

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the quarterly period ended March 31, 2024

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 number: 1-14445



**HAVERTY FURNITURE COMPANIES, INC.**  
(Exact name of registrant as specified in its charter)

Maryland

(State or other jurisdiction of incorporation or organization)

780 Johnson Ferry Road, Suite 800  
Atlanta, Georgia

(Address of principal executive offices)

58-0281900

(I.R.S. Employer Identification No.)

30342

(Zip Code)

(404) 443-2900

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Securities Exchange Act of 1934

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock	HVT	NYSE
Class A Common Stock	HVTA	NYSE

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer  Non-accelerated filer   
Smaller reporting company  Emerging growth company

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

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

The numbers of shares outstanding of the registrant's two classes of \$1 par value common stock as of May 3, 2024, were: Common Stock - 14,960,842; Class A Common Stock - 1,275,395.

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**PART I. FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**HAVERTY FURNITURE COMPANIES, INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(Unaudited)**

<i>(In thousands)</i>	<u>March 31, 2024</u>	<u>December 31, 2023</u>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 111,818	\$ 120,635
Restricted cash and cash equivalents	6,045	7,142
Inventories	92,078	93,956
Prepaid expenses	17,361	17,067
Other current assets	13,697	12,793
Total current assets	<u>240,999</u>	<u>251,593</u>
Property and equipment, net	173,128	171,588
Right-of-use lease assets	196,976	202,306
Deferred income taxes	15,594	15,641
Other assets	13,832	13,005
Total assets	<u>\$ 640,529</u>	<u>\$ 654,133</u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities		
Accounts payable	\$ 16,980	\$ 18,781
Customer deposits	40,912	35,837
Accrued liabilities	35,681	46,289
Current lease liabilities	37,572	37,357
Total current liabilities	<u>131,145</u>	<u>138,264</u>
Noncurrent lease liabilities	174,680	180,397
Other liabilities	28,014	27,106
Total liabilities	<u>333,839</u>	<u>345,767</u>
Stockholders' equity		
Capital Stock, par value \$1 per share		
Preferred Stock, Authorized – 1,000 shares; Issued: None		
Common Stock, Authorized – 50,000 shares; Issued: 2024 – 30,316; 2023 – 30,220	30,316	30,220
Convertible Class A Common Stock, Authorized – 15,000 shares; Issued: 2024 – 1,798; 2023 – 1,804	1,798	1,804
Additional paid-in capital	113,993	113,307
Retained earnings	417,020	419,472
Accumulated other comprehensive loss	(983)	(983)
Less treasury stock at cost – Common Stock (2024 – 15,355 and 2023 – 15,355 shares) and Convertible Class A Common Stock (2024 and 2023 – 522 shares)	(255,454)	(255,454)
Total stockholders' equity	<u>306,690</u>	<u>308,366</u>
Total liabilities and stockholders' equity	<u>\$ 640,529</u>	<u>\$ 654,133</u>

See notes to these condensed consolidated financial statements.

**HAVERTY FURNITURE COMPANIES, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
**(Unaudited)**

	Three Months Ended March 31,	
	2024	2023
<i>(In thousands, except per share data)</i>		
Net sales	\$ 183,997	\$ 224,754
Cost of goods sold	72,978	91,969
Gross profit	111,019	132,785
Expenses:		
Selling, general and administrative	109,356	118,361
Other expense (income), net	23	(4)
Total expenses	109,379	118,357
Income before interest and income taxes	1,640	14,428
Interest income, net	1,555	1,010
Income before income taxes	3,195	15,438
Income tax expense	802	3,066
Net income	\$ 2,393	\$ 12,372
Other comprehensive income	—	—
Comprehensive income	\$ 2,393	\$ 12,372
Basic earnings per share:		
Common Stock	\$ 0.15	\$ 0.77
Class A Common Stock	\$ 0.13	\$ 0.72
Diluted earnings per share:		
Common Stock	\$ 0.14	\$ 0.74
Class A Common Stock	\$ 0.13	\$ 0.71
Cash dividends per share:		
Common Stock	\$ 0.30	\$ 0.28
Class A Common Stock	\$ 0.28	\$ 0.26

See notes to these condensed consolidated financial statements.

