addition, we are continuing to invest in the underlying capabilities of the business—our systems, our processes, and how we operate as an organization. Initiatives such as Hooker One, along with ongoing investments in our IT and digital infrastructure, are intended to improve execution and better align us with customer expectations.

These are longer-term efforts, but they remain important to our strategy.

Strategic Initiatives

During fiscal 2026, Hooker Furnishings advanced several key strategic initiatives designed to strengthen its competitive position, improve operational efficiency, and support long-term growth. These efforts were focused on expanding the Company's branded lifestyle portfolio, modernizing its digital infrastructure, and optimizing its global supply chain.

Expansion of Branded Lifestyle Portfolio

In fiscal 2026, the Company introduced the Margaritaville Collection, marking a significant expansion of its branded lifestyle strategy. Through an exclusive global license for indoor and outdoor furniture, Hooker Furnishings partnered with Margaritaville to develop a comprehensive home furnishings product line that extends beyond furniture into a broader lifestyle offering.

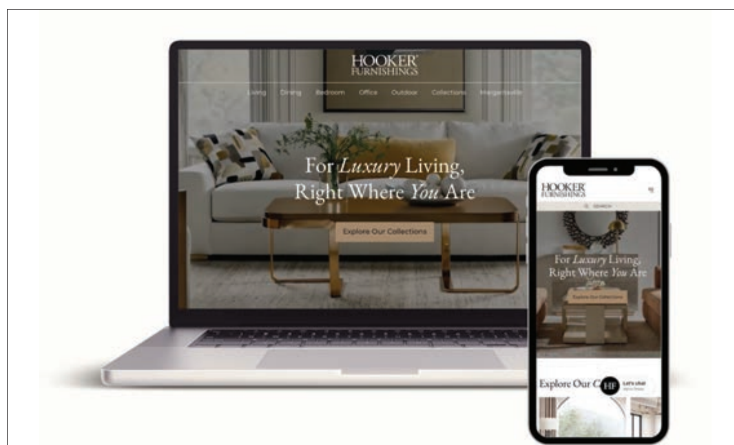
The collection includes multiple design categories spanning casegoods, upholstery, textiles, and décor, enabling a coordinated whole-home presentation. This initiative reflects the Company's ongoing focus on delivering complete lifestyle solutions rather than standalone product categories, supporting larger retail placements and enhanced merchandising opportunities.

The Margaritaville launch also introduces a branded experiential retail program with select retail partners, designed to create immersive in-store environments and strengthen consumer engagement at the point of sale. This program is expected to support increased brand visibility, drive retail traffic, and improve conversion rates.

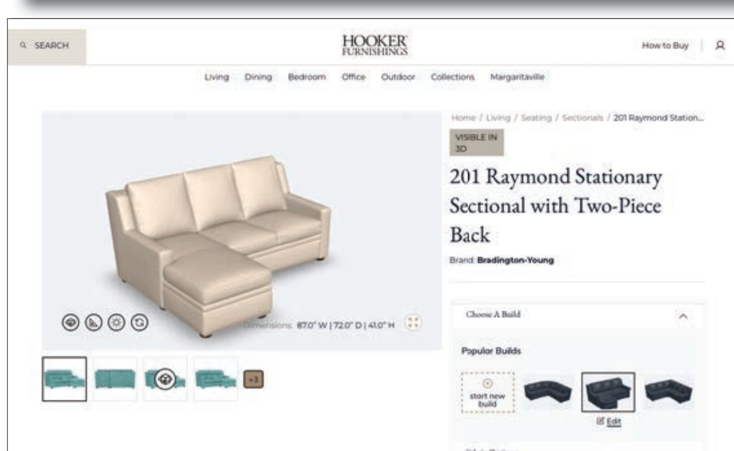
Additionally, the Company is expanding the Margaritaville brand into adjacent home categories through sublicensing arrangements, further extending its reach across the home furnishings ecosystem. This approach aligns with Hooker Furnishings' long-term strategy of leveraging recognized consumer brands to diversify distribution channels and capture incremental revenue opportunities.

Digital Platform and Marketplace Transformation

During the year, the Company also completed the launch of a new website and integrated B2B online marketplace, representing a significant investment in digital infrastructure and customer experience.



The platform centralizes product discovery, configuration, ordering, and account management into a single system, enabling customers and sales representatives to conduct business more efficiently and effectively. Key capabilities include real-time inventory visibility, dynamic product configuration with instant pricing updates, mobile ordering, and enhanced order tracking.



This initiative is designed to reduce operational friction, streamline order entry, and improve speed-to-market for customers. The platform also introduces expanded business intelligence and reporting tools, providing both the Company and its customers with greater visibility into purchasing patterns and performance metrics. The new digital ecosystem represents a foundational step in modernizing the Company's commercial operations. It supports a more scalable, data-driven approach to sales while enhancing the overall customer experience.

Management believes these efforts position the Company to better serve its retail and design partners, enhance competitiveness in a dynamic market environment, and support sustainable long-term growth.

Global Supply Chain Optimization

In fiscal 2026, Hooker Furnishings also advanced its global supply chain strategy with the opening of a 205,000-square-foot warehouse in Vietnam, enhancing the efficiency and flexibility of its sourcing and distribution network.

By positioning inventory closer to its primary manufacturing base, the Company is improving product flow while reducing reliance on domestic warehousing. This shift is expected to lower operating costs, optimize inventory levels, and enhance responsiveness to market demand.

A key component of this initiative is the implementation of a mixed-container program, allowing customers to consolidate products from multiple categories into a single shipment. This approach improves freight efficiency, reduces transportation costs, and provides greater flexibility in ordering.

The Vietnam warehouse model also enables retailers to benefit from meaningful reductions in wholesale product costs, driven by improved sourcing efficiencies, freight optimization, and reduced handling requirements. These cost advantages enhance the value proposition for customers while supporting stronger sell-through and margin opportunities at retail.

The Vietnam facility also supports improved delivery timelines, enabling the Company to reduce lead times and better align inventory availability with customer needs. The warehouse is being implemented in phases, with capacity expected to expand as additional product categories are integrated into the program.

This investment reflects the Company's broader focus on supply chain optimization as a driver of margin improvement and operational resilience.

Positioning for Long-Term Growth
Collectively, these initiatives demonstrate Hooker Furnishings' commitment to executing a balanced strategy that integrates brand expansion, digital transformation, and operational efficiency.

Management believes these strategic actions will enable Hooker Furnishings to better serve its customers, strengthen its competitive position, and create long-term value for shareholders.

Looking Ahead
We are not assuming a near-term recovery in demand. The external environment remains uncertain, and we are planning accordingly. What has changed is how the company is positioned.

We have taken meaningful steps to lower our cost structure, improve our balance sheet, and focus the business on areas where we see the best opportunity for returns. Those changes give us more flexibility in the current environment and, importantly, more upside when conditions improve. The cumulative result is that the Company is in a materially better position today than it was a year ago.

Thank you for your continued support and investment in Hooker Furnishings.

Jeremy R. Hoff
Chief Executive Officer and Director

C. Earl Armstrong III
Senior Vice President -
Finance and Chief Financial Officer

Board of Directors & Executive Officers

Jeremy R. Hoff
Director; Chief Executive Officer - Hooker Furnishings Corporation

C. Earl Armstrong III
Chief Financial Officer, Senior Vice President – Finance, Treasurer – Hooker Furnishings Corporation

W. Christopher Beeler Jr.
Board Chair; Former Chairman - Virginia Mirror Company and Virginia Glass Products

Maria C. Duey
Director; Chief Executive Officer and Founder- Leonine Advisory and Support Services

Paulette Garafalo
Director; Retired Executive Chairman- Paul Stuart

Christopher L. Henson
Director; Retired Head of Banking and Insurance -Truist Financial Corporation; formerly President & Chief Operating Officer - BB&T Corporation (now Truist Financial Corporation)

Paul A. Huckfeldt
Director; Retired Chief Financial Officer – Hooker Furnishings Corporation

Tonya H. Jackson
Director; Retired Senior Vice President and Chief People Officer- Lexmark

Ellen C. Taaffe
Director; Clinical Professor of Management and Organizations, Kellogg School of Management, Northwestern University

Hooker Furniture Board of Directors.
Front Row, left to right:
Christopher Beeler, Jeremy Hoff, Maria Duey, Paulette Garafalo
Back Row, left to right:
Paul Huckfeldt, Ellen Taaffe, Tonya Jackson, Christopher Henson

Executive Officers.
Left to right: Jeremy Hoff, Earl Armstrong

HF HOOKER® FURNISHINGS

CORPORATE DATA

CORPORATE OFFICES
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P.O. Box 4708
Martinsville, VA 24115
276-632-2133

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Newark, NJ 07101
Email: helpAST@equiniti.com

LEGAL COUNSEL
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Gateway Plaza
800 East Canal Street
Richmond, VA 23219

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
KPMG LLP
Suite 850
4242 Six Forks Road
Raleigh, NC 27609

ANNUAL MEETING
The Annual Meeting of Shareholders of Hooker Furnishings Corporation will be held on Tuesday, June 9, 2026 at the Hooker Furnishings Corporation Corporate Offices, 440 East Commonwealth Blvd. Martinsville, VA 24112.

ANNUAL REPORT ON FORM 10-K
Hooker Furnishings Corporation's Annual Report on Form 10-K, included herein, is also available on our website at hookerfurnishings.com. A free copy of our Form 10-K may also be obtained by contacting Donna Adams, Corporate Controller and Secretary at the corporate offices of the Company or at CorpSec@hookerfurnishings.com.

QUARTERLY FINANCIAL INFORMATION
Quarterly Financial results are announced by press releases that are available at hookerfurnishings.com in the "Investor Relations" section. The Company's quarterly reports on Form 10-Q are also available at hookerfurnishings.com.

This 2026 Annual Report contains forward-looking statements, including discussions about our strategy and expectations regarding our future performance, which are subject to various risks and uncertainties. Factors that could cause actual results to differ materially from management's projections, forecasts, estimates and expectations include, but are not limited to, the factors described in our annual report on Form 10-K, which is included as part of this report, including under "Item 1- Business—Forward-Looking Statements" and "Item 1A. Risk Factors." 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.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

Form 10-K

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended **February 1, 2026**

Commission file number **000-25349**

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

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

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

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

(Former name, if changed since last report)

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**

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant’s executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant’s most recently completed second fiscal quarter: $94.9 million.

Indicate the number of shares outstanding of each of the registrant’s classes of common stock as of April 10, 2026:

Common stock, no par value	**10,779,729**
(Class of common stock)	*(Number of shares)*

Documents incorporated by reference: Portions of the registrant’s definitive Proxy Statement for its Annual Meeting of Shareholders scheduled to be held June 9, 2026 are incorporated by reference into Part III.

Hooker Furnishings Corporation

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All references to 2026, 2025, 2024, 2023, and 2022 or other years are referring to our fiscal years, unless otherwise stated. Our fiscal years end on the Sunday closest to January 31, with fiscal 2026 ending on February 1, 2026. Our quarterly periods are based on thirteen-week "reporting periods" (which end on a Sunday) rather than quarterly periods consisting of three calendar months. As a result, each quarterly period generally is thirteen weeks, or 91 days long, except as noted below. In some years (generally once every six years) the fourth quarter will be fourteen weeks long and the fiscal year will consist of fifty-three weeks. The 2026 fiscal year that ended on February 1, 2026 was a 52-week fiscal year. The previous fiscal year, which ended February 2, 2025, was a 53-week fiscal year.

All references to the "Company," "we," "us" and "our" in this document refer to Hooker Furnishings Corporation and its consolidated subsidiaries, unless specifically referring to segment information. The Hooker Branded segment includes Hooker Casegoods and Hooker Upholstery. The Domestic Upholstery segment includes Bradington-Young, HF Custom (formerly Sam Moore), Shenandoah Furniture and Sunset West. "All Other" includes intercompany eliminations and operating segments that are not individually reportable. During fiscal 2026, the Company completed the divestiture of the Pulaski Furniture ("PFC") and Samuel Lawrence Furniture ("SLF") casegoods brands, formerly part of the Home Meridian segment. As the PFC and SLF businesses have been classified as discontinued operations, the remaining Home Meridian business no longer qualified as a reportable segment, and the Home Meridian segment was eliminated. The Samuel Lawrence Hospitality product line is reported within All Other.

Forward-Looking Statements

Certain statements made in this report, including statements under Part II, Item 7. "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 negative thereof, or other variations thereon, or comparable terminology, or by discussions of strategy. Forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. Those risks and uncertainties include but are not limited to:

(1) adverse political acts or developments affecting the international markets from which we import products and certain components used in our Domestic Upholstery segment, including the imposition of duties or tariffs by the U.S. or foreign governments, such as the tariffs under Section 301, antidumping and countervailing duty orders on raw materials like timber and lumber, the potential for additional or higher reciprocal tariffs on imports from key sourcing countries, and other trade restrictions, could affect our supply chain and increase our costs, and adversely affect our sales, earnings, and liquidity;

(2) general economic or business conditions, both domestically and internationally, including the current macroeconomic uncertainties and challenges to the retail environment for home furnishings along with instability in the financial and credit markets, in part due to elevated interest rates and housing market volatility, which can affect consumer spending patterns, existing home sales, and demand for home furnishings, including their potential impact on (i) our sales, operating costs and access to financing, (ii) our customers, and (iii) our suppliers and their ability to obtain financing or generate the cash necessary to conduct their respective businesses;

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

(4) 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;

(5) achieving and managing growth and change, and the risks associated with new business lines including the Margaritaville launch occurring in the second half of fiscal 2027, acquisitions, the selection of suitable acquisition targets, restructurings, strategic alliances and international operations;

(6) risks associated with the ultimate outcome of our cost reduction efforts, including the amounts and timing of savings realized and the ability to scale the business appropriately as customer demand increases or decreases based on the macroeconomic environment;

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

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

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

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

(11) the risks associated with our Amended and Restated Loan Agreement, including the fact that our asset-based lending facility is secured by substantially all of our assets and contains provisions which limit the amount of our future borrowings under the facility, as well as financial and negative covenants that, among other things, may limit our ability to incur additional indebtedness;

(12) 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;

(13) risks associated with our self-insured healthcare and workers compensation plans, which utilize stop-loss insurance for aggregate claims above specified thresholds and can be impacted by higher healthcare inflation and expenditures, all of which may cause our healthcare and workers compensation costs to rise unexpectedly, adversely affecting our earnings, financial condition, and liquidity;

(14) disruptions and damage (including those due to weather) affecting our Virginia or North Carolina warehouses, our Virginia, North Carolina or California administrative and manufacturing facilities, our High Point, Las Vegas, and Atlanta showrooms or our representative office or warehouse in Vietnam;

(15) 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;

(16) risks associated with product defects, including higher than expected costs associated with product quality and safety, regulatory compliance costs related to the sale of consumer products and costs related to defective or non-compliant products, product liability claims and costs to recall defective products and the adverse effects of negative media coverage;

(17) the direct and indirect costs and time spent by our associates related to the implementation of our Enterprise Resource Planning system (“ERP”), including costs resulting from unanticipated disruptions to our business;

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

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

(20) price competition in the furniture industry;

(21) changes in consumer preferences, including increased demand for lower-priced furniture, especially in light of recently imposed tariffs on imported furniture;

(22) 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;

(23) decisions concerning the allocation of capital including the extent to which we repurchase shares of our common stock which will affect shares outstanding and earnings per share (EPS); and

(24) future actions by activist stockholders that could divert management attention, create uncertainty around our strategic direction, disrupt relationships with key shareholders, increase our costs, drive stock price volatility, and otherwise materially impact our business, financial condition, results of operations, and cash flows.

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” below.

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.

Hooker Furnishings Corporation
Part I

ITEM 1. BUSINESS

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

During fiscal 2026, management determined that the Pulaski Furniture ("PFC") and Samuel Lawrence Furniture ("SLF") brands within the Home Meridian segment no longer aligned with the Company's long-term strategic direction. In recent years, the value-priced PFC and SLF businesses have faced substantial sales declines due to adverse macroeconomic conditions, including elevated housing prices and mortgage rates that have weakened the housing market, reduced consumer discretionary spending, inflationary pressures, and ongoing tariffs. These uncontrollable factors disproportionately affected the higher-volume, low-margin business model under which these brands operate. Despite implementing organizational restructuring and cost-reduction initiatives, the model no longer supports the Company's strategy of achieving sustainable, long-term profitability. We believe that divesting the PFC and SLF businesses allows management to realign our portfolio around our strongest brands and position the Company for consistent, long-term performance.

On December 1, 2025, the Company entered into an Asset Purchase Agreement with a buyer to sell the PFC and SLF casegoods brands, including specified assets and liabilities associated with those brands. The Company will retain the Samuel Lawrence brand in connection with the operation of its hospitality business. On December 12, 2025, the Company completed the sale and received approximately $5.5 million in cash, representing the estimated net book value of the assets at closing less a holdback amount of approximately $611,000, in accordance with the terms of the agreement. Following their sale, the Home Meridian segment was eliminated, with its remaining Samuel Lawrence Hospitality brand reclassified into the "All Other" category. This divestiture represents a strategic shift for the Company and is expected to result in a significant change in the Company's operations and financial reporting.

The analysis presented herein excludes discontinued operations, except where otherwise indicated.

Reportable Segments

Furnishings sales account for all of our net sales. For financial reporting purposes and as described further below, we are organized into two reportable segments, Hooker Branded and Domestic Upholstery. Our other businesses that are not individually reportable and intercompany eliminations are aggregated into "All Other". See Note 17 -Segment Information to our Consolidated Financial Statements for additional financial information regarding our operating segments.

Products

Our product lines cover the design spectrum of residential furnishings: traditional, contemporary and transitional. Further, our product lines are in the "good", "better" and "best" product categories, which carry medium and upper price points. Hooker Furnishings Corporation consists of the following two operating segments and "All Other":

- The Hooker Branded segment which includes two businesses:

  Hooker Casegoods, which covers a wide range of design categories and includes home entertainment, home office, accent, dining and bedroom furniture in the upper-medium price points sold under the Hooker Furniture brand; and

  Hooker Upholstery, imported upholstered furniture targeted at the upper-medium price-range.

- The Domestic Upholstery segment which includes the following operations:

  Bradington-Young, a seating specialist in upscale motion and stationary leather furniture;

  HF Custom (formerly Sam Moore Furniture), a specialist in fashion forward custom fabric upholstery offering a selection of chairs, sofas, sectionals, recliners and a variety of accent upholstery pieces;

  Shenandoah Furniture, an upscale upholstered furniture business specializing in private label sectionals, modulars, sofas, chairs, ottomans, benches, beds and dining chairs in the upper-medium price points for lifestyle specialty retailers; and

  Sunset West, a designer and manufacturer of comfortable, stylish and high-quality outdoor furniture.

- All Other consisting of:

  Samuel Lawrence Hospitality, a designer and supplier of hotel furnishings targeted toward four and five-star hotels; and

  Operating segments that are not individually reportable and intercompany eliminations.

Sourcing

Imported Products

We have sourced products from foreign manufacturers for over thirty years, predominantly from Asia. Imported casegoods and upholstered furniture together accounted for approximately 60%, 64%, and 63% of our net sales in fiscal 2026, fiscal 2025, and fiscal 2024, respectively.

Our imported furniture business is subject to inherent risks in importing products manufactured abroad, including, but not limited to: policies and regulations affecting trade or the application of tariffs, such as the imposition of duties or tariffs by the U.S. administration or foreign governments, supply disruptions and delays due to a variety of reasons, including our foreign suppliers' factory capacities, factory shutdowns and delays, fluctuations in ocean freight costs, container and vessel space availability, currency exchange rate fluctuations, as well as economic and political developments and instability, affecting the countries from which we source imported home furnishings and components.

Because of the large number and diverse nature of the foreign suppliers in Vietnam, China, Mexico, India, and Malaysia from which we source our imported products, we have flexibility in the sourcing of products among any particular supplier or country. However, a disruption in our supply chain from a major supplier or from Vietnam in general, could significantly compromise our ability to fill customer orders for products manufactured at that factory or in that country. Supply disruptions and delays on selected items could occur for six months or longer. If we were unable to obtain those products from alternative sources or at a comparable cost, our sales, earnings and liquidity could be adversely affected.

Given the sourcing capacity available in Vietnam and other low-cost producing countries such as China, Mexico, Malaysia, and India, as well as our supply chain diversification efforts, we believe the risks from these potential supply disruptions are manageable in the long-term. However, our insight into the probability of a wide scale global or regional disruptions, such as changes in trade policies and tariffs, pandemics, geopolitical conflicts, significant disruptions in global transportation networks, remains limited. Ongoing geopolitical conflicts have disrupted global energy markets, resulting in increased energy costs and reduced fuel availability that have raised manufacturing, transportation, and raw material costs, which could adversely affect our supply chain and operating expenses. See Item 1A, "Risk Factors" for additional information on our risks related to imported products.

For imported products, we generally negotiate firm pricing with foreign suppliers in U.S. Dollars, typically for a term of at least one year. However, under certain circumstances, we may re-negotiate pricing during the year. We accept the exposure to exchange rate movements during these negotiated periods. We do not use derivative financial instruments to manage this risk but could choose to do so in the future. Since we transact our imported product purchases in U.S. Dollars, a relative decline in the value of the U.S. Dollar compared to the currencies from which we obtain our imported products could increase the price we pay for imported products beyond the negotiated periods. We generally expect to reflect substantially all of the effects of any price increases from suppliers in the prices we charge for imported products. However, these price changes could adversely impact sales volume and profit margin during the affected periods, and potential competitive pricing pressures could limit the Company's ability to pass cost increases to vendors or customers. Additionally, we generally do not apply price increases on order backlog, which could adversely affect our earnings. Conversely, a relative increase in the value of the U.S. Dollar compared to the currencies from which we obtain our imported products could decrease the cost of imported products and favorably impact net sales and profit margins during the affected period. However, due to other factors, such as inflationary pressure, we may not fully realize savings when exchange rates fall. Therefore, lower exchange rates may only have a tempering effect on future price increases by merely delaying cost increases on imported products. See Item 7A. "Quantitative and Qualitative Disclosures About Market Risk."

Raw Materials

Significant materials used in manufacturing our domestic upholstered furniture products include leather, fabric, foam, wooden and metal frames and electronic mechanisms. Most of the leather is imported from Italy and South America and is purchased as full hides and cut and sewn in our facilities or is purchased as pre-cut and sewn kits processed by our vendors to our pattern specifications. We believe our sources for raw materials are adequate and that we are not overly dependent on any one supplier. Our five largest domestic upholstery suppliers accounted for 30% of our raw materials purchases for domestic upholstered furniture manufacturing operations in fiscal 2026. Should disruptions with these suppliers occur, other than macro disruptions affecting all such suppliers, we believe we could successfully source these products from other suppliers without significant disruption to our operations. After the implementation of the initial reciprocal tariffs in April 2025 and subsequent tariffs imposed under Section 232, we have experienced price increases in certain imported raw materials, including fabrics, steel, and hides. Generally, we seek to mitigate the impact of these tariffs through negotiations with our suppliers and other cost management initiatives. However, if we are unable to offset the tariff costs on these imported materials, it may lead to increased product costs, potentially adversely affecting net sales and profit margins.

Customers

Our home furnishings products are sold through a variety of retailers including independent furniture stores, department stores, mass merchants, national chains, catalog merchants, interior designers, and e-commerce retailers. No single customer accounted for more than 10% of our consolidated sales in fiscal 2026. Our top five customers accounted for approximately 26% of our fiscal 2026 consolidated sales. The loss of any one or more of these customers would have a material adverse impact on our business. Less than 1% of our sales in fiscal 2026 were to international customers. We define sales to international customers as sales to customers outside of the United States and Canada since our independent domestic sales force services both countries.

Competition

The furniture industry is highly competitive and includes a large number of foreign and domestic manufacturers and importers, none of which dominates the market in our price points. While the markets in which we compete include a large number of relatively small and medium-sized manufacturers, certain competitors have substantially greater sales volumes and financial resources than we do. U.S. imports of furniture produced overseas, such as from Vietnam and China, have stabilized in recent years. The primary competitive factors for home furnishings in our price points include price, style, availability, service, quality and durability. Competitive factors in the hospitality and contract furniture markets include product value and utility, lead times, on-time delivery and the ability to respond to requests for special and non-standard products. We believe our design capabilities, ability to import and/or manufacture upholstered furniture, product value, longstanding customer and supplier relationships, significant sales, distribution and inventory capabilities, ease of ordering, financial strength, experienced management and customer support are significant competitive advantages.

Warehousing and Distribution

We distribute furniture to retailers directly from factories and warehouses in Asia via our container direct programs and from our facilities in Virginia, North Carolina and California, and in limited cases, from customer operated warehouses in strategic locations. During fiscal 2026, we completed the planned exit of the Georgia warehouse, which primarily supported the discontinued PFC and SLF businesses. In addition, we launched a new Vietnam warehouse in May 2025 to support our container direct program and enhance our international logistics capabilities. This transition has reduced direct container lead times from approximately six months to four to six weeks, improving customer service, optimizing U.S. inventory levels, and enabling greater container customization while reducing reliance on domestic warehousing. When implementing these changes, we considered the timing and magnitude of restructuring charges, anticipated cost savings, and the potential impact on net sales and earnings.

