UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q/A
(Amendment No. 1)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended February 27, 2021

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ____________________________ to ______________________

Commission File No. 000-00209

BASSETT FURNITURE INDUSTRIES, INCORPORATED
(Exact name of Registrant as specified in its charter)

Virginia	54-0135270
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

3525 Fairystone Park Highway
Bassett, Virginia 24055
(Address of principal executive offices)
(Zip Code)

(276) 629-6000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of exchange on which registered
Common Stock ($5.00 par value)	BSET	NASDAQ

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, 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 (§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, smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	☐	Accelerated Filer	☒
Non-accelerated Filer	☐	Smaller Reporting Company	☐
		Emerging Growth Company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

At March 26, 2021, 9,909,596 shares of common stock of the Registrant were outstanding.

EXPLANATORY NOTE

The purpose of this Amendment No. 1 to the registrant’s Quarterly Report on Form 10-Q for the quarter ended February 27, 2021, filed with the Securities and Exchange Commission on April 1, 2021 (the “Form 10-Q”), is to furnish an updated Form 10-Q to reflect certain edits inadvertently omitted by our financial printing and EDGAR filing service provider to the financial statements, footnotes to financial statements and Item 2 Management's Discussion and Analysis of Financial Condition and Results of Operations (the MD&A). These edits involved certain minor fixes to captions in the financial statements, the elimination of an unnecessary line item in the condensed consolidated statement of cash flows, and to add additional detail in the MD&A concerning the impact of raw material cost inflation and supply chain disruptions on our business. There were no changes to our financial condition, results of operations or cash flows as a result of these edits. This Amendment No. 1 to the Form 10-Q speaks as of the original filing date of the Form 10-Q, does not reflect events that may have occurred subsequent to the original filing date and does not modify or update in any way disclosures made in the original Form 10-Q.

BASSETT FURNITURE INDUSTRIES, INCORPORATED AND SUBSIDIARIES

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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS
BASSETT FURNITURE INDUSTRIES, INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
FOR THE PERIODS ENDED FEBRUARY 27, 2021 AND FEBRUARY 29, 2020 – UNAUDITED
(In thousands except per share data)

	Quarter Ended	
	February 27, 2021	**February 29, 2020**
Sales revenue:		
Furniture and accessories	$ 101,655	$ 98,942
Logistics	12,018	13,178
Total sales revenue	113,673	112,120
Cost of furniture and accessories sold	48,252	45,270
Selling, general and administrative expenses	59,400	64,640
Income from operations	6,021	2,210
Other loss, net	(337)	(362)
Income before income taxes	5,684	1,848
Income tax expense	1,673	638
Net income	$ 4,011	$ 1,210
Basic earnings per share	$ 0.40	$ 0.12
Diluted earnings per share	$ 0.40	$ 0.12
Regular dividends per share	$ 0.125	$ 0.125
Special dividend per share	$ 0.25	$ -

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

PART I – FINANCIAL INFORMATION – CONTINUED
ITEM 1. FINANCIAL STATEMENTS
BASSETT FURNITURE INDUSTRIES, INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIODS ENDED FEBRUARY 27, 2021 AND FEBRUARY 29, 2020 – UNAUDITED
(In thousands)

	Quarter Ended	
	February 27, 2021	**February 29, 2020**
Net income	$ 4,011	$ 1,210
Other comprehensive income:		
Amortization associated with Long Term Cash Awards (LTCA)	36	31
Income taxes related to LTCA	(9)	(8)
Amortization associated with supplemental executive retirement defined benefit plan (SERP)	11	2
Income taxes related to SERP	(3)	-
Other comprehensive income, net of tax	35	25
Total comprehensive income	$ 4,046	$ 1,235

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

BASSETT FURNITURE INDUSTRIES, INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
FEBRUARY 27, 2021 AND NOVEMBER 28, 2020
(In thousands)

	(Unaudited) February 27, 2021	November 28, 2020
Assets		
Current assets		
Cash and cash equivalents	$ 45,033	$ 45,799
Short-term investments	17,715	17,715
Accounts receivable, net	24,720	22,340
Inventories	62,936	54,886
Recoverable income taxes	8,831	9,666
Other current assets	11,798	10,272
Total current assets	171,033	160,678
Property and equipment, net	92,772	90,917
Deferred income taxes	3,749	4,587
Goodwill and other intangible assets	23,732	23,827
Right of use assets under operating leases	111,700	116,903
Other	5,975	5,637
Total long-term assets	145,156	150,954
Total assets	$ 408,961	$ 402,549
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	$ 28,172	$ 23,426
Accrued compensation and benefits	14,418	16,964
Customer deposits	44,674	39,762
Current portion operating lease obligations	27,088	27,078
Other current liabilites and accrued expenses	13,088	11,141
Total current liabilities	127,440	118,371
Long-term liabilities		
Post employment benefit obligations	12,347	12,089
Long-term portion of operating lease obligations	105,990	111,972
Other long-term liabilities	5,483	2,087
Total long-term liabilities	123,820	126,148
Stockholders' equity		
Common stock	49,567	49,714
Retained earnings	109,493	109,710
Accumulated other comprehensive loss	(1,359)	(1,394)
Total stockholders' equity	157,701	158,030
Total liabilities and stockholders' equity	$ 408,961	$ 402,549

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

PART I – FINANCIAL INFORMATION – CONTINUED
ITEM 1. FINANCIAL STATEMENTS
BASSETT FURNITURE INDUSTRIES, INCORPORATED AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED FEBRUARY 27, 2021 AND FEBRUARY 29, 2020 – UNAUDITED
(In thousands)

	Quarter Ended	
	February 27, 2021	**February 29, 2020**
Operating activities:		
Net income	$ 4,011	$ 1,210
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	3,331	3,623
Gain on lease modification	(20)	(152)
Gain on sale of property and equipment	(4)	(58)
Deferred income taxes	826	(125)
Other, net	274	321
Changes in operating assets and liabilities:		
Accounts receivable	(2,380)	(1,873)
Inventories	(8,050)	(1,213)
Other current assets	(768)	(536)
Right of use assets under operating leases	6,340	6,721
Customer deposits	4,912	(1,292)
Accounts payable and other liabilities	3,584	(2,266)
Obligations under operating leases	(7,072)	(9,603)
Net cash provided by (used in) operating activities	4,984	(5,243)
Investing activities:		
Purchases of property and equipment	(895)	(1,340)
Proceeds from sales of property and equipment	8	1,697
Purchases of investments	-	(241)
Other	(302)	(193)
Net cash used in investing activities	(1,189)	(77)
Financing activities:		
Cash dividends	(3,718)	(1,260)
Other issuance of common stock	83	75
Repurchases of common stock	(534)	(766)
Taxes paid related to net share settlement of equity awards	(219)	(215)
Repayments of finance lease obligations	(173)	(12)
Net cash used in financing activities	(4,561)	(2,178)
Change in cash and cash equivalents	(766)	(7,498)
Cash and cash equivalents - beginning of period	45,799	19,687
Cash and cash equivalents - end of period	$ 45,033	$ 12,189

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

1. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and do not include all of the information and footnotes required by accounting principles generally accepted in the United States ("GAAP") for complete financial statements. In our opinion, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included.

References to "ASC" included hereinafter refer to the Accounting Standards Codification established by the Financial Accounting Standards Board ("FASB") as the source of authoritative GAAP.

The condensed consolidated financial statements include the accounts of Bassett Furniture Industries, Incorporated ("Bassett", "we", "our", or the "Company") and our wholly-owned subsidiaries of which we have a controlling interest. In accordance with ASC Topic 810, we have evaluated our licensees and certain other entities to determine whether they are variable interest entities ("VIEs") of which we are the primary beneficiary and thus would require consolidation in our financial statements. To date we have concluded that none of our licensees nor any other of our counterparties represent VIEs.

Revenue from the sale of furniture and accessories is reported in the accompanying condensed consolidated statements of income net of estimates for returns and allowances.

Revenues from logistical services are generated by our wholly-owned subsidiary, Zenith Freight Lines, LLC ("Zenith"). Sales of logistical services from Zenith to our wholesale and retail segments have been eliminated in consolidation, and Zenith's operating costs and expenses are included in selling, general and administrative expenses in our condensed consolidated statements of income.