**HAVERTY FURNITURE COMPANIES, INC.  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
(Unaudited)**

<i>(In thousands)</i>	<b>Three Months Ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Cash Flows from Operating Activities:		
Net income	\$ 2,393	\$ 12,372
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	4,946	4,362
Share-based compensation expense	2,643	1,957
Other	58	(840)
Changes in operating assets and liabilities:		
Inventories	1,878	4,079
Customer deposits	5,075	(1,587)
Other assets and liabilities	(1,104)	5,721
Accounts payable and accrued liabilities	(12,754)	(14,990)
Net cash provided by operating activities	<u>3,135</u>	<u>11,074</u>
Cash Flows from Investing Activities:		
Capital expenditures	(6,399)	(6,655)
Proceeds from sale of land, property and equipment	48	13
Net cash used in investing activities	<u>(6,351)</u>	<u>(6,642)</u>
Cash Flows from Financing Activities:		
Dividends paid	(4,845)	(4,528)
Taxes on vested restricted shares	(1,853)	(2,788)
Net cash used in financing activities	<u>(6,698)</u>	<u>(7,316)</u>
Decrease in cash, cash equivalents and restricted cash equivalents during the period	(9,914)	(2,884)
Cash, cash equivalents and restricted cash equivalents at beginning of period	127,777	129,930
Cash, cash equivalents and restricted cash equivalents at end of period	<u>\$ 117,863</u>	<u>\$ 127,046</u>

See notes to these condensed consolidated financial statements.

**HAVERTY FURNITURE COMPANIES, INC.  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)**

**NOTE A - Business and Basis of Presentation**

Haverty Furniture Companies, Inc. ("Havertys," "the Company," "we," "our," or "us") is a retailer of a broad line of residential furniture in the middle to upper-middle price ranges. We operate all of our stores using the Havertys brand and do not franchise our concept. We operate within a single reportable segment. The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q and, therefore, do not include all information and footnotes required by United States of America generally accepted accounting principles ("U.S. GAAP") for complete financial statements. The Company believes that the disclosures made are adequate to make the information not misleading. The financial statements include the accounts of the Company and its wholly owned subsidiary. All significant intercompany accounts and transactions have been eliminated in consolidation. We believe all adjustments, normal and recurring in nature, considered necessary for a fair presentation have been included. We suggest that these condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and accompanying footnotes included in our latest Annual Report on Form 10-K.

The preparation of interim condensed consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities, and reported amounts of revenue and expenses. Actual results could differ from those estimates.

The Company is subject to various claims and legal proceedings covering a wide range of matters, including with respect to product liability and personal injury claims, that arise in the ordinary course of its business activities. We currently have no pending claims or legal proceedings that we believe would be reasonably likely to have a material adverse effect on our financial condition, results of operations or cash flows. However, there can be no assurance that either future litigation or an unfavorable outcome in existing claims will not have a material impact on our business, reputation, financial position, cash flows or results of operations.

**NOTE B – Stockholders’ Equity**

The following outlines the changes in each caption of stockholders’ equity for the current and comparative period and the dividends per share for each class of shares.

For the three months ended March 31, 2024:

<i>(in thousands)</i>	<b>Common Stock</b>	<b>Class A Common Stock</b>	<b>Additional Paid-In Capital</b>	<b>Retained Earnings</b>	<b>Accumulated Other Comprehensive Loss</b>	<b>Treasury Stock</b>	<b>Total</b>
Balances at December 31, 2023	\$ 30,220	\$ 1,804	\$ 113,307	\$ 419,472	\$ (983)	\$ (255,454)	\$ 308,366
Net income				2,393			2,393
Dividends declared:							
Common Stock, \$0.30 per share				(4,488)			(4,488)
Class A Common Stock, \$0.28 per share				(357)			(357)
Class A conversion	6	(6)					—
Restricted stock issuances	90		(1,957)				(1,867)
Amortization of restricted stock			2,643				2,643
Balances at March 31, 2024	<u>\$ 30,316</u>	<u>\$ 1,798</u>	<u>\$ 113,993</u>	<u>\$ 417,020</u>	<u>\$ (983)</u>	<u>\$ (255,454)</u>	<u>\$ 306,690</u>

For the three months ended March 31, 2023:

<i>(in thousands)</i>	<b>Common Stock</b>	<b>Class A Common Stock</b>	<b>Additional Paid-In Capital</b>	<b>Retained Earnings</b>	<b>Accumulated Other Comprehensive Loss</b>	<b>Treasury Stock</b>	<b>Total</b>
Balances at December 31, 2022	\$ 30,006	\$ 1,806	\$ 108,706	\$ 398,393	\$ (756)	\$ (248,756)	\$ 289,399
Net income				12,372			12,372
Dividends declared:							
Common Stock, \$0.28 per share				(4,194)			(4,194)
Class A Common Stock, \$0.26 per share				(334)			(334)
Restricted stock issuances	116		(2,904)				(2,788)
Amortization of restricted stock			1,957				1,957
Balances at March 31, 2023	<u>\$ 30,122</u>	<u>\$ 1,806</u>	<u>\$ 107,759</u>	<u>\$ 406,237</u>	<u>\$ (756)</u>	<u>\$ (248,756)</u>	<u>\$ 296,412</u>

**NOTE C – Interim LIFO Calculations**

Inventories are measured using the last-in, first-out (LIFO) method of valuation using an annual LIFO index. Accordingly, interim LIFO calculations must necessarily be based on management’s estimates of the components of the calculation including year-end inventory levels and the expected rate of inflation or deflation for the year. Since these estimates may be affected by factors beyond management’s control, interim results are subject to change based upon the final year-end LIFO inventory valuation.

**NOTE D – Fair Value of Financial Instruments**

The fair values of our cash and cash equivalents, restricted cash and cash equivalents, accounts payable and customer deposits approximate their carrying values due to their short-term nature. The assets related to our self-directed, non-qualified deferred compensation plans for certain executives and employees are valued using quoted market prices multiplied by the number of shares held, a Level 1 valuation technique.

**NOTE E – Credit Agreement**

We have an \$80.0 million revolving credit facility (the "Credit Agreement") secured primarily by our inventory and maturing on October 24, 2027. Availability fluctuates based on a borrowing base calculation reduced by outstanding letters of credit.

At March 31, 2024 and December 31, 2023, there were no outstanding borrowings under the Credit Agreement. The borrowing base was \$121.1 million at March 31, 2024 and there were no outstanding letters of credit and, accordingly, net availability was \$80.0 million.

**NOTE F – Revenues**

We recognize revenue from merchandise sales and related service fees, net of expected returns and sales tax, at the time the merchandise is delivered to the customer. We record customer deposits when payments are received in advance of the delivery of merchandise. Such deposits totaled \$40.9 million and \$35.8 million at March 31, 2024 and December 31, 2023, respectively. Of the customer deposit liabilities at December 31, 2023, approximately \$2.3 million have not been recognized through net sales in the three months ended March 31, 2024.

The following table presents our revenues disaggregated by each major product category and service:

	<b>Three Months Ended March 31,</b>			
	<b>2024</b>		<b>2023</b>	
<i>(In thousands)</i>	<b>Net Sales</b>	<b>% of Net Sales</b>	<b>Net Sales</b>	<b>% of Net Sales</b>
Merchandise:				
Case Goods				
Bedroom Furniture	\$ 25,862	14.1 %	\$ 34,546	15.4 %
Dining Room Furniture	19,016	10.3	25,586	11.4
Occasional	14,207	7.7	19,210	8.5
	59,085	32.1	79,342	35.3
Upholstery	82,935	45.1	95,846	42.6
Mattresses	16,600	9.0	18,411	8.2
Accessories and Other <sup>(1)</sup>	25,377	13.8	31,155	13.9
	<u>\$ 183,997</u>	<u>100.0 %</u>	<u>\$ 224,754</u>	<u>100.0 %</u>

(1) Includes delivery charges and product protection.

**NOTE G – Leases**

We have operating leases for retail stores, offices, warehouses, and certain equipment. Our leases have remaining lease terms of 1 year to 11 years, some of which include options to extend the leases for up to 20 years. We determine if an arrangement is or contains a lease at lease inception. Our leases do not have any residual value guarantees or any restrictions or covenants imposed by lessors. We have lease agreements for real estate with lease and non-lease components, which are accounted for separately.