Working Capital Practices

Inventory

We generally import casegoods inventory and certain upholstery items in amounts that enable us to meet the delivery requirements of our customers, our internal in-stock goals and minimum purchase requirements from our sourcing partners. The majority of products in the Hooker Branded segment are shipped from our U.S. warehouses. Our Domestic Upholstery segment products are made to order and shipped shortly after they are produced; however, this segment carries significant amounts of raw materials for production. We do not carry significant amounts of hospitality products, as most of these products are built to order and are shipped shortly after their manufacture directly to the customer.

Accounts receivable

Substantially all of our trade accounts receivable are due from retailers and dealers that sell residential home furnishings or commercial purchasers of our hospitality and senior living products, which consist of a large number of entities with a broad geographic dispersion. We perform credit evaluations of our customers and generally do not require collateral. For qualified customers, we offer payment terms, generally requiring payment 30 days from shipment. However, we may offer extended payment terms in certain circumstances, including promoting sales of our product. We purchase accounts receivable insurance on certain customers if their risk profile warrants it and the insurance is available. Due to the highly customized nature of our hospitality products, we typically require a 50% deposit upon order, a 40% deposit before goods reach a U.S. port and the remaining 10% balance due within 30 days of the receipt of goods by the customer. For our outdoor furnishings, smaller orders require full prepayment and most larger orders require a 50% deposit upon order and the balance when production is started. Additionally, some customers request and qualify for payment terms.

Accounts payable

Payment for our imported products warehoused first in Asia is due 10 to 14 days after our quality audit inspections are complete and the vendor invoice is presented. Payment for goods which are shipped to our U.S. warehouses or container direct to our customers FOB Origin (free on board origin, which means the buyer is responsible for the costs and liability of the freight during transport) is generally due upon proof of lading onto a U.S.-bound vessel and invoice presentation; however, payment terms, depending on the supplier, can stretch up to 45 days from invoice date. Payment terms for domestic raw materials and non-inventory related charges vary but are generally 30 days from invoice date.

Order Backlog

At February 1, 2026, our backlog of unshipped orders was as follows:

	Order Backlog (Dollars in 000s)			
	February 1, 2026		February 2, 2025	
Reporting Segment	**Dollars**	**Weeks**	Dollars	Weeks
Hooker Branded	**$ 16,490**	**5.8**	$ 13,108	4.6
Domestic Upholstery	**19,557**	**9.1**	18,123	8.4
All Other	**7,807**	**20.3**	5,390	5.5
Consolidated	**$ 43,854**	**8.2**	$ 36,621	6.1

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

We generally consider backlogs to be one helpful indicator of sales for the upcoming 30-day period, but because of our relatively quick delivery and our cancellation policies, we do not consider order backlogs to be a reliable indicator of expected long-term sales.

At the end of fiscal 2026, our consolidated order backlog increased $7.2 million, or 20%, as compared to the prior year-end. Backlog increased across Hooker Branded, Domestic Upholstery, and All Other. The increases in Domestic Upholstery and All Other were driven by higher incoming orders at Shenandoah and SLH. The increase in the Hooker Branded segment was also attributed to shipment timing, including vendor delays and weather-related disruptions affecting U.S. shipments.

Seasonality

Generally, sales in our fiscal first quarter are lower than our other fiscal quarters due to the post-Lunar New Year shipping lag and sales in our fiscal fourth quarter are generally stronger due to the pre-Lunar New Year surge in shipments from Asia.

Environmental Matters

As a part of our business operations, our manufacturing sites generate both non-hazardous and hazardous waste; the treatment, storage, transportation and disposal of which are subject to various local, state and federal laws relating to environmental protection. Our policy is to record monitoring commitments and environmental liabilities when expenses are probable and can be reasonably estimated. The costs associated with our environmental responsibilities, compliance with federal, state and local laws regulating the discharge of materials into the environment, or costs otherwise relating to the protection of the environment, have not had and are not expected to have a material effect on our financial position, results of operations, capital expenditures or competitive position.

We are actively working to refine and align our environmental stewardship based on current best practices, shareholder expectations and regulatory developments through our Environmental, Social and Governance (ESG) focused employee committee called CARE (Community Action & Responsibility for our Environment). It regularly updates management and updates the Board at least quarterly on these initiatives. We note the following recent and ongoing activities and new developments:

- We have put in place several initiatives focused on promoting sustainability and preserving natural resources. We maintain an annual Greenhouse Gas (GHG) emissions inventory and verification.

- Since 2021, we have started projects to reduce our carbon footprint by investment in renewable energy and in projects to reduce energy consumption. We have purchased renewable energy from solar farms for several domestic manufacturing facilities since 2022. Sunset West and HF Custom (formerly Sam Moore) are operating on 100% renewable energy. All remaining facilities will be added as renewable energy programs are available in those locations. We are recognized as an Appalachian Power 2024 Top Performer for energy efficiency in the Martinsville area.

- We continue to partner with the Arbor Day Foundation, the Sustainable Furnishings Council, and the Eco Ambassador Council for their commitment to environmental responsibility and sustainability, including financial assistance, educating employees on the necessity of preserving and replenishing resources, and supporting various projects within the Dan River Basin area. We also support the Virginia Museum of Natural History's Cultural Heritage Monitoring lab, which provides global monitoring capability for cultural heritage sites threatened by armed conflict and natural disaster.

Human Capital Resources

As of February 1, 2026, we had 840 full-time employees, of which 298 were employed in our Hooker Branded segment and 542 were employed in our Domestic Upholstery segment. By geographical area, 756 employees were located in the United States and 84 were located in Asia. None of our employees are represented by a labor union. We consider our relations with our employees to be good.

Our employees are critical to our success, and we are committed to attracting, developing, and retaining top talent to drive our business forward. The core values of our Company include integrity, caring and inclusivity that affirms every individual. Our leadership team is committed to fostering an environment where everyone is welcomed, respected, listened to and valued for their unique contributions to the organization, and to providing a work environment that is free from all forms of harassment, discrimination and inequality. We recruit, employ, train, promote and compensate our employees without regard to race, ethnicity, age, gender, gender identity, religion, national origin, citizenship, marital status, veteran's status, disability or any other characteristic protected by applicable federal, state, or local law. All facilities have established human resource departments with formal hiring processes and controls in place to ensure ethical and fair hiring practices. Some of the action steps we have taken recently or are working on currently include:

- We carefully evaluate the overall compensation and benefits packages regularly to ensure the economic security, health, and safety of our employees, including;
  - compensating employees competitively relative to the industry and local labor markets, and in accordance with all applicable federal, state, and local wage, work hour, overtime, and benefits laws; and
  - providing affordable and comprehensive health benefits to employees focused on financial, emotional, and physical health and well-being, including a standardized process of reporting worker's compensation claims which we believe promotes the health and safety of our employees.
- We maintain standardized safety procedures and training at all locations including established safety committees, under the leadership of our Director of Facilities & Safety, which consist of management and employee representatives, with tasks of identifying and reporting hazards and unsafe work practices, removing obstacles to accident prevention, and minimizing the risks of accidents, injury and impacts on health. We are committed to implementing and improving safety measures to achieve a safe, healthy, secure, and productive workplace;
- We are committed to employees' professional success and growth by providing extensive safety training, on-the-job coaching, formal training sessions, and online learning resources. The Company also provides continuing education opportunities, including an independently operated educational foundation originally funded by the Company, comprehensive leadership development programs, and a renewable tuition reimbursement program to children and spouses of all employees, excluding family members of current and former executive officers and board directors;
- We are committed to fostering a culture of opportunity and respect for all members of our team. We have done this by:
  - Expanding Talent Pipelines
    - We expanded our Furniture Market Internship, providing aspiring professionals with hands-on experience and exposure to the furniture industry in areas such as customer service, hospitality, marketing, and sales.
    - We established a formal summer internship program aligned with roles of interest for recent graduates. The program is designed to rotate among departments over time, based on organizational needs and business priorities.
    - We continued our focus on building diverse talent pipelines through sustained engagement with local colleges and universities and participation in career-related events. In addition, our staff participated in career readiness focused events.
  - Enhancing Employee Training
    - We completed the implementation of feedback and conflict management training for people leaders and continue to provide ongoing training to reinforce effective workplace communication and a collaborative environment.
    - We continue to plan future training initiatives aimed at enhancing workforce effectiveness and supporting a high-performing, results-oriented organization.

- Strengthening Community Partnerships

  - We continue to maintain and grow community partnerships in the communities where our employees live and work. Our employees dedicate their time to community engagement activities, and the Company supports fundraising initiatives benefiting a range of causes.

  - In calendar 2025, we participated in job fairs, workshops, and university events, providing resume reviews, mock interviews, and insights into careers at Hooker Furnishings to strengthen community ties and support workforce development. Additionally, our staff participated in speaker panels focused on career readiness.

- We maintain a Code of Business Conduct and Ethics. All employees are required to sign off on the Code at hiring and reaffirm their understanding and compliance with the Code, as well as anti-corruption, cybersecurity and anti-bribery training. In addition, the Company has both import and domestic suppliers to sign a Vendor Code of Conduct. The Company also has audits in place for both Environmental Social and Governance (ESG) and the US Customs Trade Partnership Against Terrorism certification (CTPAT) and conducts them every 6 months and produces a scorecard that can be used in future purchasing decisions based upon the vendor's performance. The CTPAT audit process involves a comprehensive self-assessment of our supply chain covering facilities, logistics, and personnel, IT, etc., and the implementation of security best practices, to ensure our entire supply chain is secure. This self-assessment is ultimately audited by US Customs and Border Protection. Adherence to this program allows for quicker processing of shipments through US Customs. Our ESG audit involves a systematic evaluation of our performance across the ESG spectrum aiming to identify strengths, weaknesses, opportunities, and risks, and to provide stakeholders with a comprehensive view of our sustainability efforts and adherence to ESG principles.

Patents and Trademarks

The Hooker Furnishings, Hooker Furniture, Bradington-Young, Sam Moore, Samuel Lawrence Hospitality, Shenandoah, H Contract, Sunset West, HF Custom and BOBO trade names represent many years of continued business. We believe these trade names are well-recognized and associated with quality and service in the furnishings industry. We also own a number of patents and trademarks, both domestically and internationally, none of which is considered to be material.

Governmental Regulations

Our company is subject to U.S. federal, state and local laws and regulations in the areas of safety, health, employment and environmental pollution controls, as well as U.S. and international trade laws and regulations, including tariffs. We are also subject to foreign laws and regulations. In the past, compliance with these laws and regulations has not had any material effect on our earnings, capital expenditures or competitive position in excess of those affecting others in our industry; however, the effect of compliance in the future cannot be predicted. We believe we are in material compliance with applicable U.S. and international laws and regulations.

Additional Information

You may visit us online at hookerfurnishings.com, shenandoahfurniture.com, slh-co.com, and hcontractfurniture.com. We make available, free of charge through our Hooker Furnishings website hookerfurnishings.com, our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, amendments to those reports, and other documents as soon as practical after they are filed with or furnished to the Securities and Exchange Commission ("SEC"). A free copy of our annual report on Form 10-K may also be obtained by contacting Earl Armstrong, Chief Financial Officer and Senior Vice-President Finance at CorpSec@hookerfurnishings.com or by calling 276-632-2133.

ITEM 1A. RISK FACTORS

Our business is subject to a variety of risks. The risk factors discussed below should be considered in conjunction with the other information contained in this annual report on Form 10-K. If any of these risks actually materialize, our business, results of operations, financial condition or future prospects could be negatively impacted. These risks are not the only ones we face. There may be additional risks that are presently unknown to us or that we currently believe to be immaterial that could affect us.

Economic downturns could result in decreased sales, earnings and liquidity.

The furniture industry is particularly sensitive to cyclical variations in the general economy and the current macro-economic conditions that affect consumer spending. Economic uncertainty, including persistent inflationary pressures, elevated interest rates, and the slow housing market, may negatively impact consumer confidence and discretionary spending. Home furnishings purchases are generally considered discretionary and may be postponed by consumers during periods of economic downturns or reduced household purchasing power.

Demand for our products is influenced by a number of macroeconomic factors, including changes in interest rates, consumer confidence, new housing starts, existing home sales, the availability of consumer credit and broader national or geopolitical factors. In recent years, the housing market has experienced periods of slowdown due in part to higher mortgage rates and affordability challenges, which have adversely affected demand of home furnishings. In addition, higher interest rates and tighter credit conditions reduce discretionary consumer spending, which in turn may reduce demand for home furnishings.

A recovery in our sales could lag significantly behind a general recovery in the economy after an economic downturn, due to, among other things, the nature and relatively significant cost of home furnishings purchases resulting in a temporary shift in consumer discretionary spending away from home furnishings, or scarcity of transportation and Asian manufacturing capacity during times of increased demand. Additionally, most of our sales are of wooden or metal Casegoods products, which have a slower replacement cycle than our upholstered home furnishings products.

These factors also impact retailers, who are our primary customers. If our retail customers experience reduced consumer demand, increased financial pressure, or inventory adjustments in response to economic conditions, our sales, earnings, financial condition and liquidity could be adversely affected.

We rely on offshore sourcing from Vietnam for most of our sales and source other products internationally as well. Consequently:

- **Potential future increases in tariffs or new tariffs imposed on other countries from which we source, including Vietnam, China, or Mexico, could adversely affect our business.**

  Changes in U.S. trade policies, including the imposition of new tariffs, increases in existing tariffs, or other trade restrictions, could adversely affect our business. A significant portion of our products is sourced from foreign manufacturers, including Vietnam and China, which accounted for 87% and 5% of our total imports in fiscal 2026, respectively. As a result, our cost of goods sold and supply chain could be significantly affected by changes in tariffs or other trade measures imposed by the U.S. or other countries. Inability to mitigate the tariff impact and reduce product costs, pass through price increases or find other suitable manufacturing sources may have a material adverse impact on sales volume, earnings and liquidity. In addition, the tariffs, and our responses to the tariffs, may cause our products to become less competitive due to price increases or less profitable due to lower margins.

  Changes in trade policies could also disrupt established sourcing strategies, require us to shift production to alternative countries or suppliers, and increase supply chain complexity. In response to evolving trade policies, we have taken steps in recent years to diversify our sourcing base and reduce reliance on certain countries, including shifting a portion of our sourcing from China to other countries such as Vietnam and Mexico. However, these efforts may not fully mitigate the impact of tariffs or other trade restrictions. Alternative sourcing locations may have higher production costs, limited manufacturing capacity, or logistical challenges that could increase costs or disrupt supply. The scope, timing, and duration of tariffs and other trade restrictions remain uncertain. Further increases in tariffs or expansion of countries and products subject to tariffs could materially increase the cost of goods sold and adversely affect our operating results, financial condition, and cash flows.

- **Our inability to accurately forecast demand for our imported products could cause us to purchase too much, too little or the wrong mix of inventory.**

  Manufacturing and delivery lead times for our imported products necessitate that we make forecasts and assumptions regarding current and future demand for these products. If our forecasts and assumptions are inaccurate, we may purchase excess or insufficient amounts of inventory. If we purchase too much or the wrong mix of inventory, we may be forced to sell it at lower margins, which could adversely affect our sales, earnings, financial condition and liquidity. These risks may be even more pronounced with new product launches, like our current Margaritaville product launch. If we purchase too little or the wrong mix of inventory, we may not be able to fill customer orders and may lose market share and weaken or damage customer relationships, which also could adversely affect our sales, earnings, financial condition and liquidity.

- **A disruption in supply from Vietnam or from our most significant suppliers in Asia could adversely affect our ability to timely fill customer orders for these products and decrease our sales, earnings and liquidity.**

  In fiscal 2026, imported products sourced from Vietnam accounted for 87% of our import purchases and our top five suppliers in Vietnam accounted for 69% of our fiscal 2026 import purchases. Our supply chain could be adversely impacted by the uncertainties of health concerns such as COVID-19 or similar pandemics and governmental restrictions. A disruption in our supply chain, or from Vietnam in general, such as the COVID-19 related lockdown in certain parts of Asia in the Summer of calendar 2021, could significantly impact our ability to fill customer orders for products manufactured in those countries. In some cases, we believe we would have sufficient inventory on hand and in-transit or be able to provide substitutions from our domestic warehouses but may not be enough to entirely mitigate the lost sales. Supply disruptions and delays on selected items could occur for six months or longer before the impact of remedial measures would be reflected in our results. If we are unsuccessful in obtaining those products from other sources or at comparable cost, a disruption in our supply chain from our largest import furniture suppliers, or from Vietnam in general, could adversely affect our sales, earnings, financial condition and liquidity.

- **Increased transportation costs, including freight costs on imported products, could decrease earnings and liquidity.**

  Transportation costs on our imported products are affected by a myriad of factors including the global economy, petroleum prices and ocean freight carrier capacity. Ongoing geopolitical conflicts and instability, including disruptions to key shipping routes, have increased volatility in global shipping markets and have resulted in higher ocean freight rates, longer transit times, and reduced carrier capacity. In the recent past, especially after the COVID-19 pandemic, transportation costs, including ocean freight costs and domestic trucking costs, on imported products represented a significant portion of the cost of those products. We saw a significant spike in these costs during that time and our profitability was materially impacted. To mitigate the increased costs, we implemented price increases and surcharges; however, there can be no assurance that we will be successful in increasing prices or receiving freight surcharges in the future or that we can do it quickly enough to offset increased costs. Increased transportation costs, both domestically and internationally, in the future would likely adversely affect our earnings, financial condition and liquidity.

- **Our dependence on suppliers could, over time, adversely affect our ability to service customers.**

  We rely heavily on suppliers we do not own or control, including a large number of non-U.S. suppliers. All of our suppliers may not provide goods that meet our quality, design or other specifications in a timely manner and at a competitive price. If our suppliers do not meet our specifications, we may need to find alternative suppliers, potentially at a higher cost, or may be forced to discontinue products. Also, delivery of goods from non-U.S. suppliers may be delayed for reasons not typically encountered for domestically manufactured furniture, such as shipment delays caused by customs issues, labor issues, port-related issues such as weather, congestion or port equipment, decreased availability of shipping containers and/or the inability to secure space aboard shipping vessels to transport our products. Our failure to timely fill customer orders due to an extended business interruption for a major supplier, or due to transportation issues, could negatively impact existing customer relationships and adversely affect our sales, earnings, financial condition and liquidity.

- **We are subject to 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.**

  Changes in political, economic and social conditions, including geopolitical conflicts or instability affecting key global shipping routes and our suppliers, as well as in the laws and regulations in the foreign countries from which we source our products could adversely affect our sales, earnings, financial condition and liquidity. These changes could make it more difficult to provide products and service to our customers or could increase the cost of those products. International trade regulations and policies of the United States and the countries from which we source finished products could adversely affect us. Imposition of trade sanctions relating to imports, taxes, import duties and other charges on imports affecting our products could increase our costs and decrease our earnings.

- **Changes in the value of the U.S. Dollar compared to the currencies for the countries from which we obtain our imported products could adversely affect our sales, earnings, financial condition and liquidity.**

  For imported products, we generally negotiate firm pricing with our foreign suppliers in U.S. Dollars, typically for periods of at least one year. We accept the exposure to exchange rate movements during these negotiated periods. We do not use derivative financial instruments to manage this risk but could choose to do so in the future. 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 must pay for imported products beyond the negotiated periods. These price changes could decrease our sales, earnings, financial condition and liquidity during the periods affected.

- **Supplier transitions, including cost or quality issues, could result in longer lead times and shipping delays.**

  In the past, inflation concerns, and to a lesser extent quality and supplier viability concerns, affecting some of our imported product suppliers located in China prompted us to source more of our products from lower cost suppliers located in other countries, such as Vietnam. Additionally, in the past we transitioned a significant portion of our imported product purchases from China to Vietnam due to the imposition of tariffs in 2018 on most furniture and component parts imported from China. As conditions dictate, we could be forced to make similar transitions in the future. When undertaken, transitions of this type involve significant planning and coordination by and between us and our new suppliers in these countries. Despite our best efforts and those of our new sourcing partners, these transition efforts are likely to result in longer lead times and shipping delays over the short term. 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. One or a combination of these issues could adversely affect our sales, earnings, financial condition and liquidity.

We may engage in acquisitions and investments in companies, form strategic alliances and pursue new business lines. These activities could disrupt our business, divert management attention from our current business, pose integration concerns or difficulties, dilute our earnings per share, decrease the value of our common stock and decrease our earnings and liquidity.

Growth by acquisition is highly dependent upon finding attractive targets and there can be no assurance those targets will be found. We may acquire or invest in businesses such as those that offer complementary products or that we believe offer competitive advantages. However, we may fail to identify significant liabilities or risks that could negatively affect us or result in our paying more for the acquired company or assets than they are worth. We may also have difficulty assimilating and integrating the operations and personnel of an acquired business into our current operations. Acquisitions or strategic alliances may disrupt or distract management from our ongoing business. We may pay for future acquisitions using cash, stock, the assumption of debt or a combination of these. Future acquisitions could result in dilution to existing shareholders and to earnings per share and decrease the value of our common stock. Outside of the acquisition framework, there are risks involved with new business lines and product line launches. We may pursue new business lines in which we have limited or no prior experience or expertise. Further, new product line launches always have inherent risks regarding attracting customers without an established track record or defined market expectations. Like with our current launch of the new Margaritaville product line, these pursuits may require substantial investment of capital, personnel and management attention. New business initiatives may fail outright or fail to produce an adequate return, which could adversely affect our earnings, financial condition and liquidity.

If demand for our domestically manufactured upholstered furniture declines, we may respond by realigning manufacturing or implementing cost-saving measures.

Our domestic manufacturing operations make only upholstered furniture. A decline in demand for our domestically produced upholstered furniture could result in the realignment of our domestic manufacturing operations and capabilities and the implementation of cost-saving measures. These programs could include the consolidation and integration of facilities, functions, systems and procedures. We may decide to source certain products from other suppliers instead of continuing to manufacture them. These realignments and cost-saving measures typically involve initial upfront costs and could result in decreases in our near-term earnings before the expected cost savings are realized, if they are realized at all. We may not always accomplish these actions as quickly as anticipated and may not achieve the expected cost savings, which could adversely affect our sales, earnings, financial condition and liquidity.

A disruption affecting our domestic facilities could disrupt our business.

The facilities in which we store our inventory in Virginia, North Carolina and California are critical to our success. Our corporate and divisional headquarters, which house our administration, sourcing, sales, finance, merchandising, customer service and logistics functions for our imported and domestic products are located in Virginia, North Carolina and California. Additionally, our primary showrooms are located in North Carolina.

Our domestic upholstery manufacturing facilities are located in Virginia, North Carolina and California. Furniture manufacturing creates large amounts of highly flammable wood dust and may utilize other highly flammable materials such as foam, varnishes and solvents in its manufacturing processes and is therefore subject to the risk of losses arising from explosions and fires. Additionally, our domestic operations could be negatively affected by natural disasters such as hurricanes and floods, and public health events. Any disruption affecting our domestic facilities, even for a relatively short period of time, could adversely affect our ability to ship our furniture products and disrupt our business, which could adversely affect our sales, earnings, financial condition and liquidity.

Fluctuations in the price (including tariffs), availability or quality of raw materials for our domestically manufactured upholstered furniture could cause manufacturing delays, adversely affect our ability to provide goods to our customers or increase our costs.

We use various types of wood, leather, fabric, foam and other filling material, high-carbon spring steel, bar and wire stock and other raw materials in manufacturing upholstered furniture. We depend on outside suppliers for raw materials and must obtain sufficient quantities of quality raw materials from these suppliers at acceptable prices and in a timely manner. We do not have long-term supply contracts with our suppliers. Unfavorable fluctuations in the price (including those due to the potential implementation of additional reciprocal tariffs), quality or availability of required raw materials could negatively affect our ability to meet the demands of our customers. We may not always be able to pass price increases on raw materials through to our customers due to competition and other market pressures. In addition, the price increases are frequently implemented on future orders instead of existing order backlogs. Considering our lead times during periods of high demand, the benefits of new pricing could be offset by continued price increases from our suppliers, which could impact us before we realize the benefit from our price increases. The inability to meet customers' demands or recover higher costs could adversely affect our sales, earnings, financial condition and liquidity.

We may not be able to maintain, raise prices, or raise prices in a timely manner in response to inflation and increasing costs.

Competitive and market forces could prohibit or delay future successful price increases for our products in order to offset increased costs of labor, finished goods, raw materials, freight and other product-related costs on a timely basis, which could adversely affect our sales, earnings, financial condition and liquidity.

We may experience impairment of our long-lived assets, which would decrease our earnings and net worth.

At February 1, 2026, we had $38.8 million in net long-lived assets, consisting primarily of property, plant and equipment, trademarks, trade names and goodwill. Our goodwill, some trademarks and trade names have indefinite useful lives and, consequently, are not subject to amortization for financial reporting purposes, but are tested for impairment annually or more frequently if events or circumstances indicate that the asset might be impaired. Our definite-lived assets consist of property, plant and equipment and certain intangible assets related to our recent acquisitions and are tested for impairment whenever events or circumstances indicate that the carrying amount of the asset may not be recoverable. The outcome of impairment testing could result in the write-down of all or a portion of the value of these assets. A write-down of our assets would, in turn, reduce our earnings and net worth.

