

RESEARCH UPDATE
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Market Statistics in USD

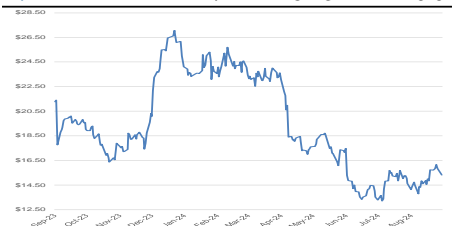
Price	\$ 15.31
52 week Range	\$13.09 - \$27.15
Daily Vol (3-mo. average)	37,570
Market Cap (M)	\$ 160.9
Enterprise Value (M)	\$ 194.5
Shares Outstanding: (M)	10.5
Float (M)	9.7
Public Ownership	21.6%
Institutional Ownership	70.4%

Financial Summary in USD

Cash (M)	\$ 42.1
Cash/Share	\$ 4.00
Debt (M)	\$ 73.0
Equity (M)	\$ 215.3
Equity/Share	\$ 20.49

FYE: Jan 2024 2025E 2026E
(all figures in M, expect per share information)

Rev	\$ 433.2	\$ 395.1	\$ 462.5
Chng%	-26%	-9%	17%
EBIT	\$ 14.0	\$ 5.5	\$ 23.4
Net Income	\$ 9.9	\$ 2.8	\$ 17.8
EPS	\$ 0.91	\$ 0.27	\$ 1.69
EV/Revenue	0.4x	0.5x	0.4x
EV/EBIT	N/A	35.2x	8.3x
P/E	N/A	57.3x	9.0x


COMPANY DESCRIPTION

Hooker Furnishings is a designer, marketer, and importer of Casegoods (wooden and metal furniture), leather furniture, fabric-upholstered furniture, and outdoor furniture for the residential, hospitality and contract markets. Hooker was originally founded as a casegoods company by Clyde Hooker, Sr. in 1924. Clyde Hooker, Jr. took the helm as CEO in 1960, leading Hooker for 40 years. The Company began trading on the NASDAQ in 2002 under the symbol "HOFT", after a leveraged employee stock ownership plan (ESOP) required it to register with the SEC. The Company is one of five publicly traded furniture companies.

HOOKER FURNISHINGS CORPORATION (NASDAQ: HOFT)
Company Update

Quarterly Results: HOFT reported revenue, operating income, and adj EPS of \$95.1M, (\$3.1M), and (\$0.19), respectively. This compares to our/consensus estimates of \$99.3M/\$99.3M, \$0.0M/\$0.0M, and \$0.01/\$0.01. It is noted that while revenues were below consensus estimates and a slight decrease of 2.8% from 2Q24, sequentially we are encouraged by the moderation in Y/Y declines compared to last quarter's substantial Y/Y sales decline. The declines were due to the current headwinds seen in the macro environment leading to decreased volumes. Despite the headwinds, HOFT reported consolidated GPM of 22.0%. The macroeconomic and furniture retail environment remains challenging, with high interest rates, a housing shortage, and elevated home prices contributing to a prolonged downturn. Despite this, the company is focusing on controllable factors to position itself for future growth. As HOFT looks through the current market turbulence it has stated the goal to reduce fixed costs by 10%, or approximately \$10.0M in FY25 and is on pace to reach this goal.

Capital Allocation: HOFT maintains its commitment to being a consistent dividend payer by distributing \$0.23 per share for an annualized rate of \$0.92 per share, equivalent to a 6.0% dividend yield. This was flat since the prior quarter and equal to a 4.4% increase from the same quarter last year. To fund capital allocation priorities HOFT ended the quarter with \$42.1M in cash. This cash is coupled with \$28.3M in revolver availability for total liquidity of \$70.4M, a slight increase from \$69.2M last quarter.

Strengthening Liquidity: The Company has taken impressive steps to normalize its balance sheet and liquidity position over the last year. This is highlighted by the reduction in the Company's inventory levels over the last 6 quarters. As of 2Q25, HOFT has reduced its inventory by \$39.6M since FY23. By rightsizing the balance sheet, HOFT is simultaneously improving liquidity, improving gross profit margins, and improving working capital levels. This strong balance sheet position is expected to allow the Company to acquire market share as the industry improves.

Backlog: HOFT reported a backlog of ~\$77.9M, a decrease of ~11.7% from \$88.2M in 2Q24 and a decrease of ~9.2% from \$85.8M in 1Q25. Despite this sequential decrease in order backlog, year-to-date backlogs are still up 8.4% and remain elevated from pre-pandemic levels. This, combined with unit volumes increasing in the Hooker Branded segment of 11.6% Y/Y, gives us confidence that a turnaround is beginning. Additionally, we expect orders and backlog to increase further over the next 12-18 months. HOFT provided further confidence in market demand, as shown by planned initial cuttings prior to the High Point Market in October. This increased stock allows HOFT to get ahead of supply chains to increase speed-to-market availability.

Valuation: We use a Dividend Discount Model, DCF Model and EV/EBIT comp analysis to guide our valuation. Our Dividend Discount Model arrives at a valuation range of \$19.23 to \$24.27 with a mid-point of \$21.47. Our DCF analysis produces a valuation range of \$18.37 to \$21.75 with a mid-point of \$19.90. Our EV/EBIT valuation results in a range of \$19.33 to \$21.56 with a mid-point of \$20.44. Lastly, HOFT pays one of the highest dividend yield of the comp set.