Certain of our lease agreements for retail stores include variable lease payments, generally based on sales volume. The variable portions of payments are not included in the initial measurement of the right-of-use asset or lease liability due to uncertainty of the payment amount and are recorded as lease expense in the period incurred. Certain of our equipment lease agreements include variable lease costs, generally based on usage of the underlying asset (mileage, fuel, etc.). The variable portions of payments are not included in the



initial measurement of the right-of-use asset or lease liability due to uncertainty of the payment amount and are recorded in the period incurred.

At March 31, 2024, we had entered into two leases for additional retail locations which had not yet commenced.

Lease expense is charged to selling, general and administrative expenses. Components of lease expense were as follows (in thousands):

	<b>Three Months Ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Operating lease cost	\$ 12,244	\$ 11,787
Variable lease cost	1,374	1,696
Total lease expense	<u>\$ 13,618</u>	<u>\$ 13,483</u>

Supplemental cash flow information related to leases is as follows (in thousands):

	<b>Three Months Ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 12,401	\$ 11,311
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	\$ 3,709	\$ 9,048

#### **NOTE H – Income Taxes**

Our effective tax rate for the three months ended March 31, 2024 and 2023 was 25.1% and 19.9%, respectively. The primary difference in the effective rate and the statutory rate was due to state income taxes and the impact from vested stock awards.

**NOTE I – Stock-Based Compensation Plans**

As more fully discussed in Note 12 of the notes to the consolidated financial statements in our 2023 Annual Report on Form 10-K, we have awards outstanding for Common Stock under stock-based employee compensation plans.

The following table summarizes our award activity during the three months ended March 31, 2024:

	<b>Service-Based Restricted Stock Awards</b>		<b>Performance-Based Restricted Stock Awards</b>	
	<b>Shares or Units (#)</b>	<b>Weighted- Average Award Price (\$)</b>	<b>Shares or Units (#)</b>	<b>Weighted- Average Award Price (\$)</b>
Outstanding at December 31, 2023	249,935	\$ 32.05	353,187	\$ 31.77
Granted/Issued	160,155	34.73	121,824	34.73
Awards vested or rights exercised <sup>(1)</sup>	—	—	(145,104)	32.84
Forfeited	(450)	33.02	—	—
Additional units earned due to performance	—	—	(25,550)	33.08
Outstanding at March 31, 2024	409,640	\$ 33.10	304,357	\$ 32.33
Restricted units expected to vest	409,640	\$ 33.10	275,680	\$ 32.08

(1) Includes shares repurchased from employees for employee's tax liability.

The aggregate intrinsic value of outstanding service-based restricted stock awards was approximately \$14.0 million at March 31, 2024. The restrictions on the service-based awards generally lapse or vest annually, primarily over one-year and three-year periods.

The total fair value of performance-based restricted stock awards that vested during the three months ended March 31, 2024 was approximately \$4.9 million. The aggregate intrinsic value of outstanding performance awards at March 31, 2024 expected to vest was approximately \$9.4 million. The performance awards are based on one-year performance periods but cliff vest in approximately three years from grant date.

The compensation for all awards is charged to selling, general and administrative expenses over the respective grants' vesting periods, primarily on a straight-line basis. The amount charged was approximately \$2.6 and \$2.0 million for the three months ended March 31, 2024 and 2023, respectively. Forfeitures are recognized as they occur. As of March 31, 2024, the total compensation cost related to unvested equity awards was approximately \$12.7 million and is expected to be recognized over a weighted-average period of two years.

**NOTE J – Earnings Per Share**

We report our earnings per share using the two-class method. The income per share for each class of common stock is calculated assuming 100% of our earnings are distributed as dividends to each class of common stock based on the contractual rights of the classes.

The Common Stock of the Company has a preferential dividend rate of at least 105% of the dividend paid on the Class A Common Stock. Holders of the Class A Common Stock have greater voting rights which include voting as a separate class for the election of up to 75% of the total number of directors whereas holders of the Common Stock vote as a separate class for the election of at least 25% of the total number of directors. On all other matters subject to shareholder vote, holders of the Class A Common Stock have ten votes per share as opposed to holders of the Common Stock receiving one vote per share. Class A Common Stock may be converted at any time on a one-for-one basis into Common Stock at the option of the holder of the Class A Common Stock.