During fiscal 2026, we reviewed triggering events under ASU 2021-03, Intangibles – Goodwill and Other (Topic 350). Due to adverse economic conditions, including declines in our market value, as well as other changes in market dynamics, we identified triggering events that necessitated a valuation of our goodwill and intangible assets. We engaged an independent third-party valuation firm to assist in performing the assessment. Based on this analysis, we recorded non-cash impairment charges of $14.5 million related to the impairment of Sunset West goodwill within the Domestic Upholstery segment, $558,000 for the trade name in the remaining HMI business classified in All Other, and $556,000 for the Bradington-Young trade name in the Domestic Upholstery segment. See Note 9 to our Consolidated Financial Statements for additional information.

Our sales and operating results could be adversely affected by product safety concerns.

If our product offerings do not meet applicable safety standards or consumers' expectations regarding safety, we could experience decreased sales, increased costs and/or be exposed to legal and reputational risk. Events that give rise to actual, potential or perceived product safety concerns could expose us to regulatory enforcement action and/or private litigation. While we carry general and umbrella liability insurance for such events, settlements or jury awards could exceed our policy limits. Reputational damage caused by real or perceived product safety concerns or failure to prevail in private litigation against us could adversely affect our business, sales, earnings, financial condition and liquidity.

A material part of our sales and accounts receivable are concentrated in a few customers. The loss of several large customers through business consolidations or otherwise, the loss of a major customer or significant sales programs with major customers, failures or other reasons, including economic downturn and the adverse economic effects of a future pandemic or similar events, could adversely affect our business.

One customer accounted for approximately 9% of our consolidated sales in fiscal 2026, and our top five customers accounted for about 26% of our fiscal 2026 consolidated sales. Approximately 23% of our consolidated accounts receivable is concentrated in our top five customers. Should any one of these receivables become uncollectible, it would have an immediate and material adverse impact on our financial condition and liquidity. The loss of any one or more of these customers could adversely affect our sales, earnings, financial condition and liquidity. The loss of several of our major customers through business consolidations, the loss of major product placements, failures or otherwise, could adversely affect our sales, earnings, financial condition and liquidity and the resulting loss in sales may be difficult or impossible to replace. Amounts owed to us by a customer whose business fails, or is failing, may become uncollectible (in whole or in part), and we could lose future sales, any of which could adversely affect our sales, earnings, financial condition and liquidity.

We may not be able to collect amounts owed to us.

We grant payment terms to most customers ranging from 30 to 60 days and do not generally require collateral. However, in some instances we provide longer payment terms. We purchase credit insurance on certain customers' receivables and factor certain other customer accounts. Some of our customers have experienced, and may in the future experience, credit-related issues. Were an economic downturn, pandemic or another major, unexpected event with negative economic effects to occur, we may not be able to collect amounts owed to us or such payment may only occur after significant delay. While we perform credit evaluations of our customers, those evaluations may not prevent uncollectible trade accounts receivable. Credit evaluations involve significant management diligence and judgment, especially in the current environment. We may be unable to obtain sufficient credit insurance on certain customers' receivable balances. Should more customers than we anticipate experience liquidity issues, if payment is not received on a timely basis, or if a customer declares bankruptcy or closes stores, we may have difficulty collecting amounts owed to us by these customers, which could adversely affect our sales, earnings, financial condition and liquidity. In fiscal 2026 and 2025, we recorded approximately $1 million and $3.1 million in bad debt expense due to bankruptcies of two large customers.

Our existing and future debt obligations could impair our liquidity and financial condition.

Our Amended and Restated Loan Agreement, consisting of an asset-based lending facility of up to $70 million from Bank of America, is secured by substantially all of our assets and contains provisions that limit the amount of our future borrowings under that facility. Moreover, the terms of our Amended and Restated Loan Agreement also include financial and negative covenants that, among other things, may limit our ability to incur additional indebtedness. If we violate any loan covenants and do not obtain a waiver from our lender, our indebtedness under this arrangement would become immediately due and payable, and the lender could foreclose on its security, which could materially adversely affect our business and future financial condition and could require us to curtail or otherwise cease our existing operations.

Labor shortages and rising labor costs could disrupt operations at our domestic warehousing and manufacturing facilities.

At times, especially during the post COVID-19 demand surge, we have experienced difficulties in recruiting skilled labor into our domestic upholstery plants and warehouses and in some skilled or professional positions. Lack of qualified workers and high turnover in a variety of positions caused increased training costs and adversely affected our production schedules and our ability to ship our furniture products. Furthermore, we experienced higher labor costs and persistent inflationary pressure. Should these issues re-occur or increase due to future pandemics or for other reasons, our sales, earnings, financial condition and liquidity could again be adversely affected.

We may lose market share due to furniture retailers by-passing us and sourcing directly from non-U.S. furnishings sources.

Some large furniture retailers are sourcing directly from non-U.S. furniture factories. Over time, this practice may expand to smaller retailers. As a result, we are continually subject to the risk of losing market share to these non-U.S. furnishings sources, which could adversely affect our sales, earnings, financial condition and liquidity.

Failure to anticipate or timely respond to changes in fashion and consumer tastes could adversely impact our business.

Furniture is a styled product and is subject to rapidly changing fashion trends and consumer tastes, as well as to increasingly shorter product life cycles. If we fail to anticipate or promptly respond to these changes, we may lose market share or be faced with the decision of whether to sell excess inventory at reduced prices. This could adversely affect our sales, earnings, financial condition and liquidity.

Our results of operations for any quarter are not necessarily indicative of our results of operations for a full year.

Home furnishings sales fluctuate from quarter to quarter due to factors such as changes in economic and competitive conditions, seasonality, weather conditions, availability of raw materials and finished inventory and changes in consumer order patterns. From time to time, we have experienced, and may continue to experience, volatility with respect to availability of and demand for our home furnishing products. Accordingly, our results of operations for any quarter are not necessarily indicative of the results of operations to be expected for a full year or the next quarter.

The interruption, inadequacy or security failure of our information systems or information technology infrastructure or the internet or inadequate levels of cyber insurance could adversely impact our business, sales, earnings, financial condition and liquidity.

Our information systems (software) and information technology (hardware) infrastructure platforms and those of third parties who provide these services to us, including internet service providers and third parties who store data for us on their servers ("the cloud"), facilitate and support every facet of our business, including the sourcing of raw materials and finished goods, planning, manufacturing, warehousing, customer service, shipping, accounting, payroll and human resources. Our systems, and those of third parties who provide services to us, are vulnerable to disruption or damage caused by a variety of factors including, but not limited to: power disruptions or outages; natural disasters or other so-called "Acts of God"; computer system or network failures; viruses or malware; physical or electronic break-ins; the theft of computers, tablets and smart phones utilized by our employees or contractors; unauthorized access, phishing and cyber-attacks. The risk of cyberattacks also includes attempted breaches of contractors, business partners, vendors and other third parties. We have a cybersecurity program designed to protect and preserve the integrity of our information systems. Additionally, we implemented a multi-factor authentication process in order to enhance the security of our remote work environment. We have experienced and expect to continue to experience actual or attempted cyberattacks of our information systems or networks; however, none of these actual or attempted cyberattacks had a material impact on our operations or financial condition. Additionally, while we carry cyber insurance, including insurance for social engineering fraud, the amounts of insurance we carry may be inadequate due either to inadequate limits available from the insurance markets or inadequate coverage purchased. Because cyberthreat scenarios are inherently difficult to predict and can take many forms, cyber insurance may not cover certain risks. Further, legislative or regulatory action in these areas is evolving, and we may be unable to adapt our information systems or to manage the information systems of third parties to accommodate these changes. If these information systems or technologies are interrupted or fail, or we are unable to adapt our systems or those of third parties as a result of legislative or regulatory actions, our operations and reputation may be adversely affected, we may be subject to legal proceedings, including regulatory investigations and actions, which could diminish investor and customer confidence which could adversely affect our sales, earnings, financial condition and liquidity.

Unauthorized disclosure of confidential information provided to us by our customers, employees, or third parties could harm our business.

We rely on the internet and other electronic methods to transmit confidential information, and we store confidential information on our networks. If there was a disclosure of confidential information by our employees or contractors, including accidental loss, inadvertent disclosure or unapproved dissemination of information, or if a third party were to gain access to the confidential information we possess, our reputation could be harmed, and we could be subject to civil or criminal liability and regulatory actions. A claim that is brought against us, successful or unsuccessful, that is uninsured, or under-insured could harm our business, result in substantial costs, divert management attention and adversely affect our sales, earnings, financial condition and liquidity.

We may fail to realize the benefits of the sale of Pulaski Furniture and Samuel Lawrence casegoods brands

We evaluate and may pursue the divestiture of businesses or product lines that we determine are underperforming or no longer align with our strategic priorities. During fiscal 2026, we determined that the two largest businesses in the Home Meridian segment no longer aligned with our long-term strategy to streamline our portfolio and enhance profitability by focusing on brands that generate consistent earnings, and we completed the sale of the Pulaski Furniture ("PFC") and Samuel Lawrence Furniture ("SLF") casegoods brands within this segment.

Divesting involves a number of risks and uncertainties. We may incur significant costs associated with such transactions, including transaction costs, employee-related costs, and costs associated with exiting facilities or other contractual obligations. Divestitures may also disrupt relationships with customers, suppliers, and employees, particularly where the divested business had operational or customer relationships that overlap with our remaining operations. In addition, we may retain certain liabilities associated with the divested business, including obligations related to the legacy PFC pension plan.

Furthermore, the anticipated benefits of a divestiture, including improved profitability, reduced complexity, or greater strategic focus, may not be realized within the expected timeframe or at all. If we are unable to successfully execute divestitures or achieve the expected benefits from such transactions, our business, financial condition, and results of operations could be adversely affected.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

Risk Management and Strategy

The Company's cybersecurity risk management program is integrated into the overall risk management framework, including risk identification, assessment, and mitigation across all business areas. We have collaborated with third-party consultants and built a cybersecurity program designed to protect and safeguard the confidentiality, integrity and availability of our information systems, which aligns with industry standards and regulatory requirements. Key components of our cybersecurity risk management and strategy include:

- Risk assessments, including vulnerability scans and penetration testing to identify potential system weaknesses. These assessments are performed internally and supported by third-party consultants;
- Alignment of our cybersecurity framework with industry standards;
- Employee training and awareness: all employees receive mandatory regular cybersecurity training, with additional specialized sessions for high-risk roles. We also conduct simulated phishing exercises to enhance awareness and preparedness;

- Continuous monitoring and threat detection: our IT security team utilizes advanced tools for real-time network and system monitoring, enabling rapid detection and response to potential threats; and

- Comprehensive cyber insurance coverage, including protection against social engineering fraud and other cyber incidents, to further mitigate potential financial losses.

We have previously experienced actual or attempted cyber-attacks on our information systems or networks; to date, none of these incidents had a material impact on our operations or financial condition. However, cybersecurity threats continue to evolve, and future incidents could have a material impact. For additional information on the impact of cyber risks, refer to Part I, Item 1A. Risk Factors on page 14.

Governance

The board of directors oversees the Company's practice for assessing, identifying and managing material risks from cybersecurity threats. The Audit Committee, consisting of all of the board's independent directors, with one member holding the CERT Certificate in Cybersecurity Oversight, reviews and discusses with management and the independent auditor on the Company's significant financial risk exposures for matters related to cybersecurity risk, including the steps management has taken to monitor and manage such exposures.

Management is responsible for the day-to-day oversight and management of cybersecurity risks. The Company's VP of Enterprise Systems and Applications leads the overall cybersecurity strategy and risk management program. This role oversees development and execution of risk assessments, implementation of security policies and procedures, regular cybersecurity training for our employees, and leadership of the IT security team and coordination with third-party consultants.

The VP of Enterprise Systems and Applications has over 30 years of experience in information technology, enterprise systems, and operational risk management, including responsibility for infrastructure and operations in complex, multi-site environments. This experience includes the implementation and oversight of IT governance and control frameworks aligned with recognized standards, including ITIL and ISO/IEC 20000, as well as the establishment of processes related to service continuity, supplier management, configuration management, and operational controls. In addition, the VP's experience also includes leading enterprise technology initiatives, including system implementations, data center migrations, business continuity planning, and vendor and third-party risk management.

Senior executives, including the Company's CEO and CFO, integrate cybersecurity risks into the overall business strategy and financial planning. The VP and IT security team provide regular updates to senior management on the Company's identified vulnerabilities, progress on cybersecurity initiatives and remediation efforts, and details of ongoing incidents. Management notifies the board of directors when significant incidents occur and provides the Audit Committee with quarterly updates on the Company's cybersecurity practices.

ITEM 2. PROPERTIES

Set forth below is information with respect to our principal properties on April 17, 2026. We believe all of these properties are well-maintained and in good condition. During fiscal 2026, we estimate our upholstery plants operated at approximately 73% of capacity on a one-shift basis. All our production facilities are equipped with automatic sprinkler systems. All facilities maintain modern fire and spark detection systems, which we believe are adequate. We have leased certain warehouse facilities for our distribution and import operations, typically on a short or medium-term basis. We expect that we will be able to renew or extend these leases or find alternative facilities to meet our warehousing and distribution needs at a reasonable cost. All facilities set forth below are active and operational, representing in the aggregate approximately 2.8 million square feet of owned space, leased space or properties utilized under third-party operating agreements.

Location	Segment Use	Primary Use	Approximate Size in Square Feet	Owned or Leased
Martinsville, VA	All segments	Corporate Headquarters, Distribution, Manufacturing and Warehousing	1,489,766	Owned / Leased
High Point, N.C.	All segments	Office and Showrooms	148,786	Leased
Bedford, VA	DU	Manufacturing and Offices	327,000	Owned
Hickory, N.C.	DU	Manufacturing and Offices	166,000	Owned
Mt. Airy, N.C.	DU	Manufacturing and warehousing	104,150	Leased
Valdese, N.C.	DU	Manufacturing and warehousing	102,905	Leased
Cherryville, N.C.	DU	Manufacturing Supply Plant	53,000	Owned
Atlanta, GA	DU	Showrooms	55,508	Leased
Vista, CA	DU	Manufacturing, Warehousing and Offices	52,813	Leased
Las Vegas, NV	HB, DU	Showrooms	9,717	Leased
Vietnam	HB	Office, Warehouse and Distribution	310,671	Leased

HB=Hooker Branded, DU=Domestic Upholstery, AO=All Other

ITEM 3. LEGAL PROCEEDINGS

None.

ITEM 4. MINE SAFETY DISCLOSURES

None.

INFORMATION ABOUT OUR EXECUTIVE OFFICERS

Hooker Furnishings' executive officers and their ages as of April 17, 2026 and the calendar year each joined the Company are as follows:

Name	Age	Position	Year Joined Company
Jeremy R. Hoff	52	Chief Executive Officer and Director	2017
C. Earl Armstrong III	54	Chief Financial Officer and Senior Vice President - Finance	2009

Jeremy R. Hoff has been Chief Executive Officer and Director since February 2021. Mr. Hoff served as President of Hooker Legacy Brands from February 2020 to January 2021, President of the Hooker Branded segment from April 2018 to January 2020. Mr. Hoff joined the Company in August of 2017 as President of Hooker Upholstery. Prior to that, Mr. Hoff served as President of Theodore Alexander USA from December 2015 to August 2017.

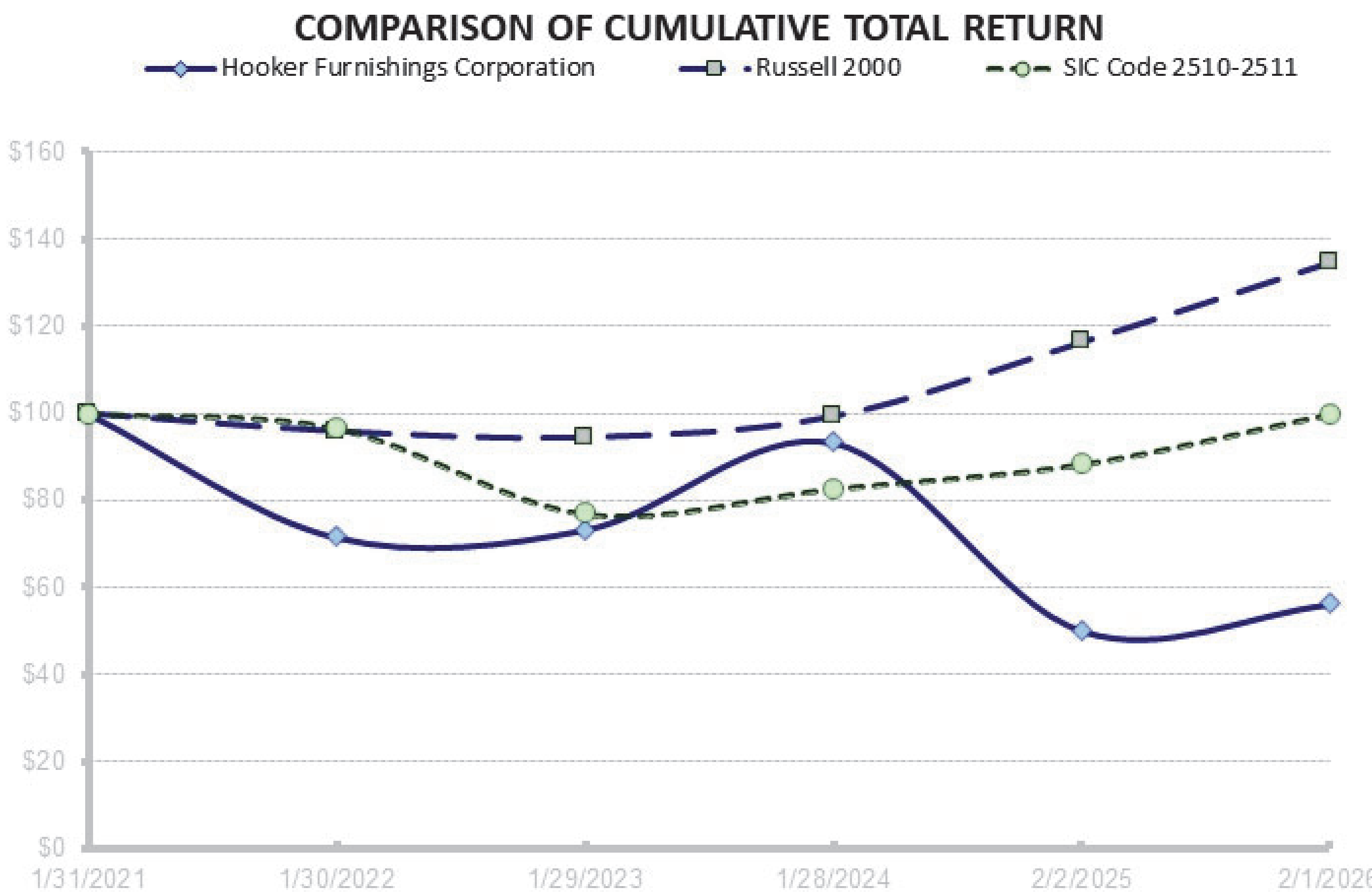
C. Earl Armstrong III became the Company's Chief Financial Officer, effective February 3, 2025, and in such role, he serves as the Company's principal financial officer and principal accounting officer. Mr. Armstrong has served as Senior Vice President - Finance & Corporate Secretary since April 2024. Mr. Armstrong joined Hooker in 2009 as the Company's Manager of Financial Reporting through January 2013. He served as Director of Accounting from January 2013 to January 2016, Corporate Controller from February 2017 to June 2019 and Corporate Controller and Secretary from June 2019 through April 2024. In February 2021 through the end of January 2025, he also served as Chief Financial Officer of the Company's Home Meridian segment.

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our stock is traded on the NASDAQ Global Select Market under the symbol "HOFT". As of February 1, 2026, we had approximately 5,000 beneficial shareholders. As we have done in the past, we currently expect that future regular quarterly dividends will be declared and paid in the months of March, June, September and December. Although we presently intend to continue to declare regular cash dividends on a quarterly basis for the foreseeable future, the determination as to the payment and the amount of any future dividends will be made by the Board of Directors on a quarterly basis and will depend on our then-current financial condition, capital requirements, results of operations and any other factors then deemed relevant by the Board of Directors.

Performance Graph (1)

The following graph compares cumulative total shareholder return for the Company with a broad performance indicator, the Russell 2000® Index (2), and a published industry index, the Household Furniture Index (3), for the period from January 31, 2021 to February 1, 2026.



(1) The graph shows the cumulative total return on $100 invested at the beginning of the measurement period in our common stock or the specified index, including reinvestment of dividends.

(2) The Russell 2000® Index, prepared by Frank Russell Company, measures the performance of the 2,000 smallest companies out of the 3,000 largest U.S. companies based on total market capitalization and includes the Company.

(3) Household Furniture Index as prepared by Zacks Investment Research, Inc. consists of companies under Standard Industrial Classification (SIC) Codes 2510 and 2511, which includes home furnishings companies that are publicly traded in the United States or Canada. At February 1, 2026, Zacks Investment Research, Inc. reported that these two SIC Codes consisted of Bassett Furniture Industries, Inc., Compass Diversified Holdings, Dorel Industries, Ethan Allen Interiors, Inc., Flexsteel Industries, Inc., Hooker Furnishings Corporation, Horrison Resources Inc., IDP Holdings (USA) Corp., La-Z-Boy, Inc., Leggett & Platt, Inc., Luvu Brands, Inc., MasterBrand, Inc., Natuzzi Spa, Purple Innovation Inc., The Rowe Companies, Sleep Number Corp., Somnigroup Intl Inc.(Tempur Sealy), and XMax Inc. (Nova Lifestyle).

ITEM 6. [RESERVED]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

As you read Management's Discussion and Analysis, please refer to the consolidated financial statements, including the related notes, contained elsewhere in this annual report. We especially encourage you to familiarize yourself with:

- All of our recent public filings made with the SEC which are available, without charge, at www.sec.gov and at http://investors.hookerfurnishings.com;

- The forward-looking statements disclaimer contained prior to Item 1 of this report, which describe the significant risks and uncertainties that could cause actual results to differ materially from those forward-looking statements made in this report, including those contained in this section of our annual report on Form 10-K;

- The company-specific risks found in Item 1A. "Risk Factors" of this report. This section contains critical information regarding significant risks and uncertainties that we face. If any of these risks materialize, our business, financial condition and future prospects could be adversely impacted; and

- Our commitments and contractual obligations and off-balance sheet arrangements described on page 28 and in Note 18 to our Consolidated Financial Statements on page F-30 of this report. This note describes commitments, contractual obligations and off-balance sheet arrangements, some of which are not reflected in our consolidated financial statements.

In Management's Discussion and Analysis, we analyze and explain the annual changes in some specific line items in the consolidated financial statements for fiscal 2026 compared to fiscal 2025. We also provide information regarding the performance of each of our operating segments and All Other. The discussion below comparing fiscal 2026 to fiscal 2025 excludes discontinued operations, except where otherwise noted. The analysis and discussions of fiscal 2025 compared to fiscal 2024 results are in our 2025 Form-10K available through Hooker Furnishings and SEC websites.

Unless otherwise indicated, references to the "Company," "we," "us" and "our" refer to Hooker Furnishings Corporation and its consolidated subsidiaries, unless specifically referring to segment information. All references to the "Hooker," "Hooker Division(s)," "Hooker Legacy Brands" or "traditional Hooker" divisions or companies refer to all current business units and brands except for those in the former Home Meridian segment. The Hooker Branded segment includes Hooker Casegoods and Hooker Upholstery. The Domestic Upholstery segment includes Bradington-Young, HF Custom (formerly Sam Moore), Shenandoah Furniture and Sunset West. All Other includes intercompany eliminations and operating segments that are not individually reportable.

Furnishings sales account for all of our net sales. For financial reporting purposes, we are organized into two reportable segments - Hooker Branded and Domestic Upholstery. Our other businesses that are not individually reportable and intercompany eliminations are aggregated into "All Other". We regularly monitor our reportable segments for changes in facts and circumstances to determine whether changes in the identification or aggregation of operating segments are necessary. See Note 17 to our consolidated financial statements for additional financial information regarding our segments.

Executive Summary - Fiscal 2026 Results of Operations

During fiscal 2026, we continued to operate in a challenging macroeconomic environment, including a slow housing market, soft demand for home furnishings, reduced consumer discretionary spending, and the impact of tariffs. In response, we focused on initiatives within our control, including the near completion of a multi-phase cost reduction program, the divestiture of certain underperforming businesses, the launch of the Margaritaville licensed collection at the High Point Market, and the opening of a new Vietnam warehouse, representing a shift in our warehousing strategy. We continued to focus on improving operating performance within our core Hooker Branded and Domestic Upholstery segments, with the Hooker Branded segment reporting operating income of $1.9 million compared to an operating loss in the prior year, and, the Domestic Upholstery segment reporting an operating loss of $16.9 million, driven by $15.0 million non-cash impairment charges, compared to an operating loss of $5.4 million in the prior year.

Net sales from continuing operations totaled $278.1 million for fiscal 2026, a decrease of $39.2 million, or 12.4%, compared to the prior fiscal year. The decrease was primarily attributable to the former Home Meridian segment's hospitality business, which has been reclassified within All Other, due to the project-based nature of that business. Net sales in the Hooker Branded and Domestic Upholstery segments decreased modestly by 2.9% and 2.7%, respectively, partially due to the current fiscal year containing one fewer week than the prior year. Gross margin improved in both segments, and selling and administrative expenses decreased, due in part to cost reduction initiatives. The Company reported a operating loss of $16.5 million, primarily driven by $15.6 million of non-cash intangible asset impairment charges triggered by our stock price during the year, as well as operating losses within All Other due to lower sales volumes. Net loss from continuing operations was $12.8 million, or ($1.20) per diluted share.