Summary of Quarterly Results

Exhibit 1: Quarterly Results vs. Model and Y/Y Change

	2Q25 results		Notes
	Reported	Model	
Total revenues	95.1	99.3	Weaker volumes impacted revenues
Cost of sales	74.2	75.7	
Gross (loss) profit	20.9	23.5	Margins were strong in the quarter, well within HOFT targets though slightly below our estimates
Gross margin	22.0%	23.7%	
Corporate Expenses	23.1	22.5	
D&A	0.9	1.0	
Total opex	24.1	23.5	Operating expenses in line with expectations
Operating Profit	(3.1)	0.0	
Operating margin	-3.3%	0.0%	Operating margin below our expectations
Net Income	(2.0)	0.1	Net income below estimates due to weaker than expected revenues
Net Income margin	-2.1%	0.1%	
EPS	\$ (0.19)	\$ 0.01	
	Y/Y Change		Notes
	2Q25	2Q24	
Total revenues	95.1	97.8	Single digit y/y revenue declines is a sequential improvement
Cost of sales	74.2	74.5	Cost of sales notably lower as freight costs moderated
Gross (loss) profit	20.9	23.3	Margins weakened from lower absorption, however, remained relatively strong above 20%
Gross margin	22.0%	23.9%	
Corporate Expenses	23.1	21.1	
D&A	0.9	0.9	
Total opex	24.1	22.1	
Operating Profit	(3.1)	1.3	
Operating margin	-3.3%	1.3%	
Net Income	(2.0)	0.8	
Net Income margin	-2.1%	0.8%	
EPS	\$ (0.19)	\$ 0.07	

Source: Company Reports; Stonegate Capital Markets

Valuation Summary

To help frame our valuation we use a combination of a dividend discount model, comparative analysis, and discounted cash flow analysis.

Our DCF analysis relies on a range of discount rates between 9.25% and 9.75% with a midpoint of 9.50%. This arrives at a valuation range of \$18.37 to \$21.75 with a mid-point of \$19.90.

Sensitivity Analysis:

		Terminal Growth Rates				
		1.0%	1.5%	2.0%	2.5%	3.0%
Discount rate	9.00%	\$19.77	\$20.63	\$21.60	\$22.73	\$24.04
	9.25%	\$19.04	\$19.83	\$20.72	\$21.75	\$22.94
	9.50%	\$18.35	\$19.08	\$19.90	\$20.84	\$21.92
	9.75%	\$17.70	\$18.37	\$19.13	\$19.99	\$20.98
	10.00%	\$17.09	\$17.71	\$18.41	\$19.20	\$20.10

Comparative Analysis
(all figures in M, except per share information)

Company Name	Symbol	Price ⁽¹⁾	Mkt Cap	EV	Div Yield	BV/Share	EV/Revenue ^(2,3)			EV/EBIT ^(2,3)			P/E ^(2,3)				
							2023	2024E	2025E	2023	2024E	2025E	2023	2024E	2025E		
Flexsteel Industries, Inc.	FLXS	\$ 40.07	\$ 208.5	\$ 274.2	0.0%	\$ 28.92	0.50x	0.65x	0.63x	15.4x	11.6x	10.2x	6.3x	15.0x	11.8x		
Natuzzi S.p.A.	NTZ	\$ 4.02	\$ 44.3	\$ 20.5	0.0%	\$ 6.61	0.13x	N/A	N/A	(8.7x)	N/A	N/A	(4.6x)	N/A	N/A		
The Lovesac Company	LOVE	\$ 22.57	\$ 351.0	\$ 463.0	0.0%	\$ 13.23	0.74x	0.64x	0.60x	17.3x	17.4x	11.9x	16.5x	14.9x	10.6x		
Bassett Furniture Industries, Incorporated	BSET	\$ 13.93	\$ 122.5	\$ 171.0	0.0%	\$ 19.59	0.48x	0.50x	0.47x	243.3x	(11.1x)	11.9x	(46.0x)	(22.1x)	10.5x		
La-Z-Boy Incorporated	LZB	\$ 41.13	\$ 1,720.4	\$ 1,858.8	0.0%	\$ 23.78	0.84x	0.90x	0.86x	12.2x	12.1x	10.5x	13.5x	14.1x	12.4x		
Mohawk Industries, Inc.	MHK	\$ 150.84	\$ 9,520.6	\$ 11,850.2	0.0%	\$ 121.18	0.82x	1.10x	1.07x	11.2x	14.0x	12.1x	(15.0x)	15.1x	13.0x		
Average							0.0%	\$ 35.55	0.58x	0.76x	0.73x	48.4x	8.8x	11.3x	(4.9)	7.4x	11.7x
Median							0.0%	\$ 21.69	0.62x	0.65x	0.63x	13.8x	12.1x	11.9x	0.8x	14.9x	11.8x
Hooker Furnishings Corporation	HOFT	\$ 15.31	\$ 160.9	\$ 194.5	0.0%	\$ 20.90	0.68x	0.50x	0.43x	(30.0)x	95.2x	9.0x	(35.3)x	N/A	9.9x		

(1) Previous day's closing price

(2) Estimates are from Capital IQ

(3) Forward estimates as of calendar year

Source: Company reports, Capital IQ, Stonegate Capital Partners

We are using an EV/EBIT framework to inform our HOFT valuation. Currently HOFT is trading at a CY25 EV/EBIT of 9.0x compared to comps at an average of 11.3x. Historically, comps have traded above 14.0x, which we rely on due to the recent volatility in the Home Furnishing industry. We are using our CY24 expected EBIT, and an EV/EBIT range of 10.0x to 11.0x with a midpoint of 10.5x which moves HOFT closer to historical comps. We believe this is reasonable given the continued strengthening of the Company's balance sheet and the outlook for the industry. This arrives at a valuation range of \$19.33 to \$21.56 with a mid-point of \$20.44.

	EV/EBIT		
FY 2026 E	10.00x	10.50x	11.00x
Adj EBIT	23.4	23.4	23.4
TEV	234.1	245.8	257.5
Cash	42.1	42.1	42.1
Debt	73.0	73.0	73.0
Mrkt Cap	203.2	214.9	226.6
S/O	10.5	10.5	10.5
Price	\$ 19.33	\$ 20.44	\$ 21.56