Recently Adopted Accounting Pronouncements

Effective as of the beginning of fiscal 2021, we have adopted Accounting Standards Update No. 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments ("ASU 2016-13"). The guidance in ASU 2016-13 replaces the incurred loss impairment methodology under previous GAAP. The new impairment model requires immediate recognition of estimated credit losses expected to occur for most financial assets and certain other instruments. We determined that the guidance in ASU 2016-13 applied to our trade receivables and contract assets, and that there was no material impact to our financial condition or results of operations as a result of the adoption.

Effective as of the beginning of fiscal 2021, we have adopted Accounting Standards Update No. 2018-15, Accounting Standards Update No. 2018-15 – Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract, to help entities evaluate the accounting for fees paid by a customer in a cloud computing arrangement (hosting arrangement) by providing guidance for determining when the arrangement includes a software license. The amendments in ASU 2018-15 align the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal use software license). The accounting for the service element of a hosting arrangement that is a service contract is not affected by the amendments in ASU 2018-15. We adopted ASU 2018-15 on a prospective basis and the adoption did not have a material impact upon our financial position or results of operations.

Impact of the COVID-19 Pandemic Upon our Financial Condition and Results of Operations

On March 11, 2020, the World Health Organization declared the current coronavirus ("COVID-19") outbreak to be a global pandemic. In response to this declaration and the rapid spread of COVID-19 within the United States, federal, state and local governments throughout the country imposed varying degrees of restrictions on social and commercial activity to promote social distancing in an effort to slow the spread of the illness. These measures had a significant adverse impact upon many sectors of the economy, including non-essential retail commerce, beginning in our second fiscal quarter of 2020. Therefore, our results of operations for the quarter ended February 29, 2020 were not impacted by COVID-19.

During fiscal 2020, in response to the restrictive measures imposed by governmental authorities and for the protection of our employees and customers, we temporarily closed our dedicated stores, our manufacturing locations and many of our warehouses for several weeks primarily during the second fiscal quarter. This extended period of suspended operations had a material adverse impact upon our results of operations during the second fiscal quarter and resulted in a significant net loss for the year ended November 28, 2020. However, since restarting our manufacturing operations and reopening stores, we have seen a significant improvement in business conditions which allowed us to return to overall profitability for the third and fourth fiscal quarters of 2020 continuing into the first quarter of fiscal 2021. Tempering these improvements are the continuing logistical challenges faced by the entire home furnishings industry resulting from COVID-related labor shortages and supply chain disruptions creating significant delays in order fulfillment and increasing backlogs.

Whereas most state and local governments have eased restrictions on commercial retail activity and mass vaccination programs in the U.S. are underway, it is nevertheless possible that a resurgence in COVID-19 cases could prompt a return to tighter restrictions in certain areas of the country. Furthermore, while the home furnishings industry has fared much better during the pandemic than certain other sectors of the economy, continued economic weakness may eventually have an adverse impact upon our business, and order cancellations could result if the present delays in order fulfillment continue for an extended period of time. Therefore, significant uncertainty remains regarding the ongoing impact of the COVID-19 outbreak upon our financial condition and future results of operations, as well as upon the significant estimates and assumptions we utilize in reporting certain assets and liabilities.

2. Interim Financial Presentation

All intercompany accounts and transactions have been eliminated in the condensed consolidated financial statements. The results of operations for the three months ended February 27, 2021 are not necessarily indicative of results for the full fiscal year. These interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and accompanying notes included in our Annual Report on Form 10-K for the year ended November 28, 2020.

Income Taxes

We calculate an anticipated effective tax rate for the year based on our annual estimates of pretax income and use that effective tax rate to record our year-to-date income tax provision. Any change in annual projections of pretax income could have a significant impact on our effective tax rate for the respective quarter.

Our effective tax rates for the quarters ended February 27, 2021 and February 29, 2020 of 29.4% and 34.5%, respectively, differ from the federal statutory rate of 21% primarily due to the effects of state income taxes and various permanent differences, including tax deficiencies of $135 and $114 during the quarters ended February 27, 2021 and February 29, 2020, respectively, arising from stock-based compensation.

3. Financial Instruments and Fair Value Measurements

Financial Instruments

Our financial instruments include cash and cash equivalents, short-term investments in certificates of deposit (CDs), accounts receivable, and accounts payable. Because of their short maturities, the carrying amounts of cash and cash equivalents, short-term investments in CDs, accounts receivable, and accounts payable approximate fair value.

Investments

Our short-term investments of $17,715 at February 27, 2021 and November 28, 2020 consisted of CDs. At February 27, 2021, the CDs had original terms averaging eight months, bearing interest at rates ranging from 0.05% to 1.20%. At February 27, 2021, the weighted average remaining time to maturity of the CDs was approximately five months and the weighted average yield of the CDs was approximately 0.12%. Each CD is placed with a federally insured financial institution and all deposits are within federal deposit insurance limits. Due to the nature of these investments and their relatively short maturities, the carrying amount of the short-term investments at February 27, 2021 and November 28, 2020 approximates their fair value.

(Dollars in thousands except share and per share data)

Fair Value Measurement

The Company accounts for items measured at fair value in accordance with ASC Topic 820, *Fair Value Measurements and Disclosures*. ASC 820's valuation techniques are based on observable and unobservable inputs. Observable inputs reflect readily obtainable data from independent sources, while unobservable inputs reflect our market assumptions. ASC 820 classifies these inputs into the following hierarchy:

Level 1 Inputs– Quoted prices for identical instruments in active markets.

Level 2 Inputs– Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.

Level 3 Inputs– Instruments with primarily unobservable value drivers.

We believe that the carrying amounts of our current assets and current liabilities approximate fair value due to the short-term nature of these items. Our primary non-recurring fair value estimates typically involve business acquisitions or the impairment of long-lived assets which involve a combination of Level 2 and Level 3 inputs.

4. Accounts Receivable

Accounts receivable consists of the following:

	February 27, 2021	November 28, 2020
Gross accounts receivable	$ 25,914	$ 23,551
Allowance for doubtful accounts	(1,194)	(1,211)
Accounts receivable, net	$ 24,720	$ 22,340

We maintain an allowance for doubtful accounts for estimated losses resulting from the inability of our customers to make required payments. The allowance for doubtful accounts is based on a review of specifically identified accounts in addition to an overall aging analysis which is applied to accounts pooled on the basis of similar risk characteristics. Judgments are made with respect to the collectibility of accounts receivable within each pool based on historical experience, current payment practices and current economic trends based on our expectations over the expected life of the receivables, which is generally ninety days or less. Actual credit losses could differ from those estimates.

Activity in the allowance for doubtful accounts for the three months ended February 27, 2021 was as follows:

Balance at November 28, 2020	$ 1,211
Additions charged to expense	53
Write-offs against allowance	(70)
Balance at February 27, 2021	$ 1,194

We believe that the carrying value of our net accounts receivable approximates fair value. The inputs into these fair value estimates reflect our market assumptions and are not observable. Consequently, the inputs are considered to be Level 3 as specified in the fair value hierarchy in ASC Topic 820, *Fair Value Measurements and Disclosures*. See Note 3.

(Dollars in thousands except share and per share data)

5. Inventories

Domestic furniture inventories are valued at the lower of cost, which is determined using the last-in, first-out (LIFO) method, or market. Imported inventories and those applicable to our Lane Venture and Bassett Outdoor lines are valued at the lower of cost, which is determined using the first-in, first-out (FIFO) method, or net realizable value.