	<b>Three Months Ended March 31,</b>	
	<b>2024</b>	<b>2023</b>
<b>Numerator:</b>		
<b>Common:</b>		
Distributed earnings	\$ 4,488	\$ 4,195
Undistributed earnings	(2,267)	7,250
Basic	2,221	11,445
Class A Common earnings	172	927
Diluted	<u>\$ 2,393</u>	<u>\$ 12,372</u>
<b>Class A Common:</b>		
Distributed earnings	\$ 357	\$ 333
Undistributed earnings	(185)	594
	<u>\$ 172</u>	<u>\$ 927</u>
<b>Denominator:</b>		
<b>Common:</b>		
Weighted average shares outstanding - basic	14,899	14,907
Assumed conversion of Class A Common Stock	1,280	1,283
Dilutive options, awards and common stock equivalents	542	594
Total weighted-average diluted Common Stock	<u>16,721</u>	<u>16,784</u>
<b>Class A Common:</b>		
Weighted average shares outstanding	<u>1,280</u>	<u>1,283</u>
<b>Basic earnings per share:</b>		
Common Stock	\$ 0.15	\$ 0.77
Class A Common Stock	\$ 0.13	\$ 0.72
<b>Diluted earnings per share:</b>		
Common Stock	\$ 0.14	\$ 0.74
Class A Common Stock	\$ 0.13	\$ 0.71

**NOTE K - Subsequent Dividend Declaration**

On May 1, 2024, our board of directors declared a quarterly cash dividend of \$0.32 on our common stock and \$0.30 on our Class A common stock (aggregating approximately \$5.2 million), payable on June 14, 2024 to stockholders of record on May 24, 2024.

**Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations**

The following discussion should be read in conjunction with the unaudited condensed consolidated financial statements and accompanying notes contained herein and with the audited consolidated financial statements, accompanying notes, related information and Management’s Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the year ended December 31, 2023 (“Form 10-K”).

**Forward-Looking Statements**

Statements in this Quarterly Report on Form 10-Q (the “Form 10-Q”) and the schedules hereto that are not purely historical facts or that necessarily depend on future events, including statements about our estimates, expectations, beliefs, intentions, projections or strategies for the future, may be “forward-looking statements” as defined in the Private Securities Litigation Reform Act of 1995. Readers are cautioned not to place undue reliance on forward-looking statements. In addition, oral statements made by our directors, officers, and employees to the investor and analyst communities, media representatives and others, depending upon their nature, may also constitute forward-looking statements. All forward-looking statements are based upon currently available information and the Company’s current assumptions, expectations, and projections about future events. Forward-looking statements are by nature inherently uncertain and involve risks and uncertainties that could cause actual results to differ materially from historical experience or our present expectations. Known material risk factors applicable to us that could cause our actual results to differ from these forward-looking statements are described in “Item 1A. Risk Factors” of our Form 10-K and in the subsequent reports we file with the Securities and Exchange Commission. Consequently, all forward-looking statements in this report are qualified by the factors, risks and uncertainties contained therein. All forward-looking statements speak only as of the date made, and we undertake no obligation to publicly update or revise any forward-looking statements to reflect events or circumstances that may arise after the date of this report except as required by law.

**Net Sales**

Our sales are generated by customer purchases of home furnishings. Revenue is recognized upon delivery to the customer. Comparable-store or “comp-store” sales is a measure which indicates the performance of our existing stores and website by comparing the growth in sales in store and online for a particular month over the corresponding month in the prior year. Stores are considered non-comparable if they were not open during the corresponding month in the prior year or if the selling square footage has been changed significantly. The method we use to compute comp-store sales may not be the same method used by other retailers. We record our sales when the merchandise is delivered to the customer. We also track “written sales” and “written comp-store sales,” which represent customer orders prior to delivery. As a retailer, comp-store sales and written comp-store sales are an indicator of relative customer spending and store performance. Comp-store sales, total written sales and written comp-store sales are intended only as supplemental information and none are substitutes for net sales presented in accordance with U.S. GAAP.