Despite the operating and net losses, we maintained liquidity and financial flexibility. We reduced the outstanding principal balance of our term loan during the year to $3.6 million at fiscal year-end, compared to $21.7 million at the prior year-end. We also reduced our cash dividend by 50% per share, and our Board of Directors authorized a new $5 million share repurchase program as part of our capital allocation strategy. These actions enhanced our near-term liquidity and financial flexibility, enabling continued investment in key inventory, support for growth initiatives, and the ability to navigate ongoing macroeconomic uncertainty while maintaining a focus on long-term shareholder value.

Subsequent to fiscal year-end, in February 2026, the U.S. Supreme Court ruled that certain tariffs imposed under the International Emergency Economic Powers Act were not authorized by statute. In March 2026, the U.S. Court of International Trade directed U.S. Customs and Border Protection to implement a refund process for previously collected duties. We are evaluating the potential recovery of these amounts, and potential new tariffs under different legal authorities.

Our fiscal 2026 performance is discussed in greater detail below under "Results of Operations".

Results of Operations – Continuing Operations

The following table sets forth the percentage relationship to net sales of certain items for the annual periods included in the consolidated statements of operations:

	52 weeks ended February 1, 2026	53 weeks ended February 2, 2025
Net sales	**100%**	100%
Cost of sales	**73.6**	75.4
Gross profit	**26.4**	24.6
Selling and administrative expenses	**25.9**	26.4
Goodwill and trade name impairment charges	**5.6**	0.3
Intangible asset amortization	**0.9**	0.9
Operating (loss) / income	**(6.0)**	(3.0)
Other income, net	**0.1**	0.9
Interest expense, net	**0.3**	0.4
(Loss) / income from continuing operations before income taxes	**(6.1)**	(2.5)
Income tax (benefit) / expense	**(1.5)**	(0.6)
Net (loss) / income from continuing operations	**(4.6)**	(1.9)

Fiscal 2026 Compared to Fiscal 2025

Net Sales

	52 weeks ended		53 weeks ended			
	February 1, 2026	% Net Sales	February 2, 2025	% Net Sales	$ Change	% Change
Hooker Branded	**$ 146,978**	**52.8%**	$ 151,298	47.7%	$ (4,320)	-2.9%
Domestic Upholstery	**111,177**	**40.0%**	114,216	36.0%	(3,039)	-2.7%
All Other	**19,984**	**7.2%**	51,843	16.3%	(31,859)	-61.5%
Consolidated	**$ 278,139**	**100%**	$ 317,357	100%	$ (39,218)	-12.4%

Unit Volume and Average Selling Price ("ASP")

Unit Volume	**FY26 % Increase / (Decrease) vs. FY25**	**Average Selling Price**	**FY26 % Increase / (Decrease) vs. FY25**
Hooker Branded	**-8.8%**	Hooker Branded	**5.7%**
Domestic Upholstery	**-2.9%**	Domestic Upholstery	**0.0%**
All Other	**-48.4%**	All Other	**-11.8%**
Consolidated	**-14.3%**	Consolidated	**6.5%**

Because we report on a fiscal year that ends on the Sunday closest to January 31st of each year, the 2026 fiscal year was one week shorter than the comparable 2025 fiscal year. The following table presents average net sales per shipping day in thousands for the 2026 and 2025 fiscal years:

	Average Net Sales Per Shipping Day			
	52 weeks ended February 1, 2026	53 weeks ended February 2, 2025	$ Change	% Change
Hooker Branded	**$ 583**	$ 589	$ (5)	-0.9%
Domestic Upholstery	**441**	444	(3)	-0.7%
All Other	**79**	202	(122)	-60.7%
Consolidated	**$ 1,104**	$ 1,235	$ (131)	-10.6%
Shipping Days	**252**	257		

Consolidated net sales decreased by $39.2 million, or 12.4%, year-over-year, driven primarily by lower sales in the hospitality business within All Other and, to a lesser extent, a shorter fiscal year.

- Hooker Branded segment's net sales decreased by $4.3 million, or 2.9%, compared to the prior fiscal year. The entire decrease occurred in the fourth quarter, with net sales down $5.5 million, offsetting modest increases recorded during the first three quarters of the fiscal year. The decrease was primarily attributable to the fourth quarter of the current fiscal year being one week shorter than the prior year period, which reduced net sales by approximately $2.9 million based on average daily sales, and, to a lesser extent, supplier production delays that limited product availability for shipment, as well as temporary weather-related shipping disruptions. Unit volume decreased by 8.8%, primarily due to a 27% decrease in fourth quarter volume versus the prior year, marking the lowest quarterly level in two years. This decrease was partially offset by a 5.7% increase in average selling price, implemented in August 2025 to mitigate higher product costs and tariffs.

- Domestic Upholstery segment's net sales decreased by $3.0 million, or 2.7%, compared to the prior year. Results varied across divisions, with sales decreases in divisions focused on upscale leather and custom fabric furniture due in part to a shorter fiscal period and lower incoming orders, while divisions serving private label, contract and senior living, and outdoor furniture channels reported sales growth. Average selling prices remained relatively stable across all divisions. The overall decrease in net sales was primarily driven by lower unit volume in the underperforming divisions, partially offset by higher unit volume in the divisions with sales growth.

- All Other's net sales decreased by $31.9 million, or 61.5%, compared to the prior year. The decrease was entirely attributable to lower sales in the hospitality business, reflecting the project-based nature of this business, in which certain large projects shipped in the prior year did not recur in the current year.

Gross Profit and Margin

	52 weeks ended		53 weeks ended			
	February 1, 2026	% Segment Net Sales	February 2, 2025	% Segment Net Sales	$ Change	% Change
Hooker Branded	**$ 48,212**	**32.8%**	$ 46,627	30.8%	$ 1,585	3.4%
Domestic Upholstery	**20,361**	**18.3%**	18,289	16.0%	2,072	11.3%
All Other	**4,922**	**24.6%**	13,220	25.5%	(8,298)	-62.8%
Consolidated	**$ 73,495**	**26.4%**	$ 78,136	24.6%	$ (4,641)	-5.9%

Consolidated gross profit decreased by $4.6 million, primarily due to lower sales at All Other, partially offset by increased gross profit in the Hooker Branded and Domestic Upholstery segments. Consolidated gross margin increased, reflecting margin improvements in the Hooker Branded and Domestic Upholstery segments.

- The Hooker Branded segment's gross profit increased by $1.6 million, and gross margin increased by 200 basis points compared to the prior fiscal year, despite a slight decrease in net sales. The margin improvement was primarily driven by a 210 basis point reduction in cost of goods sold as a percentage of net sales, largely due to favorable freight costs, and to a lesser extent, pricing actions. Tariffs are expected to have a greater impact on margins in future periods.

- Domestic Upholstery segment’s gross profit increased by $2.1 million, and gross margin increased by 230 basis points compared to the prior fiscal year. The margin improvement was primarily driven by lower direct material costs, which decreased by 150 basis points. Direct labor, indirect, and warehousing and distribution costs each decreased by approximately 20 to 40 basis points, reflecting reduced headcount and the exit of the Savannah warehouse, partially offset by costs associated with Sunset West inventory relocation to Virginia.

- All Other’s gross profit and gross margin both decreased compared to the prior year, primarily due to a 61.5% decrease in net sales in the hospitality business, as discussed above.

Selling and Administrative Expenses (“S&A”)

	52 weeks ended		53 weeks ended			
	February 1, 2026	% Segment Net Sales	February 2, 2025	% Segment Net Sales	$ Change	% Change
Hooker Branded	**$ 46,284**	**31.5%**	$ 47,060	31.1%	$ (776)	-1.6%
Domestic Upholstery	**20,021**	**18.0%**	21,287	18.6%	(1,266)	-5.9%
All Other	**5,616**	**28.1%**	15,476	29.9%	(9,860)	-63.7%
Consolidated	**$ 71,921**	**25.9%**	$ 83,823	26.4%	$ (11,902)	-14.2%

Consolidated S&A expenses decreased by $11.9 million, or 50 basis points, compared to the prior year, primarily driven by the Company’s restructuring efforts, including the exit of unprofitable businesses at All Other, as well as cost reductions across the other segments.

- Hooker Branded segment’s S&A expenses decreased by $776,000 compared to the prior year. The decrease was primarily driven by cost reduction initiatives, which resulted in approximately $3.3 million in savings, including lower compensation costs due to reduced headcount, as well as reductions in showroom and rent expenses, bad debt, banking fees, and other operating costs. These reductions were largely offset by higher professional services and maintenance expenses, including a $2.1 million increase in IT-related maintenance driven by higher software licensing fees and post-implementation support and maintenance costs associated with the Company’s ERP system, as well as additional consulting fees related to compliance, corporate strategy, and investor relations activities.

- Domestic Upholstery segment’s S&A expenses decreased by $1.3 million, or 60 basis points, compared to the prior year. The decrease was primarily driven by approximately $665,000 lower operating expenses, including reductions in advertising and supplies, compensation costs, and compliance expenses related to a non-recurring item in the prior year, as well as other cost savings. The decrease also reflects lower restructuring and selling costs.

- All Other’s S&A expenses decreased by $9.9 million compared to the prior year, primarily due to the absence of $7.2 million of operating expenses associated with a previously exited HMI business classified in All Other, including $3.1 million of bad debt expense related to the bankruptcy of its major customer. The decrease also reflects, to a lesser extent, absence of $1.7 million in restructuring costs incurred in the prior year related to another previously exited lighting and home décor business.

Intangible Asset Impairment and Amortization

	52 weeks ended		53 weeks ended			
	February 1, 2026	**% Net Sales**	February 2, 2025	% Net Sales	$ Change	% Change
Goodwill impairment	**$ 14,462**	**5.2%**	$ -	0.0%	$ 14,462	0.0%
Tradenames impairment	**1,114**	**0.4%**	1,055	0.3%	59	5.6%
Intangible asset amortization	**2,462**	**0.9%**	2,763	0.9%	(301)	-10.9%

The Company recorded $15.6 million of non-cash impairment charges during fiscal 2026. These charges included $14.5 million related to goodwill in the Sunset West division and $556,000 related to the Bradington-Young trade name, both within the Domestic Upholstery segment, as well as $558,000 related to the remaining HMI-related business classified in All Other.

Intangible asset amortization expense decreased slightly in fiscal 2026, primarily due to the absence of amortization related to the Sam Moore trade name and reduced amortization associated with the remaining HMI business classified in All Other. See Note 9, Intangible Assets and Goodwill, to the Consolidated Financial Statements for additional information regarding impairment charges and amortizable intangible assets.

Operating (Loss) / Income and Margin

	52 weeks ended		53 weeks ended			
	February 1, 2026	% Segment Net Sales	February 2, 2025	% Segment Net Sales	$ Change	% Change
Hooker Branded	**$ 1,928**	**1.3%**	$ (433)	-0.3%	$ 2,361	545.3%
Domestic Upholstery	**(16,897)**	**-15.2%**	(5,374)	-4.7%	(11,523)	-214.4%
All Other	**(1,495)**	**-7.5%**	(3,698)	-7.1%	2,203	59.6%
Consolidated	**$ (16,464)**	**-5.9%**	$ (9,505)	-3.0%	$ (6,959)	-73.2%

The Company reported an operating loss of $16.5 million in fiscal 2026 due to $15.6 million non-cash impairment charge, decreased overall net sales, approximately $2.0 million in restructuring costs, as well as other factors discussed above.

Interest Expense, net

	52 weeks ended		53 weeks ended			
	February 2, 2026	% Net Sales	February 2, 2025	% Net Sales	$ Change	% Change
Consolidated interest expense	**$ 765**	**0.3%**	$ 1,274	0.3%	$ (509)	-40.0%

Consolidated interest expense decreased in fiscal 2026, primarily due to a significantly lower average principal balance throughout the year compared to the prior fiscal year.

Income Taxes

	52 weeks ended		53 weeks ended			
	February 1, 2026	% Net Sales	February 2, 2025	% Net Sales	$ Change	% Change
Consolidated income tax (benefit) / expense	**$ (4,254)**	**-1.5%**	$ (1,902)	-0.6%	$ (2,352)	-123.7%
Effective Tax Rate	**25.0%**		23.6%			

Income tax benefit from continuing operations was $4.3 million for fiscal 2026, compared to $1.9 million for fiscal 2025. The effective tax rates were 25.0% and 23.6% for fiscal 2026 and fiscal 2025, respectively. The increase in the effective tax rate in fiscal 2026 was primarily due to higher state tax benefits. See Note 16 Income Taxes to our Consolidated Financial Statements for additional information about our income taxes.

Net (Loss) from Continuing Operations and Earnings Per Share

	52 weeks ended		53 weeks ended			
	February 1, 2026	% Net Sales	February 2, 2025	% Net Sales	$ Change	% Change
Net (loss) / income from continuing operations						
Consolidated	**$ (12,779)**	**-4.6%**	$ (6,166)	-1.9%	$ (6,613)	-107.2%
Diluted (loss) / earnings from continuing operations per share	**$ (1.20)**		$ (0.59)			

Results of Operations – Discontinued Operations

	52 Weeks Ended		For the 53 Weeks Ended			
	February 1, 2026	% Net Sales	February 2, 2025	% Net Sales	$ Change	% Change
Net sales	**$ 42,795**	**100.0%**	$ 80,107	100.0%	$ (37,312)	-87.2%
Cost of sales	**41,550**	**97.1%**	69,295	86.5%	(27,745)	-66.8%
Gross profit	**1,245**	**2.9%**	10,812	13.5%	(9,567)	-768.4%
S&A expenses	**13,404**	**31.3%**	16,694	20.8%	(3,290)	-24.5%
Tradename impairment	**-**	**0.0%**	1,776	2.2%	(1,776)	
Intangible asset amortization	**742**	**1.7%**	922	1.2%	(180)	-24.3%
Other income items that are not major	**(1,099)**	**-2.6%**	(222)	-0.3%	(877)	79.8%
Pretax loss of discontinued operations related to major classes	**(11,802)**	**-27.6%**	(8,358)	-10.4%	(3,444)	-29.2%
Loss on sale of the discontinued operations	**6,888**	**16.1%**	-	0.0%	6,888	100.0%
(Loss) / income from discontinued operations before income taxes	**(18,690)**	**-43.7%**	(8,358)	-10.4%	(10,332)	-55.3%
Income tax benefits	**(4,502)**	**-10.5%**	(2,017)	-2.5%	(2,485)	-55.2%
Net loss from discontinued operations	**(14,188)**	**-33.2%**	(6,341)	-7.9%	(7,847)	-55.3%

Unit Volume	**FY26 % Increase / (Decrease) vs. FY25**	**Average Selling Price (“ASP”)**	**FY26 % Increase / (Decrease) vs. FY25**
Discontinued Operations	**-52.6%**	Discontinued Operations	**-3.1%**

Combined net sales for PFC and SLF decreased by $37.3 million, or 87.2%, in fiscal 2026, primarily due to 52.6% lower unit volume. The decrease also reflects the divestiture of these businesses in early December 2025, resulting in approximately ten months of sales being recognized in fiscal 2026. Lower unit volume was driven by continued macroeconomic pressures and tariff-related purchasing hesitancy among value-oriented customers, particularly major furniture chains.

The Company recorded restructuring costs of $3.9 million in fiscal 2026, including $2.4 million associated with the exit of the Savannah warehouse, which primarily supported the PFC and SLF businesses. These costs included fixed asset write-offs, inventory liquidation and relocation expenses, and severance. In connection with the divestiture, the Company recorded a $6.9 million loss on sale of the discontinued businesses, including $2.6 million related to trade name impairments, approximately $3.5 million related to write-downs of accounts receivable, inventory, and other fixed and intangible assets, and approximately $735,000 of selling costs. In addition, these businesses incurred approximately $1.0 million of bad debt expense related to a customer bankruptcy.

The operating losses for fiscal 2026 were primarily attributable to the significant decline in sales volume and unfavorable product and customer mix, as well as restructuring costs and valuation adjustments associated with the divestiture. These impacts are not expected to recur following the divestiture.

The analysis and discussion of fiscal 2025 compared to fiscal 2024 results are available in Item 7 of our 2025 Annual Report on Form-10K available through Hooker Furnishings and SEC websites.

Financial Condition, Liquidity and Capital Resources

Summary Cash Flow Information – Operating, Investing and Financing Activities

	52 Weeks Ended February 1, 2026	53 Weeks Ended February 2, 2025	52 Weeks Ended January 28, 2024
Net cash provided by / (used in) operating activities	**$ 18,302**	$ (22,036)	$ 66,402
Net cash provided by / (used in) investing activities	**1,972**	(2,530)	(6,981)
Net cash used in financing activities	**(27,394)**	(11,149)	(22,756)
Net cash provided by / (used in) discontinued operations	**1,937**	(1,149)	(12,508)
Net (decrease) / increase in cash and cash equivalents	**$ (5,183)**	$ (36,864)	$ 24,157

During fiscal 2026, cash decreased by $5.2 million compared to the prior fiscal year. Cash used in financing activities, primarily related to repayments on the term loan and revolving credit facility, as well as dividend payments, was largely offset by cash provided by operating activities and, to a lesser extent, cash provided by investing activities, which benefited from proceeds from the sale of discontinued operations.

- Cash provided by operating activities totaled $18.3 million in fiscal 2026, compared to $22.0 million used in the prior fiscal year. The improvement was driven primarily by favorable changes in working capital and non-cash adjustments. Key drivers of operating cash flow increase:

    - Despite a higher net loss from continuing operations of $12.8 million, compared to $6.2 million in the prior year, operating cash flow benefited from significant non-cash adjustments, including $15.6 million of trade name impairment charges, which were added back in the reconciliation to operating cash flow.

- o Trade receivables: Collections of trade accounts receivable generated $8.1 million of cash inflows, compared to $11.3 million outflows in the prior fiscal year, primarily due to improved collections, including large, project-based receipts.

- o Inventories: Generated $17.5 million of cash inflows, compared to a use of $13.2 million outflows in the prior year, reflecting deliberate inventory reduction efforts. The decrease was concentrated in the Hooker Branded segment as inventory levels normalized following prior elevated build-ups.

- Offsetting factors

  - o A $5.8 million decrease in accounts payable, representing a use of cash compared to a $4.8 million source in the prior year, as we reduced purchasing activity and did not continue building inventory levels during the current fiscal year.

Cash provided by investing activities totaled $2.0 million, compared to $2.5 million used in the prior fiscal year. The increase was primarily due to $5.5 million proceeds from the sale of discontinued operations, partially offset by capital expenditure.

Cash used in financing activities was $27.4 million, compared to $11.1 million in the prior fiscal year, primarily due to $18.5 million of repayments on the revolving credit facility during the current fiscal year.

Cash provided by discontinued operations was $1.9 million, compared to $1.1 million used in the prior fiscal year, primarily due to favorable operating adjustments, including non-cash valuation allowance and asset disposal impacts added back to net loss.

Liquidity, Financial Resources and Capital Expenditures

Our sources of liquidity are:

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

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

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

Loan Agreements and Revolving Credit Facility

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

The Amended and Restated Loan Agreement provides for a revolving credit facility in a committed principal amount of up to $70,000,000 (the “Revolving Commitment”), including subline of $8,000,000 for letters of credit, and an option to increase the Revolving Commitment by up to $30,000,000 upon meeting certain conditions, including agreement by BofA to increase the Revolving Commitment by such amount. Proceeds of loans and letters of credit under the Amended and Restated Loan Agreement are available for general working capital and other corporate purposes of the Borrower.

Availability of loans and letters of credit under the Revolving Commitment is capped by a borrowing base formula calculated as of any date as the sum for the Borrowers of (a) the value of their accounts receivable, (b) the value of their inventory, (c) the value of their in-transit inventory and (d) the life insurance cash surrender value of company-owned life insurance policies, in each case subject to eligibility requirements, advance rates, valuation metrics, reductions for write-offs and other dilutive items and reserves (the “Borrowing Base”). The lesser of the Revolving Commitment and the Borrowing Base, in each case net of the principal amount of outstanding loans and the face amount of letters of credit, constitutes “Availability” under the Amended and Restated Credit Agreement.

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

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

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

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

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

We incurred $480,000 in fiscal 2025 and an additional $118,000 in fiscal 2026 in debt issuance costs in connection with our term loans. As of February 1, 2026, unamortized loan costs of $476,000 were netted against the carrying value of our term loans on our consolidated balance sheets.

As of February 1, 2026, we had $3.6 million principal amount of outstanding loans and $3.6 million face amount of letters of credit. We had $62.8 million of Availability based on the current Borrowing Base. There were no additional borrowings outstanding under the Amended and Restated Loan Agreement as of February 1, 2026. We believe that our existing liquidity and capital resources are sufficient to meet our anticipated needs over the next 12 months.

Share Repurchase Authorization

In fiscal 2026 fourth quarter, our Board of Directors authorized the repurchase of up to $5 million of the Company's common shares. The authorization did not obligate us to acquire a specific number of shares during any period and did not have an expiration date, but it could be modified, suspended, or discontinued at any time at the discretion of our Board of Directors. Repurchases could be made from time to time in the open market, or through privately negotiated transactions or otherwise, in compliance with applicable laws, rules and regulations, and subject to our cash requirements for other purposes, compliance with the covenants under the Amended and Restated Loan Agreement and other factors we deem relevant. We did not repurchase any of our common shares during fiscal 2026.

Capital Expenditures

We expect to spend approximately $3 million in capital expenditures in fiscal 2027 to maintain and enhance our operating systems and facilities.

Material Capital Commitments

Our material capital commitments primarily consist of lease payments, obligations for leased space or properties under third-party operating agreements, and future benefit payments under two retirement plans.

As of February 1, 2026, future minimum annual commitments under leases and operating agreements are $8.7 million in fiscal 2027, $6.8 million in fiscal 2028, $6.1 million in each of fiscal 2029 and 2030, and $5.4 million in fiscal 2031.

Additionally, the Revolving Commitment will terminate, and all outstanding amounts thereunder will be due and payable, on December 5, 2029.

Dividends

We declared and paid dividends of $0.805 per share or approximately $8.8 million in fiscal 2026, a decrease of 12.5% or $0.115 per share compared to $0.92 per share or approximately $9.9 million in fiscal 2025. During the third quarter of fiscal 2026, the Board approved a reduction of the annual dividend to $0.46 per share, or 50%, effective beginning with the December 31, 2025 dividend payment. This action reflects a recalibration of our capital allocation strategy to align with current operating conditions, liquidity requirements, and our strategic transition to a leaner, growth-oriented business model. The reduced dividend, together with the share repurchase program, is intended to preserve financial flexibility and support ongoing investment in the business while continuing to return capital to shareholders.

On March 5, 2026, our Board of Directors declared a quarterly cash dividend of $0.115 per share, payable on March 31, 2026 to shareholders of record at March 16, 2026.

Our Board of Directors will continue to evaluate the appropriateness of the current dividend rate considering our performance and economic conditions in future quarters.

Recently Issued Accounting Pronouncements

See the Recently Adopted Accounting Standards section of Note 1 to our Consolidated Financial Statements for further details of recent accounting pronouncements.

Outlook

In the Hooker Branded and Domestic Upholstery segments, incoming orders have increased year-over-year for three consecutive quarters, adjusted for the extra week in last year's fourth quarter.

Housing activity and consumer confidence remain weak and the Department of Commerce's February advance monthly estimates reflect that reality, showing that retail sales for furniture and home furnishings decreased by 5.6% as compared to the prior year and lower than January 2026.We don't anticipate near-term meaningful improvement in conditions; however, with a more efficient cost structure and a streamlined portfolio, we believe we are positioned to report much improved results if current market conditions persist.

Our advantage is a clear focus on our core businesses, with the organization fully aligned to drive organic growth and deliver more consistent, sustainable earnings over time. Margaritaville product and gallery commitments continue to scale, with shipments expected to begin in the second half of fiscal 2027.

Critical Accounting Policies and Estimates

The methods, estimates and judgments we use in applying our most critical accounting policies have a significant impact on the results we report in our consolidated financial statements. Critical accounting estimates are those that involve a significant level of estimation uncertainty and have had or are reasonably likely to have a material impact on our financial condition and results of operations. Specific areas requiring the application of management's estimates and judgments include, among others, revenue recognition, inventory valuation, assumptions pertaining to valuation of goodwill and intangible assets and useful lives of long-lived assets. Accordingly, a different financial presentation could result depending on the judgments, estimates or assumptions that are used. However, we do not believe that actual results will deviate materially from our estimates related to our accounting policies described below but because application of these accounting policies involves the exercise of judgment and the use of assumptions as to future uncertainties, actual results could differ materially from these estimates. Therefore, we consider an understanding of the variability and judgment required in making these estimates and assumptions to be critical in fully understanding and evaluating our reported financial results.

Revenue Recognition

We recognize revenue pursuant to Accounting Standards Codification 606, which requires revenue to be recognized at an amount that reflects the consideration we expect to be entitled to receive in exchange for transferring goods or services to our customers. Our policy is to record revenue when control of the goods transfers to the customer. We have a present right to payment at the time of shipment as customers are invoiced at that time. We believe the customer obtains control of goods at the time of shipment, which is typically when title passes. While the customer may not enjoy immediate physical possession of the products, the customer's right to re-direct shipment indicates control. In the very limited instances when products are sold under consignment arrangements, we do not recognize revenue until control over such products has transferred to the end consumer. Orders are generally non-cancellable once loaded into a shipping trailer or container.