Inventories were comprised of the following:

	February 27, 2021	November 28, 2020
Wholesale finished goods	$ 29,620	$ 25,001
Work in process	650	516
Raw materials and supplies	17,188	14,836
Retail merchandise	29,040	27,946
Total inventories on first-in, first-out method	76,498	68,299
LIFO adjustment	(9,084)	(8,891)
Reserve for excess and obsolete inventory	(4,478)	(4,522)
	$ 62,936	$ 54,886

We estimate an inventory reserve for excess quantities and obsolete items based on specific identification and historical write-offs, taking into account future demand, market conditions and the respective valuations at LIFO. The need for these reserves is primarily driven by the normal product life cycle. As products mature and sales volumes decline, we rationalize our product offerings to respond to consumer tastes and keep our product lines fresh. If actual demand or market conditions in the future are less favorable than those estimated, additional inventory write-downs may be required. In determining reserves, we calculate separate reserves on our wholesale and retail inventories. Our wholesale inventories tend to carry the majority of the reserves for excess quantities and obsolete inventory due to the nature of our distribution model. These wholesale reserves primarily represent design and/or style obsolescence. Typically, product is not shipped to our retail warehouses until a consumer has ordered and paid a deposit for the product. We do not typically hold retail inventory for stock purposes. Consequently, floor sample inventory and inventory for delivery to customers account for the majority of our inventory at retail. Retail reserves are based on accessory and clearance floor sample inventory in our stores and any inventory that is not associated with a specific customer order in our retail warehouses.

Activity in the reserves for excess quantities and obsolete inventory by segment are as follows:

	Wholesale Segment	Retail Segment	Total
Balance at November 28, 2020	$ 3,421	$ 1,101	$ 4,522
Additions charged to expense	309	286	595
Write-offs	(364)	(275)	(639)
Balance at February 27, 2021	$ 3,366	$ 1,112	$ 4,478

Our estimates and assumptions have been reasonably accurate in the past. We have not made any significant changes to our methodology for determining inventory reserves in 2021 and do not anticipate that our methodology is likely to change in the future.

(Dollars in thousands except share and per share data)

6. Goodwill and Other Intangible Assets

Goodwill and other intangible assets consisted of the following:

	February 27, 2021		
	Gross Carrying Amount	**Accumulated Amortization**	**Intangible Assets, Net**
Intangibles subject to amortization			
Customer relationships	$ 3,550	$ (1,411)	$ 2,139
Technology - customized applications	834	(725)	109
Total intangible assets subject to amortization	$ 4,384	$ (2,136)	2,248
Intangibles not subject to amortization:			
Trade names			9,338
Goodwill			12,146
Total goodwill and other intangible assets			$ 23,732

	November 28, 2020		
	Gross Carrying Amount	**Accumulated Amortization**	**Intangible Assets, Net**
Intangibles subject to amortization			
Customer relationships	$ 3,550	$ (1,346)	$ 2,204
Technology - customized applications	834	(695)	139
Total intangible assets subject to amortization	$ 4,384	$ (2,041)	2,343
Intangibles not subject to amortization:			
Trade names			9,338
Goodwill			12,146
Total goodwill and other intangible assets			$ 23,827

The carrying amounts of goodwill by reportable segment at both February 27, 2021 and November 28, 2020 are as follows:

	Original Recorded Value	Accumulated Impairment Losses	Carrying Amount
Wholesale	$ 9,188	$ (1,971)	$ 7,217
Retail	1,926	(1,926)	-
Logistical services	4,929	-	4,929
Total goodwill	$ 16,043	$ (3,897)	$ 12,146

(Dollars in thousands except share and per share data)

Amortization expense associated with intangible assets during the three months ended February 27, 2021 and February 29, 2020 was as follows:

	Quarter Ended	
	February 27, 2021	February 29, 2020
Intangible asset amortization expense	$ 95	$ 95

Estimated future amortization expense for intangible assets that exist at February 27, 2021 is as follows:

Remainder of fiscal 2021	$ 284
Fiscal 2022	279
Fiscal 2023	259
Fiscal 2024	259
Fiscal 2025	259
Fiscal 2026	259
Thereafter	649
Total	$ 2,248

7. Bank Credit Facility

Our bank credit facility provides for a line of credit of up to $25,000. At February 27, 2021, we had $3,181 outstanding under standby letters of credit against our line, leaving availability under our credit line of $21,819. In addition, we have outstanding standby letters of credit with another bank totaling $325. The line bears interest at the rate of LIBOR plus 1.9%, with a fee of 0.25% charged for the unused portion of the line and is secured by a general lien on our accounts receivable and inventory. We were in compliance with all covenants under the agreement as of February 27, 2021 and expect to remain in compliance through the end of fiscal 2021. The credit facility matures on January 31, 2022.

8. Post Employment Benefit Obligations

Defined Benefit Plans

We have an unfunded Supplemental Retirement Income Plan (the "Supplemental Plan") that covers one current and certain former executives. The liability for the Supplemental Plan was $8,525 and $8,565 as of February 27, 2021 and November 28, 2020, respectively.

We also have the Bassett Furniture Industries, Incorporated Management Savings Plan (the "Management Savings Plan") which was established in the second quarter of fiscal 2017. The Management Savings Plan is an unfunded, nonqualified deferred compensation plan maintained for the benefit of certain highly compensated or management level employees. As part of the Management Savings Plan, we have made Long Term Cash Awards ("LTC Awards") totaling $2,000 to certain management employees in the amount of $400 each. The liability for the LTC Awards was $1,533 and $1,506 as of February 27, 2021 and November 28, 2020, respectively.

(Dollars in thousands except share and per share data)

The combined pension liability for the Supplemental Plan and LTC Awards is recorded as follows in the condensed consolidated balance sheets:

	February 27, 2021	November 28, 2020
Accrued compensation and benefits	$ 613	$ 613
Post employment benefit obligations	9,445	9,458
Total pension liability	$ 10,058	$ 10,071

Components of net periodic pension costs for our defined benefit plans for the three months ended February 27, 2021 and February 29, 2020 are as follows:

	Quarter Ended	
	February 27, 2021	February 29, 2020
Service cost	$ 31	$ 43
Interest cost	48	67
Amortization of prior service costs	31	31
Amortization of loss	15	1
Net periodic pension cost	$ 125	$ 142

The components of net periodic pension cost other than the service cost component are included in other loss, net in our condensed consolidated statements of income.

Deferred Compensation Plans

We have an unfunded deferred compensation plan that covers one current executive and certain former executives and provides for voluntary deferral of compensation. This plan has been frozen with no additional participants or deferrals permitted. Our liability under this plan was $1,664 and $1,677 as of February 27, 2021 and November 28, 2020, respectively.

We also have an unfunded, nonqualified deferred compensation plan maintained for the benefit of certain highly compensated or management level employees which was established under the Management Savings Plan. Our liability under this plan, including both accrued Company contributions and participant salary deferrals, was $1,533 and $1,250 as of February 27, 2021 and November 28, 2020, respectively.

Our combined liability for all deferred compensation arrangements, including Company contributions and participant deferrals under the Management Savings Plan, is recorded as follows in the condensed consolidated balance sheets:

	February 27, 2021	November 28, 2020
Accrued compensation and benefits	$ 296	$ 296
Post employment benefit obligations	2,901	2,631
Total deferred compensation liability	$ 3,197	$ 2,927

(Dollars in thousands except share and per share data)

We recognized expense under our deferred compensation arrangements during the three months ended February 27, 2021 and February 29, 2020 as follows:

	Quarter Ended	
	February 27, 2021	**February 29, 2020**
Deferred compensation expense	$ 153	$ 96

9. Commitments and Contingencies

We are involved in various legal and environmental matters, which arise in the normal course of business. Although the final outcome of these matters cannot be determined, based on the facts presently known, we believe that the final resolution of these matters will not have a material adverse effect on our financial position or future results of operations.

10. Lease Guarantees

We have guaranteed certain lease obligations of licensee operators. Lease guarantees range from one to three years. We were contingently liable under licensee lease obligation guarantees in the amounts of $2,064 and $1,811 at February 27, 2021 and November 28, 2020, respectively.

In the event of default by an independent dealer under the guaranteed lease, we believe that the risk of loss is mitigated through a combination of options that include, but are not limited to, arranging for a replacement dealer or liquidating the collateral (primarily inventory). The proceeds of the above options are expected to cover the estimated amount of our future payments under the guarantee obligations, net of recorded reserves. The fair value of lease guarantees (an estimate of the cost to the Company to perform on these guarantees) at February 27, 2021 and November 28, 2020 was not material.

