

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported) January 24, 2023

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

VIRGINIA
(State or other jurisdiction of
incorporation or organization)

000-00209
(Commission File No.)

54-0135270
(I.R.S. Employer
Identification No.)

3525 FAIRYSTONE PARK HIGHWAY
BASSETT, VIRGINIA
(Address of principal executive offices)

24055
(Zip Code)

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

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2 below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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 is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or Rule 12b-2 of the Securities Exchange Act of 1934.

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.

Item 2.02. Results of Operations and Financial Condition.

On January 24, 2023, Bassett Furniture Industries issued a news release relating to the fourth quarter financial results for the fiscal year ended November 26, 2022. A copy of the news release announcing this information is attached to this report as Exhibit 99.1.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

99.1 [News Release issued by Bassett Furniture Industries, Inc. on January 24, 2023.](#)

104 Cover Page Interactive Data File (embedded within the inline XBRL document).

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 hereunto duly authorized.

Date: January 24, 2023

BASSETT FURNITURE INDUSTRIES, INCORPORATED
By: /s/ J. Michael Daniel
J. Michael Daniel
Title: Senior Vice President – Chief Financial Officer



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Chief Financial Officer
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For Immediate Release

Bassett Furniture News Release

Bassett Announces Fiscal Fourth Quarter Results

(Bassett, Va.) – January 24, 2023 – Bassett Furniture Industries, Inc. (Nasdaq: BSET) announced today its results of operations for its fourth quarter ended November 26, 2022.

Fiscal 2022 Fourth Quarter Highlights of Continuing Operations
(Dollars in millions)

| | Sales | | | | Operating Income | | | |
|------------------|----------|----------|---------------|----------|------------------|------------|--------------|------------|
| | 4th Qtr | | Dollar Change | % Change | 4th Qtr 2022 | % of Sales | 4th Qtr 2021 | % of Sales |
| | 2022 | 2021 | | | | | | |
| Consolidated (1) | \$ 121.0 | \$ 114.4 | \$ 6.6 | 5.8% | \$ 6.7 | 5.6% | \$ 6.6 | 5.8% |
| Wholesale | \$ 74.6 | \$ 76.0 | \$ (1.4) | -1.6% | \$ 0.9 | 1.2% | \$ 2.9 | 3.8% |
| Retail | \$ 76.3 | \$ 66.4 | \$ 9.9 | 14.9% | \$ 5.8 | 7.6% | \$ 3.4 | 5.1% |

(1) Our consolidated results include certain intercompany eliminations as well as a gain on the sale of real estate in Q4 2022 which is not included in our segment results. See Table 4, “Segment Information” below for an illustration of the effects of these items on our consolidated sales and operating income.

We posted revenue of \$121.0 million in our fourth quarter, a 5.8% increase against the backdrop of an increasingly difficult macroeconomic environment as we head into another year. Operating profit of \$6.7 million was slightly ahead of last year even though we made selected price adjustments designed to reduce inventory that were detrimental to our margins. We also invested more digital marketing dollars to drive our top line. Our Company is stronger than when we entered the pandemic three years ago. We have trimmed our underperforming stores, properly adjusted our retail cost structure, gained wholesale market share with independent furniture dealers, and further fortified our strong balance sheet. Still, we acknowledge that fiscal 2023 has started off slowly from a wholesale order standpoint with quarter-to-date written sales off 20% compared to the robust pace we experienced last year. However, quarter-to-date shipments are down 10% as fourth-quarter orders were off modestly. Despite the uncertainty around the current pace of orders, we will concentrate on running our business with financial discipline and operational excellence while executing our growth strategies that are designed to create long term value for our shareholders.