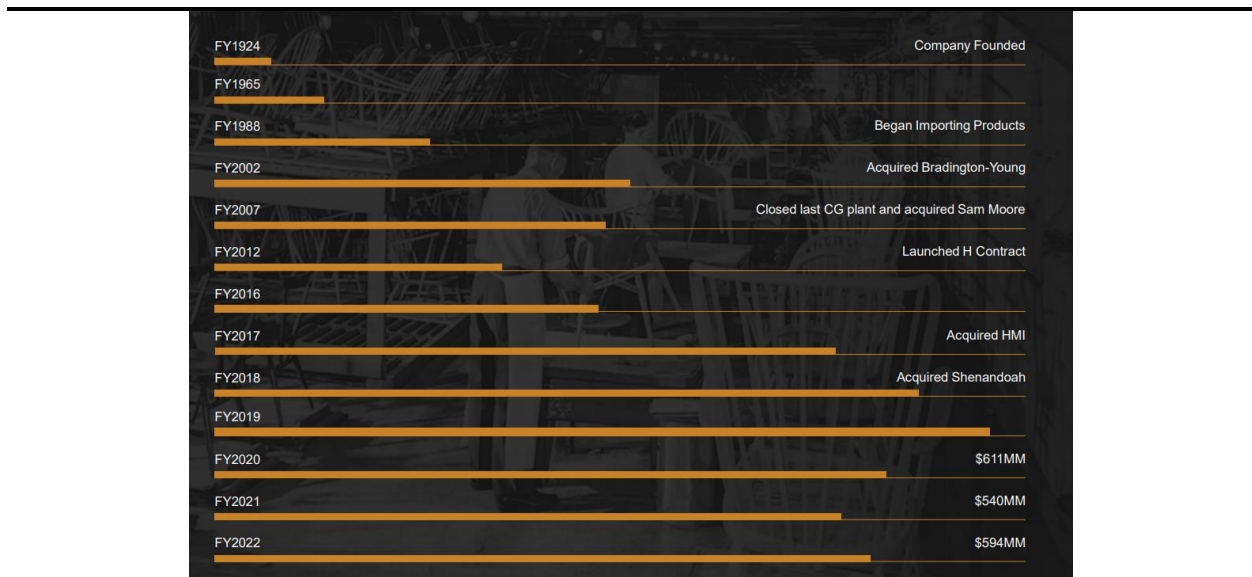
We are also using a Dividend Discount Model to guide our valuation. We believe that due to the strong dividend yield that HOFT has shown this valuation method is useful. Our Dividend Discount Model uses a dividend growth rate range of 5% to 6% on the last dividend, annualized, which is conservative considering the Company's 3-year dividend CAGR of 8.5% but strikes a balance with our long term DCF growth rate of 5.0%. We also apply similar discount rates used in the DCF model. This arrives at a valuation range of \$19.23 to \$24.27 with a mid-point of \$21.47.

Dividend Discount Model									
Last Dividend, Annualized	\$ 0.92			\$ 0.92			\$ 0.92		
Applied Dividend Growth Rate	4.5%			5.0%			5.5%		
Forward Dividend Rate	\$ 0.96			\$ 0.97			\$ 0.97		
Discount Rate	10.00%	9.50%	9.00%	10.00%	9.50%	9.00%	10.00%	9.50%	9.00%
Growth Rate	4.5%	4.5%	4.5%	5.0%	5.0%	5.0%	5.5%	5.5%	5.5%
Price	\$ 17.48	\$ 19.23	\$ 21.36	\$ 19.32	\$ 21.47	\$ 24.15	\$ 21.57	\$ 24.27	\$ 27.73

Business Overview

Hooker Furnishings (“Hooker” or “The Company”) is a designer, marketer, and importer of Casegoods (wooden and metal furniture), leather furniture, fabric-upholstered furniture, and outdoor furniture for the residential, hospitality and contract markets. Hooker was originally founded as a casegoods company by Clyde Hooker, Sr. in 1924. Clyde Hooker, Jr. took the helm as CEO in 1960, leading Hooker for 40 years. The Company began trading on the NASDAQ in 2002 under the symbol “HOFT”, after a leveraged employee stock ownership plan (ESOP) required it to register with the SEC. The Company is one of five publicly traded furniture companies.

Exhibit 1: Company History



Source: Company Presentation

The Company has a wide and diverse customer base with only one customer being responsible for more than 6% of consolidated sales in fiscal year 2024. Hooker sells its brands through various retailers such as independent furniture stores and national retail chains, department stores, catalog resellers, interior designers, and e-commerce retail chains amongst others. Hooker’s customers include reputable names like BAER’S FURNITURE CO., Berkshire Hathaway Inc., Macy’s, Inc., and Wayfair.

Exhibit 2: Product Distribution Channels



Source: Company Presentation

Hooker was an early adopter of importing furniture goods, sourcing its products from foreign manufacturers for over 3 decades. Imported casegoods and upholstered furniture accounted for 70% of nets at the end of fiscal year 2024. Asian countries such as China and Vietnam are historically Hooker’s predominate importers, however the Company is beginning to diversify to other countries including Malaysia, Mexico, and India. The diversification is important to counter economic and political constraints referring to the 25% tariff on furniture and furniture components imported into the U.S. from China that was instituted in 2019.

Business Segments

Hooker operates in three primary segments: Hooker Branded, Home Meridian (HMI), and Domestic Upholstery as well as All Other which encompasses the Company’s smaller brands. Hooker offers good to best quality product lines at medium to upper price points.

Exhibit 3: Hooker’s Brands



Source: Company Presentation

Hooker Branded Segment

The Hooker Branded segment includes two businesses, Hooker Casegoods and Hooker Upholstery. Hooker is the 2nd largest casegoods supplier in the U.S. Casegoods is comprised of wood design categories covering home entertainment, home office, accent, dining, and bedroom furniture sold under the Hooker Furniture brand at upper-medium price points. Hooker Upholstery offers imported upholstered furniture targeted at the upper-medium price range. Upholstery presents HOFT with more upside, as upholstery has a shorter life cycle than casegoods and thus needs to be replaced more frequently. Hooker Branded generated \$34.8 million in sales in 2Q25, accounting for 36.6% of consolidated sales compared to 37.1% last year.

Home Meridian Segment (HMI)

Hooker acquired Home Meridian in February 2016 for a total of \$106.3 million. The segment’s brands include Pulaski Furniture, Samuel Lawrence Furniture (SLF), Samuel Lawrence Hospitality (SLH), and Prime Resources International (PRI). HMI focuses primarily on medium level price points that are sold to large distributors like Haverty’s and Macy’s. The segment generated approximately \$30.5 million in sales in 2Q25, representing 32.1% of consolidated sales compared to 29.6% in the previous year.

As a result of low profitability and unnecessarily high-risk, management decided to liquidate ACH and other obsolete inventories at the end of fiscal year 2023. Hooker transitioned to focus on the segment's core competencies of the Pulaski, SLF, SLH, and PRI businesses. Management aims for HMI to reach profitability by the end of fiscal year 2025.