11. Earnings Per Share

The following reconciles basic and diluted earnings per share:

	Net Income	Weighted Average Shares	Net Income Per Share
For the quarter ended February 27, 2021:			
Basic earnings per share	$ 4,011	9,919,518	$ 0.40
Add effect of dilutive securities:			
Options and restricted shares	-	20,287	-
Diluted earnings per share	$ 4,011	9,939,805	$ 0.40
For the quarter ended February 29, 2020:			
Basic earnings per share	$ 1,210	10,027,227	$ 0.12
Add effect of dilutive securities:			
Options and restricted shares	-	25,969	-
Diluted earnings per share	$ 1,210	10,053,196	$ 0.12

(Dollars in thousands except share and per share data)

For the three months ended February 27, 2021 and February 29, 2020, the following potentially dilutive shares were excluded from the computations as their effect was anti-dilutive:

	Quarter Ended	
	February 27, 2021	**February 29, 2020**
Unvested shares	-	34,000

12. Segment Information

We have strategically aligned our business into three reportable segments as defined in ASC 280, *Segment Reporting*, and as described below:

- **Wholesale.** The wholesale home furnishings segment is involved principally in the design, manufacture, sourcing, sale and distribution of furniture products to a network of Bassett stores (Company-owned and licensee-owned retail stores) and independent furniture retailers. Our wholesale segment includes our wood and upholstery operations, which include Lane Venture, as well as all corporate selling, general and administrative expenses, including those corporate expenses related to both Company- and licensee-owned stores. Our wholesale segment also includes our holdings of short-term investments and retail real estate previously leased as licensee stores. The earnings and costs associated with these assets are included in other income (loss), net, in our condensed consolidated statements of income.

- **Retail – Company-owned stores.** Our retail segment consists of Company-owned stores and includes the revenues, expenses, assets and liabilities and capital expenditures directly related to these stores and the Company-owned distribution network utilized to deliver products to our retail customers.

- **Logistical services.** Our logistical services segment reflects the operations of Zenith. In addition to providing shipping and warehousing services for the Company, Zenith also provides similar services to other customers, primarily in the furniture industry. Revenue from the performance of these services to other customers is included in logistical services revenue in our condensed consolidated statements of income. Zenith's total operating costs, including those associated with providing logistical services to the Company as well as to third-party customers, are included in selling, general and administrative expenses and were $19,621 and $20,480 for the three months ended February 27, 2021 and February 29, 2020, respectively.

Inter-company net sales elimination represents the elimination of wholesale sales to our Company-owned stores and the elimination of Zenith logistics revenue from our wholesale and retail segments. Inter-company income elimination includes the embedded wholesale profit in the Company-owned store inventory that has not been realized. These profits will be recorded when merchandise is delivered to the retail consumer. The inter-company income elimination also includes rent paid by our retail stores occupying Company-owned real estate, and the elimination of shipping and handling charges from Zenith for services provided to our wholesale and retail operations.

(Dollars in thousands except share and per share data)

The following table presents our segment information:

	Quarter Ended	
	February 27, 2021	February 29, 2020
Sales Revenue		
Wholesale	$ 70,264	$ 65,017
Retail - Company-owned stores	60,395	65,846
Logistical services	20,081	21,315
Inter-company eliminations:		
Furniture and accessories	(29,004)	(31,921)
Logistical services	(8,063)	(8,137)
Consolidated	$ 113,673	$ 112,120
Income (Loss) from Operations		
Wholesale	$ 4,797	$ 2,713
Retail - Company-owned stores	1,094	(1,249)
Logistical services	459	835
Inter-company elimination	(329)	(89)
Consolidated	$ 6,021	$ 2,210
Depreciation and Amortization		
Wholesale	$ 798	$ 809
Retail - Company-owned stores	1,516	1,730
Logistical services	1,017	1,084
Consolidated	$ 3,331	$ 3,623
Capital Expenditures		
Wholesale	$ 757	$ 422
Retail - Company-owned stores	18	561
Logistical services	120	357
Consolidated	$ 895	$ 1,340
	As of	As of
Identifiable Assets	February 27, 2021	November 28, 2020
Wholesale	$ 177,204	$ 176,243
Retail - Company-owned stores	168,840	169,105
Logistical services	62,917	57,201
Consolidated	$ 408,961	$ 402,549

Wholesale shipments by type

	Quarter Ended			
	February 27, 2021		February 29, 2020	
Bassett Custom Upholstery	$ 43,348	61.7%	$ 40,033	61.6%
Bassett Leather	7,587	10.8%	4,700	7.2%
Bassett Custom Wood	11,543	16.4%	11,290	17.4%
Bassett Casegoods	7,786	11.1%	8,994	13.8%
Total	$ 70,264	100.0%	$ 65,017	100.0%

13. Revenue Recognition

We recognize revenue when we transfer promised goods or services to our customers in an amount that reflects the consideration we expect to receive in exchange for those goods or services. For our wholesale and retail segments, revenue is recognized when the risks and rewards of ownership and title to the product have transferred to the buyer. At wholesale, transfer occurs and revenue is recognized upon the shipment of goods to independent dealers and licensee-owned BHF stores. At retail, transfer occurs and revenue is recognized upon delivery of goods to the customer. All wholesale and retail revenues are recorded net of estimated returns and allowances based on historical patterns. We typically collect a significant portion of the purchase price from our retail customers as a deposit upon order, with the balance typically collected upon delivery. These customer deposits are carried on our balance sheet as a current liability until delivery is fulfilled and amounted to $44,674 and $39,762 as of February 27, 2021 and November 28, 2020, respectively. Approximately 76% of the customer deposits held at November 28, 2020 related to performance obligations that were satisfied during the current year-to-date period and have therefore been recognized in revenue for the quarter ended February 27, 2021.

For our logistical services segment, line-haul freight revenue is recognized as services are performed and are billed to the customer upon the completion of delivery to the destination. Because the customer receives the benefits of these services as the freight is in transit from point of origin to destination, we recognize revenue using a percentage of completion method based on our estimate of the amount of time freight has been in transit as of the reporting date compared with our estimate of the total required time for the deliveries. The balances of assets recognized for shipping revenues earned but not billed as of February 27, 2021 and November 28, 2020 were not material. Warehousing services revenue is based upon warehouse space occupied by a customer's goods and inventory movements in and out of a warehouse and is recognized as such services are provided and billed to the customer concurrently in the same period.

We exclude from revenue all amounts collected from customers for sales tax. We do not disclose amounts allocated to remaining unsatisfied performance obligations as they are expected to be satisfied within one year or less.

See Note 12, Segment Information, for disaggregated revenue information.

(Dollars in thousands except share and per share data)

14. Changes to Stockholders' Equity

The following changes in our stockholders' equity occurred during the three months ended February 27, 2021 and February 29, 2020:

	February 27, 2021	February 29, 2020
Common Stock:		
Beginning of period	$ 49,714	$ 50,581
Issuance of common stock	31	29
Forfeited shares	-	(35)
Purchase and retirement of common stock	(178)	(402)
End of period	$ 49,567	$ 50,173
Common Shares Issued and Outstanding:		
Beginning of period	9,942,787	10,116,291
Issuance of common stock	6,221	5,743
Forfeited shares	-	(7,000)
Purchase and retirement of common stock	(35,512)	(80,443)
End of period	9,913,496	10,034,591
Additional Paid-in Capital:		
Beginning of period	$ -	$ 195
Issuance of common stock	52	46
Forfeited shares	-	35
Purchase and retirement of common stock	(66)	(361)
Stock based compensation	14	85
End of period	$ -	$ -
Retained Earnings:		
Beginning of period	$ 109,710	$ 129,130
Cumulative effect of a change in accounting principal	-	(3,785)
Net income for the period	4,011	1,210
Purchase and retirement of common stock	(509)	(217)
Cash dividends declared	(3,719)	(1,260)
End of period	$ 109,493	$ 125,078
Accumulated Other Comprehensive Loss:		
Beginning of period	$ (1,394)	$ (1,236)
Amortization of pension costs, net of tax	35	25
End of period	$ (1,359)	$ (1,211)

15. Recent Accounting Pronouncements

In December 2019, the FASB issued Accounting Standards Update No. 2019-12 – Income Taxes (Topic 740) Simplifying the Accounting for Income Taxes, as part of its initiative to reduce complexity in the accounting standards. The amendments in ASU 2019-12 eliminate certain exceptions related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. ASU 2019-12 also clarifies and simplifies other aspects of the accounting for income taxes. The amendments in ASU 2019-12 will become effective for us as of the beginning of our 2022 fiscal year. Early adoption is permitted, including adoption in any interim period. We are currently evaluating the impact that this guidance will have upon our financial position and results of operations, if any.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Safe-harbor, forward-looking statements:

This report contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 with respect to the financial condition, results of operations and business of Bassett Furniture Industries, Incorporated and subsidiaries. Such forward-looking statements are identified by use of forward-looking words such as “*anticipates*”, “*believes*”, “*plans*”, “*estimates*”, “*expects*”, “*aims*” and “*intends*” or words or phrases of similar expression. These forward-looking statements involve certain risks and uncertainties. No assurance can be given that any such matters will be realized. Important factors that could cause actual results to differ materially from those contemplated by such forward-looking statements include:

- the impact of the COVID-19 outbreak upon our ability to maintain normal operations at our retail stores and manufacturing facilities and the resulting effects any future interruption of those operations may have upon our financial condition, results of operations and liquidity, as well as the impact of the outbreak upon general economic conditions, including consumer spending and the strength of the housing market in the United States
- competitive conditions in the home furnishings industry
- overall retail traffic levels and consumer demand for home furnishings
- ability of our customers and consumers to obtain credit
- the profitability of the Bassett stores (independent licensees and Company-owned retail stores) which may result in future store closings
- ability to implement our Company-owned retail strategies and realize the benefits from such strategies, including our initiatives to expand and improve our digital marketing capabilities, as they are implemented
- fluctuations in the cost and availability of raw materials, fuel, labor and sourced products, including those which may result from supply chain disruptions and the imposition of new or increased duties, tariffs, retaliatory tariffs and trade limitations with respect to foreign-sourced products
- results of marketing and advertising campaigns
- effectiveness and security of our information and technology systems and possible disruptions due to cybersecurity threats, including any impacts from a network security incident; and the sufficiency of our insurance coverage, including cybersecurity insurance.
- future tax legislation, or regulatory or judicial positions
- ability to efficiently manage the import supply chain to minimize business interruption
- concentration of domestic manufacturing, particularly of upholstery products, and the resulting exposure to business interruption from accidents, weather and other events and circumstances beyond our control
- general risks associated with providing freight transportation and other logistical services through our wholly owned subsidiary, Zenith Freight Lines, LLC

Additionally, other risks that could cause actual results to differ materially from those contemplated by such forward-looking statements are set forth in Part I, Item 1A. Risk Factors in the Company’s Annual Report on Form 10-K for the fiscal year ended November 28, 2020.

You should keep in mind that any forward-looking statement made by us in this report or elsewhere speaks only as of the date on which such forward-looking statement is made. New risks and uncertainties arise from time to time, and it is impossible for us to predict these events or how they may affect us. We have no duty to, and do not intend to, update or revise the forward-looking statements in this discussion after the date hereof, except as may be required by law. In light of these risks and uncertainties, you should keep in mind that the events described in any forward-looking statement made in this report or elsewhere, might not occur.

Overview

Bassett is a leading retailer, manufacturer and marketer of branded home furnishings. Our products are sold primarily through a network of Company-owned and licensee-owned branded stores under the Bassett Home Furnishings ("BHF") name, with additional distribution through other wholesale channels including multi-line furniture stores, many of which feature Bassett galleries or design centers. We were founded in 1902 and incorporated under the laws of Virginia in 1930. Our rich 119-year history has instilled the principles of quality, value, and integrity in everything we do, while simultaneously providing us with the expertise to respond to ever-changing consumer tastes and meet the demands of a global economy.

With 97 BHF stores at February 27, 2021, we have leveraged our strong brand name in furniture into a network of Company-owned and licensed stores that focus on providing consumers with a friendly environment for buying furniture and accessories. Our store program is designed to provide a single source home furnishings retail store that provides a unique combination of stylish, quality furniture and accessories with a high level of customer service. In order to reach markets that cannot be effectively served by our retail store network, we also distribute our products through other wholesale channels including multi-line furniture stores, many of which feature Bassett galleries or design centers. We use a network of over 30 independent sales representatives who have stated geographical territories. These sales representatives are compensated based on a standard commission rate. We believe this blended strategy provides us the greatest ability to effectively distribute our products throughout the United States and ultimately gain market share.

The BHF stores feature custom order furniture, free in-home or virtual design visits ("home makeovers") and coordinated decorating accessories. Our philosophy is based on building strong long-term relationships with each customer. Salespeople are referred to as "Design Consultants" and are trained to evaluate customer needs and provide comprehensive solutions for their home decor. Until a rigorous training and design certification program is completed, Design Consultants are not authorized to perform in-home or virtual design services for our customers.

We have factories in Newton, North Carolina that manufacture custom upholstered furniture. We also have factories in Martinsville and Bassett, Virginia that assemble and finish our custom dining offerings, including our solid hardwood furniture "Bench Made" line. Our manufacturing team takes great pride in the breadth of its options, the precision of its craftsmanship, and the speed of its manufacturing process. Our logistics team then promptly ships the product to one of our home delivery hubs or to a location specified by our licensees. In addition to the furniture that we manufacture domestically, we source most of our formal bedroom and dining room furniture (casegoods) and certain leather upholstery offerings from several foreign plants, primarily in Vietnam, Thailand and China. Over 75% of the products we currently sell are manufactured in the United States.

During fiscal 2018, we acquired Lane Venture, a manufacturer and distributor of premium outdoor furniture which is operated as a component of our wholesale segment. This acquisition marked our entry into the market for outdoor furniture and we believe that Lane Venture has provided a foundation for us to become a significant participant in this category. Our strategy is to distribute this brand outside of our BHF store network only.

With the knowledge we have gained through operating Lane Venture, we have developed the Bassett Outdoor brand that is only marketed through the BHF store network. This allows Bassett branded product to move from inside the home to outside the home to capitalize on the growing trend of outdoor living.

We also own Zenith Freight Lines, LLC ("Zenith") which provides logistical services to Bassett along with other furniture manufacturers and retailers. Zenith delivers best-of-class shipping and logistical support services that are uniquely tailored to the needs of Bassett and the furniture industry. Approximately 60% of Zenith's revenue is generated from services provided to non-Bassett customers.

We consider our website to be the front door to our brand experience where customers can research our furniture and accessory offerings and subsequently buy online or engage with an in-store design consultant. Customer acquisition resulting from our digital outreach strategies increased our traffic to the website by 53% and web orders by 55% for the first quarter of 2021 as compared to 2020. Digital advertising continues to dominate our marketing expenditures as we continue to spend less in traditional television and direct mail advertising. We expect to continue investing in our website to improve the navigation and the ordering capabilities to increase web sales. Much of our current product offerings highlight the breadth and depth of our custom furniture capabilities which are difficult to show and sell online. We plan to expand our merchandising strategies to include more product that can be more easily purchased online with or without a store visit. While we work to increase web sales, we will not compromise on our in-store experience or the quality of our in-home makeover capabilities.

We also continue to re-examine the performance of every one of our stores. Store traffic has been declining for three years and the effect on our retail model has become increasingly challenging. We believe that on a market-by-market basis, there will be fewer stores in the future. We will continue to evaluate store-by-store performance as we seek the optimal store count in the markets in which we compete at retail.

The migration to digital brand research and compressed transaction cycles have caused us to comprehensively evaluate all of our American made custom products. While our Custom Upholstery, Custom Dining, and Bench Made product lines continue to be our most successful offerings, they are not conducive to web transactions; most of these items must be purchased in a store. Furthermore, we offer many upholstery trim options, fabrics and finishes that have low rates of sale and that make web navigation more difficult for the consumer. Consequently, we will continue to methodically re-design each one of these important lines. Our intent is to continue to offer the consumer custom options that will help them personalize their home but to do so in an edited fashion that will provide a better web experience in the research phase and will also allow the final purchase to be made either on the web or in the store.

We also plan to heavily emphasize our “Made in America” story and utilize locally harvested and organic materials when possible. As part of this, we recently rebranded our premier Custom Upholstery line to be part of the Bench Made program emphasizing that those products are artisan crafted with exceptional domestic materials and are made to order. In addition, we expanded our Bench Made solid wood dining offerings to provide a sleeker more contemporary styling product to complement our initial Bench Made dining offerings.