The following table outlines our sales and comp-store sales increases and decreases for the periods indicated:

Period	2024					2023				
	Net Sales			Comp-Store Sales		Net Sales			Comp-Store Sales	
	Total Dollars	% Change	\$ Change	% Change	\$ Change	Total Dollars	% Change	\$ Change	% Change	\$ Change
Q1	\$ 184.0	(18.1)%	\$ (40.8)	(18.5)%	\$ (41.4)	\$ 224.8	(5.9)%	\$ (14.2)	(6.7)%	\$ (16.0)

Total sales for the first quarter of 2024 decreased \$40.8 million, or 18.1% , compared to the same period in 2023. Our comp-store sales decreased 18.5% or \$41.4 million, in the first quarter of 2024 compared to the same period in 2023.

Continued inflationary pressures and economic uncertainty has had a negative effect on discretionary spending. Demand for home furnishings rose rapidly during the COVID years as consumers redecorated their homes and outfitted home offices, pulling forward sales that are now normalizing. Rising interest rates have also exacerbated the small supply of homes available for sale and further weakened the housing market, which has a negative impact on demand for furniture. Written business for the first quarter of 2024 compared to the first quarter of 2023 was down 12.6% and written comp-store sales were down 13.0% .

**Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations**

Our free in-home design service is being used by more customers. Designers helped drive 32.3% of our total written business for the first quarter of 2024 compared to 26.0% for the same period in 2023.

**Gross Profit**

Gross profit for the first quarter of 2024 was 60.3% , up 120 basis points compared to the prior year period of 59.1% . The increase is primarily due to product selection and merchandising mix.

We expect annual gross profit margins for 2024 will be 60.0% to 60.5% . This is a 50 basis points increase from our previous estimate based on our current merchandise mix and anticipated changes in product and freight costs and their impact on our LIFO reserve. Gross profit margins fluctuate quarter to quarter in relation to our promotional cadence.

Substantially all of our occupancy and home delivery costs are included in selling, general and administrative expenses ("SG&A"), as are a portion of our warehousing expenses. Accordingly, our gross profit may not be comparable to those entities that include these costs in cost of goods sold.

**Selling, General and Administrative Expenses**

Our SG&A costs as a percent of sales for the first quarter of 2024 were 59.4% versus 52.7% for the same period in 2023 largely as a result of decreased sales. SG&A dollars decreased \$9.0 million, or 7.6% , for the first quarter of 2024 compared to the same prior year period. The change is driven by lower costs in selling expense of \$4.8 million, warehouse and delivery costs of \$3.2 million, and advertising costs of \$0.6 million.

We classify our SG&A expenses as either variable or fixed and discretionary. Our variable expenses include the costs in the selling and delivery categories and certain warehouse and distribution expenses, as these amounts will generally move in tandem with our level of sales. The remaining categories and expenses for occupancy, advertising, and administrative costs are classified as fixed and discretionary because these costs do not fluctuate with sales.

The following table outlines our SG&A expenses by classification:

<i>(In thousands)</i>	<b>Three Months Ended March 31,</b>			
	<b>2024</b>		<b>2023</b>	
	<b>\$</b>	<b>% of Net Sales</b>	<b>\$</b>	<b>% of Net Sales</b>
Variable	\$ 36,986	20.1 %	\$ 44,867	20.0 %
Fixed and discretionary	72,370	39.3 %	73,494	32.7 %
	<u>\$ 109,356</u>	<u>59.4 %</u>	<u>\$ 118,361</u>	<u>52.7 %</u>

The variable expenses in dollars were lower in the first quarter of 2024 compared to the same period in 2023, primarily due to the decrease in commission expense and third-party credit costs.

Fixed and discretionary expenses were impacted in the first quarter of 2024 primarily by decreases in advertising expenses, warehouse costs, and administrative expenses compared to the prior year quarter.

Our variable expenses within SG&A for the full year of 2024 are anticipated to be 19.9% to 20.2% . Fixed and discretionary expenses are expected to be to approximately \$290.0 to \$292.0 million for the full year of 2024, a decrease of \$5.0 million from our previous guidance based on changes in our marketing spend and other costs.

**Liquidity and Capital Resources****Cash and Cash Equivalents at End of Year**

At March 31, 2024, we had \$111.8 million in cash and cash equivalents, and \$6.0 million in restricted cash equivalents. We believe that our current cash position, cash flow generated from operations, funds available from our credit agreement, and access to the long-term debt capital markets should be sufficient for our

## Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

operating requirements and to enable us to fund our capital expenditures, dividend payments, and lease obligations through the next several years. In addition, we believe we have the ability to obtain alternative sources of financing, if needed.