Domestic Upholstery Segment

Hooker's domestic upholstery segments offer brands such as Bradington-Young, HF Custom (previously Sam Moore Furniture), Shenandoah Furniture, and Sunset West. This segment's products are at the upper end of quality and pricing. They are made to order and ship quickly after production but are raw material intensive.

The 2022 acquisition of Sunset West, an outdoor brand, allowed further penetration in the west coast and showed synergies with Hooker's salesforce. Sunset West has maintained its position as a growth driver for the segment, which experienced a 10.7% increase in sales for the current six-month period. Conversely, in 2Q25, Domestic Upholstery reported a sales decrease of 7.6%, following a decrease of 14.5% in 1Q25, showing its potential.

Domestic Upholstery generated \$28.6 million in sales in 2Q25, accounting for 30.0% of consolidated revenues compared to 31.6% last year.

All Other:

Hooker's All Other segment comprises of the H Contract product and Lifestyle Brands. The segment customers are primarily senior living facilities, with an expansion focus on bringing in country clubs and other facilities that require commercial furniture that look residential. All Other generated \$1.3 million in sales in 2Q25, accounting for 1.3% of consolidated sales, decreasing from 1.7% last year.

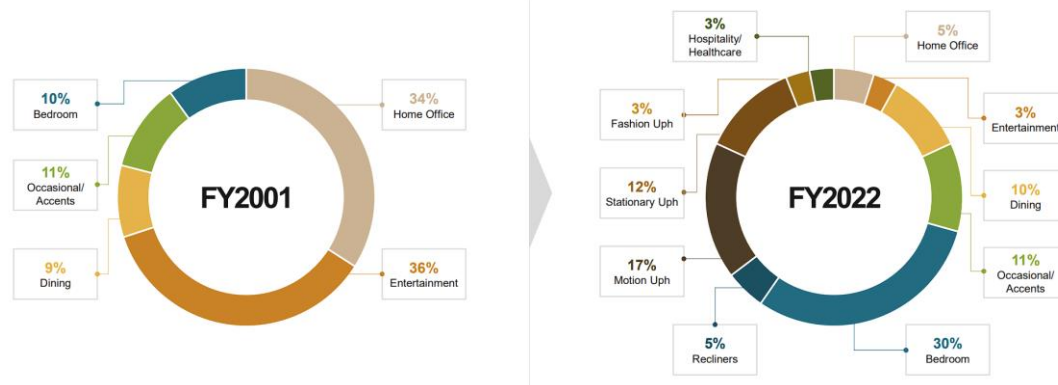
Growth Strategy

In order to increase market share and grow the business, management developed key organic and inorganic growth initiatives. The initiatives include acquisitions, opening showrooms, and utilizing Ecommerce.

Hooker has a history of making acquisitions to increase market share and expand into new markets. Hooker made its first acquisition in 2002 when it acquired Bradington-Young, a high end upholster of upscale motion and stationary leather furniture. This was followed by the acquisitions of Sam Moore in 2007, Home Meridian in 2016, and Shenandoah Furniture in 2017. More recently, Hooker acquired Sunset West, an outdoor furniture manufacturer, in February 2022. Management is confident in Sunset West's contributions going forward, maintaining that the business will offer Hooker double digit organic growth going forward. Most recently the Company purchased BOBO Intriguing objects, an Atlanta-based lighting, décor, and accents designer. Aside from HMI's ongoing liquidation, Hooker's acquisitions have helped the Company generate strong and sustainable growth.

Hooker operates three showrooms in Atlanta, Georgia, High Point, North Carolina, and Las Vegas, Nevada. Hooker opened its High Point showroom at the April High Point Market, doubling its attendance from the previous year. In July 2023, Hooker debuted a 6,500 square foot showroom that will be operated year-round. The showrooms expand the Company's total addressable market and increase brand visibility. Efficiently operating the showrooms and strategically opening new ones will be key to growth going forward.

Exhibit 4: Hooker’s Expansion



Source: Company Presentation

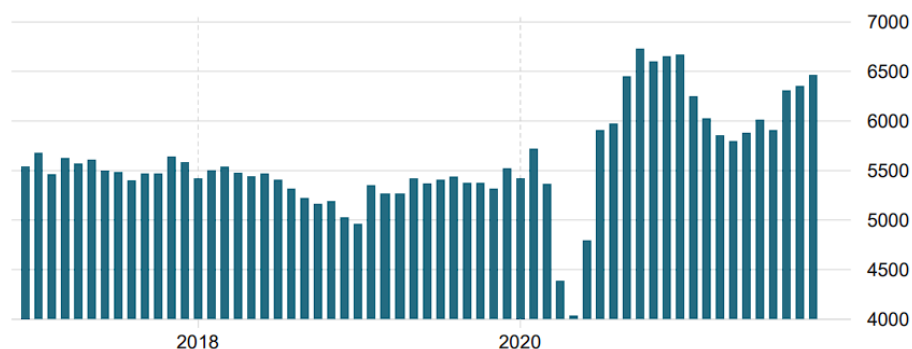
Over the last decade Hooker has prioritized Ecommerce using the internet and social media to increase its market breadth. Buying furniture online has grown in the industry, increasing over 15% per year and accelerated by Covid. HOFT has concentrated on this channel with eight business units actively engaging in pure-play ecommerce. HOFT will benefit from utilizing ecommerce as a tool connect with consumers, especially from the Gen X and Millennials demographics, and Gen Z in the future.

Market Overview

The Furniture industry is highly fragmented with over 1,000 independent players. Competitors include La-Z-Boy Incorporated along with a number of private companies for the Casegoods segment and Ashley Furniture Industries, Ethan Allen Interiors Inc., and Bassett Furniture, Inc. for the upholstery segment. Furniture demand is seasonal with contracted sales typically happening in Q1, resulting from shipping lags and stronger sales in the previous quarter. Demand is also reliant on housing trends. An increase in housing sales, shown in Exhibit 5, helps bolster the demand as homeowners look to furnish their houses. Consumers replacing old furniture during the pandemic and the explosion of the U.S. housing market that followed helped the industry recover sales volumes.

