

Bassett®

Bassett Reports Fiscal Fourth Quarter Results

January 29, 2025 9:27 PM EST

BASSETT, Va., Jan. 29, 2025 (GLOBE NEWSWIRE) -- Bassett Furniture Industries, Inc. (NASDAQ: BSET) reported today its results of operations for its fourth quarter ended November 30, 2024.

Q4 Consolidated Business Highlights: [FY 24 vs. FY 23, unless otherwise specified]

- Revenues decreased 11%.
- Operating income of \$0.9 million, which included a \$1.0 million charge related to the realization of cumulative translation losses associated with the wind-down of Noa Home Inc. and a \$0.4 million restructuring charge for previously announced workforce reductions.
- Gross margin of 56.6%, driven primarily by improved margins in the wholesale segment.
- Recorded a \$2.6 million tax benefit related to the capital loss associated with our cumulative investment in Noa Home Inc. in 2022.
- Diluted earnings per share of \$0.38 vs. a loss of \$0.47.
- Generated \$6.4 million of operating cash flow.

Fiscal 2024 Fourth Quarter Overview
(Dollars in millions)

| | Sales | | | | Operating Income (Loss) | | | |
|----------------------------------|---------|---------|-----------|--------|-------------------------|-------|----------|-------|
| | 4th Qtr | | Dollar | % | 4th Qtr | % of | 4th Qtr | % of |
| | 2024 | 2023 | Change | Change | 2024 | Sales | 2023 | Sales |
| Consolidated ⁽¹⁾ | \$ 84.3 | \$ 94.7 | \$ (10.4) | -11.0% | \$ 0.9 | 1.1% | \$ (4.5) | -4.8% |
| Wholesale | \$ 52.3 | \$ 60.6 | \$ (8.3) | -13.7% | \$ 8.5 | 16.3% | \$ 8.4 | 13.9% |
| Retail | \$ 53.1 | \$ 57.9 | \$ (4.8) | -8.3% | \$ 0.1 | 0.2% | \$ 0.2 | 0.3% |
| Corporate & Other ⁽²⁾ | \$ 1.0 | \$ 1.8 | \$ (0.8) | -44.4% | \$ (7.0) | N/A | \$ (7.8) | N/A |

(1) Our consolidated results for the quarter include certain intercompany eliminations as well as a \$1.0 million charge for the realization of cumulative translation losses and a \$0.4 million restructuring charge which are not allocated to our segment operating results. See Table 4, "Segment Information" below for an illustration of the effects of these items on our consolidated sales and operating income.

(2) Corporate and Other includes the operations of Noa Home Inc. along with the shared Corporate costs that are benefiting both the Wholesale and Retail segments.

"The steps we took in our restructuring plan helped right-size our business and we returned to profitability in the fourth quarter," said Robert H. Spilman, Jr., Bassett Chairman and Chief Executive Officer. "We delivered strong consolidated gross margins and \$0.38 in diluted earnings per share. Our team remains focused on operating efficiency, leveraging our cost structure and running a leaner business. We're driving newness and innovation into Bassett's product lines, e-commerce and marketing to deliver price and value for customers. We are well-positioned for the eventual housing industry turnaround and will focus on growth and productivity until it does."

Conference Call and Webcast

The Company will hold a conference call to discuss its quarterly results on January 30, 2025, at 9:00 am ET. The public is invited to listen to the conference call by webcast, accessible through the Company's investor relations website, <https://investors.bassettfurniture.com/>. Participants can also listen to the conference call via <https://edge.media-server.com/mmc/p/4t38wr6>. A replay and transcript of the conference call will be available on demand on the investor relations site.

About Bassett Furniture Industries, Inc.