### Long-Term Debt

In October 2022, we entered into the Fourth Amendment to our Amended and Restated Credit Agreement (as amended, the “Credit Agreement”) with Truist Bank. The Credit Agreement, which matures October 24, 2027, provides for a \$80.0 million revolving credit facility. The borrowing base at March 31, 2024 was \$121.1 million and the net availability was \$80.0 million.

### Leases

We lease a portion of our real estate, including our stores, distribution centers, and store support space, pursuant to operating leases.

### Cash Flows Summary

**Operating Activities.** Cash flow generated from operations provides us with a significant source of liquidity. Our operating cash flows result primarily from cash received from our customers, offset by cash payments we make for products and services, employee compensation, operations, and occupancy costs.

Cash provided by or used in operating activities is also subject to changes in working capital. Working capital at any specific point in time is subject to many variables, including seasonality, inventory selection, the timing of cash receipts and payments, and vendor payment terms.

Net cash provided by operating activities was \$3.1 million in the first three months of 2024 compared to \$11.1 million during the same period in 2023. This difference resulted primarily from changes in working capital and a decrease in net income. Working capital was impacted by more normalized levels of inventories and customer deposits in 2024, as compared against the reduction of the backlog in 2023 and an increase in other liabilities.

**Investing Activities.** Cash used in investing activities decreased by \$0.3 million in the first three months of 2024 compared to the first three months of 2023, due to capital expenditure spend.

**Financing Activities.** Cash used in financing activities decreased by \$0.6 million in the first three months of 2024 compared to the first three months of 2023, due to lower shares withheld for taxes in 2024 compared to 2023.

### Store Plans and Capital Expenditures

Location or Market	Opening Quarter Actual or Planned	Category
Memphis, TN	Q-1-24	Open
Pine Bluff, AR	Q-1-24	Closure
Destin, FL	Q-2-24	Open
Tampa, FL	Q-3-24	Open
Miami, FL	Q-3-24	Open
Houston, TX	Q-4-24	Open

Assuming the new stores open as planned, the above activity and other changes are expected to increase net selling space at the end of 2024 by approximately 3.4% over net selling space at the end of 2023.

Total capital expenditures for the full year of 2024 are estimated to be \$32.0 million depending on the timing of spending for our capital projects.

### Critical Accounting Estimates

Critical accounting estimates are those that we believe are both significant and that require us to make difficult, subjective or complex judgments, often because we need to estimate the effect of inherently uncertain matters. We base our estimates and judgments on historical experiences and various other factors that we believe to be appropriate under the circumstances. Actual results may differ from these estimates.

## **Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations**

and we might obtain different estimates if we used different assumptions or conditions. We reviewed our accounting estimates, and none were deemed to be considered critical for the accounting periods presented in our Form 10-K. We had no significant changes in those accounting estimates since our last annual report.

## **Item 3. Quantitative and Qualitative Disclosures about Market Risk**

For quantitative and qualitative disclosures about market risk, see "Item 7A. Quantitative and Qualitative Disclosures About Market Risk," of our Form 10-K. Our exposure to market risk has not changed materially since December 31, 2023.

## **Item 4. Controls and Procedures**

As of the end of the period covered by this report, an evaluation was performed under the supervision and with the participation of our management, including the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), of the effectiveness of the design and operation of the Company’s disclosure controls and procedures. Based on that evaluation, our management, including the CEO and CFO, concluded that the Company’s disclosure controls and procedures were effective as of the end of the period covered by this report and provide reasonable assurance that information required to be disclosed in the reports the Company files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms and that such information is accumulated and communicated to our management, including the CEO and CFO, as appropriate, to allow timely decisions regarding disclosure.

There have been no changes in the Company’s internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of Exchange Act Rule 13a-15 that occurred during the Company’s fiscal quarter ended March 31, 2024 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting. We have reviewed our financial reporting process to provide reasonable assurance that we could report our financial results accurately and timely, and we will continue to evaluate the impact of any related changes to our internal control over financial reporting.