The transaction price for each contract is the stated price of the product, reduced by any stated discounts or allowances at that point in time. We do not engage in sales of products that attach a future material right which could result in a separate performance obligation for the purchase of goods in the future at a material discount. The implicit contract with the customer, as reflected in the order acknowledgement and invoice, states the final terms of the sale, including the description, quantity, and price of each product purchased. The transaction price reflects the amount of estimated consideration to which we expect to be entitled. This amount of variable consideration included in the transaction price, and measurement of net sales, is included in net sales only to the extent that it is probable that there will be no significant reversal in a future period.

Net sales are comprised of gross revenues from sales of home furnishings and hospitality furniture products and are recorded net of allowances for trade promotions, estimated product returns, rebate advertising programs and other discounts. Physical product returns are very rare due to the high probability of damages to our products in return transit. Other revenues, primarily royalties, are immaterial to our overall results. Payment is typically due within 30-60 days of shipment for customers qualifying for payment terms. Collectability is reasonably assured since we extend credit to customers for whom we have performed credit evaluations and/or from whom we have received a down payment or deposit. Due to the highly-customized nature of our hospitality products, we typically require substantial prepayments on these orders, with the balance due within 30 days of delivery.

Impairment of Long-Lived Assets

Tangible and Definite Lived Intangible Assets

We regularly review our property, plant and equipment and definite-lived intangible assets for indicators of impairment, as specified in the Accounting Standards Codification.

When an indicator of impairment is present, the impairment test for our property, plant and equipment requires us to assess the recoverability of the value of the assets by comparing their net carrying value to the sum of undiscounted estimated future cash flows directly associated with and arising from use and eventual disposition of the assets. We principally use our internal forecasts to estimate the undiscounted future cash flows used in our impairment analyses. These forecasts are subjective and are largely based on management's judgment, primarily due to the changing industry in which we compete, changing consumer tastes, trends and demographics and the current economic environment. We monitor changes in these factors as part of the quarter-end review of these assets. While our forecasts have been reasonably accurate in the past, during periods of economic instability, uncertainty, or rapid change within our industry, we may not be able to accurately forecast future cash flows from our long-lived assets and our future cash flows may be diminished. Therefore, our estimates and assumptions related to the viability of our long-lived assets may change and are reasonably likely to change in future periods. These changes could adversely affect our consolidated statements of operations and consolidated balance sheets.

When we conclude that any of these assets are impaired, the asset is written down to its fair value. Any impaired assets that we expect to dispose of by sale are measured at the lower of their carrying amount or fair value, less estimated cost to sell; are no longer depreciated; and are reported separately as "assets held for sale" in the consolidated balance sheets, if we expect to dispose of the assets in one year or less.

Intangible Assets and Goodwill

Our goodwill, trademarks and trade names are tested for impairment annually as of the first day of our fourth quarter or more frequently if events or changes in circumstances indicate that the asset might be impaired.

The fair value of our trademarks and trade names is determined based on the estimated earnings and cash flow capacity of those assets. The impairment test consists of a comparison of the fair value of the indefinite-lived intangible assets with their carrying amount. If the carrying amount of the indefinite-lived intangible assets exceeds their fair value, an impairment loss is recognized in an amount equal to that excess.

Upon the adoption of ASU 2017-04, we perform our annual goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. Management judgment is a significant factor in the goodwill impairment evaluation process. The computations require management to make estimates and assumptions, the most critical of which are potential future cash flows and the appropriate discount rate.

During the third quarter of fiscal 2026, adverse economic conditions, including declines in our market value, as well as other changes in market dynamics, triggered an interim impairment assessment of goodwill and intangible assets. We engaged an independent third-party valuation firm to assist in performing this assessment. The valuation procedures were performed with consideration of applicable accounting guidance, including Accounting Standards Codification ("ASC") Topic 350, Goodwill and Other Intangible Assets and ASC Topic 820, Fair Value Measurement. The fair value of the Home Meridian and Domestic Upholstery reporting units was determined using a combination of the discounted cash flow method, guideline public company method, and guideline transaction method. Based on this analysis, we recorded aggregate non-cash impairment charges of $15.6 million, including $14.5 million related to Sunset West goodwill within the Domestic Upholstery segment, $0.6 million related to the HMI trade name within All Other, and $0.6 million related to the Bradington-Young trade name within the Domestic Upholstery segment. See Note 9, Intangible Assets and Goodwill, to the Consolidated Financial Statements for additional information regarding impairment charges and amortizable intangible assets.

Based on our internal valuation and goodwill impairment analysis as described above, we have concluded that Shenandoah goodwill in the Domestic Upholstery segment is not impaired, and the fair values of remaining Bradington Young, Home Meridian and BOBO non-amortizable trade names exceeded their carrying values as of February 1, 2026.

The assumptions used to determine the fair value of our intangible assets are highly subjective and judgmental and include long-term growth rates, sales volumes, projected revenues, assumed royalty rates and factors used to develop an applied discount rate. If the assumptions that we use in these calculations differ from actual results, we may realize impairment on our intangible assets that may have a material-adverse effect on our results of operations and financial condition.

Inventory

Inventories, consisting of finished furniture for sale, raw materials, manufacturing supplies and furniture in process, are stated at the lower of cost, or market value, with cost determined using the last-in, first-out (LIFO) method. Under this method, inventory is valued at cost, which is determined by applying a cumulative index to current year inventory dollars.

We review inventories on hand and record an allowance for slow-moving and obsolete inventory based on historic experience, current sales trends and market conditions, expected sales and other factors. When we identify inventory that is unlikely to be sold or that has a cost basis in excess of its net realizable value, we record a write-down to reduce the carrying amount of inventory to its estimated net realizable value.

Our other significant accounting policies are described in Note 1 – Summary of Significant Accounting Policies to our Consolidated Financial Statements beginning at page F-10 in this report.

Recently Issued Accounting Standards Not Yet Adopted

In November 2024, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2024-03, Disaggregation of Income Statement Expenses (Subtopic 220-40), which requires public entities to provide additional disclosures disaggregating certain expense captions presented on the consolidated statements of operations. The guidance requires disclosure, in tabular format, of specified expense categories, including employee compensation, depreciation and amortization, and inventory-related costs, within relevant income statement captions. The standard is effective for annual reporting periods beginning after December 15, 2026, which will be our fiscal 2028, and interim periods thereafter, with early adoption permitted. The Company is currently evaluating the impact of this guidance on its consolidated financial statements and related disclosures. Adoption is expected to result in expanded disclosures, but is not expected to have a material impact on the Company's consolidated financial position, results of operations, or cash flows.

Concentrations of Sourcing Risk

In fiscal 2026, imported products sourced from Vietnam accounted for 87% of our import purchases and our top five suppliers in Vietnam accounted for 69% of our fiscal 2026 import purchases. A disruption in our supply chain, or from Vietnam in general, could significantly impact our ability to fill customer orders for products manufactured in those countries. Our supply chain could be adversely impacted by the uncertainties of health concerns and governmental restrictions. In some cases, we may be able to provide substitutions using inventory on hand, in-transit and from our domestic warehouses, but not enough to entirely mitigate the lost sales. Supply disruptions and delays on selected items could occur for six months or longer before the impact of remedial measures would be reflected in our results. If we are unsuccessful in obtaining those products from other sources or at comparable cost, a disruption in our supply chain from our largest import furniture suppliers, or from Vietnam in general, could adversely affect our sales, earnings, financial condition and liquidity.

ITEM 7A. 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 Amended and Restated Loan Agreement will bear interest at a rate per annum equal to the then-current Term SOFR Rate for a period of one month plus 0.10% plus a margin of 1.75%. The Term SOFR Rate will be adjusted on a monthly basis. As such, these debt instruments expose us to market risk for changes in interest rates. As of February 1, 2026, we had \$3.6 million principal amount of outstanding loans. At current borrowing levels, a 1% increase in the SOFR rate would result in an annual increase in interest expenses of approximately \$36,000. There were no additional borrowings outstanding under the Amended and Restated Loan Agreement as of February 1, 2026.

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 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Our consolidated financial statements listed in Item 15(a), and which begin on page F-5, of this report are incorporated herein by reference and are filed as a part of this report.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. 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 year ended February 1, 2026. Based on this evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures were effective as of February 1, 2026, the end of the period covered by this annual report, 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 Securities and Exchange Commission’s rules and forms.

Management’s Report on Internal Control over Financial Reporting

In accordance with Section 404 of the Sarbanes-Oxley Act and SEC rules thereunder, management has conducted an assessment of our internal control over financial reporting as of February 1, 2026, based on the framework in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Management’s report regarding that assessment is included on page F-2 of this report, with our consolidated financial statements, and is incorporated herein by reference.

Report of Registered Public Accounting Firm

Our independent registered public accounting firm, KPMG LLP, audited the consolidated financial statements included in this annual report on Form 10-K and has issued an audit report on the effectiveness of our internal control over financial reporting. KPMG’s report is included on page F-3 and F-4 of this report, with our consolidated financial statements, and is incorporated herein by reference.

Changes in Internal Control over Financial Reporting

There were no other changes in the Company’s internal control over financial reporting that occurred during the Company’s most recent fiscal quarter that has materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

During the fourth quarter of fiscal 2026, no director or officer of the Company adopted, terminated or modified a ‘Rule 10b5-1 trading arrangement’ or ‘non-Rule 10b5-1 trading arrangement,’ as each term is defined in Item 408(a) of Regulation S-K.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not Applicable.

Hooker Furnishings Corporation
Part III

In accordance with General Instruction G(3) of Form 10-K, most of the information called for by Items 10, 11, 12, 13 and 14 of Part III will be incorporated by reference to the Company's definitive Proxy Statement for its Annual Meeting of Shareholders scheduled to be held June 9, 2026 (the "2026 Proxy Statement"), as set forth below.

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information relating to our directors will be set forth under the caption "Proposal One-Election of Directors" in the 2026 Proxy Statement and is incorporated herein by reference.

Information relating to our executive officers is included in Part I of this report under the caption "Information about our Executive Officers" and is incorporated herein by reference.

Information relating to compliance with Section 16(a) of the Exchange Act will be set forth under the caption "Delinquent Section 16(a) Reports" in the 2026 Proxy Statement and is incorporated herein by reference.

Information relating to the code of ethics that applies to our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions will be set forth under the caption "Code of Business Conduct and Ethics" in the 2026 Proxy Statement and is incorporated herein by reference.

Information relating to insider trading policy that applies to our directors, principal executive officers and employees will be set forth under the caption "Insider Trading Policy" in the 2026 Proxy Statement and is incorporated herein by reference.

Information relating to material changes, if any, in the procedures by which shareholders may recommend nominees for our Board of Directors will be set forth under the caption "Procedures for Shareholder Recommendations of Director Nominees" in the 2026 Proxy Statement and is incorporated herein by reference.

Information relating to the Audit Committee of our Board of Directors, including the composition of the Audit Committee and the Board's determinations concerning whether certain members of the Audit Committee are "financial experts" as that term is defined under Item 407(d)(5) of Regulation S-K will be set forth under the captions "Corporate Governance" and "Audit Committee" in the 2026 Proxy Statement and is incorporated herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

Information relating to this item will be set forth under the captions "Report of the Compensation Committee," "Compensation Discussion and Analysis (CD&A) Executive Compensation" including the executive compensation tables and disclosures following the CD&A and "Director Compensation" in the 2026 Proxy Statement and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED SHAREHOLDER MATTERS

Information relating to this item will be set forth under the captions "Equity Compensation Plan Information" and "Security Ownership of Certain Beneficial Owners and Management" in the 2026 Proxy Statement and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information relating to this item will be set forth in the last two paragraphs under the caption "Audit Committee" and the caption "Corporate Governance" in the 2026 Proxy Statement and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Information relating to this item will be set forth under the caption "Proposal Three - Ratification of Selection of Independent Registered Public Accounting Firm" in the 2026 Proxy Statement and is incorporated herein by reference.

Hooker Furnishings Corporation
Part IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Documents filed as part of this report on Form 10-K:

(1) The following reports and financial statements are included in this report on Form 10-K:

Management's Report on Internal Control Over Financial Reporting

Reports of Independent Registered Public Accounting Firm

Consolidated Balance Sheets as of February 1, 2026 and February 2, 2025

Consolidated Statements of Operations for the fifty-two-week period ended February 1, 2026, the fifty-three-week period ended February 2, 2025 and the fifty-two-week period ended January 28, 2024

Consolidated Statements of Comprehensive (Loss) / Income for the fifty-two-week period ended February 1, 2026, the fifty-three-week period ended February 2, 2025 and the fifty-two-week period ended January 28, 2024

Consolidated Statements of Cash Flows for the fifty-two-week period ended February 1, 2026, the fifty-three-week period ended February 2, 2025 and the fifty-two-week period ended January 28, 2024

Consolidated Statements of Shareholders' Equity for the fifty-two-week period ended February 1, 2026, the fifty-three-week period ended February 2, 2025 and the fifty-two-week period ended January 28, 2024

Notes to Consolidated Financial Statements

(2) Financial Statement Schedules:

Financial Statement Schedules have been omitted because the information required has been separately disclosed in the consolidated financial statements or related notes.

(b) Exhibits:

3.1 Amended and Restated Articles of Incorporation of the Company, as amended September 16, 2021 (incorporated by reference to Exhibit 3.1 of the Company's Form 10-Q (SEC File No. 000-25349) for the quarter ended October 31, 2021)

3.2 Amended and Restated Bylaws of the Company as amended September 5, 2023 (incorporated by reference to Exhibit 3.2 of the Company's Form 10-Q (SEC File No. 000-25349) filed on September 8, 2023)

4.1 Amended and Restated Articles of Incorporation of the Company (See Exhibit 3.1)

4.2 Amended and Restated Bylaws of the Company (See Exhibit 3.2)

4.3 Description of the Company's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (incorporated by reference to Exhibit 4.3 of the Company's Annual Report on Form 10-K (SEC File No. 000-25349) for the year ended February 2, 2020).

Pursuant to Regulation S-K, Item 601(b)(4)(iii), instruments, if any, evidencing long-term debt not exceeding 10% of the Company's total assets have been omitted and will be furnished to the Securities and Exchange Commission upon request.

10.1(b) Form of Outside Director Restricted Stock Agreement (incorporated by reference to Exhibit 99.1 of the Company's Current Report on Form 8-K (SEC File No. 000-25349) filed on January 17, 2006)*

10.1(c) 2024 Amendment and Restatement of the Hooker Furnishings Corporation Stock Incentive Plan (incorporated by reference to Appendix A of the Company's Definitive Proxy Statement dated May 3, 2024 (SEC File No. 000-25349))*

10.1(d) 2010 Amended and Restated Hooker Furniture Corporation Supplemental Retirement Income Plan, dated as of June 8, 2010 (incorporated by reference to Exhibit 10.1 of the Company's Form 10-Q (SEC File No. 000-25349) for the quarter ended October 31, 2010)*

10.1(e) Form of Performance Stock Units Grant Agreement (incorporated by reference to Exhibit 10.1 of the Company's Quarterly Report on Form 10-Q (SEC File No. 000-25349) for the quarter ended July 28, 2024)*

10.1(f)	Form of RSU Time-based Vesting Grant Agreement (incorporated by reference to Exhibit 10.2 of the Company's Quarterly Report on Form 10-Q (SEC File No. 000-25349) for the quarter ended July 28, 2024)*
10.1(j)	First Amendment to the 2010 Amended and Restated Hooker Furniture Corporation Supplemental Retirement Income Plan (incorporated by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K (SEC File No. 000-25349) filed with the SEC on November 15, 2019)*
10.1(k)	Employment Agreement, dated February 20, 2025, by and between Hooker Furnishings Corporation and Jeremy R. Hoff (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (SEC File No. 000-25349) filed on February 26, 2025).*
10.1(l)	Employment Agreement, dated February 20, 2025, by and between Hooker Furnishings Corporation and C. Earl Armstrong, III (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K (SEC File No. 000-25349) filed on February 26, 2025).*
10.1(m)	Employment Agreement, dated February 20, 2025, by and between Hooker Furnishings Corporation and Anne J. Smith (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K (SEC File No. 000-25349) filed on February 26, 2025).*
10.2	Asset Purchase Agreement dated December 1, 2025 by and between the Company and Magnussen Home Furnishings, Inc. (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (SEC File No. 000-25349) filed on December 3, 2025).
10.3	Amended and Restated Loan and Security Agreement, dated as of December 5, 2024, between Bank of America, N.A. and Hooker Furnishings Corporation, Bradington-Young, LLC, Sam Moore Furniture LLC and Home Meridian Group, LLC (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (SEC File No. 000-25349) filed on December 6, 2024).
10.4	Cooperation Agreement dated January 1, 2026 by and among Hooker Furnishings Corporation, Global Value Investment Corporation and each of the parties listed on Schedule A thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (SEC File No. 000-25349) filed on January 2, 2026).
10.5	First Amendment to Cooperation Agreement dated February 17, 2026 by and among Hooker Furnishings Corporation, Global Value Investment Corporation and each of the parties listed on Schedule A thereto (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K (SEC File No. 000-25349) filed on February 17, 2026).
19.1	Hooker Furniture Corporation Insider trading policy filed herewith
21	List of Subsidiaries: Bradington-Young LLC, a North Carolina limited liability company Sam Moore Furniture LLC, a Virginia limited liability company
23	Consent of Independent Registered Public Accounting Firm (filed herewith)
31.1	Rule 13a-14(a) Certification of the Company's principal executive officer (filed herewith)
31.2	Rule 13a-14(a) Certification of the Company's principal financial officer (filed herewith)
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 (furnished herewith)
97	Hooker Furnishings Corporation Compensation Recoupment Policy, as amended and restated on September 5, 2023 (incorporated by reference to Exhibit 97 to the Company's Annual Report on Form 10-K (SEC File No. 000-25349) filed on April 12, 2024)
101	The following financial statements from the Company's Annual Report on Form 10-K for the fiscal year ended February 1, 2026, formatted in Interactive Extensible Business Reporting Language ("IXBRL"): (i) consolidated balance sheets, (ii) consolidated statements of operations, (iii) consolidated statements of comprehensive (loss)/income, (iv) consolidated statements of cash flows, (v) consolidated statements of shareholders' equity and (vi) the notes to the consolidated financial statements, tagged as blocks of text (filed herewith)
104	Cover page Interactive Data File (formatted in Inline XBRL and contained in Exhibit 101)

* Management contract or compensatory plan

ITEM 16. FORM 10-K SUMMARY

None.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

HOOKER FURNISHINGS CORPORATION

April 17, 2026

/s/ Jeremy R. Hoff
Jeremy R. Hoff
Chief Executive Officer and Director (Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Jeremy R. Hoff Jeremy R. Hoff	Chief Executive Officer and Director (Principal Executive Officer)	April 17, 2026
/s/ C. Earl Armstrong III C. Earl Armstrong III	Senior Vice President - Finance and Chief Financial Officer (Principal Financial and Accounting Officer)	April 17, 2026
/s/ W. Christopher Beeler, Jr. W. Christopher Beeler, Jr.	Director (Board Chair)	April 17, 2026
/s/ Maria C. Duey Maria C. Duey	Director	April 17, 2026
/s/ Paulette Garafalo Paulette Garafalo	Director	April 17, 2026
/s/ Christopher L. Henson Christopher L. Henson	Director	April 17, 2026
/s/ Paul A. Huckfeldt Paul A. Huckfeldt	Director	April 17, 2026
/s/ Tonya H. Jackson Tonya H. Jackson	Director	April 17, 2026
/s/ Ellen C. Taaffe Ellen C. Taaffe	Director	April 17, 2026

HOOKER FURNISHINGS CORPORATION AND SUBSIDIARIES
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

To the Shareholders of
Hooker Furnishings Corporation
Martinsville, Virginia

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Securities Exchange Act Rule 13a-15(f). Under the supervision and with the participation of management, including the principal executive officer and principal financial officer, the Company conducted an evaluation of the effectiveness of its internal control over financial reporting based on the framework in *Internal Control—Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on the Company's evaluation under that framework, management concluded that the Company's internal control over financial reporting was effective as of February 1, 2026.

The effectiveness of the Company's internal control over financial reporting as of February 1, 2026 has been audited by KPMG LLP, the Company's independent registered public accounting firm, as stated in their report which is included herein.

Jeremy R. Hoff
Chief Executive Officer and Director
(Principal Executive Officer)
April 17, 2026

C. Earl Armstrong III
Senior Vice President – Finance
and Chief Financial Officer
(Principal Financial and Accounting Officer)
April 17, 2026

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Hooker Furnishings Corporation:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Hooker Furnishings Corporation and subsidiaries (the Company) as of February 1, 2026 and February 2, 2025, the related consolidated statements of operations, comprehensive (loss)/income, cash flows, and shareholders' equity for each of the years in the three-year period ended February 1, 2026, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of February 1, 2026 and February 2, 2025, and the results of its operations and its cash flows for each of the years in the three-year period ended February 1, 2026, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of February 1, 2026, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated April 17, 2026 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Sufficiency of audit evidence over revenue

As discussed in Note 1 to the consolidated financial statements, the Company generates revenue primarily through the sale of home furnishings and hospitality furniture products. Revenue is recognized by the Company at the time of shipment to the customer. The Company recorded $320.9 million of net sales for the fiscal year ended February 1, 2026.

We identified the evaluation of the sufficiency of audit evidence over revenue as a critical audit matter. Subjective auditor judgment was required due to the highly automated nature of certain processes to record revenue that involved interfacing data across multiple information technology (IT) systems and the overall volume of transactions. Additionally, IT professionals with specialized skills and knowledge were required to evaluate the nature and extent of evidence obtained over revenue.

The following are the primary procedures we performed to address this critical audit matter. We applied auditor judgment to determine the nature and extent of procedures to be performed over processing and recording of revenue. We involved IT professionals with specialized skills and knowledge, who assisted in 1) gaining an understanding of the systems used in the Company's recognition of revenue and 2) evaluating the design and testing the operating effectiveness of certain internal controls over the revenue process. This included general IT and certain application controls interacting within the Company's revenue recognition process. For a sample of revenue transactions, we assessed the recorded amount by comparing to underlying documentation, including invoices, cash receipts, bills of lading, and contracts with customers. We evaluated the sufficiency of audit evidence obtained by assessing the results of procedures performed, including the appropriateness of the nature and extent of such evidence.

/s/ KPMG LLP

We have served as the Company's auditor since 2003.

Charlotte, North Carolina
April 17, 2026

Report of Independent Registered Public Accounting Firm

To the Shareholders and Board of Directors
Hooker Furnishings Corporation:

Opinion on Internal Control Over Financial Reporting

We have audited Hooker Furnishings Corporation and subsidiaries' (the Company) internal control over financial reporting as of February 1, 2026, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of February 1, 2026, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of February 1, 2026 and February 2, 2025, the related consolidated statements of operations, comprehensive (loss)/income, cash flows, and shareholders' equity for each of the years in the three-year period ended February 1, 2026, and the related notes (collectively, the consolidated financial statements), and our report dated April 17, 2026 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

Charlotte, North Carolina
April 17, 2026

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

As of	February 1, 2026	February 2, 2025
Assets		
Current assets		
Cash and cash equivalents	**$ 1,112**	$ 6,295
Trade accounts receivable, net (See notes 4 and 5)	**37,786**	45,487
Inventories (see note 6)	**48,684**	66,228
Income tax recoverable	**30**	521
Prepaid expenses and other current assets	**5,283**	5,080
Current assets held for sale (See note 3)	**-**	17,513
Total current assets	**92,895**	141,124
Property, plant and equipment, net (See note 7)	**25,207**	27,343
Cash surrender value of life insurance policies (See note 10)	**30,422**	29,238
Deferred taxes (See note 16)	**24,941**	16,057
Operating leases right-of-use assets (See note 11)	**23,015**	39,264
Intangible assets, net (See note 9)	**12,994**	17,999
Goodwill (See note 9)	**575**	15,036
Non-current assets held for sale (See note 3)	**-**	11,269
Other assets	**15,842**	16,612
Total non-current assets	**132,996**	172,818
Total assets	**$ 225,891**	$ 313,942
Liabilities and Shareholders' Equity		
Current liabilities		
Trade accounts payable	**$ 11,002**	$ 16,376
Accrued salaries, wages and benefits	**3,730**	3,851
Accrued income taxes	**42**	49
Customer deposits	**5,291**	5,655
Current portion of operating lease liabilities (See note 11)	**5,445**	6,311
Other accrued expenses	**2,083**	2,916
Current liabilities held for sale (See note 3)	**-**	4,816
Total current liabilities	**27,593**	39,974
Long term debt (See note 12)	**3,223**	21,717
Deferred compensation (See note 13)	**6,365**	6,795
Operating lease liabilities (See note 11)	**19,468**	35,331
Long-term liabilities held for sale (See note 3)	**-**	5,742
Total long-term liabilities	**29,056**	69,585
Total liabilities	**56,649**	109,559
Shareholders' equity		
Common stock, no par value, 20,000 shares authorized, **10,764** and 10,703 shares issued and outstanding on each date	**51,361**	50,474
Retained earnings	**117,603**	153,336
Accumulated other comprehensive income	**278**	573
Total shareholders' equity	**169,242**	204,383
Total liabilities and shareholders' equity	**$ 225,891**	$ 313,942

See accompanying Notes to Consolidated Financial Statements.