Exhibit 5: Housing Trends

Existing Home Sales by Month

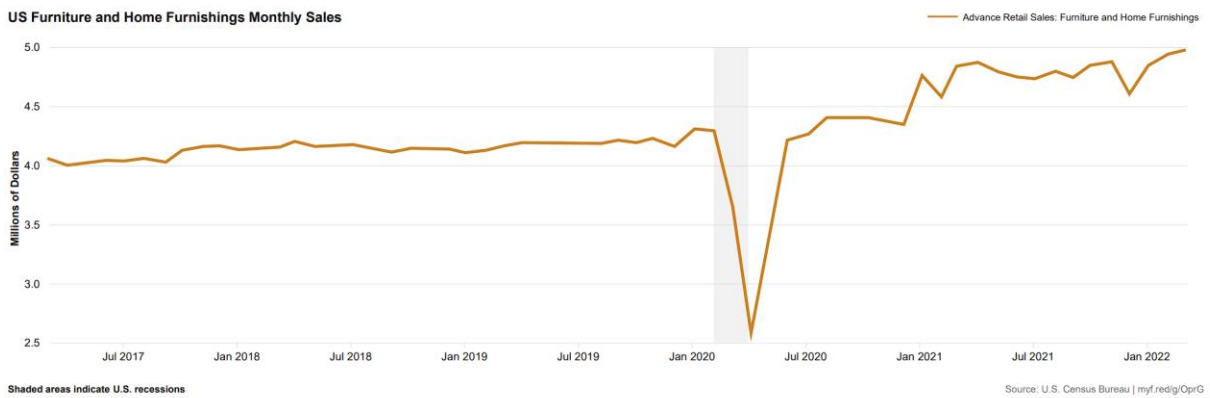


Source: Tradingeconomics.com | National Association of Realtors

Source: Company Presentation

The Covid-19 pandemic had a significant impact on the U.S. furniture and home furnishing industry. Factory closures in Asia and halted demand followed by supply disruptions slowed business. Exhibit 6 illustrates the shock the pandemic had on the industry. Lockdowns in Asia impacted imports, decreasing inventory levels of furniture sellers. Hooker initially suffered but sales began to rebound as the pandemic subsided. The Company is now in the process of diversifying its supplier base away from China to Malaysia, Mexico, and India with the current supplier base being primarily located in Vietnam. The diversification is crucial for HOFT to be more resistant to economic shocks and political constraints going forward.

Exhibit 6: Impact of Covid



Source: Company Presentation

Risks

As with any investment, there are certain risks associated with HOFT's operations as well as with the surrounding economic and regulatory environments common to the furniture industry and operating with foreign suppliers.

Competitive Industry – HOFT operates in a highly competitive industry with an abundance of players, some of which are larger than the Company. Should the Company fail to expand its customer base or lose its current customers, the business will suffer. An overall decrease in the demand for furniture can increase competition and shrink HOFT's market share.

Customer Concentration – Hooker's top five customers made up approximately 22% of consolidated sales in fiscal year 2024. The loss of any of their largest customers could lead to a significant reduction in revenues. Moreover, a failure to attract new customers could impede the Company's growing market share. Alternatively, HOFT is also at risk of its retailers bypassing it by sourcing directly from non-U.S. suppliers.

Supplier Concentration – The majority of HOFT's products are sourced from factories in China and Vietnam, whose imports make up approximately 88% of the Company's import purchases in fiscal year 2024. Labor shortages and governmental regulations could disrupt HOFT's supply chain and interfere with its ability to meet customer demand. Health related shutdowns and tariffs are such hurdles HOFT could face.

Volatile Housing Market – The business is notably reliant on the health of the housing market. Fluctuations in existing home sales and new housing starts could lead to volatile sales volumes and earnings for HOFT. Existing home sales have steadily declined in 2023, which could adversely impact HOFT's demand going forward.

Discounted Cash Flow

Hooker Furnishings Corporation														
Discounted Cash Flow Model														
<i>(in \$M, except per share)</i>														
Estimates:	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E	Terminal Value
Revenue	593.6	583.1	433.2	395.1	462.5	508.8	559.7	611.7	660.7	703.6	742.3	779.4	818.4	
Operating Income	14.8	(6.0)	12.4	2.4	21.4	17.8	19.6	21.4	23.1	24.6	26.0	27.3	28.6	
Less: Taxes (benefit)	3.4	(1.8)	2.6	1.8	5.0	4.5	4.9	5.4	5.8	6.2	6.5	6.8	7.2	
NOPAT	11.5	(4.2)	9.8	0.6	16.4	13.4	14.7	16.1	17.3	18.5	19.5	20.5	21.5	
Plus: Depreciation & Amortization	7.8	8.8	9.0	6.9	7.8	8.1	7.8	8.0	7.9	7.7	7.4	7.4	7.8	
Plus: Changes in WC	(1.2)	33.5	13.9	(0.4)	(0.5)	(0.5)	(0.6)	(0.6)	(0.7)	(0.7)	(0.7)	(0.8)	(0.8)	
Less: Capex	(6.7)	(4.2)	(6.8)	(4.0)	(4.6)	(5.1)	(4.5)	(4.9)	(5.3)	(5.6)	(4.5)	(4.7)	(4.9)	
Free Cash Flow	11.4	33.9	25.8	3.2	19.1	15.9	17.5	18.5	19.3	19.9	21.7	22.4	23.5	304.7
Discount period - months				6	18	30	42	54	66	78	90	102	114	
Discount period - years				0.5	1.5	2.5	3.5	4.5	5.5	6.5	7.5	8.5	9.5	
Discount factor				0.96	0.87	0.80	0.73	0.66	0.61	0.55	0.51	0.46	0.42	
PV of FCF				3.1	16.6	12.7	12.7	12.3	11.7	11.0	11.0	10.4	9.9	128.7
Growth rate assumptions:														
Revenue		-1.8%	-25.7%	-8.8%	9.0%	10.0%	10.0%	9.3%	8.0%	6.5%	5.5%	5.0%	5.0%	
Operating Income		-140.7%	-304.4%	-80.5%	789.1%	-16.8%	10.0%	9.3%	8.0%	6.5%	5.5%	5.0%	5.0%	
Free Cash Flow		197.3%	-24.0%	-87.6%	494.0%	-16.6%	10.0%	5.8%	4.4%	2.9%	9.2%	3.2%	5.0%	
Margin assumptions:														
Operating Income	2.5%	-1.0%	2.9%	4.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	
D&A as a % of sales	1.3%	1.5%	2.1%	1.8%	1.7%	1.6%	1.4%	1.3%	1.2%	1.1%	1.0%	1.0%	1.0%	
Taxes	22.8%	30.4%	20.8%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	
Changes in WC	-0.2%	5.7%	3.2%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	-0.1%	
Capex as a % of sales	-1.1%	-0.7%	-1.6%	-1.0%	-1.0%	-1.0%	-0.8%	-0.8%	-0.8%	-0.8%	-0.6%	-0.6%	-0.6%	
Valuation:														
Shares outstanding	10.5													
PV of FCF	111.4													
PV of Terminal Value	128.7													
Enterprise Value	240.1													
less: Net Debt	31.0													
Estimated Total Value:	209.2													
Est Equity Value/share:	\$19.90													
Price	\$15.31													