Service levels in our wholesale operations are almost back to the best-in-class standard that was our hallmark prior to the breakdown of the global supply chain. Backlogs are now comparable with pre-pandemic equivalents. Combined wholesale shipments declined 1.6% for the quarter with increases in wood and outdoor furniture products being offset by declines in domestic upholstery and Club Level. As previously discussed, the “right sizing” of our Club Level inventory is negatively affecting our wholesale margins, and, in the case of the fourth quarter, constitutes more than 100% of the year over year wholesale margin shortfall. On a positive note, wholesale inventories declined by \$4.0 million in the quarter with Club Level again representing essentially all of the reduction. So, we are making good progress on this front. Also, our domestic upholstery operating margins returned to their historical levels by improving 670 basis points as we are through the period of misalignment between inflated raw materials and our ability to pass those costs along. In fact, we have recently begun to receive several price decreases from various suppliers. Looking ahead, we have returned to a more normalized wholesale operating environment in terms of supply chain. Our challenge now is to efficiently operate while we assess how the economy will affect order flow and our work schedules.

Meanwhile, corporate retail produced its fourth record quarter for the year as the fourth quarter was more profitable than any previous comparable period on record. The year was characterized by a gross margin improvement of 40 basis points to 52.6% and operating profit that more than tripled compared to last year. Our retail backlog remained healthy heading into the new fiscal year as our Black Friday event was relatively strong. 2023 will mark the opening of three new Bassett stores and an extensive remodeling of our Austin, Texas location.

Coming in the second quarter of 2023 is the debut of our new website platform featuring better navigation and architecture designed to drive more consumers to our stores and significantly enhance our ecommerce capabilities. While this will represent the culmination of a multi-year digital transformation plan, it will also provide a platform for greater integration of the website with our store network and better overall customer and product data that will lead to better decision making.

In that vein, we acquired Canadian online furniture retailer Noa Home Inc. in early September to begin our fourth quarter. As expected, the Noa results, now included in our corporate retail segment, were not profitable for the quarter. We spent the three months scaling the business for growth as we worked to get best sellers in stock, opened a new 3PL warehouse in western Canada, and integrated the first Bassett designed product into their lineup. Our focus for this year is to continue to expand their lean assortment and to prepare to open the U.S. market by the fall selling season.

Our partnership with JB Hunt, who purchased the Zenith logistics business from us last February, continues to offer great service to our stores and participating open market dealers. During the quarter, we opened our second Regional Fulfillment Center (“RFC”) with JB Hunt and will use the facility located in the Baltimore area to service our best sellers in the northeast markets. The RFC strategy is unfolding via daily collaboration with the JB Hunt team with three additional centers having been opened around the country in December.

Proceeds from the sale of Zenith were the catalyst for the \$14.5 million special dividend that we distributed last April and, in addition, our regular quarterly dividend that we increased in July. Furthermore, in light of the historically low earnings multiples with which industry stocks have been trading and our belief in Bassett’s future, we retired \$15.1 million of our common stock in 2022 including \$4.9 million in the fourth quarter. After returning over \$35 million to shareholders in 2022, we have the financial strength to pursue our long term growth strategies.

Robert H. Spilman, Jr., Chairman and CEO

About Bassett Furniture Industries, Inc.

Bassett Furniture Industries, Inc. (NASDAQ:BSET), is a leading manufacturer and marketer of high quality home furnishings. With 92 company- and licensee-owned stores at the time of this release, Bassett has leveraged 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 a traditional wholesale business with more than 700 accounts on the open market, across the United States and internationally and a logistics business specializing in home furnishings. For more information, visit the Company’s website at bassettfurniture.com. (BSET-E)

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 2022, 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 (including, without limitation, the effects on revenue, supply and demand resulting from the duration and extent of the COVID-19 pandemic) 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.