Bassett Furniture Industries, Inc. (NASDAQ: BSET) is a leading manufacturer and marketer of high-quality home furnishings. With 87 company- and licensee-owned stores at the time of this release, Bassett leverages its strong brand name in furniture into a network of corporate and licensed stores that focus on providing consumers with a friendly environment for buying furniture and accessories. Bassett's retail strategy includes stylish, custom-built furniture that features the latest on-trend furniture styles, free in-home design visits, and coordinated decorating accessories. Bassett also has more than 700 traditional wholesale accounts on the open market, across the United States and internationally. For more information, visit the Company's website at <https://www.bassettfurniture.com/>. (BSET-E)

Forward-Looking Statements

Certain of the statements in this release, particularly those preceded by, followed by or including the words “believes,” “plans,” “expects,” “anticipates,” “intends,” “should,” “estimates,” or similar expressions, or those relating to or anticipating financial results or changes in operations for periods beyond the end of the fourth fiscal quarter of 2024, constitute “forward looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended. For those statements, Bassett claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. In many cases, Bassett cannot predict what factors would cause actual results to differ materially from those indicated in the forward-looking statements. Expectations included in the forward-looking statements are based on preliminary information, as well as certain assumptions which management believes to be reasonable at this time. The following important factors affect Bassett and could cause actual results to differ materially from those indicated in the forward looking statements: the effects of national and global economic or other conditions and future events on the retail demand for home furnishings and the ability of Bassett’s customers and consumers to obtain credit; the success of marketing, logistics, retail and other initiatives; and the economic, competitive, governmental and other factors identified in Bassett’s filings with the Securities and Exchange Commission. Any forward-looking statement that Bassett makes speaks only as of the date of such statement, and Bassett undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise. Comparisons of results for current and any prior periods are not intended to express any future trends or indication of future performance, unless expressed as such, and should only be viewed as historical data.

Contacts:

J. Michael Daniel
Senior Vice President and
Chief Financial Officer
(276) 629-6614 – Investors
mdaniel@bassettfurniture.com

Peter D. Morrison
Vice President of Communications
(276) 629-6450 – Media

Table 1
BASSETT FURNITURE INDUSTRIES, INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Operations - unaudited
(In thousands, except for per share data)

| | Quarter Ended | | | | Year Ended* | | | |
|--|-------------------|----------------------|-------------------|----------------------|-------------------|----------------------|-------------------|----------------------|
| | November 30, 2024 | | November 25, 2023 | | November 30, 2024 | | November 25, 2023 | |
| | Amount | Percent of Net Sales | Amount | Percent of Net Sales | Amount | Percent of Net Sales | Amount | Percent of Net Sales |
| Net sales of furniture and accessories | \$ 84,340 | 100.0% | \$ 94,702 | 100.0% | \$ 329,923 | 100.0% | \$ 390,136 | 100.0% |
| Cost of furniture and accessories sold | 36,645 | 43.4% | 43,288 | 45.7% | 150,508 | 45.6% | 183,648 | 47.1% |
| Gross profit | 47,695 | 56.6% | 51,414 | 54.3% | 179,415 | 54.4% | 206,488 | 52.9% |
| Selling, general and administrative expenses | 45,386 | 53.8% | 50,518 | 53.3% | 187,527 | 56.8% | 205,227 | 52.6% |
| Asset impairment charges | - | 0.0% | - | 0.0% | 5,515 | 1.7% | - | 0.0% |
| Loss on contract abandonment | - | 0.0% | - | 0.0% | 1,240 | 0.4% | - | 0.0% |
| Loss upon realization of cumulative translation adjustment | 962 | 1.1% | - | 0.0% | 962 | 0.3% | - | 0.0% |
| Restructuring charges | 440 | 0.5% | - | - | 440 | 0.1% | - | - |
| Goodwill impairment charge | - | 0.0% | 5,409 | 5.7% | - | 0.0% | 5,409 | 1.4% |
| Gain on revaluation of contingent consideration | - | 0.0% | - | 0.0% | - | 0.0% | 1,013 | 2.1% |
| Income (loss) from operations | 907 | 1.1% | (4,513) | -4.8% | (16,269) | -4.9% | (3,135) | -0.8% |
| Interest income | 598 | 0.7% | 883 | 0.9% | 2,673 | 0.8% | 2,528 | 0.6% |
| Other loss, net | (285) | -0.3% | (500) | -0.5% | (774) | -0.2% | (1,881) | -0.5% |
| Income (loss) before income taxes | 1,220 | 1.4% | (4,130) | -4.4% | (14,370) | -4.4% | (2,488) | -0.6% |
| Income tax expense (benefit) | (1,984) | -2.4% | (28) | -0.0% | (4,675) | -1.4% | 683 | 0.2% |
| Net income (loss) | 3,204 | 3.8% | (4,102) | -4.3% | (9,695) | -2.9% | (3,171) | -0.8% |
| Basic and diluted earnings (loss) per share | \$ 0.38 | | \$ (0.47) | | \$ (1.11) | | \$ (0.36) | |

*53 weeks in fiscal 2024 versus 52 weeks in fiscal 2023.