Impact of the COVID-19 Pandemic Upon Our Financial Condition and Results of Operations

On March 11, 2020, the World Health Organization declared the current coronavirus (“COVID-19”) outbreak to be a global pandemic. In response to this declaration and the rapid spread of COVID-19 within the United States, federal, state and local governments throughout the country imposed varying degrees of restrictions on social and commercial activity to promote social distancing in an effort to slow the spread of the illness. These measures had a significant adverse impact upon many sectors of the economy, including non-essential retail commerce, beginning in our second fiscal quarter of 2020. Therefore, our results of operations for the quarter ended February 29, 2020 were not impacted by COVID-19.

In response to the above and for the protection of our employees and customers, we temporarily closed our dedicated BHF stores, our manufacturing locations and many of our warehouses for several weeks primarily during the second fiscal quarter of 2020. The disruption to our operations caused by the COVID-19 pandemic resulted in a significant loss for the second quarter of fiscal 2020 which drove the loss for the full year of fiscal 2020 despite our return to profitability during the third and fourth fiscal quarters.

Since restarting the manufacturing operations and reopening stores, the pace of incoming wholesale orders from both the retail stores and our independent dealers outside the BHF store network have far exceeded our post reopening forecasts. Wholesale orders for the first quarter of 2021 increased 44% as compared to the pre-pandemic levels of the first quarter of fiscal 2020. However, supply chain disruptions causing shortages of various raw materials, including fabric, foam and plywood, coupled with logistical challenges have created significant delays in order fulfillment resulting in abnormally high backlogs. In addition, inflationary pressures throughout the supply chain have resulted in us implementing multiple wholesale price increases over the last few months. We expect that wholesale gross margins will be slightly impacted in the second quarter as we cycle through the backlog. We also expect the supply chain issues will subside somewhat by the end of May as suppliers continue to increase production.

To address our growing backlog, we have made the commitment to open another upholstery manufacturing facility in Newton, NC, adjacent to our existing 500,000 square foot complex. Production from this additional 123,000 square foot facility should begin by June 1 and will be dedicated to our opening price point “Everyday Value” product. The added space will also allow us to expand our Bench Made motion program, previously referred to as Magnificent Motion, that has exceeded our sales projections since its debut in early 2020.

We continue to closely monitor the COVID-19 pandemic and the potential effects on the economy, the consumer and our business. While the rate of incoming orders at both our wholesale and retail segments is currently strong, there are continuing logistical challenges faced by us and the entire home furnishings industry resulting from COVID-related labor shortages and supply chain disruptions creating significant delays in order fulfillment and increasing backlogs. Although unable to predict with certainty, we expect gradual decreases in wholesale and retail backlogs over the remainder of 2021 driven by an anticipated lower rate of future incoming orders coupled with increased manufacturing and shipping activity. While the home furnishings industry has fared much better during the pandemic than other sectors of the economy, the speed and direction of the economic recovery remains largely dependent upon the success of mass vaccination programs and the declining trend in COVID-19 cases, and any interruption or reversal of these trends may yet have an additional adverse impact upon our business. The timing of any future actions by us in response to COVID-19 is largely dependent on the mitigation of the spread of the virus, the speed with which vaccinations are disseminated, status of government orders, directives and guidelines, recovery of the business environment, economic conditions, and consumer demand for our products.

(Dollars in thousands except share and per share data)

Results of Operations – Quarter ended February 27, 2021 compared with the quarter ended February 29, 2020:

Net sales of furniture and accessories, logistics revenue, cost of furniture and accessories sold, selling, general and administrative (SG&A) expense and income from operations were as follows for the three months ended February 27, 2021 and February 29, 2020:

	Quarter Ended				Change	
	February 27, 2021		February 29, 2020		Dollars	Percent
Sales revenue:						
Furniture and accessories	$ 101,655	89.4%	$ 98,942	88.2%	$ 2,713	2.7%
Logistics revenue	12,018	10.6%	13,178	11.8%	(1,160)	-8.8%
Total sales revenue	113,673	100.0%	112,120	100.0%	1,553	1.4%
Cost of furniture and accessories sold	48,252	42.4%	45,270	40.4%	2,982	6.6%
SG&A expenses	59,400	52.3%	64,640	57.7%	(5,240)	-8.1%
Income from operations	$ 6,021	5.3%	$ 2,210	2.0%	$ 3,811	172.4%

Refer to the segment information which follows for a discussion of the significant factors and trends affecting our results of operations for the three months ended February 27, 2021 as compared with the prior year period.

Segment Information

We have strategically aligned our business into three reportable segments as described below:

Wholesale. The wholesale home furnishings segment is involved principally in the design, manufacture, sourcing, sale and distribution of furniture products to a network of Bassett stores (Company-owned and licensee-owned retail stores) and independent furniture retailers. Our wholesale segment includes our wood and upholstery operations, which include Lane Venture, as well as all corporate selling, general and administrative expenses, including those corporate expenses related to both Company- and licensee-owned stores. We eliminate the sales between our wholesale and retail segments as well as the imbedded profit in the retail inventory for the consolidated presentation in our financial statements. Also included in our wholesale segment are our short-term investments and our holdings of retail real estate previously leased as licensee stores. The earnings and costs associated with these assets are included in other loss, net, in our condensed consolidated statements of income.

Retail – Company-owned stores. Our retail segment consists of Company-owned stores and includes the revenues, expenses, assets and liabilities (including real estate) and capital expenditures directly related to these stores and the Company-owned distribution network utilized to deliver products to our retail customers.

Logistical services. Our logistical services segment reflects the operations of Zenith. In addition to providing shipping and warehousing services for the Company, Zenith also provides similar services to other customers, primarily in the furniture industry. Revenue from the performance of these services to other customers is included in logistical services revenue in our condensed consolidated statements of income. Zenith's operating costs are included in selling, general and administrative expenses.

(Dollars in thousands except share and per share data)

The following tables illustrate the effects of various intercompany eliminations on income from operations in the consolidation of our segment results:

	Quarter Ended February 27, 2021				
	Wholesale	Retail	Logistics	Eliminations	Consolidated
Sales revenue:					
Furniture & accessories	$ 70,264	$ 60,395	$ -	$ (29,004)(1)	$ 101,655
Logistics	-	-	20,081	(8,063)(2)	12,018
Total sales revenue	70,264	60,395	20,081	(37,067)	113,673
Cost of furniture and accessories sold	47,288	29,309	-	(28,345)(3)	48,252
SG&A expense	18,179	29,992	19,622	(8,393)(4)	59,400
Income from operations	$ 4,797	$ 1,094	$ 459	$ (329)	$ 6,021

	Quarter Ended February 29, 2020				
	Wholesale	Retail	Logistics	Eliminations	Consolidated
Sales revenue:					
Furniture & accessories	$ 65,017	$ 65,846	$ -	$ (31,921)(1)	$ 98,942
Logistics	-	-	21,315	(8,137)(2)	13,178
Total sales revenue	65,017	65,846	21,315	(40,058)	112,120
Cost of furniture and accessories sold	43,877	32,906	-	(31,513)(3)	45,270
SG&A expense	18,427	34,189	20,480	(8,456)(4)	64,640
Income (loss) from operations	$ 2,713	$ (1,249)	$ 835	$ (89)	$ 2,210

Notes to segment consolidation table:

(1) Represents the elimination of sales from our wholesale segment to our Company-owned BHF stores.
(2) Represents the elimination of logistical services billed to our wholesale segment.
(3) Represents the elimination of purchases by our Company-owned BHF stores from our wholesale segment, as well as the change for the period in the elimination of intercompany profit in ending retail inventory.
(4) Represents the elimination of rent paid by our retail stores occupying Company-owned real estate, and the elimination of logisitcal services charged by Zenith to Bassett's wholesale segment as follows:

	Quarter Ended	
	February 27, 2021	February 29, 2020
Intercompany logistical services	$ (8,063)	$ (8,137)
Intercompany rents	(330)	(319)
Total SG&A expense elimination	$ (8,393)	$ (8,456)

(Dollars in thousands except share and per share data)

Wholesale Segment

Results for the wholesale segment for the periods ended February 27, 2021 and February 29, 2020 are as follows:

	Quarter Ended				Change	
	February 27, 2021		February 29, 2020		Dollars	Percent
Net sales	$ 70,264	100.0%	$ 65,017	100.0%	$ 5,247	8.1%
Gross profit	22,976	32.7%	21,140	32.5%	1,836	8.7%
SG&A expenses	18,179	25.9%	18,427	28.3%	(248)	-1.3%
Income from operations	$ 4,797	6.8%	$ 2,713	4.2%	$ 2,084	76.8%

Analysis of Results - Wholesale

Net sales for the three months ended February 27, 2021 increased $5,247 or 8.1% over the prior year period. Wholesale orders for the first quarter of 2021 increased 44% as compared to 2020 resulting in a wholesale backlog of $67,469 at February 27, 2021 as compared to $54,874 at November 28, 2020 and $14,617 at February 29, 2020. Wholesale orders from independent dealers increased 98% for the current quarter as compared to the prior year period driven by increases from existing dealers along with an expansion of the dealer base. In addition, orders from the Bassett Home Furnishings store network increased 14% while Lane Venture orders increased by 75%. As previously discussed, Bassett and most of the home furnishings industry has been faced with continuing logistical challenges from COVID-related labor shortages and supply chain disruptions creating significant delays in order fulfillment and increasing backlogs. SG&A expenses as a percentage of sales decreased 240 basis points due to increased leverage of fixed costs due to higher sales volume coupled with various expense reductions implemented in the second and third quarters of fiscal 2020 in response to the COVID-19 pandemic.

Wholesale shipments by type:	Quarter Ended				Change	
	February 27, 2021		February 29, 2020		Dollars	Percent
Bassett Custom Upholstery	$ 43,348	61.7%	$ 40,033	61.6%	$ 3,315	8.3%
Bassett Leather	7,587	10.8%	4,700	7.2%	2,887	61.4%
Bassett Custom Wood	11,543	16.4%	11,290	17.4%	253	2.2%
Bassett Casegoods	7,786	11.1%	8,994	13.8%	(1,208)	-13.4%
Total	$ 70,264	100.0%	$ 65,017	100.0%	$ 5,247	8.1%

(Dollars in thousands except share and per share data)

Retail – Company-owned Stores Segment

Results for the retail segment for the periods ended February 27, 2021 and February 29, 2020 are as follows:

	Quarter Ended				Change	
	February 27, 2021		February 29, 2020		Dollars	Percent
Net sales	$ 60,395	100.0%	$ 65,846	100.0%	$ (5,451)	-8.3%
Gross profit	31,086	51.5%	32,940	50.0%	(1,854)	-5.6%
SG&A expenses	29,992	49.7%	34,189	51.9%	(4,197)	-12.3%
Income (loss) from operations	$ 1,094	1.8%	$ (1,249)	-1.9%	$ 2,343	N/M

Analysis of Results - Retail

Net sales for the three months ended February 27, 2021 declined $5,451 or 8.3% from the prior year period. Written sales, the value of sales orders taken, but not delivered, increased 4.1% for the quarter ended February 27, 2021 as compared to the prior year quarter in spite of having six fewer stores in operation this year, resulting in a retail backlog of $64,806 at February 27, 2021 as compared to $57,041 at November 28, 2020 and $29,775 at February 29, 2020. As previously discussed, Bassett and most of the home furnishings industry has been faced with continuing logistical challenges from COVID-related labor shortages and supply chain disruptions creating significant delays in order fulfillment and increasing backlogs. Gross margins for the first quarter of 2021 increased by 150 basis points primarily driven by lower levels of promotional activity coupled with improved margins on clearance activity. SG&A expenses for the first quarter of 2021 as a percentage of sales decreased by 220 basis points as compared to the first quarter of 2020. This was driven by workforce reductions, lower advertising spending, and overall cost containment activities. In addition, over the course of fiscal 2020 we closed seven unprofitable store locations, six of which were closed subsequent to the first quarter of 2020.

Logistical Services Segment

Results for our logistical services segment for the periods ended February 27, 2021 and February 29, 2020 are as follows:

	Quarter Ended				Change	
	February 27, 2021		February 29, 2020		Dollars	Percent
Logistical services revenue	$ 20,081	100.0%	$ 21,315	100.0%	$ (1,234)	-5.8%
Operating expenses	19,622	97.7%	20,480	96.1%	(858)	-4.2%
Income from operations	$ 459	2.3%	$ 835	3.9%	$ (376)	-45.0%

Analysis of Operations – Logistical Services

Net revenues for the three months ended February 27, 2021 declined $1,234 or 5.8% from the prior year period. Operating profit declined for the first quarter of 2021 as compared to 2020 primarily due to higher warehousing labor costs as Zenith has been challenged to find and maintain freight-handling personnel in the warehousing operation due to the previously discussed COVID-related labor shortages, partially offset by improved fleet costs driven by lower fuel prices.

Other Items Affecting Net Income

Other Loss, Net

Other loss, net, for the three months ended February 27, 2021 was $337 compared to $362 for the three months ended February 29, 2020, a decrease of $25. The net change was primarily due to reduced interest income from our investments in CDs along with higher interest expense resulting from additional finance leases, partially offset by lower net cost of Company-owned life insurance.

Income Taxes

We calculate an anticipated effective tax rate for the year based on our annual estimates of pretax income and use that effective tax rate to record our year-to-date income tax provision. Any change in annual projections of pretax income could have a significant impact on our effective tax rate for the respective quarter.

Our effective tax rates for the quarters ended February 27, 2021 and February 29, 2020 of 29.4% and 34.5%, respectively, differ from the federal statutory rate of 21% primarily due to the effects of state income taxes and various permanent differences, including tax deficiencies of $135 and $114 during the quarters ended February 27, 2021 and February 29, 2020, respectively, arising from stock-based compensation.

Liquidity and Capital Resources

Cash Flows

Cash provided by operations for the first quarter of fiscal 2021 was $4,984 compared to $5,243 used in operations for the first quarter of fiscal 2020, representing an increase in cash provided by operations of $10,277. This increase in operating cash flow is primarily due to higher operating income along with a substantial increase in customer deposits taken against unfilled orders, partially offset by other changes in working capital including increased investment in inventory as we work to fulfill our order backlog.

Our overall cash position decreased by $766 during the first quarter of fiscal 2021, compared to an overall decrease of $7,498 during the first quarter of fiscal 2020, an improvement of $6,732 over the prior year period. Partially offsetting the improvement in cash flows from operations, net cash used in investing activities during the first quarter of 2021 increased $1,112 to a net use of $1,189 compared to a net use of $77 for the prior year period. This increase was primarily due to proceeds from the sale of our closed Gulfport store location included in the first quarter of 2020 partially offset by lower capital expenditures in the current year. Net cash used in financing activities during the first quarter of 2021 increased $2,383 to a net use of $4,561 as compared to a net use of $2,178 for the prior year period, primarily due to a special dividend of $2,479 declared and paid during the first quarter of 2021. Share repurchases totaled $534 during the first quarter of fiscal 2021 as compared to $766 repurchased during the first quarter of fiscal 2020. As of February 27, 2021, $7,897 remains authorized under our existing share repurchase plan. With cash and cash equivalents and short-term investments totaling $62,748 on hand at February 27, 2021, expected future operating cash flows and the availability under our credit line noted below, we believe we have sufficient liquidity to fund operations for the foreseeable future.

Debt and Other Obligations

Our bank credit facility provides for a line of credit of up to $25,000. At February 27, 2021, we had $3,181 outstanding under standby letters of credit against our line, leaving availability under our credit line of $21,819. In addition, we have outstanding standby letters of credit with another bank totaling $325. The line bears interest at the rate of LIBOR plus 1.9%, with a fee of 0.25% charged for the unused portion of the line and is secured by a general lien on our accounts receivable and inventory. We were in compliance with all covenants under the agreement as of February 27, 2021 and expect to remain in compliance through the end of fiscal 2021. The credit facility matures on January 31, 2022.