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

For the 52 Week Period Ended February 1, 2026, the 53 Week Period Ended February 2, 2025 and the 52 Week Period Ended January 28, 2024

	2026	2025	2024
Net sales	**$ 278,139**	$ 317,357	$ 344,645
Cost of sales	**204,644**	239,221	250,681
Gross profit	**73,495**	78,136	93,964
Selling and administrative expenses	**71,921**	83,823	74,731
Goodwill and trade name impairment charges	**15,576**	1,055	-
Intangible asset amortization	**2,462**	2,763	2,816
Operating (loss) / income	**(16,464)**	(9,505)	16,417
Other income, net	**196**	2,711	858
Interest expense, net	**765**	1,274	1,573
(Loss) / income from continuing operations before income taxes	**(17,033)**	(8,068)	15,702
Income tax (benefit) / expense	**(4,254)**	(1,902)	3,356
Net (loss) / income from continuing operations	**(12,779)**	(6,166)	12,346
Net loss from discontinued operations, net of taxes	**(14,188)**	(6,341)	(2,481)
Net (loss) / income	**$ (26,967)**	$ (12,507)	$ 9,865
Basic:			
(Loss) / earnings from continuing operations per share	**$ (1.20)**	$ (0.59)	$ 1.15
Loss from discontinued operations per share	**(1.34)**	(0.60)	(0.24)
Basic (loss) / earnings per share	**$ (2.54)**	$ (1.19)	$ 0.91
Diluted:			
(Loss) / earnings from continuing operations per share	**$ (1.20)**	$ (0.59)	$ 1.15
Loss from discontinued operations per share	**(1.34)**	(0.60)	(0.24)
Diluted (loss) / earnings per share	**$ (2.54)**	$ (1.19)	$ 0.91
Weighted average shares outstanding:			
Basic	**10,606**	10,525	10,684
Diluted	**10,606**	10,525	10,838
Cash dividends declared per share	**$ 0.805**	$ 0.92	$ 0.89

See accompanying Notes to Consolidated Financial Statements.

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

For the 52 Week Period Ended February 1, 2026, 53 Week Period Ended February 2, 2025 and the 52 Week Period Ended January 28, 2024

	2026	2025	2024
Net (Loss) / Income	**$(26,967)**	$(12,507)	$9,865
Other comprehensive income:			
Actuarial adjustments	**(389)**	(212)	(172)
Income tax effect on adjustments	**94**	51	41
Adjustments to net periodic benefit cost	**(295)**	(161)	(131)
Total Comprehensive (Loss) / Income	**$ (27,262)**	$ (12,668)	$ 9,734

See accompanying Notes to Consolidated Financial Statements.

HOOKER FURNISHINGS CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
For the 52 Week Period Ended February 1, 2026, the 53 Week Period Ended February 2, 2025 and the 52 Week Period Ended January 28, 2024

	2026	2025	2024
Operating Activities:			
Net (loss) / income	**$ (26,967)**	$ (12,507)	$ 9,865
Less: Loss from discontinued operations, net of taxes	**(14,188)**	(6,341)	(2,481)
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	**7,064**	7,752	7,663
Deferred income tax expense/(benefit)	**(8,790)**	(4,006)	2,523
Goodwill and tradename impairment	**15,576**	1,055	-
Non-cash restricted stock and performance awards	**887**	950	1,706
Provision adjustment for doubtful accounts and sales allowances	**(405)**	2,672	(549)
Gain on life insurance policies	**(1,335)**	(1,213)	(984)
Loss on disposal of assets	**27**	-	35
Changes in assets and liabilities:			
Trade accounts receivable	**8,105**	(11,338)	9,971
Inventories	**17,544**	(13,205)	33,135
Income tax recoverable	**491**	2,492	65
Prepaid expenses and other assets	**219**	(486)	(4,876)
Trade accounts payable	**(5,816)**	4,766	17,131
Accrued salaries, wages and benefits	**(122)**	(3,549)	(1,890)
Accrued income taxes	**(7)**	49	-
Customer deposits	**(364)**	(265)	(2,590)
Operating lease liabilities	**(479)**	424	(2,086)
Other accrued expenses	**(696)**	(1,138)	(4,261)
Deferred compensation	**(818)**	(830)	(937)
Net cash (used in) / provided by operating activities	**$ 18,302**	$ (22,036)	$ 66,402
Investing Activities:			
Proceeds from sale of discontinued operations	**5,499**	-	-
Acquisitions	**-**	-	(2,373)
Purchases of property, plant and equipment	**(3,163)**	(3,074)	(5,238)
Premiums paid on life insurance policies	**(392)**	(395)	(406)
Proceeds received on life insurance policies	**-**	936	1,036
Proceeds from sale of property and equipment	**28**	3	-
Net cash used in investing activities	**$ 1,972**	$ (2,530)	$ (6,981)
Financing Activities:			
Proceeds from revolving credit facility	**104,568**	22,085	-
Payments for long-term loans	**(123,078)**	(22,900)	(1,400)
Cash dividends paid	**(8,766)**	(9,854)	(9,682)
Debt issuance cost	**(118)**	(480)	-
Purchase and retirement of common stock	**-**	-	(11,674)
Net cash (used in)/provided by financing activities	**$ (27,394)**	$ (11,149)	$ (22,756)
Discontinued Operations:			
Cash used in operating activities	**2,070**	(980)	(10,931)
Cash used in investing activities	**(133)**	(169)	(1,577)
Cash provided by / (used in) discontinued operations	**$ 1,937**	$ (1,149)	$ (12,508)
Net (decrease) / increase in cash and cash equivalents	**(5,183)**	(36,864)	24,157
Cash and cash equivalents at the beginning of year	**6,295**	43,159	19,002
Cash and cash equivalents at the end of year	**$ 1,112**	$ 6,295	$ 43,159
Supplemental schedule of cash flow information:			
Interest paid, net	**$ 691**	$ 1,312	$ 1,375
Income taxes (refund) / paid, net	**(445)**	(2,328)	23
Supplemental schedule of noncash investing activities:			
Increase / (Decrease) in lease liabilities arising from obtaining right-of-use assets	**55**	3,201	(10,646)
Increase in property and equipment through accrued purchases	**441**	167	190

See accompanying Notes to Consolidated Financial Statements.

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

For the 52 Week Period Ended February 1, 2026, the 53 Week Period Ended February 2, 2025 and the 52 Week Period Ended January 28, 2024

	Common Stock		Retained	Accumulated Other Comprehensive	Total Shareholders'
	Shares	Amount	Earnings	Income	Equity
Balance at January 29, 2023	11,197	$ 50,770	$ 184,386	$ 865	$ 236,021
Net income			$ 9,865		$ 9,865
Actuarial adjustments on defined benefit plan, net of tax of $41				$ (131)	(131)
Cash dividends paid and accrued ($0.89 per share)			(9,682)		(9,682)
Purchase and retirement of common stock	(620)	$ (2,952)	(8,852)		(11,804)
Restricted stock grants, net of forfeitures	95	(156)			(156)
Restricted stock compensation cost		1,702			1,702
Performance-based restricted stock units cost		773			773
PSU awards		(613)			(613)
Balance at January 28, 2024	10,672	$ 49,524	$ 175,717	$ 734	$ 225,975
Net loss			$ (12,507)		$ (12,507)
Actuarial adjustments on defined benefit plan, net of tax of $51				$ (161)	(161)
Cash dividends paid and accrued ($0.92 per share)			(9,874)		(9,874)
Restricted stock grants, net of forfeitures	31	$ (404)			(404)
Restricted stock compensation cost		1,593			1,593
Performance-based restricted stock units cost		453			453
PSU awards		(692)			(692)
Balance at February 2, 2025	10,703	$ 50,474	$ 153,336	$ 573	$ 204,383
Net loss			**$ (26,967)**		**$ (26,967)**
Actuarial adjustments on defined benefit plan, net of tax of $94				**$ (295)**	**(295)**
Cash dividends paid and accrued ($0.81 per share)			**(8,766)**		**(8,766)**
Restricted stock grants, net of forfeitures	**61**	**$ (220)**			**(220)**
Restricted stock compensation cost		**1,257**			**1,257**
Performance-based restricted stock units cost		**432**			**432**
PSU awards		**(582)**			**(582)**
Balance at February 1, 2026	**10,764**	**$ 51,361**	**$ 117,603**	**$ 278**	**$ 169,242**

See accompanying Notes to Consolidated Financial Statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Hooker Furnishings Corporation and subsidiaries (the "Company," "we," "us" and "our") design, import, manufacture and market residential household furniture, hospitality and contract furniture, lighting, accessories, and home décor for sale to wholesale and retail merchandisers located principally in North America.

Consolidation

The consolidated financial statements include the accounts of Hooker Furnishings Corporation and our wholly owned subsidiaries. All material intercompany accounts and transactions have been eliminated in consolidation. All references to the Company refer to the Company and our consolidated subsidiaries, unless specifically referring to segment information.

Operating Segments

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

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

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

For financial reporting purposes, we are organized into two operating 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;
- **Domestic Upholstery**, which includes the domestic upholstery manufacturing operations of Bradington-Young, HF Custom (formerly Sam Moore), Shenandoah Furniture and Sunset West; and
- **All Other,** consisting of intercompany eliminations and operating segments that are not individually reportable; therefore, we combined them in "All Other" in accordance with ASC 280. Due to a change in the way management internally evaluates operating performance, beginning with the fiscal 2026 first quarter, Hooker Branded and Domestic Upholstery segments' results now include all the sales of products formerly included in H Contract's results. Fiscal 2025 results discussed below have been recast to reflect this change. During fiscal 2026, the Company completed the divestiture of Pulaski Furniture ("PFC") and Samuel Lawrence ("SLF") casegoods brands, formerly part of the Home Meridian segment. As the PFC and SLF businesses have been classified as discontinued operations, the remaining business does not qualify as a reportable segment, therefore, the Home Meridian segment will be eliminated. The Samuel Lawrence Hospitality product line will be reported within All Other.

Cash and Cash Equivalents

We consider cash on hand, demand deposits in banks and all highly liquid investments with an original maturity of three months or less to be cash and cash equivalents.

Trade Accounts Receivable

Substantially all of our trade accounts receivable are due from retailers and dealers that sell residential home furnishings or commercial purchasers of our hospitality and senior living products, and consist of a large number of entities with a broad geographic dispersion. We perform credit evaluations of our customers and generally do not require collateral.

These trade accounts receivable are reported net of customer allowances and an allowance for doubtful accounts.

Reserves for customer allowances comprise the majority of the reduction of our gross trade accounts receivable to the estimated fair value reported on the face of our financial statements. We regularly review and revise customer allowances based on unprocessed claims received and current and historical activity and any agreements made with specific customers.

We regularly review and revise accounts receivable for doubtful accounts based upon historical bad debts. If the financial condition of a customer or customers were to deteriorate, resulting in an impairment of their ability to make payments, additional bad debt allowances may be required. In the event a receivable is determined to be potentially uncollectible, we engage collection agencies or law firms to attempt to collect amounts owed to us after all internal collection attempts have ended. Once we have determined the receivable is uncollectible, it is charged against the allowance for doubtful accounts.

Fair Value Measurements

We utilize valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. We determine fair value based on assumptions that we believe market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.
- Level 2 Inputs: Observable inputs other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 Inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

Fair Value of Financial Instruments

The carrying value of certain of our financial instruments (cash and cash equivalents, trade accounts receivable and payable, and accrued liabilities) approximates fair value because of the short-term nature of those instruments. The carrying value of Company-owned life insurance is marked to market each reporting period and any change in fair value is reflected in income for that period. See Note 10 for details.

Inventories

Inventories, consisting of finished furniture for sale, raw materials, manufacturing supplies and furniture in process, are stated at the lower of cost, or market value, with cost determined using the last-in, first-out (LIFO) method. Under this method, inventory is valued at cost, which is determined by applying a cumulative index to current year inventory dollars. We believe the use of the LIFO method results in a better matching of costs and revenues. We review inventories on hand and record an allowance for slow-moving and obsolete inventory based on historic experience and expected sales.

Property, Plant and Equipment

Property, plant and equipment are stated at cost, less allowances for depreciation. Provision for depreciation has been computed at annual rates using straight-line or declining balance depreciation methods that will amortize the cost of the depreciable assets over their estimated useful lives.

Leases

Leases are classified as either finance leases or operating leases based on criteria in Topic 842. All of our current leases are classified as operating leases. We do not currently have finance leases but could in the future.

Operating lease right-of-use (“ROU”) assets and liabilities are recognized on the adoption date based on the present value of lease payments over the remaining lease term. As interest rates are not explicitly stated or implicit in any of our leases, we utilized our collateralized incremental borrowing rate at the adoption date of February 4, 2019. The Company generally uses its incremental borrowing rate as the discount rate for the lease. The Company’s incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms. Lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option.

At the inception of a lease, we allocate the consideration in the contract to each lease and non-lease component based on the component’s relative stand-alone price to determine the lease payments. Lease and non-lease components are accounted for separately. Lease expense for operating leases is recognized on a straight-line basis over the lease term. Included in lease expense are any variable lease payments incurred in the period that were not included in the initial lease liability. Some of our real estate leases contain variable lease payments, including payments based on the percentage increase in the Consumer Price Index for Urban Consumers (“CPI-U”). We used February 2019 CPI-U issued by the US Department of Labor’s Bureau of Labor Statistics to measure lease payments and calculate lease liabilities upon adoption of this standard. Additional payments based on the change in an index or rate, or payments based on a change in our portion of the operating expenses, including real estate taxes and insurance, are recorded when incurred.

We have a sub-lease at one of our warehouses. In accordance with the provisions of Topic 842, since we have not been relieved as the primary obligor of the warehouse lease, we cannot net the sublease income against our lease payment to calculate the lease liability and ROU asset. Our practice is to straight-line the sub-lease income over the term of the sublease.

Our leases have remaining lease terms of less than one year to ten years, some of which include options to extend the leases for up to ten years. We have elected not to recognize ROU assets and lease liabilities that arise from short term leases for any class of underlying asset. Short term leases are leases with lease terms of 12 months or less with either (a) no renewal option or (b) a renewal option which we are not reasonably certain to exercise.

Impairment of Long-Lived Assets

Long-lived assets, such as property, plant and equipment and definite-lived assets, are evaluated for impairment annually or more frequently when events or changes in circumstances indicate that the carrying amount of the assets or asset groups may not be recoverable through the estimated undiscounted future cash flows from the use of those assets. When any such impairment exists, the related assets are written down to fair value. Long-lived assets subject to disposal by sale are measured at the lower of their carrying amount or fair value less estimated cost to sell, are no longer depreciated, and are reported separately as “assets held for sale” in the consolidated balance sheets.

Intangible Assets and Goodwill

We own both definite-lived (amortizable) assets and indefinite-lived intangible assets. Our amortizable intangible assets are related to the Shenandoah and Sunset West acquisitions, and includes customer relationships and trademarks. Our indefinite lived assets include goodwill related to the Shenandoah and BOBO acquisitions, as well as the remaining Bradington-Young, Home Meridian and BOBO tradenames. We may acquire additional amortizable assets and/or indefinite lived intangible assets in the future. Our indefinite-lived intangible assets are not amortized but are tested for impairment annually or more frequently if events or circumstances indicate that the asset might be impaired.

In accordance with ASC 350, Intangibles – Goodwill and Other, our goodwill, trademarks and trade names are tested for impairment annually as of the first day of our fourth quarter or more frequently if events or changes in circumstances indicate that the asset might be impaired. Circumstances that could indicate a potential impairment include, but are not limited to:

- a significant adverse change in the economic or business climate either within the furniture industry or the national or global economy;
- significant changes in demand for our products;
- loss of key personnel; and
- the likelihood that a reporting unit or significant portion of a reporting unit will be sold or otherwise subject to disposal.

The assumptions used to determine the fair value of our intangible assets are highly subjective and judgmental and include long-term growth rates, sales volumes, projected revenues, assumed royalty rates and factors used to develop an applied discount rate. If the assumptions that we use in these calculations differ from actual results, we may realize additional impairment on our intangible assets that may have a material-adverse effect on our results of operations and financial condition.

Cash Surrender Value of Life Insurance Policies

We own seventy life insurance policies on certain of our current and former executives and other key employees. These policies had a carrying value of $30.4 million at February 1, 2026 and have a face value of approximately $54 million as of that date. Proceeds from the policies are used to fund certain employee benefits and for other general corporate purposes. We account for life insurance as a component of employee benefits cost. Consequently, the cost of the coverage and any resulting gains or losses related to those insurance policies are recorded as a decrease or increase to operating income. Cash payments that increase the cash surrender value of these policies are classified as investing outflows on the Consolidated Statements of Cash Flows, with amounts paid in excess of the increase in cash surrender value included in operating activities. Gains on life insurance policies, which typically occur at the time a policy is redeemed, are included in the reconciliation of net income to net cash used in or provided by operating activities.

Revenue Recognition

We recognize revenue pursuant to Accounting Standards Codification 606, which requires revenue to be recognized at an amount that reflects the consideration we expect to be entitled to receive in exchange for transferring goods or services to our customers. Our policy is to record revenue when control of the goods transfers to the customer. We have a present right to payment at the time of shipment as customers are invoiced at that time. We believe the customer obtains control of goods at the time of shipment, which is typically when title passes. While the customer may not enjoy immediate physical possession of the products, the customers’ right to re-direct shipment indicates control. In the very limited instances when products are sold under consignment arrangements, we do not recognize revenue until control over such products has transferred to the end consumer. Orders are generally non-cancellable once loaded into a shipping trailer or container.

The transaction price for each contract is the stated price of the product, reduced by any stated discounts or allowances at that point in time. We do not engage in sales of products that attach a future material right which could result in a separate performance obligation for the purchase of goods in the future at a material discount. The implicit contract with the customer, as reflected in the order acknowledgement and invoice, states the final terms of the sale, including the description, quantity, and price of each product purchased. The transaction price reflects the amount of estimated consideration to which we expect to be entitled. This amount of variable consideration included in the transaction price, and measurement of net sales, is included in net sales only to the extent that it is probable that there will be no significant reversal in a future period.

Net sales are comprised of gross revenues from sales of home furnishings and hospitality furniture products and are recorded net of allowances for trade promotions, estimated product returns, rebate advertising programs and other discounts. Physical product returns are very rare due to the high probability of damages to our products in return transit. Other revenues, primarily royalties, are immaterial to our overall results. Payment is typically due within 30-60 days of shipment for customers qualifying for payment terms. Collectability is reasonably assured since we extend credit to customers for whom we have performed credit evaluations and/or from whom we have received a down payment or deposit. Due to the highly-customized nature of our hospitality products, we typically require substantial prepayments on these orders, with the balance due within 30 days of delivery. For our outdoor furnishings, most orders require a 50% deposit upon order and the balance when production is started.

Cost of Sales

The major components of cost of sales are:

- the cost of imported products purchased for resale;
- raw materials and supplies used in our domestically manufactured products;
- labor and overhead costs associated with our domestically manufactured products;
- the cost of our foreign import operations;
- charges associated with our inventory reserves;
- warehousing and certain shipping and handling costs; and
- all other costs required to be classified as cost of sales.

Selling and Administrative Expenses

The major components of our selling and administrative expenses are:

- the cost of our marketing and merchandising efforts, including showroom expenses;
- sales and design commissions;
- the costs of administrative support functions including, executive management, information technology, human resources and finance; and
- all other costs required to be classified as selling and administrative expenses.

Advertising

We offer advertising programs to qualified dealers under which we may provide signage, catalogs and other marketing support to our dealers and may reimburse some advertising and other costs incurred by our dealers in connection with promoting our products. The cost of these programs does not exceed the fair value of the benefit received. We charge the cost of point-of-purchase materials (including signage, catalogs, and fabric and leather swatches) to selling and administrative expense as incurred. Advertising costs charged to selling and administrative expense for fiscal years 2026, 2025, and 2024 were $2.0 million, $2.6 million, and $2.6 million, respectively. The costs for other advertising allowance programs are charged against net sales. We also have arrangements with some dealers to reimburse them for a portion of their advertising costs, which provides advertising benefits to us. Costs for these arrangements are expensed as incurred and are netted against net sales in our consolidated statements of operations and comprehensive income.

Earnings Per Share

We use the two-class method to compute basic earnings per share. Under this method we allocate earnings to common shares and participating securities according to their participation rights in dividends declared and undistributed earnings and divide the income available to each class by the weighted average number of common shares for the period in each class. Unvested restricted stock grants made to our non-employee directors and certain employees are considered participating securities because the shares have the right to receive non-forfeitable dividends. Because the participating shares have no obligation to share in net losses, we do not allocate losses to our common shares in this calculation.

Diluted earnings per share reflect the potential dilutive effect of securities that could share in our earnings. Restricted stock awarded to non-employee directors and certain employees and restricted stock units granted to employees that have not yet vested are considered when computing diluted earnings per share. We use the treasury stock method to determine the dilutive effect of both unvested restricted stock and unvested restricted stock units. Shares of unvested restricted stock and unvested restricted stock units under a stock-based compensation arrangement are considered options for purposes of computing diluted earnings per share and are considered outstanding shares as of the grant date for purposes of computing diluted earnings per share even though their exercise may be contingent upon vesting. Those stock-based awards are included in the diluted earnings per share computation even if the non-employee director may be required to forfeit the stock at some future date, or no shares may ever be issued to the employees. Unvested restricted stock and unvested restricted stock units are not included in outstanding common shares in computing basic earnings per share.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of: (i) assets and liabilities, including disclosures regarding contingent assets and liabilities at the dates of the financial statements; and (ii) revenue and expenses during the reported periods. Significant items subject to such estimates and assumptions include inventory reserves, useful lives of fixed and intangible assets; allowance for doubtful accounts; deferred tax assets; the valuation of fixed assets and goodwill; our pension and supplemental retirement income plans; and stock-based compensation. These estimates and assumptions are based on our best judgments. We evaluate these estimates and assumptions on an ongoing basis using historic experience and other factors, including the current economic environment, which we believe to be reasonable under the circumstances. We adjust our estimates and assumptions as facts and circumstances dictate. Actual results could differ from our estimates.

Recently Adopted Accounting Standards

In November 2023, the FASB issued ASU 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures". The new guidance requires enhanced reportable segment disclosures to include significant segment expenses. The Company adopted this ASU on January 29, 2024. The adoption did not have an impact on our Consolidated Financial Statements. See "Note 18. Segment Information."

In December 2023, the FASB issued Accounting Standards Updates "ASU 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures". The new guidance requires enhanced effective tax rate reconciliation and income taxes paid disclosures. The Company adopted this ASU on February 3, 2025 on a prospective basis. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements, but resulted in expanded income tax disclosures. See "Note 16, Income Taxes".

In November 2024, the FASB issued ASU 2024-03, "Disaggregation of income statement expenses". The new guidance requires new tabular disclosures to disaggregate prescribed natural expenses underlying any income statement caption. ASU 2024-03 is effective for annual periods beginning after December 15, 2026 (our fiscal 2028). We are currently evaluating the impact that the adoption of this new guidance will have on our consolidated financial statements and will add necessary disclosures upon adoption.

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

NOTE 2 - FISCAL YEAR

Our fiscal years end on the Sunday closest to January 31. In some years, generally once every six years, the fourth quarter will be fourteen weeks long and the fiscal year will consist of fifty-three weeks. Our quarterly periods are based on thirteen-week "reporting periods," which end on Sundays. As a result, each quarterly period generally will be thirteen weeks, or 91 days long, except during a 53-week fiscal year which will have 14 weeks in the fourth quarter. The 2026 fiscal year that ended on February 1, 2026 was a 52-week fiscal year.

In the notes to the consolidated financial statements, references to the:

- 2026 fiscal year and comparable terminology mean the fiscal year that began February 3, 2025 and ended February 1, 2026;
- 2025 fiscal year and comparable terminology mean the fiscal year that began January 29, 2024 and ended February 2, 2025; and
- 2024 fiscal year and comparable terminology mean the fiscal year that began January 30, 2023 and ended January 28, 2024.

NOTE 3 – DISCONTINUED OPERATIONS

During the third quarter of fiscal 2026, we determined that the Home Meridian segment no longer aligned with our long-term strategy to streamline our portfolio and enhance profitability by focusing on brands that generate consistent earnings. As a result, we initiated a process to sell two brands in the segment. On December 1, 2025, we entered into an Asset Purchase Agreement (the "Asset Purchase Agreement") with a buyer to sell the Company's Pulaski Furniture ("PFC") and Samuel Lawrence ("SLF") casegoods brands, including specified assets and liabilities associated with those brands. We will retain the Samuel Lawrence brand in connection with the operation of its hospitality business.

On December 12, 2025, the Company completed the sale and received cash proceeds of approximately $5.5 million, representing the estimated net book value of the assets at closing, less a holdback amount of approximately $0.6 million, in accordance with the terms of the purchase agreement. Final transaction pricing, including working capital adjustments, resulted in a difference of approximately $0.3 million between the estimated fair value less costs to sell determined at the measurement date and the final net proceeds received.