Table 2
BASSETT FURNITURE INDUSTRIES, INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(In thousands)

(Unaudited)

| Assets | <u>November 30, 2024</u> | <u>November 25, 2023</u> |
|---|--------------------------|--------------------------|
| Current assets | | |
| Cash and cash equivalents | \$ 39,551 | \$ 52,407 |
| Short-term investments | 20,360 | 17,775 |
| Accounts receivable, net | 13,181 | 13,736 |
| Inventories, net | 54,965 | 62,982 |
| Recoverable income taxes | 4,240 | 2,574 |
| Other current assets | <u>9,242</u> | <u>8,480</u> |
| Total current assets | <u>141,539</u> | <u>157,954</u> |
| Property and equipment, net | 77,047 | 83,981 |
| Other long-term assets | | |
| Deferred income taxes, net | 6,867 | 4,645 |
| Goodwill and other intangible assets | 14,185 | 16,067 |
| Right of use assets under operating leases | 93,624 | 100,888 |
| Other | <u>7,908</u> | <u>6,889</u> |
| Total long-term assets | <u>122,584</u> | <u>128,489</u> |
| Total assets | <u>\$ 341,170</u> | <u>\$ 370,424</u> |
| Liabilities and Stockholders' Equity | | |
| Current liabilities | | |
| Accounts payable | \$ 13,303 | \$ 16,338 |
| Accrued compensation and benefits | 6,898 | 8,934 |
| Customer deposits | 25,742 | 22,788 |
| Current portion of operating lease obligations | 18,050 | 18,827 |
| Other accrued expenses | <u>9,410</u> | <u>11,003</u> |
| Total current liabilities | <u>73,403</u> | <u>77,890</u> |
| Long-term liabilities | | |
| Post employment benefit obligations | 10,882 | 10,207 |
| Long-term portion of operating lease obligations | 88,395 | 97,357 |
| Other long-term liabilities | <u>1,163</u> | <u>1,529</u> |
| Total long-term liabilities | <u>100,440</u> | <u>109,093</u> |
| Stockholders' equity | | |
| Common stock | 43,681 | 43,842 |
| Retained earnings | 122,847 | 139,354 |
| Additional paid-in-capital | 6 | 93 |
| Accumulated other comprehensive income | <u>793</u> | <u>152</u> |
| Total stockholders' equity | <u>167,327</u> | <u>183,441</u> |
| Total liabilities and stockholders' equity | <u>\$ 341,170</u> | <u>\$ 370,424</u> |

Table 3
BASSETT FURNITURE INDUSTRIES, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows - unaudited
(In thousands)

| | <u>Year Ended*</u> | |
|--|--------------------------|--------------------------|
| | <u>November 30, 2024</u> | <u>November 25, 2023</u> |
| Operating activities: | | |
| Net income (loss) | \$ (9,695) | \$ (3,171) |
| Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities: | | |
| Depreciation and amortization | 9,918 | 10,141 |
| Non-cash asset impairment charges | 5,515 | - |
| Non-cash goodwill impairment charges | - | 5,409 |
| Net loss on sale of property and equipment | 7 | 5 |
| Gain on revaluation of contingent consideration | - | (1,013) |
| Inventory valuation charges | 5,001 | 4,626 |
| Deferred income taxes | (2,442) | 831 |
| Other, net | 2,277 | 2,031 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | 555 | 4,102 |
| Inventories | 3,016 | 17,869 |
| Other current and long-term assets | (2,427) | 1,773 |