		Sensitivity Analysis:				
		Terminal Growth Rates				
		1.0%	1.5%	2.0%	2.5%	3.0%
Discount rate	9.00%	\$19.77	\$20.63	\$21.60	\$22.73	\$24.04
	9.25%	\$19.04	\$19.83	\$20.72	\$21.75	\$22.94
	9.50%	\$18.35	\$19.08	\$19.90	\$20.84	\$21.92
	9.75%	\$17.70	\$18.37	\$19.13	\$19.99	\$20.98
	10.00%	\$17.09	\$17.71	\$18.41	\$19.20	\$20.10

Source: Company Reports; Stonegate Capital Markets

Income Statement

Hooker Furnishings Corporation Consolidated Statements of Income (in \$M, except per share amounts) Fiscal Year End: January																					
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	Q1 Apr-23	Q2 Jul-23	Q3 Oct-23	Q4 Jan-24	FY 2024	Q1 Apr-24	Q2 Jul-24	Q3 E Oct-24	Q4 E Jan-25	FY 2025E	Q1 E Apr-25	Q2 E Jul-25	Q3 E Oct-25	Q4 E Jan-26	FY 2026E
Revenues	\$ 620.6	\$ 683.5	\$ 610.8	\$ 540.1	\$ 593.6	\$ 583.1	\$ 121.8	\$ 97.8	\$ 116.8	\$ 96.8	\$ 433.2	\$ 93.6	\$ 95.1	\$ 102.8	\$ 103.6	\$ 395.1	\$ 107.6	\$ 113.1	\$ 125.4	\$ 116.4	\$ 462.5
Total Revenues	620.6	683.5	610.8	540.1	593.6	583.1	121.8	97.8	116.8	96.8	433.2	93.6	95.1	102.8	103.6	395.1	107.6	113.1	125.4	116.4	462.5
Operating Expenses:																					
Cost of Sales	485.8	536.0	496.9	427.3	490.0	460.7	93.9	74.5	83.1	71.6	323.1	74.4	74.2	73.2	78.0	299.8	83.3	85.0	93.3	88.5	350.1
Inventory Valuation Expense	-	-	-	-	2.0	29.1	-	-	-	1.5	1.5	-	-	-	-	-	-	-	-	-	-
Gross Profit	134.8	147.5	114.0	112.7	101.7	93.3	27.9	23.3	33.7	23.7	108.7	19.2	20.9	29.6	25.6	95.3	24.3	28.0	32.1	27.9	112.4
Selling, General, and Expenses	87.3	91.9	88.9	80.4	84.5	95.8	25.0	21.1	24.0	22.5	92.7	23.5	23.1	21.8	20.7	89.1	22.0	22.0	21.8	21.2	87.0
Intangible Asset Amortization	2.1	2.4	2.4	2.4	2.4	3.5	0.9	0.9	0.9	0.9	3.7	0.9	0.9	1.0	1.0	3.8	1.0	1.0	1.0	1.0	4.0
Trade Name Impairment Charges	-	-	-	4.8	-	0.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Goodwill Impairment Charges	-	-	-	39.6	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Expenses	89.4	94.3	91.3	127.1	86.9	99.3	25.9	22.1	24.9	23.4	96.3	24.4	24.1	22.8	21.7	92.9	23.0	23.0	22.8	22.2	91.0
Operating Income	45.5	53.2	22.7	(14.4)	14.8	(6.0)	2.0	1.3	8.8	0.3	12.4	(5.2)	(3.1)	6.8	3.9	2.4	1.3	5.0	9.3	5.7	21.4
Other Income/(Expense)	1.6	(0.1)	0.5	0.3	0.4	0.4	0.1	0.4	0.7	0.6	1.7	0.6	1.5	0.5	0.5	3.1	0.5	0.5	0.5	0.5	2.0
Interest Expense	1.2	1.5	1.2	0.5	0.1	0.5	0.2	0.7	0.4	0.4	1.6	0.4	0.2	0.2	0.2	0.9	0.2	0.1	0.1	0.1	0.6
Profit Before Taxes	45.8	51.6	21.9	(14.6)	15.1	(6.1)	1.9	1.0	9.1	0.5	12.4	(4.9)	(1.9)	7.1	4.2	4.6	1.7	5.4	9.7	6.1	22.8