Following the sale, the Home Meridian segment was eliminated, with its remaining Samuel Lawrence Hospitality brand reclassified into the "All Other" category.

We believe this transaction represents a single disposal plan that constitutes a strategic shift expected to have a material effect on our operations and financial results. Accordingly, the financial results of the PFC and SLF businesses are reflected in our consolidated financial statements as discontinued operations for all periods presented.

The following table represents carrying amounts of major classes of assets and liabilities as of the date of the divestiture:

Assets:		
Trade accounts receivable	$	8,324
Less allowances		(527)
Inventories		2,228
Other current assets		154
Property, plant and equipment, net		797
Intangible assets		4,796
Operating lease right-of-use assets		5,465
Total assets of discontinued operations	$	21,237
Liabilities:		
Accounts payable	$	2,810
Accrued expenses and other current liabilities		109
Operating lease liabilities		6,054
Total liabilities of discontinued operations	$	8,973
Net assets disposed	$	12,264
Cash	$	5,500
Receivable from buyer		611
Selling costs	$	735
(Loss) on sale of the discontinued operations	$	(6,888)

Assets:		**February 1, 2026**		February 2, 2025
Trade accounts receivable	**$**	**-**	$	13,575
Less allowances				(865)
Inventories				4,528
Other current assets				275
Property, plant and equipment, net				852
Intangible assets				4,106
Operating lease right-of-use assets				6,311
Total assets of discontinued operations	**$**	**-**	$	28,782
Liabilities:				
Accounts payable	**$**	**-**	$	3,625
Accrued expenses and other current liabilities				-
Operating lease liabilities				6,933
Total liabilities of discontinued operations	**$**	**-**	$	10,558

The following table represents statements of operations information of carrying amounts of major classes of line items constituting pretax loss of discontinued operations included as part of discontinued operations in fiscal 2026, 2025 and 2024:

		52 Weeks Ended February 1, 2026		**For the** 53 Weeks Ended February 2, 2025		52 Weeks Ended January 28, 2024
Net sales	**$**	**42,795**	$	80,107	$	88,581
Cost of sales		**41,550**		69,295		73,593
Gross profit		**1,245**		10,812		14,988
Selling and administrative expenses		**13,404**		16,694		18,209
Trade name impairment charges		**-**		1,776		-
Intangible asset amortization		**742**		922		841
Other income items that are not major		**(1,099)**		(222)		(798)
Pretax loss of discontinued operations related to major classes		**(11,802)**		(8,358)		(3,264)
Loss on sale of the discontinued operations		**6,888**		-		-
(Loss) / income from discontinued operations before income taxes		**(18,690)**		(8,358)		(3,264)
Income tax (benefit) / expense		**(4,502)**		(2,017)		(783)
Net income / (loss) from discontinued operations		**(14,188)**		(6,341)		(2,481)

The significant components included in our Consolidated Statements of Cash Flows for the discontinued operations are as follows:

	52 Weeks Ended February 1, 2026	53 Weeks Ended February 2, 2025	52 Weeks Ended January 28, 2024
Operating Activities:			
Loss from discontinued operations, net of tax	**$ (14,188)**	$ (6,341)	$ (2,481)
Depreciation and amortization	**1,120**	1,477	1,293
Tradename impairment	**-**	1,776	-
Loss on sale of the discontinued operations	**6,888**	-	-
Loss / (gain) on disposal of assets	**2,422**	-	-
Changes in assets and liabilities:			
Trade accounts receivable, net	**4,914**	1,748	1,428
Inventories	**2,299**	4,265	3,470
Trade accounts payable	**(815)**	(1,401)	(16,941)
Other assets and liabilities	**(570)**	(2,504)	2,300
Cash provided by / (used in) operating activities from discontinued operations	**2,070**	(980)	(10,931)
Investing Activities:			
Purchase of properties and equipment	**(133)**	(169)	(1,577)
Cash used in investing activities from discontinued operations	**$ (133)**	$ (169)	$ (1,577)

NOTE 4 – DOUBTFUL ACCOUNTS AND CUSTOMER ALLOWANCES

The activity in the allowance for doubtful accounts was:

	52 Weeks Ended February 1, 2026	53 Weeks Ended February 2, 2025	52 Weeks Ended January 28, 2024
Balance at beginning of year	**$ 4,964**	$ 1,693	$ 1,658
Non-cash charges to cost and expenses	**932**	3,167	21
Increase / (decrease) in allowance, net of recoveries	**(709)**	104	14
Balance at end of year	**$ 5,187**	$ 4,964	$ 1,693

The activity in customer allowances was:

	52 Weeks Ended February 1, 2026	53 Weeks Ended February 2, 2025	52 Weeks Ended January 28, 2024
Balance at beginning of year	**$ 317**	$ 1,503	$ 2,597
Charges to cost and expenses	**5,221**	7,197	9,184
Less allowances applied	**(5,856)**	(8,096)	(10,541)
Increase / (decrease) in allowance, net of recoveries	**672**	(287)	263
Balance at end of year	**$ 354**	$ 317	$ 1,503

NOTE 5 – ACCOUNTS RECEIVABLE

	February 1, 2026	February 2, 2025
Gross accounts receivable	**$ 43,327**	$ 50,768
Customer allowances	**(354)**	(317)
Allowance for doubtful accounts	**(5,187)**	(4,964)
Trade accounts receivable	**$ 37,786**	$ 45,487

NOTE 6 – INVENTORIES

	February 1, 2026	February 2, 2025
Finished furniture	**$ 61,178**	$ 77,546
Furniture in process	**1,497**	1,524
Materials and supplies	**11,879**	11,229
Inventories at FIFO	**74,554**	90,299
Reduction to LIFO basis	**(25,870)**	(24,071)
Inventories	**$ 48,684**	$ 66,228

At February 1, 2026 and February 2, 2025, we had $178,000 and $253,000, respectively, in consigned inventories, which are included in the “Finished furniture” line in the table above. At February 1, 2026 and February 2, 2025, we held $11.9 million and $5.5 million, respectively, in inventory in Vietnam.

NOTE 7 – PROPERTY, PLANT AND EQUIPMENT

	Depreciable Lives *(In years)*	**February 1, 2026**	February 2, 2025
Buildings and land improvements	15 - 30	**$ 34,566**	$ 34,439
Machinery and equipment	10	**11,852**	12,165
Computer software and hardware	3 - 10	**8,286**	8,581
Leasehold improvements	Term of lease	**7,630**	8,882
Furniture and fixtures	3 - 8	**3,067**	7,075
Other	5	**701**	701
Total depreciable property at cost		**66,102**	71,843
Less accumulated depreciation		**(46,060)**	(47,532)
Total depreciable property, net		**20,042**	24,311
Land		**1,077**	1,077
Construction-in-progress		**4,088**	1,955
Property, plant and equipment, net		**$ 25,207**	$ 27,343

Depreciation expenses for fiscal 2026, 2025, and 2024 were $2.7 million, $3.5 million, and $4.0 million, respectively.

Capitalized Software Costs

Certain costs incurred in connection with developing or obtaining computer software for internal use are capitalized. These costs are amortized over periods of ten years or less. Capitalized software is reported as a component of computer software and hardware above and on the property, plant, and equipment line of our consolidated balance sheets. The activity in capitalized software costs was:

	52 Weeks Ended February 1, 2026	53 Weeks Ended February 2, 2025	52 Weeks Ended January 28, 2024
Balance beginning of year	**$ 65**	$ 103	$ 1,348
Additions	**-**	7	33
Amortization expense	**(21)**	(45)	(389)
Disposals	**(6)**	-	(889)
Balance end of year	**$ 38**	$ 65	$ 103

NOTE 8 – CLOUD COMPUTING HOSTING ARRANGEMENT

We have implemented a common Enterprise Resource Planning (ERP) system across all divisions. The ERP system went live at Sunset West in December 2022 and in the legacy Hooker divisions and for consolidated reporting in early September 2023. Based on the provisions of ASU 2018-15, Intangibles — Goodwill and Other — Internal-Use Software, we capitalize implementation costs associated with hosting arrangements that are service contracts. These costs are recorded in "other noncurrent assets" of our consolidated balance sheets. We amortize these costs on a straight-line basis over a 10-year term. The amortization expenses are recorded as a component of selling and administrative expenses in our consolidated statements of operations.

Implementation costs of $697,000 and interest expense of $186,000 were capitalized in fiscal 2026. Implementation costs of $3.0 million and interest expense of $239,000 were capitalized in fiscal 2025. Implementation costs of $5.1 million and interest expense of $273,000 were capitalized in fiscal 2024. Amortization expenses of $1.4 million, $1.2 million and $410,000 were recorded in fiscal 2026, 2025 and 2024, respectively. The capitalized implementation costs at February 1, 2026 and February 2, 2025 were as follows:

	February 1, 2026		February 2, 2025	
	Gross carrying amount	**Accumulated amortization**	Gross carrying amount	Accumulated amortization
Implementation Costs	**$ 17,479**	**$ (2,963)**	$ 16,782	$ (1,561)
Interest Expenses	**782**	**(49)**	596	(27)

NOTE 9 – INTANGIBLE ASSETS AND GOODWILL

Our goodwill, some trademarks and trade names have indefinite useful lives and, consequently, are not subject to amortization for financial reporting purposes but are tested for impairment annually or more frequently if events or circumstances indicate that the asset might be impaired.

Our non-amortizable intangible assets consist of:

- Goodwill related to the Shenandoah (acquired 2017) and BOBO (acquired 2023) acquisitions; and
- Trademarks and tradenames related to the acquisitions of Bradington-Young (acquired 2002), Home Meridian (acquired 2016), and BOBO Intriguing Objects (acquired 2023).

We review goodwill and other intangible assets annually for impairment or more frequently if events or circumstances indicate that it might be impaired.

In accordance with ASC 350, *Intangibles—Goodwill and Other,* we perform our annual goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. Management judgment is a significant factor in the goodwill impairment evaluation process. The computations require management to make estimates and assumptions, the most critical of which are potential future cash flows and the appropriate discount rate.

In conjunction with our evaluation of the cash flows generated by the Home Meridian, Bradington-Young and BOBO reporting units, we evaluated the carrying value of trademarks and trade names using the income approach, specifically the relief from royalty method, which values the trademarks and trade names by estimating the savings achieved by ownership of the trademarks and trade name when compared to licensing the trademarks and trade names from an independent owner. The inputs used in the trademarks and trade names analyses are considered Level 3 fair value measurements.

During the third quarter of fiscal 2026, adverse economic conditions, including declines in our market value, as well as other changes in market dynamics, triggered an evaluation of our goodwill and intangible assets. We engaged an independent third-party valuation firm to assist in performing this assessment. The valuation procedures were performed with consideration of applicable accounting guidance, including Accounting Standards Codification ("ASC") Topic 350, Goodwill and Other Intangible Assets and ASC Topic 820, Fair Value Measurement.

The determination of the fair value of our Home Meridian and Domestic Upholstery reporting units incorporated three valuation approaches: (i) the Discounted Cash Flow method, which utilized management's cash flow projections and growth assumptions over an eight-year forecast period; (ii) the Guideline Public Company Method, which considered market data for comparable publicly traded companies; and (iii) the Guideline Transaction Method, which considered market multiples derived from transactions involving comparable businesses under varying risk profiles, geographies, and market conditions.

Based on the results of this valuation analysis, we recorded non-cash impairment charges of $15.6 million related to continuing operations. These charges consisted of $14.5 million related to the impairment of Sunset West goodwill within the Domestic Upholstery segment, $558,000 for the trade name in the remaining HMI business classified in All Other, and $556,000 for the Bradington-Young trade name in the Domestic Upholstery segment.

At February 1, 2026, we concluded the Shenandoah goodwill and BOBO non-amortizable trade name are not impaired.

Our amortizable intangible assets are recorded in the Domestic Upholstery segment, consisting of Shenandoah and Sunset West trade names and customer relations.

Details of our intangible assets were as follows:

	February 1, 2026		February 2, 2025	
	Gross carrying amount	**Accumulated Amortization**	Gross carrying amount	Accumulated Amortization
Intangible assets with indefinite lives:				
Goodwill				
Domestic Upholstery - Shenandoah *	**490**	**-**	490	-
Domestic Upholstery - Sunset West	**-**	**-**	14,462	-
All Other - BOBO Intriguing Objects	**85**	**-**	84	-
Goodwill	**575**	**-**	15,036	-
Trademarks and Trade names *	**2,019**	**(1,114)**	3,692	-
Intangible assets with definite lives:				
Customer Relations	**23,601**	**(12,620)**	23,601	(10,565)
Trademarks and Trade names	**2,334**	**(1,225)**	2,334	(1,062)
Intangible assets, net	**27,954**	**(14,959)**	29,627	(11,627)

*: The amounts are net of impairment charges of $16.4 million related to Shenandoah goodwill, $14.5 million related to Sunset West goodwill and $5.2 million related to certain trade names not related to PFC and SLF, of which $2.6 million were recorded in fiscal 2021 and $2.5 million were recorded in fiscal 2025.

The estimated amortization expense associated with our amortizable intangible assets is expected to be as follows:

Fiscal Year	Amount
2027	2,178
2028	2,178
2029	2,178
2030	2,178
2031	1,842
2032 and thereafter	1,536
	$ 12,090

NOTE 10 – 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 February 1, 2026 and February 2, 2025, 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 February 1, 2026 and February 2, 2025 were as follows:

	Fair value at February 1, 2026				Fair value at February 2, 2025			
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	**$ -**	**$ 30,422**	**$ -**	**$ 30,422**	$ -	$ 29,238	$ -	$ 29,238

NOTE 11 – LEASES

In fiscal 2020, we adopted Accounting Standards Codification Topic 842 *Leases.* See “Leases” under Note 1 for a discussion of our accounting policies and elections under Topic 842. The analysis below includes office space, warehousing facilities, showroom space, and office equipment related to our continuing operations. Leases and sub-leases associated with the discontinued operations of the PFC and SLF businesses, as well as the former Home Meridian segment, have been excluded for all periods presented.

We have a sub-lease at one of our warehouses and we recognized sub-lease income of $252,000 in fiscal 2026.

The components of lease cost and supplemental cash flow information for leases in fiscal 2026, 2025, and 2024 were:

	52 Weeks Ended February 1, 2026	53 Weeks Ended February 2, 2025	52 Weeks Ended January 28, 2024
Operating lease cost	**$ 6,587**	$ 6,648	$ 6,223
Variable lease cost	**325**	354	248
Short-term lease cost	**193**	325	399
Total operating lease cost	**$ 7,105**	$ 7,327	$ 6,870
Operating cash outflows	**$ 6,956**	$ 7,007	$ 6,360

The right-of-use assets and lease liabilities recorded on our Consolidated Balance Sheets as of February 1, 2026 and February 2, 2025 were:

	February 1, 2026	February 2, 2025
Real estate	**$ 22,328**	$ 38,329
Property and equipment	**687**	935
Total operating leases right-of-use assets	**$ 23,015**	$ 39,264
Current portion of operating lease liabilities	**$ 5,445**	$ 6,311
Long term operating lease liabilities	**19,468**	35,331
Total operating lease liabilities	**$ 24,913**	$ 41,642

The weighted-average discount rate is 4.91% at February 1, 2026. The weighted-average remaining lease term is 5.5 years.

The following table reconciles the undiscounted future lease payments for operating leases to the operating lease liabilities recorded in the consolidated balance sheet at February 1, 2026.

Fiscal Year	**Undiscounted Future Operating Lease Payments**
2027	$ 6,546
2028	4,685
2029	3,915
2030	3,881
2031	3,913
2032 and thereafter	5,833
Total lease payments	$ 28,773
Less: impact of discounting	(3,860)
Present value of lease payments	$ 24,913

As of February 1, 2026, the Company had an additional lease for an administrative office in High Point, North Carolina. This lease is expected to commence in April of calendar 2026 with an initial lease term of seven years and estimated future minimum rental commitments of approximately $2.2 million. Since the lease has not yet commenced, the undiscounted amounts are not included in the table above.

NOTE 12 – LONG-TERM DEBT

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

The Amended and Restated Loan Agreement provides for a revolving credit facility in a committed principal amount of up to $70,000,000 (the "Revolving Commitment"), including subline of $8,000,000 for letters of credit, and an option to increase the Revolving Commitment by up to $30,000,000 upon meeting certain conditions, including agreement by BofA to increase the Revolving Commitment by such amount. Proceeds of loans and letters of credit under the Amended and Restated Loan Agreement are available for general working capital and other corporate purposes of the Borrower.

Availability of loans and letters of credit under the Revolving Commitment is capped by a borrowing base formula calculated as of any date as the sum for the Borrowers of (a) the value of their accounts receivable, (b) the value of their inventory, (c) the value of their in-transit inventory and (d) the life insurance cash surrender value of company-owned life insurance policies, in each case subject to eligibility requirements, advance rates, valuation metrics, reductions for write-offs and other dilutive items and reserves (the "Borrowing Base"). The lesser of the Revolving Commitment and the Borrowing Base, in each case net of the principal amount of outstanding loans and the face amount of letters of credit, constitutes "Availability" under the Amended and Restated Credit Agreement.

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

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

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

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

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

We incurred $480,000 in debt issuance costs in fiscal 2025 and an additional $118,000 in fiscal 2026 in connection with our term loans. As of February 1, 2026, unamortized loan costs of $476,000 were netted against the carrying value of our term loans on our consolidated balance sheets.

As of February 1, 2026, we had $3.6 million principal amount of outstanding loans and $3.6 million face amount of letters of credit. We had $62.8 million of Availability based on the current Borrowing Base. There were no additional borrowings outstanding under the Amended and Restated Loan Agreement as of February 1, 2026.

NOTE 13 – EMPLOYEE BENEFIT PLANS

Employee Savings Plans

We sponsor a tax-qualified 401(k) retirement plan covering substantially all employees. This plan assists employees in meeting their savings and retirement planning goals through employee salary deferrals and discretionary employer matching contributions. Our contributions to the plan amounted to $1.5 million in fiscal 2026 and $1.8 million in fiscal 2025 and 2024.

Executive Benefits

SRIP and SERP Overview

We maintain two "frozen" retirement plans, which are paying benefits and may include active employees among the participants but 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 Furnishings Corporation; and

- the Pulaski Furniture Corporation Supplemental Executive Retirement Plan ("SERP") for certain former executives. This is excluded from the disposal group classified as held for sale.

SRIP and SERP

The SRIP provides monthly payments to participants or their designated beneficiaries based on a participant's "final average monthly earnings" and "specified percentage" participation level as defined in the plan, subject to a vesting schedule that may vary for each participant. The benefit is payable for a 15-year period following the participant's termination of employment due to retirement, disability or death. In addition, the monthly retirement benefit for each participant, regardless of age, becomes fully vested and the present value of that benefit is paid to each participant in a lump sum upon a change in control of the Company as defined in the plan. The SRIP is unfunded and all benefits are payable solely from our general assets. The plan liability is based on the aggregate actuarial present value of the vested benefits to which participating employees are currently entitled but based on the employees' expected dates of separation or retirement. No employees have been added to the plan since 2008 and we do not expect to add additional employees in the future, due to changes in our compensation philosophy, which emphasizes more performance-based compensation measures in total management compensation.

The SERP provides monthly payments to eight retirees or their designated beneficiaries based on a defined benefit formula as defined in the plan. The benefit is payable for the life of the retiree with the following forms available as a reduced monthly benefit: Ten-year Certain and Life; 50% or 100% Joint and Survivor Annuity. The SERP is unfunded and all benefits are payable solely from our general assets. The plan liability is based on the aggregate actuarial present value of the benefits to which retired employees are currently entitled. No employees have been added to the plan since 2006 and we do not expect to add additional employees in the future.

Summarized SRIP and SERP information as of each fiscal year-end (the measurement date) is as follows:

	SRIP (Supplemental Retirement Income Plan)	
	February 1, 2026	February 2, 2025
Change in benefit obligation:		
Beginning projected benefit obligation	**$ 6,836**	$ 7,371
Service cost	**60**	58
Interest cost	**336**	348
Benefits paid	**(978)**	(877)
Actuarial (gain)/ loss	**124**	(64)
Ending projected benefit obligation (funded status)	**$ 6,378**	$ 6,836
Accumulated benefit obligation	**$ 6,378**	$ 6,677
Discount rate used to value the ending benefit obligations:	**5.30%**	5.30%
Amount recognized in the consolidated balance sheets:		
Current liabilities (Accrued salaries, wages and benefits line)	**$ 912**	$ 962
Non-current liabilities (Deferred compensation line)	**5,466**	5,874
Total	**$ 6,378**	$ 6,836

	52 Weeks Ended February 1, 2026	53 Weeks Ended February 2, 2025	52 Weeks Ended January 28, 2024
Net periodic benefit cost			
Service cost	**$ 60**	$ 58	$ 58
Interest cost	**336**	348	364
Net (gain)/loss	**(179)**	(236)	(279)
Net periodic benefit cost	**$ 217**	$ 170	$ 143
Other changes recognized in accumulated other comprehensive income			
Net loss / (gain) arising during period	**124**	(64)	(150)
Amortizations:			
Gain (loss)	**179**	236	279
Total recognized in other comprehensive income	**303**	172	129
Total recognized in net periodic benefit cost and accumulated other comprehensive income	**$ 520**	$ 342	$ 272
Assumptions used to determine net periodic benefit cost:			
Discount rate	**5.30%**	5.05%	4.85%
Increase in future compensation levels	**4.00%**	4.00%	4.00%
Estimated Future Benefit Payments:			
Fiscal 2027	**$ 912**		
Fiscal 2028	**821**		
Fiscal 2029	**809**		
Fiscal 2030	**809**		
Fiscal 2031	**809**		
Fiscal 2032 through fiscal 2036	**2,981**		

For the SRIP, the discount rate used to determine the fiscal 2026 net periodic cost was 5.30%, based on the Mercer yield curve and the plan's expected benefit payments. At February 1, 2026, combining the Mercer yield curve and the plan's expected benefit payments resulted in a rate of 5.30%. This rate was used to value the ending benefit obligations.

At February 1, 2026, the actuarial loss related to the SRIP amounted to $124,000, net of tax of $30,000. At February 2, 2025, the actuarial gain related to the SRIP amounted to $64,000, net of tax of $15,000. At January 28, 2024, the actuarial gain related to the SRIP amounted to $150,000, net of tax of $41,000. The estimated actuarial gain that will be amortized from accumulated other comprehensive income into net periodic benefit cost over the 2027 fiscal year is $192,000. There is no expected prior service (cost) or credit amortization.

	SERP (Supplemental Executive Retirement Plan)	
	February 1, 2026	February 2, 2025
Change in benefit obligation:		
Beginning projected benefit obligation	**$ 1,137**	$ 1,224
Service cost	**-**	-
Interest cost	**57**	56
Benefits paid	**(158)**	(171)
Actuarial (gain)/loss	**76**	28
Ending projected benefit obligation (funded status)	**$ 1,112**	$ 1,137
Accumulated benefit obligation	**$ 1,112**	$ 1,137
Discount rate used to value the ending benefit obligations:	**4.90%**	5.40%
Amount recognized in the consolidated balance sheets:		
Current liabilities (Accrued salaries, wages and benefits line)	**$ 154**	$ 155
Non-current liabilities (Deferred compensation line)	**958**	982
Total	**$ 1,112**	$ 1,137

	52 Weeks Ended February 1, 2026	53 Weeks Ended February 2, 2025	52 Weeks Ended January 28, 2024
Net periodic benefit cost			
Service cost	**$ -**	$ -	$ -
Interest cost	**57**	56	57
Net gain	**(10)**	(12)	(15)
Net periodic benefit cost	**$ 47**	$ 44	$ 42
Other changes recognized in accumulated other comprehensive income			
Net (gain)/loss arising during period	**76**	28	29
Amortizations:			
Gain (Loss)	**10**	12	15
Total recognized in other comprehensive income	**86**	40	44
Total recognized in net periodic benefit cost and accumulated other comprehensive income	**$ 133**	$ 84	$ 86
Assumptions used to determine net periodic benefit cost:			
Discount rate	**5.40%**	4.90%	4.70%
Increase in future compensation levels	**N/A**	N/A	N/A
Estimated Future Benefit Payments:			
Fiscal 2027	**$ 154**		
Fiscal 2028	**146**		
Fiscal 2029	**138**		
Fiscal 2030	**129**		
Fiscal 2031	**119**		
Fiscal 2032 through fiscal 2036	**448**		

For the SERP, the discount rate assumption used to measure the projected benefit obligations is set by reference to a certain hypothetical AA-rated corporate bond spot-rate yield curve constructed by our actuary, Aon (“Aon”) and the plan’s projected cash flows, rounded to the nearest 10 bps. At February 1, 2026, combining the Aon AA Above Median yield curve and the plan’s expected benefit payments created a rate of 4.9%. This rate was used to value the ending benefit obligations. At February 2, 2025, combining the Aon AA Above Median yield curve and the plan’s expected benefit payments created a rate of 5.40%. This rate was used to determine the fiscal 2026 net periodic cost.

At February 1, 2026 and February 2, 2025, the actuarial loss related to the SERP was $76,000 and $28,000, respectively.