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

| | Quarter Ended | | | | Year Ended | | | |
|---|-------------------|-------------------------|-------------------|-------------------------|-------------------|-------------------------|-------------------|-------------------------|
| | November 26, 2022 | | November 27, 2021 | | November 26, 2022 | | November 27, 2021 | |
| | 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 | \$ 121,019 | 100.0% | \$ 114,364 | 100.0% | \$ 485,601 | 100.0% | \$ 430,886 | 100.0% |
| Cost of furniture and accessories sold | 56,784 | 46.9% | 56,373 | 49.3% | 237,262 | 48.9% | 209,799 | 48.7% |
| Gross profit | 64,235 | 53.1% | 57,991 | 50.7% | 248,339 | 51.1% | 221,087 | 51.3% |
| Selling, general and administrative expenses | 57,532 | 47.5% | 51,357 | 44.9% | 218,069 | 44.9% | 196,830 | 45.7% |
| Gain on sale of retail real estate | - | 0.0% | - | 0.0% | 4,595 | 0.9% | - | 0.0% |
| Income from operations | 6,703 | 5.5% | 6,634 | 5.8% | 34,865 | 7.2% | 24,257 | 5.6% |
| Other income (loss), net | 1,047 | 0.9% | (672) | -0.6% | (803) | -0.2% | (1,500) | -0.3% |
| Income from continuing operations before income taxes | 7,750 | 6.4% | 5,962 | 5.2% | 34,062 | 7.0% | 22,757 | 5.3% |
| Income tax expense | 2,197 | 1.8% | 1,257 | 1.1% | 8,702 | 1.8% | 5,836 | 1.4% |
| Income from continuing operations | 5,553 | 4.6% | 4,705 | 4.1% | 25,360 | 5.2% | 16,921 | 3.9% |
| Income (loss) from discontinued operations - net of tax | (527) | | 336 | | 39,985 | | 1,121 | |
| Net income | <u>\$ 5,026</u> | | <u>\$ 5,041</u> | | <u>\$ 65,345</u> | | <u>\$ 18,042</u> | |
| Basic earnings per share: | | | | | | | | |
| Income from continuing operations | \$ 0.61 | | \$ 0.49 | | \$ 2.70 | | \$ 1.72 | |
| Income (loss) from discontinued operations | (0.06) | | 0.03 | | 4.26 | | 0.11 | |
| Basic earnings per share | <u>\$ 0.55</u> | | <u>\$ 0.52</u> | | <u>\$ 6.96</u> | | <u>\$ 1.83</u> | |
| Diluted earnings per share: | | | | | | | | |
| Income from continuing operations | \$ 0.61 | | \$ 0.49 | | \$ 2.70 | | \$ 1.72 | |
| Income (loss) from discontinued operations | (0.06) | | 0.03 | | 4.26 | | 0.11 | |
| Diluted earnings per share | <u>\$ 0.55</u> | | <u>\$ 0.52</u> | | <u>\$ 6.96</u> | | <u>\$ 1.83</u> | |

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

| | (Unaudited) | |
|--|-------------------|-------------------|
| | November 26, 2022 | November 27, 2021 |
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 61,625 | \$ 34,374 |
| Short-term investments | 17,715 | 17,715 |
| Accounts receivable, net | 17,838 | 20,567 |
| Inventories, net | 85,477 | 78,004 |
| Recoverable income taxes | 2,353 | 8,379 |
| Current assets of discontinued operations held for sale | - | 11,064 |
| Other current assets | 11,487 | 10,181 |
| Total current assets | <u>196,495</u> | <u>180,284</u> |
| Property and equipment, net | 77,001 | 69,168 |
| Other long-term assets | | |
| Deferred income taxes, net | 5,528 | 3,189 |
| Goodwill and other intangible assets | 21,727 | 14,354 |
| Right of use assets under operating leases | 99,472 | 95,955 |
| Long-term assets of discontinued operations held for sale | - | 52,757 |
| Other | 6,050 | 5,953 |
| Total long-term assets | <u>132,777</u> | <u>172,208</u> |
| Total assets | <u>\$ 406,273</u> | <u>\$ 421,660</u> |
| Liabilities and Stockholders' Equity | | |
| Current liabilities | | |
| Accounts payable | \$ 20,359 | \$ 23,988 |
| Accrued compensation and benefits | 12,921 | 12,639 |
| Customer deposits | 35,963 | 51,492 |
| Current portion of operating lease obligations | 18,819 | 20,235 |
| Current liabilities of discontinued operations held for sale | - | 16,095 |
| Other current liabilities and accrued expenses | 12,765 | 9,770 |
| Total current liabilities | <u>100,827</u> | <u>134,219</u> |
| Long-term liabilities | | |
| Post employment benefit obligations | 9,954 | 12,968 |
| Long-term portion of operating lease obligations | 97,477 | 94,845 |
| Long-term liabilities of discontinued operations held for sale | - | 16,210 |
| Other long-term liabilities | 2,406 | 686 |
| Total long-term liabilities | <u>109,837</u> | <u>124,709</u> |
| Stockholders' equity | | |
| Common stock | 44,759 | 48,811 |
| Retained earnings | 150,800 | 115,631 |
| Additional paid-in-capital | - | 113 |
| Accumulated other comprehensive loss | 50 | (1,823) |
| Total stockholders' equity | <u>195,609</u> | <u>162,732</u> |
| Total liabilities and stockholders' equity | <u>\$ 406,273</u> | <u>\$ 421,660</u> |