## PART II. OTHER INFORMATION

### Item 1. Legal Proceedings

Information regarding legal proceedings is described under the subheading "Business and Basis of Presentation" in Note A of the Notes to the Condensed Consolidated Financial Statements set forth in this Form 10-Q.

### Item 1A. Risk Factors

"Item 1A. Risk Factors" in our Form 10-K includes a discussion of our known material risk factors. There have been no material changes from the risk factors described in our Form 10-K.

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

The board of directors has authorized management, at its discretion, to purchase and retire limited amounts of our Common Stock and Class A Common Stock. A program was initially approved by the board on November 3, 1986. On August 5, 2022, the board authorized additional amounts under such stock repurchase program. The stock repurchase program has no expiration date but may be terminated by our board at any time.

There were no repurchases of Havertys' common stock during the first quarter of 2024. As of March 31, 2024, the approximate dollar value of shares that may yet be purchased under the program was \$13.1 million.

### Item 5. Other Information

During the three months ended March 31, 2024, none of our directors or officers adopted, modified or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408(a) of Regulation S-K.

**Item 6. Exhibits**

## (a) Exhibits

The exhibits listed below are filed with or incorporated by reference into this report (those filed with this report are denoted by an asterisk). Unless otherwise indicated, the exhibit number of documents incorporated by reference corresponds to the exhibit number in the referenced documents.

<b>Exhibit Number</b>	<b>Description of Exhibit (Commission File No. 1-14445)</b>
<a href="#">3.1</a>	<a href="#">Articles of Amendment and Restatement of the Charter of Haverty Furniture Companies, Inc. effective May 26, 2006 (Exhibit 3.1 to our Second Quarter 2006 Form 10-Q).</a>
<a href="#">3.2</a>	<a href="#">By-laws of Haverty Furniture Companies, Inc. as amended and restated effective February 24, 2023 (Exhibit 3.2 to our Annual Report on Form 10-K for the fiscal year ended December 31, 2022).</a>
* <a href="#">31.1</a>	Certification of Chief Executive Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as amended.
* <a href="#">31.2</a>	Certification of Chief Financial Officer pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as amended.
** <a href="#">32.1</a>	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350.
101	The following financial statements from Haverty Furniture Companies, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2024, formatted in inline XBRL, include: (i) Condensed Consolidated Balance Sheets, (ii) Condensed Consolidated Statements of Comprehensive Income, (iii) Condensed Consolidated Statements of Cash Flows and (iv) the Notes to Condensed Consolidated Financial Statements.
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).

\* Filed herewith.

\*\* Furnished herewith.

**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.

**HAVERTY FURNITURE COMPANIES, INC.**  
(Registrant)

Date: May 7, 2024

By: \_\_\_\_\_  
/s/ Clarence H. Smith  
Clarence H. Smith  
Chairman of the Board  
and Chief Executive Officer  
(principal executive officer)

By: \_\_\_\_\_  
/s/ Richard B. Hare  
Richard B. Hare  
Executive Vice President and  
Chief Financial Officer  
(principal financial and accounting officer)

I, Clarence H. Smith, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended March 31, 2024 of Haverty Furniture Companies, Inc.;
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 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 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.

Date: May 7, 2024

/s/ Clarence H. Smith

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Clarence H. Smith  
Chairman of the Board and  
Chief Executive Officer  
(Principal Executive Officer)

I, Richard B. Hare, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended March 31, 2024 of Haverty Furniture Companies, Inc.;
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 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 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.

Date: May 7, 2024

/s/ Richard B. Hare

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Richard B. Hare  
Executive Vice President and  
Chief Financial Officer  
(Principal Financial Officer)

**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 Haverty Furniture Companies, Inc. (the "Company") on Form 10-Q for the quarter ended March 31, 2024 (the "Report"), I, Clarence H. Smith, Chairman of the Board and Chief Executive Officer of the Company, and I, Richard B. Hare, Executive Vice President and Chief Financial Officer of the Company, each certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 7, 2024

/s/ Clarence H. Smith

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Clarence H. Smith  
Chairman of the Board and  
Chief Executive Officer  
(Principal Executive Officer)

/s/ Richard B. Hare

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Richard B. Hare  
Executive Vice President and  
Chief Financial Officer  
(Principal Financial Officer)

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