NOTE 14 – SHARE-BASED COMPENSATION

Our Stock Incentive Plan permits incentive awards of restricted stock, restricted stock units, stock appreciation rights and performance grants to key employees. The Stock Incentive Plan also provides for annual restricted stock awards to non-employee directors. We have issued restricted stock awards to our non-employee directors since January 2006 and certain other management employees since 2014. The Company's 2024 Amendment and Restatement of the Hooker Furnishings Corporation Stock Incentive Plan (the "2024 Plan") was approved by shareholders on June 4, 2024 at the annual shareholders meeting. The 2024 plan preserves key elements and historical award practices, while reserving 900,000 new shares of the Company's common stock.

We account for restricted stock awards as "non-vested equity shares" until the awards vest or are forfeited. Restricted stock awards to non-employee directors and certain other management employees vest if the director/employee remains on the board/employed generally over 1 to 3 years. Annual restricted stock awards for non-employee directors do not vest unless the director remains in service to the next annual meeting following annual shareholder meeting. The fair value of each share of restricted stock is the market price of our common shares on the grant date.

We have awarded time-based restricted stock units to certain senior executives since 2011. Each restricted stock unit, or "RSU", entitles the executive to receive one share of the Company's common stock if he or she remains continuously employed with the Company through the end of a three-year service period. Under the 2024 Plan, each RSU grant vests one-third annually on the anniversary date, provided the executive officer remains continuously employed with the Company through each vesting date. The RSUs may be paid in shares of the Company's common stock, cash or both, at the discretion of the Compensation Committee. The RSUs are accounted for as "non-vested stock grants." Similar to the restricted stock grants issued to our non-employee directors, RSU compensation expense is recognized ratably over the applicable service period. However, unlike restricted stock grants, no shares are issued, or other payment made, until the end of the applicable vesting date (commonly referred to as "cliff vesting"). Historically, grantees are not entitled to receive dividends on their RSUs during that time. The fair value of each RSU is the market price of a share of our common stock on the grant date, reduced by the present value of the dividends expected to be paid on a share of our common stock during the applicable service period, discounted at the appropriate risk-free rate. Under the 2024 Plan, dividends declared on unvested RSU awards accumulate in cash and are paid out only upon vesting of the underlying shares.

We have issued Performance-based Restricted Stock Units ("PSUs") to our named executive officers since fiscal 2019. Each PSU entitles the executive officer to receive one share of our common stock based on the achievement of two specified performance conditions if the executive officer remains continuously employed through the end of the three-year performance period. Historically, one target is based on our annual average growth in our EPS over the performance period and the other target is based on EPS growth over the performance period compared to our peers. For the PSU issued under the 2024 Plan, one target is the Company's absolute EPS compound annual growth rate and the other target is the relative Total Shareholder Return as measured against the Company's compensation peer group. The payout or settlement of the PSUs will be made in shares of our common stock. Dividends declared on unvested PSU awards accumulate in cash and are paid out only upon vesting of the underlying shares.

Share-based compensation expense related to restricted stock, RSU and PSU is included in the selling and administrative expenses on the consolidated statements of operations. The following tables summarize stock awards activity, including the number and weighted-average grant-date fair value, compensation expense recognized, unrecognized compensation expenses, and weighted-average vesting periods of the unvested shares for each grant as of February 1, 2026 (values are in thousands; number of shares and per-share amounts are in whole numbers):

	Time-based Restricted Stock		**Time-Based RSU**		**Performance-Based PSU**	
	Number of Shares	Weighted-Average Grant Date Fair Value per share	Number of Shares	Weighted-Average Grant Date Fair Value per share	Number of Shares	Weighted-Average Grant Date Fair Value per share
Awards outstanding at January 29, 2023	132,304	19.33	37,765	19.79	63,204	23.20
Granted	101,685	18.43	18,676	16.19	45,552	18.73
Vested	(46,244)	15.71	(9,052)	12.01	-	-
Forfeited	(5,960)	21.36	-	-	(16,479)	37.20
Awards outstanding at January 28, 2024	181,785	19.68	47,389	19.86	92,277	18.49
Granted	68,413	18.30	39,644	21.77	39,644	17.15
Vested	(61,182)	21.69	(21,987)	25.16	-	-
Assumed	-	-	-	-	(8,313)	**
Forfeited	(37,599)	19.42	(9,322)	20.47	(64,633)	18.19
Awards outstanding at February 2, 2025	151,417	$ 18.30	55,724	$ 19.05	58,975	$ 17.94
Granted	95,728	10.51	60,498	13.05	60,499	13.05
Vested	(68,784)	16.74	(23,133)	18.36	-	-
Forfeited	(38,577)	15.27	(14,180)	15.64	(43,390)	17.41
Awards outstanding at February 1, 2026	**139,784**	**$ 14.57**	**78,909**	**$ 15.27**	**76,084**	**$ 14.35**

	52 week ended February 1, 2026	53 week ended February 2, 2025	52 week ended January 28, 2024
Time-based Restricted Stock			
Grant date fair value of awards vested	**$ 1,152**	$ 1,327	$ 727
Stock based compensation expense	**800**	1,121	1,398
Time-based RSU			
Grant date fair value of awards vested	**425**	553	109
Stock based compensation expense	**457**	472	304
Performance-based PSU			
Grant date fair value of awards vested	**-**	-	-
Stock based compensation expense	**$ (150)**	$ (239)	$ 160

As of	February 1, 2026	February 2, 2025	January 28, 2024
Time-based Restricted Stock			
Unrecognized compensation cost	**$ 723**	$ 1,106	$ 1,705
Weighted-average remaining period	**1.5**	1.6	1.7
Time-based RSU			
Unrecognized compensation cost	**$ 666**	$ 556	$ 355
Weighted-average remaining period	**1.8**	2.0	1.7
Performance-based PSU			
Unrecognized compensation cost	**$ 630**	$ 394	$ 853
Weighted-average remaining period	**1.9**	1.5	1.7

NOTE 15 – EARNINGS PER SHARE

We refer you to the Earnings Per Share disclosure in Note 2-Summary of Significant Accounting Policies, above, for more detailed 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 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 PSUs to certain senior executives since fiscal 2019 under the Company's Stock Incentive Plan. Each PSU entitles the executive officer to receive one share of our common stock based on the achievement of two specified performance conditions if the executive officer remains continuously employed through the end of the three-year performance period. Historically, one target is based on our annual average growth in our EPS over the performance period and the other target is based on EPS growth over the performance period compared to our peers. For the PSUs issued under the Company's 2024 Plan in fiscal 2025 and afterwards, one target is the Company's annual EPS growth over the performance period and the other target is the Company's total shareholder return during the performance period compared to the Company's peer group. The payout or settlement of the PSUs will be made in shares of our common stock.

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

	February 1, 2026	February 2, 2025	January 28, 2024
Restricted shares	**139,784**	151,417	181,785
RSUs and PSUs	**154,995**	114,700	139,666
	294,779	266,117	321,451

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

During fiscal 2024, we purchased and retired 620,634 shares of our common stock (at an average price of $18.79 per share) under the $20 million share repurchase authorization approved by our board of directors in fiscal 2023 and the additional $5 million share repurchase authorization approved by our board of directors in the second quarter of fiscal 2024. These repurchases reduced our total outstanding shares and, consequently, reduced the weighted outstanding shares used in our calculation of earnings per share for fiscal 2024 shown below. The share repurchase program was completed during the fiscal 2024 third quarter.

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

	52 Weeks Ended February 1, 2026	53 Weeks Ended February 2, 2025	52 Weeks Ended January 28, 2024
Net (loss) / income from continuing operations	**$ (12,779)**	$ (6,166)	$ 12,346
Less: Unvested participating restricted stock dividends	**116**	159	153
Net earnings allocated to unvested participating restricted stock	**-**	-	156
(Loss) / Earnings from continuing operations available for common shareholders	**(12,895)**	(6,325)	12,037
(Loss) / Earnings from discontinued operations available for common shareholders	**(14,188)**	(6,341)	(2,481)
(Loss) / Earnings available for common shareholders	**$ (27,083)**	$ (12,666)	$ 9,556
Weighted average shares outstanding for basic earnings per share	**10,606**	10,525	10,684
Dilutive effect of unvested restricted stock, RSU and PSU awards	*****	*	154
Weighted average shares outstanding for diluted earnings per share	**10,606**	10,525	10,838
Basic (loss) / earnings from continuing operations per share	**$ (1.20)**	$ (0.59)	$ 1.15
Basic (loss) / earnings from discontinued operations per share	**(1.34)**	(0.60)	(0.24)
Basic (loss) / earnings per share	**$ (2.54)**	$ (1.19)	$ 0.91
Diluted (loss) / earnings from continuing operations per share	**$ (1.20)**	$ (0.59)	$ 1.15
Diluted (loss) / earnings from discontinued operations per share	**(1.34)**	(0.60)	(0.24)
Diluted (loss) / earnings per share	**$ (2.54)**	$ (1.19)	$ 0.91

* Due to net loss in fiscal 2026 and 2025, approximately 128,000 and 186,000 shares, respectively, would have been antidilutive and are therefore excluded from the calculation of earnings per share.

NOTE 16 – INCOME TAXES

Our provision for income taxes was as follows for the periods indicated:

	52 Weeks Ended February 1, 2026	53 Weeks Ended February 2, 2025	52 Weeks Ended January 28, 2024
Current expense			
Federal	**$ -**	$ -	$ 6
Foreign	**15**	41	47
State	**18**	42	-
Total current expense	**33**	83	53
Deferred taxes			
Federal	**(3,463)**	(1,852)	2,887
State	**(824)**	(133)	416
Total deferred taxes	**(4,287)**	(1,985)	3,303
Income tax (benefit)/expense	**$ (4,254)**	$ (1,902)	$ 3,356

Total tax benefit for fiscal 2026 was $8.9 million, of which $4.3 million benefit was allocated to continuing operations, $4.5 million benefit was allocated to discontinued operations, and $94,000 tax benefit was allocated to other comprehensive income.

Total tax benefit for fiscal 2025 was $4.0 million, of which $1.9 million benefit was allocated to continuing operations, $2.0 million benefit was allocated to discontinued operations, and $51,000 tax benefit was allocated to other comprehensive income.

Total tax expense for fiscal 2024 was $2.6 million, of which $3.4 million expense was allocated to continuing operations, $.8 million benefit allocated to discontinued operations, and $41,000 tax benefit was allocated to other comprehensive income.

The effective income tax rate differed from the federal statutory tax rate as follows for the periods indicated:

	52 Weeks Ended February 1, 2026		53 Weeks Ended February 2, 2025		52 Weeks Ended January 28, 2024	
	Amounts	**Percentages**	Amounts	Percentages	Amounts	Percentages
Income taxes at statutory rate	**$ (3,575)**	**21.0%**	$ (1,694)	21.0%	$ 3,297	21.0%
State taxes, net of federal benefit	**(637)**	**3.7%**	(72)	0.9%	328	2.1%
Foreign taxes	**16**	**-0.1%**	41	-0.5%	47	0.3%
Tax credits	**(32)**	**0.2%**	(51)	0.6%	(75)	-0.5%
Nontaxable or nondeductible items:						
Officer's life insurance	**(279)**	**1.6%**	(255)	3.2%	(207)	-1.3%
Nondeductible meals and entertainment	**67**	**-0.4%**	111	-1.4%	117	0.8%
Stock compensation	**150**	**-0.9%**	90	-1.1%	(28)	-0.2%
Other	**(52)**	**0.3%**	(79)	1.0%	(121)	-0.8%
Change in valuation allowance	**90**	**-0.5%**	7	-0.1%	8	0.1%
Other	**(1)**	**0.1%**	-	0.0%	(10)	-0.1%
Effective income tax rate	**(4,254)**	**25.0%**	(1,902)	23.6%	3,356	21.4%

State and local income taxes in California and Virginia comprise the majority of the domestic state and local taxes, net of federal category, for all years. All of the foreign taxes relate to China for all years.

In fiscal year 2026, income taxes paid (net of refunds) were ($445,000), including ($491,000) for federal, $16,000 for foreign (China) and $30,000 for state. All of the state tax is for Texas.

In fiscal year 2025, income taxes paid (net of refunds) were ($2.4 million), including ($2.2 million) for federal, $41,000 for foreign (China) and ($288,000) for state. Included in state income taxes are ($124,000) for California and ($110,000) for Virginia.

In fiscal year 2024, income taxes paid (net of refunds) were $23,000, including none for federal, $47,000 for foreign (China) and ($25,000) for state. Included in state income taxes are ($58,000) for Georgia, $29,000 for Texas and $5,000 for Oregon.

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities for the period indicated were:

	February 1, 2026	February 2, 2025
Assets		
Intangible assets	**$ 9,079**	$ 5,174
Deferred compensation	**1,762**	1,956
Allowance for bad debts	**1,275**	1,410
Employee benefits	**803**	924
Loss and credit carryover	**16,022**	11,687
Accrued liabilities	**206**	262
Deferred rent	**555**	819
Total deferred tax assets	**29,702**	22,232
Valuation allowance	**(204)**	(229)
	29,498	22,003
Liabilities		
Inventories	**2,628**	4,175
Research and development costs	**1,774**	356
Property, plant and equipment	**68**	1,235
Other	**87**	180
Total deferred tax liabilities	**4,557**	5,946
Net deferred tax assets	**$ 24,941**	$ 16,057

At February 1, 2026 and February 2, 2025 our net deferred tax assets were $24.9 and $16.1 million, respectively. The decrease in the valuation allowance of $25,000 was due to additional foreign tax credit carryforward and a portion of state loss carryforwards. We expect to fully realize the benefit of the net deferred tax assets, after valuation allowance, in future periods when the amounts become deductible.

We have federal and state net operating loss carry forwards of $58.4 million and $41.2 million, respectively, which have various expiration dates beginning in fiscal 2039 through fiscal 2046, with all the federal and $20.9 million of state net operating loss carry forwards having an indefinite carry forward period. We have foreign tax credit carry forwards of $204,000 which expire beginning in fiscal 2029 through fiscal 2036. We also have charitable contribution carry forwards of $5.4 million, which expire in fiscal 2028 through fiscal 2031.

Current accounting standards prescribe a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The guidance also addresses de-recognition, classification, interest and penalties, accounting in interim periods and disclosure. We do not have unrecognized tax benefits as of February 1, 2026.

Tax years ending January 29, 2023 through February 1, 2026 remain subject to examination by federal and state taxing authorities.

NOTE 17 – 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. The Company's CODM is the Chief Executive Officer. The CODM regularly reviews net sales, gross profit, and operating income by segment as the primary measures of segment performance. The CODM reviews net sales as a primary indicator of operational performance, assessing how much revenue is brought in from core business activities, after returns, allowances, and discounts, which reflects demand and execution of each segment's strategy. Gross profit, which is derived from net sales and cost of sales, is reviewed by the CODM as a diagnostic metric, particularly useful in evaluating margin trends. Operating income is the key profitability metric used to assess performance across segments and make decisions related to resource allocation, including capital expenditures, headcount, and other investment initiatives. Each of these metrics are considered in budgeting, forecasting, and operational planning decisions.

For financial reporting purposes, we are organized into two 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;
- **Domestic Upholstery,** which includes the domestic upholstery manufacturing operations of Bradington-Young, HF Custom (formerly Sam Moore), Shenandoah Furniture and Sunset West; and
- **All Other**, consisting of intercompany eliminations and operating segments that are not individually reportable. Due to a change in the way management internally evaluates operating performance, beginning with the fiscal 2026 first quarter, Hooker Branded and Domestic Upholstery segments' results now include all the sales of products formerly included in H Contract's results. Fiscal 2025 results discussed below have been recast to reflect this change. Subsequent to the third quarter of fiscal 2026, the Company completed the divestiture of the Pulaski Furniture ("PFC") and Samuel Lawrence ("SLF") casegoods brands, formerly part of the Home Meridian segment. As the PFC and SLF businesses have been classified as discontinued operations, the remaining business does not qualify as a reportable segment, therefore, we combined them in "All Other" in accordance with ASC 280. The Home Meridian segment has been eliminated. The Samuel Lawrence Hospitality product line, along with the remaining Home Meridian businesses, has been reported within All Other.

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.

	52 Weeks Ended Feb 1, 2026	% Net Sales	53 Weeks Ended Feb 2, 2025	% Net Sales	52 Weeks Ended Jan 28, 2024	% Net Sales
Net Sales						
Hooker Branded	**$ 146,978**	**52.8%**	$ 151,298	47.7%	$ 162,524	47.2%
Domestic Upholstery	**111,177**	**40.0%**	114,216	36.0%	126,827	36.8%
All Other	**19,984**	**7.2%**	51,843	16.3%	55,294	16.0%
Consolidated	**$ 278,139**	**100%**	$ 317,357	100%	$ 344,645	100%
Cost of Sales						
Hooker Branded	**$ 98,766**	**67.2%**	$ 104,671	69.2%	$ 101,736	62.6%
Domestic Upholstery	**90,816**	**81.7%**	95,927	84.0%	102,779	81.0%
All Other	**15,062**	**75.4%**	38,623	74.5%	46,166	83.5%
Consolidated	**$ 204,644**	**73.6%**	$ 239,221	75.4%	$ 250,681	72.7%
Gross Profit/(Loss)						
Hooker Branded	**$ 48,212**	**32.8%**	$ 46,627	30.8%	$ 60,788	37.4%
Domestic Upholstery	**20,361**	**18.3%**	18,289	16.0%	24,048	19.0%
All Other	**4,922**	**24.6%**	13,220	25.5%	9,128	16.5%
Consolidated	**$ 73,495**	**26.4%**	$ 78,136	24.6%	$ 93,964	27.3%
Selling and Administrative Expenses						
Hooker Branded	**$ 46,284**	**31.5%**	$ 47,060	31.1%	$ 42,836	26.4%
Domestic Upholstery	**20,021**	**18.0%**	21,287	18.6%	20,582	16.2%
All Other	**5,616**	**28.1%**	15,476	29.9%	11,313	20.5%
Consolidated	**$ 71,921**	**25.9%**	$ 83,823	26.4%	$ 74,731	21.7%
Goodwill and Intangible assets impairment						
Domestic Upholstery	**$ 15,018**	**13.5%**	$ -	0.0%	$ -	0.0%
All Other	**558**	**2.8%**	1,055	2.0%	-	0.0%
Consolidated	**$ 15,576**	**5.6%**	$ 1,055	0.3%	$ -	0.0%
Intangible assets amortization						
Domestic Upholstery	**2,219**	**2.0%**	$ 2,376	2.1%	$ 2,335	1.8%
All Other	**243**	**1.2%**	387	0.7%	481	0.9%
Consolidated	**$ 2,462**	**0.9%**	$ 2,763	0.9%	$ 2,816	0.8%
Operating (Loss) / Income						
Hooker Branded	**$ 1,928**	**1.3%**	$ (433)	-0.3%	$ 17,952	11.0%
Domestic Upholstery	**(16,897)**	**-15.2%**	(5,374)	-4.7%	1,131	0.9%
All Other	**(1,495)**	**-7.5%**	(3,698)	-7.1%	(2,666)	-4.8%
Consolidated	**$ (16,464)**	**-5.9%**	$ (9,505)	-3.0%	$ 16,417	4.8%
Other Income, net						
Hooker Branded	**$ 131**	**0.1%**	$ 1,292	0.9%	$ 872	0.5%
Domestic Upholstery	**(5)**	**0.0%**	770	0.7%	2	0.0%
All Other	**70**	**0.4%**	649	1.3%	(16)	0.0%
Consolidated	**$ 196**	**0.1%**	$ 2,711	0.9%	$ 858	0.2%
Interest expense - Corporate	**$ 765**	**0.3%**	$ 1,274	0.4%	$ 1,573	0.5%
Income taxes - Corporate	**$ (4,254)**	**-1.5%**	$ (1,902)	-0.6%	$ 3,356	1.0%
Net (loss) / income from continuing operations - Corporate	**$ (12,779)**	**-4.6%**	$ (6,166)	-1.9%	$ 12,346	3.6%

	2026	2025	2024
Restructuring Costs			
Hooker Branded	**$ 1,301**	$ 1,406	$ -
Domestic Upholstery	**511**	639	-
All Other	**235**	2,011	-
Consolidated	**$ 2,047**	$ 4,056	$ -
Capital Expenditures			
Hooker Branded	**2,464**	1,438	4,186
Domestic Upholstery	**281**	1,515	860
All Other	**418**	121	192
Consolidated	**$ 3,163**	$ 3,074	$ 5,238
Depreciation & Amortization			
Hooker Branded	**2,223**	2,254	2,268
Domestic Upholstery	**4,012**	4,279	3,972
All Other	**829**	1,219	1,423
Consolidated	**$ 7,064**	$ 7,752	$ 7,663

We recorded $2.0 million and $4.1 million in restructuring costs in fiscal 2026 and 2025, respectively, primarily related to severance and warehouse consolidation initiatives.

Within discontinued operations, we recorded restructuring costs of $3.9 million in fiscal 2026, including $2.4 million associated with the exit of the Savannah warehouse, which primarily supported the PFC and SLF businesses. These costs included fixed asset write-offs, inventory liquidation and relocation expenses, and severance. In connection with the divestiture, we recorded a $6.9 million valuation allowance. In addition, these businesses incurred approximately $1.0 million of bad debt expense related to a customer bankruptcy.

As of February 1, 2026, we had accrued restructuring charges of approximately $298,000. The balance is expected to be paid during the next 12 months. The restructuring costs were recorded under cost of sales and selling and administrative expenses in the statements of operations.

	As of February 1, 2026	**%Total Assets**	As of February 2, 2025	%Total Assets
Assets				
Hooker Branded	**$ 140,732**	**66.3%**	$ 153,373	54.6%
Domestic Upholstery	**55,083**	**25.9%**	58,746	20.9%
All Other	**16,507**	**7.8%**	40,006	14.2%
Assets Held for Sale, net	**-**	**0.0%**	28,782	10.2%
Consolidated Assets	**$ 212,322**	**100%**	$ 280,907	100%
Consolidated Goodwill and Intangibles	**13,569**		33,035	
Total Consolidated Assets	**$ 225,891**		$ 313,942	

Sales by product type are as follows:

	Net Sales (in thousands) Fiscal					
	2026		2025		2024	
Casegoods	**$ 140,639**	**51%**	$ 159,562	50%	$ 160,046	46%
Upholstery	**137,500**	**49%**	157,795	50%	184,599	54%
	$ 278,139	**100%**	$ 317,357	100%	$ 344,645	100%

No significant long-lived assets were held outside the United States at either February 1, 2026 or February 2, 2025. International customers accounted for less than 2% of consolidated invoiced sales in fiscal 2026, 2025, and 2024. We define international sales as sales outside of the United States and Canada.

NOTE 18 – COMMITMENTS, CONTINGENCIES AND OFF-BALANCE SHEET ARRANGEMENTS

Commitments and Off-Balance Sheet Arrangements

We had letters of credit outstanding totaling $3.6 million on February 1, 2026. We utilize letters of credit to collateralize certain imported inventory purchases and certain insurance arrangements.

In the ordinary course of our business, we may become involved in legal proceedings involving contractual and employment relationships, product liability claims, intellectual property rights and a variety of other matters. We do not believe that any pending legal proceedings will have a material impact on our financial position or results of operations.

Our business is subject to a number of significant risks and uncertainties, including our reliance on offshore sourcing, any of which can adversely affect our business, results of operations, financial condition or future prospects.

NOTE 19 – CONCENTRATIONS OF RISK

Imported Products Sourcing

We source imported products through multiple vendors, located in seven countries. Because of the large number and diverse nature of the foreign factories from which we can source our imported products, we have some flexibility in the placement of products in any particular factory or country.

Factories located in Vietnam are a critical resource for Hooker Furnishings. In fiscal 2026, imported products sourced from Vietnam accounted for 87% of our import purchases and our top five suppliers accounted for 69% of our fiscal 2026 import purchases. A disruption in our supply chain from Vietnam could significantly impact our ability to fill customer orders for products manufactured at that factory or in that country.

Raw Materials Sourcing for Domestic Upholstery Manufacturing

Our five largest domestic upholstery suppliers accounted for 30% of our raw materials supply purchases for domestic upholstered furniture manufacturing operations in fiscal 2026. One supplier accounted for 8% of our raw material purchases in fiscal 2026. Should disruptions with these suppliers occur, we believe we could successfully source these products from other suppliers without significant disruption to our operations.

Concentration of Sales and Accounts Receivable

One customer accounted for approximately 9% of our consolidated sales in fiscal 2026. Our top five customers accounted for 26% of our fiscal 2026 consolidated sales. The loss of any one or more of these customers could adversely affect our earnings, financial condition and liquidity. At February 1, 2026, 23% of our consolidated accounts receivable is concentrated in our top five customers.

NOTE 20 - RELATED PARTY TRANSACTIONS

We lease the four properties utilized in Shenandoah's operations. One of our employees has an ownership interest in the entities that own these properties. The leases commenced on September 29, 2017 with an option to renew each for an additional seven years. All four leases include annual rent escalation clauses with respect to minimum lease payments after the initial 84-month term of the lease is completed. In addition to monthly lease payments, we also incur expenses for property taxes, routine repairs and maintenance and other operating expenses. The total amount of the lease expenses and other expenses do not have a material effect on our consolidated financial statements.

NOTE 21 - SUBSEQUENT EVENTS

Cash Dividend

On March 5, 2026, our Board of Directors declared a quarterly cash dividend of $0.115 per share, payable on March 31, 2026 to shareholders of record at March 16, 2026.

HF HOOKER® FURNISHINGS

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