| | | |
|---|------------------|------------------|
| Right of use assets under operating leases | 17,254 | 18,680 |
| Customer deposits | 2,954 | (13,175) |
| Accounts payable and other liabilities | (7,246) | (9,188) |
| Obligations under operating leases | (20,637) | (20,196) |
| Net cash provided by operating activities | 4,050 | 18,724 |
| Investing activities: | | |
| Purchases of property and equipment | (5,211) | (17,489) |
| Proceeds from sale of property and equipment | - | 500 |
| Proceeds from disposal of discontinued operations, net | - | 1,000 |
| Investment in certificates of deposit | (2,585) | (60) |
| Other | (972) | (1,714) |
| Net cash used in investing activities | (8,768) | (17,763) |
| Financing activities: | | |
| Cash dividends | (6,654) | (5,982) |
| Other issuance of common stock | 371 | 318 |
| Repurchases of common stock | (1,420) | (4,176) |
| Taxes paid related to net share settlement of equity awards | (161) | (109) |
| Repayments of finance lease obligations | (253) | (278) |
| Net cash used in financing activities | (8,117) | (10,227) |
| Effect of exchange rate changes on cash and cash equivalents | (21) | 48 |
| Change in cash and cash equivalents | (12,856) | (9,218) |
| Cash and cash equivalents - beginning of period | 52,407 | 61,625 |
| Cash and cash equivalents - end of period | \$ 39,551 | \$ 52,407 |

*53 weeks in fiscal 2024 versus 52 weeks in fiscal 2023.

Table 4
BASSETT FURNITURE INDUSTRIES, INC. AND SUBSIDIARIES
Segment Information - unaudited
(In thousands)

| | Quarter Ended | | Year Ended* | |
|--|-------------------|-------------------|--------------------|-------------------|
| | November 30, 2024 | November 25, 2023 | November 30, 2024 | November 25, 2023 |
| Sales Revenue | | | | |
| Wholesale sales of furniture and accessories | \$ 52,324 | \$ 60,593 | \$ 207,462 | \$ 248,911 |
| Less: Sales to retail segment | (22,054) | (25,587) | (87,021) | (103,519) |
| Wholesale sales to external customers | 30,270 | 35,006 | 120,441 | 145,392 |
| Retail sales of furniture and accessories | 53,085 | 57,936 | 204,563 | 235,940 |
| Corporate & Other - Noa Home ⁽¹⁾ | 985 | 1,760 | 4,919 | 8,804 |
| Consolidated net sales of furniture and accessories | <u>\$ 84,340</u> | <u>\$ 94,702</u> | <u>\$ 329,923</u> | <u>\$ 390,136</u> |
| Income (Loss) before Income Taxes | | | | |
| Income (Loss) from Operations | | | | |
| Wholesale | \$ 8,471 | \$ 8,360 | \$ 25,357 | \$ 30,699 |
| Retail | 70 | 215 | (6,604) | (536) |
| Net expenses - Corporate and other ⁽¹⁾ | (6,956) | (7,786) | (28,456) | (29,926) |
| Inter-company elimination | 724 | 107 | 1,591 | 1,024 |
| Asset impairment charges | - | - | (5,515) | - |
| Loss on contract abandonment | - | - | (1,240) | - |
| Loss upon realization of cumulative translation adjustment | (962) | - | (962) | - |
| Restructuring charges | (440) | - | (440) | - |
| Gain on revaluation of contingent consideration | - | - | - | 1,013 |
| Goodwill impairment charge | - | (5,409) | - | (5,409) |
| Consolidated income (loss) from operations | <u>907</u> | <u>(4,513)</u> | <u>(16,269)</u> | <u>(3,135)</u> |
| Interest income | 598 | 883 | 2,673 | 2,528 |
| Other loss, net | (285) | (500) | (774) | (1,881) |
| Consolidated income (loss) before income taxes | <u>\$ 1,220</u> | <u>\$ (4,130)</u> | <u>\$ (14,370)</u> | <u>\$ (2,488)</u> |

*53 weeks in fiscal 2024 versus 52 weeks in fiscal 2023.

(1) Corporate and Other includes the operations of Noa Home Inc. along with the shared Corporate costs that are benefiting both the Wholesale and Retail segments.

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Source: Bassett Furniture Industries, Incorporated