We lease land and buildings that are used in the operation of our Company-owned retail stores as well as in the operation of certain of our licensee-owned stores, and we lease land and buildings at various locations throughout the continental United States for warehousing and distribution hubs used in our logistical services segment. We also lease tractors, trailers and local delivery trucks used in our logistical services and retail segments. The present value of our obligations for leases with terms in excess of one year at February 27, 2021 is $139,434 and is included in our accompanying condensed consolidated balance sheet at February 27, 2021. We were contingently liable under licensee lease obligation guarantees in the amount of $2,064 at February 27, 2021. Remaining terms under these lease guarantees range from approximately one to three years. See Note 10 to our condensed consolidated financial statements for additional details regarding our lease guarantees.

Investment in Retail Real Estate

We have a substantial investment in real estate acquired for use as retail locations and occupied by Company-owned retail stores. Such real estate is included in property and equipment, net, in the accompanying condensed consolidated balance sheets and consists of eight properties with an aggregate square footage of 201,096 and a net book value of $17,211 at February 27, 2021.

Critical Accounting Policies and Estimates

There have been no material changes to our critical accounting policies and estimates from the information provided in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations", included in our Annual Report on Form 10-K for the fiscal year ended November 28, 2020.

Off-Balance Sheet Arrangements

We utilize stand-by letters of credit in the procurement of certain goods in the normal course of business. In addition, we have guaranteed certain lease obligations of licensee operators for some of their store locations. See Note 10 to our condensed consolidated financial statements for further discussion of lease guarantees, including descriptions of the terms of such commitments and methods used to mitigate risks associated with these arrangements.

Contingencies

We are involved in various legal and environmental matters, which arise in the normal course of business. Although the final outcome of these matters cannot be determined, based on the facts presently known, it is our opinion that the final resolution of these matters will not have a material adverse effect on our financial position or future results of operations. See Note 9 to our condensed consolidated financial statements for further information regarding certain contingencies as of February 27, 2021.

Item 3. Quantitative and Qualitative Disclosure about Market Risk:

We are exposed to market risk from changes in the value of foreign currencies. Substantially all of our imports purchased outside of North America are denominated in U.S. dollars. Therefore, we believe that gains or losses resulting from changes in the value of foreign currencies relating to foreign purchases not denominated in U.S. dollars would not be material to our results from operations in fiscal 2021.

We are exposed to market risk from changes in the cost of raw materials used in our manufacturing processes, principally wood, woven fabric, and foam products. The cost of foam products, which are petroleum-based, is sensitive to changes in the price of oil.

We are also exposed to commodity price risk related to diesel fuel prices for fuel used in our logistical services and retail segments. We manage our exposure to that risk primarily through the application of fuel surcharges to our customers.

We have potential exposure to market risk related to conditions in the commercial real estate market. Our retail real estate holdings of $17,211 at February 27, 2021 for Company-owned stores could suffer significant impairment in value if we are forced to close additional stores and sell or lease the related properties during periods of weakness in certain markets. Additionally, if we are required to assume responsibility for payment under the lease obligations of $2,064 which we have guaranteed on behalf of licensees as of February 27, 2021 we may not be able to secure sufficient sub-lease income in the current market to offset the payments required under the guarantees. We are also exposed to risk related to conditions in the commercial real estate rental market with respect to the right-of-use assets we carry on our balance sheet for leased retail store locations, warehouse and distribution facilities. At February 27, 2021, the unamortized balance of such right-of-use assets totaled $103,257. Should we have to close or otherwise abandon one of these leased locations, we could incur additional impairment charges if rental market conditions do not support a fair value for the right of use asset in excess of its carrying value.

Item 4. Controls and Procedures:

The Company's principal executive officer and principal accounting officer have evaluated the Company's disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based upon their evaluation, the principal executive officer and principal accounting officer concluded that the Company's disclosure controls and procedures are effective. There has been no change in the Company's internal control over financial reporting during the Company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

(Dollars in thousands except share and per share data)

Item 1. Legal Proceedings

None

Item 2. Unregistered Sales of Equity Securities, Use of Proceeds and Issuer Purchases of Equity Securities

The following table summarizes the stock repurchase activity by or on behalf of the Company or any "affiliated purchaser," as defined by Rule 10b-18(a)(3) of the Exchange Act, for the three months ended February 27, 2021 and the approximate dollar value of shares that may yet be purchased pursuant to our stock repurchase program:

	Total Shares Purchased	Average Price Paid	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs (1)
November 28, 2020 - January 2, 2021	-	$ -	-	$ 8,431
January 3 - January 30, 2021	12,850(2)	$ 20.12	2,000	$ 8,391
January 31 - February 27, 2021	22,662	$ 21.79	22,662	$ 7,897

(1) The Company is authorized to repurchase Company stock under a plan which was originally announced in 1998. On October 3, 2018, the Board of Directors increased the remaining limit of the repurchase plan to $20,000. At February 27, 2021 $7,897 remains available for share repurchases under the plan.
(2) Includes 10,850 shares which were tendered by employees to satisfy tax withholding obligations on vested restricted stock.

Item 3. Defaults Upon Senior Securities

None.

Item 6. Exhibits

a. Exhibits:

Exhibit 3a – Articles of Incorporation as amended to date are incorporated herein by reference to the Exhibit to Form 10-Q for the fiscal quarter ended February 28, 1994.

Exhibit 3b – By-laws as amended to date are incorporated herein by reference to Exhibit 3 to Form 8-K filed with the SEC on January 19, 2021.

Exhibit 4 –Registrant hereby agrees to furnish the SEC, upon request, other instruments defining the rights of holders of long-term debt of the Registrant.

Exhibit 31a – Chief Executive Officer's certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

Exhibit 31b – Chief Financial Officer's certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

Exhibit 32a – Chief Executive Officer's certification pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Exhibit 32b – Chief Financial Officer's certification pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

Exhibit 101.INS Inline XBRL Instance

Exhibit 101.SCH Inline XBRL Taxonomy Extension Schema

Exhibit 101.CAL Inline XBRL Taxonomy Extension Calculation

Exhibit 101.DEF Inline XBRL Taxonomy Extension Definition

Exhibit 101.LAB Inline XBRL Taxonomy Extension Labels

Exhibit 101.PRE Inline XBRL Taxonomy Extension Presentation

Exhibit 104. Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

SIGNATURES

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

BASSETT FURNITURE INDUSTRIES, INCORPORATED

/s/ ROBERT H. SPILMAN, JR.
Robert H. Spilman, Jr., Chairman and Chief Executive Officer
April 1, 2021

/s/ J. MICHAEL DANIEL
J. Michael Daniel, Senior Vice President and Chief Financial Officer
April 1, 2021

Exhibit 31a

CERTIFICATIONS

I, Robert H. Spilman, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q/A of Bassett Furniture Industries, Incorporated;

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

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

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

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

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

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

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

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

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

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

April 1, 2021

/s/ ROBERT H. SPILMAN, JR.
Robert H. Spilman, Jr., Chairman and Chief Executive Officer

Exhibit 31b

CERTIFICATIONS

I, J. Michael Daniel, certify that:

1. I have reviewed this quarterly report on Form 10-Q/A of Bassett Furniture Industries, Incorporated;

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

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

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

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

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

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

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

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

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

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

April 1, 2021

/s/ J. MICHAEL DANIEL
J. Michael Daniel, Senior Vice President and Chief Financial Officer

Exhibit 32a

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Bassett Furniture Industries, Incorporated (the “Company”) on Form 10-Q/A for the period ending February 27, 2021, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Robert H. Spilman, Jr., Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss.1350, as adopted pursuant to ss.906 of the Sarbanes-Oxley Act of 2002, that:

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

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

April 1, 2021

/s/ ROBERT H. SPILMAN, JR.
Robert H. Spilman, Jr.,
Chairman and Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to Bassett Furniture Industries, Incorporated and will be retained by Bassett Furniture Industries, Incorporated and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32b

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Bassett Furniture Industries, Incorporated (the “Company”) on Form 10-Q/A for the period ending February 27, 2021, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, J. Michael Daniel, Chief Accounting Officer of the Company, certify, pursuant to 18 U.S.C. ss.1350, as adopted pursuant to ss.906 of the Sarbanes-Oxley Act of 2002, that:

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

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

April 1, 2021

/s/ J. MICHAEL DANIEL
J. Michael Daniel,
Senior Vice President and Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Bassett Furniture Industries, Incorporated and will be retained by Bassett Furniture Industries, Incorporated and furnished to the Securities and Exchange Commission or its staff upon request.