Provision for Income Tax	17.5	11.7	4.8	(4.1)	3.4	(1.8)	0.4	0.2	2.0	(0.0)	2.6	(0.8)	0.1	1.6	0.9	1.8	0.4	1.2	2.1	1.3	5.0
Net Income	28.3	39.9	17.1	(10.4)	11.7	(4.3)	1.4	0.8	7.0	0.6	9.9	(4.1)	(2.0)	5.6	3.3	2.8	1.3	4.2	7.5	4.8	17.8
Basic EPS	\$ 2.43	\$ 3.39	\$ 1.45	\$ (0.88)	\$ 0.99	\$ (0.37)	\$ 0.13	\$ 0.07	\$ 0.66	\$ 0.06	\$ 0.91	\$ (0.39)	\$ (0.19)	\$ 0.53	\$ 0.31	\$ 0.27	\$ 0.12	\$ 0.40	\$ 0.72	\$ 0.45	\$ 1.69
Diluted EPS	\$ 2.43	\$ 3.39	\$ 1.45	\$ (0.88)	\$ 0.98	\$ (0.37)	\$ 0.13	\$ 0.07	\$ 0.65	\$ 0.06	\$ 0.91	\$ (0.39)	\$ (0.19)	\$ 0.53	\$ 0.31	\$ 0.27	\$ 0.12	\$ 0.40	\$ 0.72	\$ 0.45	\$ 1.69
WTD Shares Out - Basic	11.6	11.8	11.8	11.8	11.9	11.6	11.0	10.7	10.5	10.5	10.7	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5
WTD Shares Out - Diluted	11.6	11.8	11.8	11.8	12.0	11.6	11.1	10.8	10.7	10.7	10.8	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5	10.5
Margin Analysis																					
Gross Margin	21.7%	21.6%	18.7%	20.9%	17.1%	16.0%	22.9%	23.9%	28.9%	24.5%	25.1%	20.5%	22.0%	28.8%	24.7%	24.1%	22.6%	24.8%	25.6%	24.0%	24.3%
Operating Margin	7.3%	7.8%	3.7%	-2.7%	2.5%	-1.0%	1.6%	1.3%	7.5%	0.4%	2.9%	-5.5%	-3.3%	6.6%	3.8%	0.6%	1.2%	4.5%	7.4%	4.9%	4.6%
EBITDA Margin	7.8%	7.7%	3.9%	-2.3%	3.0%	-0.5%	2.1%	1.6%	8.8%	1.7%	3.7%	-4.0%	0.4%	8.2%	5.3%	2.7%	2.8%	6.0%	8.8%	6.4%	6.1%
Pre-Tax Margin	7.4%	7.5%	3.6%	-2.7%	2.5%	-1.1%	1.5%	1.0%	7.8%	0.6%	2.9%	-5.2%	-2.0%	6.9%	4.1%	1.2%	1.5%	4.8%	7.7%	5.3%	4.9%
Net Income Margin	4.6%	5.8%	2.8%	-1.9%	2.0%	-0.7%	1.2%	0.8%	6.0%	0.6%	2.3%	-4.4%	-2.1%	5.4%	3.2%	0.7%	1.2%	3.7%	6.0%	4.1%	3.9%
Tax Rate	38.3%	22.7%	22.1%	28.4%	22.4%	29.9%	21.7%	19.6%	22.4%	-8.6%	20.7%	16.6%	-4.6%	22.0%	22.0%	38.6%	22.0%	22.0%	22.0%	22.0%	22.0%
Growth Rate Y/Y																					
Total Revenue	#REF!	10.1%	-10.6%	-11.6%	9.9%	-1.8%	-17.3%	-36.0%	-22.9%	-26.3%	-25.7%	-23.2%	-2.8%	-12.0%	7.1%	-8.8%	15.0%	18.9%	22.0%	12.4%	17.1%
Total cost of revenues	#REF!	5.5%	-3.2%	39.3%	-31.7%	14.4%	1.5%	-7.1%	-2.5%	-4.3%	-3.0%	-5.9%	9.1%	-8.8%	-7.2%	-3.6%	-5.7%	-4.4%	0.2%	2.3%	-2.1%
Operating Income	#REF!	17.0%	-57.3%	-163.3%	-203.3%	-140.7%	-49.7%	-82.5%	36.6%	-101.4%	-304.4%	-361.8%	-347.4%	-22.2%	1047.2%	-80.5%	-125.5%	-259.9%	36.4%	47.3%	789.1%
Pre-Tax Income	#REF!	12.7%	-57.5%	-166.4%	-203.7%	-140.7%	-55.6%	-86.4%	46.8%	-102.3%	-302.3%	-365.0%	-291.2%	-21.3%	672.4%	-63.2%	-133.9%	-388.9%	35.6%	45.1%	399.1%
Net Income	#REF!	41.1%	-57.2%	-161.0%	-212.4%	-136.8%	-54.4%	-85.8%	45.4%	-103.3%	-328.8%	-382.1%	-348.5%	-20.9%	454.7%	-71.5%	-131.7%	-315.5%	35.6%	45.1%	533.9%