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

| | Year Ended | |
|---|-------------------|-------------------|
| | November 26, 2022 | November 27, 2021 |
| Operating activities: | | |
| Net income | \$ 65,345 | \$ 18,042 |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities: | | |
| Depreciation and amortization | 11,309 | 14,597 |
| Gain on disposal of discontinued operations | (52,534) | - |
| Gain on sale of property and equipment | (4,595) | (367) |
| Inventory valuation charges | 3,648 | 2,969 |
| Deferred income taxes | (2,339) | 1,545 |
| Other, net | (302) | 728 |
| Changes in operating assets and liabilities | | |
| Accounts receivable | 3,169 | (5,828) |
| Inventories | (9,536) | (26,087) |
| Other current and long-term assets | 5,944 | (2,241) |
| Right of use assets under operating leases | 20,531 | 26,243 |
| Customer deposits | (16,588) | 11,730 |
| Accounts payable and other liabilities | (4,073) | 2,153 |
| Obligations under operating leases | (22,949) | (28,921) |
| Net cash provided by (used in) operating activities | (2,970) | 14,563 |
| Investing activities: | | |
| Purchases of property and equipment | (21,296) | (10,750) |
| Proceeds from sale of property and equipment | 8,226 | 382 |
| Proceeds from disposal of discontinued operations, net | 84,534 | - |
| Cash paid for business acquisition, net of cash acquired | (5,582) | - |
| Other | (40) | (1,203) |
| Net cash provided by (used in) investing activities | 65,842 | (11,571) |
| Financing activities: | | |
| Cash dividends | (20,162) | (7,689) |
| Proceeds from the exercise of stock options | - | 42 |
| Other issuance of common stock | 424 | 363 |
| Repurchases of common stock | (15,122) | (5,566) |
| Taxes paid related to net share settlement of equity awards | (19) | (219) |
| Repayments of finance lease obligations | (684) | (1,348) |
| Net cash used in financing activities | (35,563) | (14,417) |
| Effect of exchange rate changes on cash and cash equivalents | (58) | - |
| Change in cash and cash equivalents | 27,251 | (11,425) |
| Cash and cash equivalents - beginning of period | 34,374 | 45,799 |
| Cash and cash equivalents - end of period | \$ 61,625 | \$ 34,374 |

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

| | Quarter Ended | | Year Ended | |
|---|----------------------|----------------------|----------------------|----------------------|
| | November 26, 2022 | November 27, 2021 | November 26, 2022 | November 27, 2021 |
| Sales Revenue | | | | |
| Wholesale sales of furniture and accessories | \$ 74,624 | \$ 75,958 | \$ 324,569 | \$ 295,329 |
| Less: Sales to retail segment | (29,913) | (27,967) | (125,889) | (112,270) |
| Wholesale sales to external customers | 44,711 | 47,991 | 198,680 | 183,059 |
| Retail sales of furniture and accessories | 76,308 | 66,373 | 286,921 | 247,827 |
| Consolidated net sales of furniture and accessories | \$ 121,019 | \$ 114,364 | \$ 485,601 | \$ 430,886 |
| Operating Income | | | | |
| Wholesale | \$ 856 | \$ 2,868 | \$ 9,286 | \$ 17,490 |
| Retail | 5,754 | 3,381 | 21,508 | 7,044 |
| Inter-company elimination | 93 | 385 | (524) | (277) |
| Gain on sale of real estate | - | - | 4,595 | - |
| Consolidated | \$ 6,703 | \$ 6,634 | \$ 34,865 | \$ 24,257 |