Source: Company Reports, Stonegate Capital Partners estimates

Statement of Cash Flows

Hooker Furnishings Corporation																	
Consolidated Cash Flow Statements (\$M)																	
Fiscal Year End: January																	
CASH FLOW	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	Q1 Apr-22	Q2 Jul-22	Q3 Oct-22	Q4 Jan-23	FY 2023	Q1 Apr-23	Q2 Jul-23	Q3 Oct-23	Q4 Jan-24	FY 2024	Q1 Apr-24	Q2 Jul-24
Operating Activities																	
Net Income	28.3	39.9	17.1	(10.4)	11.7	3.2	5.5	4.8	(17.9)	(4.3)	1.5	0.8	7.0	0.6	9.9	(4.1)	(2.0)
Inventory Valuation Expense	-	-	-	0.5	3.4	-	-	-	28.8	28.8	-	-	-	1.8	1.8	-	-
Depreciation and Amortization	6.6	7.4	7.1	6.8	7.8	2.3	2.1	2.2	2.3	8.8	2.1	2.2	2.3	2.3	9.0	2.3	2.3
Deferred Income Tax Expense	3.5	(1.9)	(1.2)	(10.8)	1.8	1.8	0.0	(0.2)	(4.8)	(3.2)	0.3	0.2	2.1	(0.1)	2.5	(1.3)	(0.6)
Noncash Restricted Stock and Performance Awards	1.2	1.3	1.3	1.7	(0.0)	0.4	0.5	0.5	(0.1)	1.2	0.4	0.7	0.6	0.0	1.7	0.2	0.2
Provision for Doubtful Accounts and Sales Allowances	(0.5)	(0.8)	(0.4)	4.7	0.0	(0.3)	(1.2)	(2.3)	0.2	(3.7)	0.0	(0.5)	0.2	(0.5)	(0.7)	(0.4)	0.1
Gain on Life Insurance Policies	(0.6)	(0.7)	(0.8)	(1.2)	(1.0)	(0.6)	(0.0)	(0.2)	(0.4)	(1.2)	(0.6)	(0.1)	(0.1)	(0.2)	(1.0)	(0.9)	(0.7)
Loss on Sales of Assets	0.6	(0.1)	(0.3)	-	(0.0)	-	-	-	0.1	0.1	-	0.0	(0.0)	0.0	0.0	-	(0.0)
Trade Accounts Receivable	2.9	(18.0)	25.3	(0.3)	9.5	(7.4)	2.5	7.9	13.8	16.8	7.6	15.6	(19.8)	8.2	11.6	2.1	5.5
Inventories	(6.8)	(21.3)	12.4	22.1	(8.3)	(30.1)	(23.4)	(2.9)	8.5	(47.8)	23.5	11.6	(1.8)	1.5	34.8	5.2	(0.5)
Income Tax Recoverable	-	-	(0.8)	0.8	(4.4)	(0.8)	1.5	1.6	(1.1)	1.3	0.1	(0.0)	(0.0)	0.1	0.1	0.5	0.6
Prepaid Expenses and Other Assets	(1.1)	0.3	(0.6)	0.5	(4.4)	(4.1)	(2.0)	0.3	0.2	(5.7)	(2.1)	(1.4)	0.1	(1.7)	(5.1)	(2.2)	(4.0)
Trade Accounts Payable	(4.6)	8.1	(15.3)	6.7	(1.3)	10.5	(5.8)	(6.2)	(14.3)	(15.8)	(0.2)	(1.8)	9.2	(7.0)	0.2	2.1	1.3
Accrued Salaries, Wages, and Benefits	0.1	(1.6)	(3.1)	2.2	0.1	(1.8)	0.3	2.4	1.2	2.1	(3.5)	0.7	0.3	0.7	(1.9)	(1.8)	0.4
Customer Deposits	(0.3)	(1.3)	0.3	0.9	2.9	(0.9)	0.9	(1.3)	(0.6)	(1.9)	(1.9)	1.7	(3.2)	0.9	(2.6)	0.7	2.1
Operating Lease Assets and Liabilities	-	-	0.3	0.9	0.7	(0.2)	0.0	(0.1)	0.2	(0.1)	0.3	0.1	-	0.1	0.4	0.1	0.1
Other Accrued Expenses	(0.4)	1.2	0.1	(0.9)	0.9	(1.8)	0.5	0.9	3.6	3.3	(4.7)	(0.4)	0.8	0.1	(4.3)	(0.8)	(1.1)
Deferred Compensation	(1.2)	(2.8)	(0.0)	(0.3)	(0.3)	(0.1)	(0.1)	(0.1)	(0.1)	(0.5)	(0.2)	(0.2)	(0.2)	(0.3)	(0.9)	(0.2)	(0.2)
Goodwill and Intangible Asset Impairment Charge	-	-	-	44.3	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash flow generated/(absorbed) from operating Activities	27.7	9.7	41.4	68.3	19.2	(30.0)	(18.5)	7.3	19.4	(21.7)	22.4	29.1	(2.6)	6.7	55.5	1.5	3.8
Investing Activities																	
Acquisitions	(32.8)	-	-	-	-	(25.9)	-	-	0.6	(25.3)	-	(2.4)	-	-	(2.4)	-	-
Purchases of Property and Equipment	(3.2)	(5.2)	(5.1)	(1.2)	(6.7)	(0.8)	(1.1)	(1.5)	(0.7)	(4.2)	(3.2)	(0.8)	(1.8)	(1.1)	(6.8)	(0.8)	(0.6)
Proceeds from Sale of Property and Equipment	0.0	0.0	0.0	-	0.0	-	-	-	-	-	-	-	-	-	-	-	-
Premiums Paid on Life Insurance Policies	(0.7)	(0.7)	(0.6)	(0.6)	(0.6)	(0.1)	(0.3)	(0.1)	(0.0)	(0.5)	(0.1)	(0.2)	(0.1)	(0.0)	(0.4)	(0.1)	(0.2)
Proceeds of Life Insurance Policies	-	1.2	-	1.3	0.4	-	-	-	-	-	-	0.4	-	0.6	1.0	-	0.9
Proceeds Received on Notes Receivable	0.1	0.1	1.4	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash flow generated by Investing Activities	(36.5)	(4.5)	(4.3)	(0.5)	(6.9)	(26.9)	(1.4)	(1.6)	(0.1)	(30.0)	(3.3)	(2.9)	(1.8)	(0.5)	(8.6)	(1.0)	0.2
Financing Activities																	
Purchase and Retirement of Common Stock	-	-	-	-	-	-	(1.1)	(8.2)	(4.0)	(13.3)	(4.3)	(4.4)	(3.0)	-	(11.7)	-	-
Cash Dividends Paid	(5.8)	(6.7)	(7.2)	(7.8)	(8.8)	(2.4)	(2.4)	(2.3)	(2.5)	(9.6)	(2.4)	(2.4)	(2.4)	(2.5)	(9.7)	(2.5)	(2.5)
Payments for Long-Term Loans	(6.3)	(17.9)	(5.4)	(30.1)	-	-	-	(0.4)	(0.4)	(0.7)	(0.4)	(0.4)	(0.4)	(0.4)	(1.4)	(0.4)	(0.4)
Proceeds from Long-Term Loans	12.0	-	-	-	-	-	25.0	-	-	25.0	-	-	-	-	-	-	-
Proceeds from Revolving Credit Facility	-	-	-	-	-	-	30.3	5.9	-	36.2	-	-	-	-	-	-	-
Payments for Revolving Credit Facility	-	-	-	-	-	-	(30.3)	(5.9)	-	(36.2)	-	-	-	-	-	-	-
Debt Issuance Costs	(0.0)	-	-	-	-	-	(0.0)	-	0.0	(0.0)	-	-	-	-	-	-	-
Cash flow generated/(absorbed) by financing Activities	(0.1)	(24.6)	(12.6)	(38.0)	(8.8)	(2.4)	21.4	(10.9)	(6.8)	1.3	(7.1)	(7.1)	(5.7)	(2.8)	(22.8)	(2.8)	(2.8)
Net Cash Flow	(8.9)	(19.5)	24.6	29.8	3.5	(59.3)	1.6	(5.1)	12.5	(50.4)	12.0	19.0	(10.2)	3.4	24.2	(2.3)	1.2
Cash and Cash Equivalents																	
Beginning Cash balance	39.8	30.9	11.4	36.0	65.8	69.4	10.1	11.7	6.5	69.4	19.0	31.0	50.0	39.8	19.0	43.2	40.9
Ending Cash balance	30.9	11.4	36.0	65.8	69.4	10.1	11.7	6.5	19.0	19.0	31.0	50.0	39.8	43.2	40.9	42.1	42.1

Source: Company Reports, Stonegate Capital Partners

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