

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  
September 30, 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 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 October 28, 2021, were: Common Stock – 16,532,392; Class A Common Stock – 1,287,142.

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## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements

HAVERTY FURNITURE COMPANIES, INC.  
CONDENSED CONSOLIDATED BALANCE SHEETS

<i>(In thousands)</i>	September 30, 2021 <u>(Unaudited)</u>	December 31, 2020 <u></u>
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 225,674	\$ 200,058
Restricted cash and cash equivalents	6,716	6,713
Inventories	118,961	89,908
Prepaid expenses	13,729	9,580
Other current assets	13,441	9,985
Total current assets	<u>378,521</u>	<u>316,244</u>
Property and equipment, net	124,795	108,366
Right-of-use lease assets	229,975	228,749
Deferred income taxes	18,120	15,814
Other assets	12,349	11,199
Total assets	<u>\$ 763,760</u>	<u>\$ 680,372</u>
<b>Liabilities and Stockholders' Equity</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 34,663	\$ 31,429
Customer deposits	120,149	86,183
Accrued liabilities	56,880	52,963
Current lease liabilities	34,108	33,466
Total current liabilities	245,800	204,041
Noncurrent lease liabilities	203,935	200,200
Other liabilities	22,484	23,164
Total liabilities	<u>472,219</u>	<u>427,405</u>
<b>Stockholders' equity</b>		
Capital Stock, par value \$1 per share		
Preferred Stock, Authorized – 1,000 shares; Issued: None		
Common Stock, Authorized – 50,000 shares; Issued: 2021 – 29,906; 2020 – 29,600	29,906	29,600
Convertible Class A Common Stock, Authorized – 15,000 shares; Issued: 2021 – 1,810; 2020 – 1,996	1,810	1,996
Additional paid-in capital	100,816	96,850
Retained earnings	358,113	304,626
Accumulated other comprehensive loss	(2,412)	(2,560)
Less treasury stock at cost – Common Stock (2021 – 13,374; and 2020 – 12,862 shares) and Convertible Class A Common Stock (2021 and 2020 – 522 shares)	(196,692)	(177,545)
Total stockholders' equity	<u>291,541</u>	<u>252,967</u>
Total liabilities and stockholders' equity	<u>\$ 763,760</u>	<u>\$ 680,372</u>

See notes to these condensed consolidated financial statements.

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

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<i>(In thousands, except per share data - unaudited)</i>				
Net sales	\$ 260,378	\$ 217,513	\$ 746,858	\$ 506,913
Cost of goods sold	112,375	95,336	322,320	225,537
Gross profit	148,003	122,177	424,538	281,376
<b>Expenses:</b>				
Selling, general and administrative	116,156	100,097	338,315	270,281
Other expense (income), net	2	(2,401)	(40)	(34,298)
Total expenses	116,158	97,696	338,275	235,983
Income before interest and income taxes	31,845	24,481	86,263	45,393
Interest income, net	58	51	173	64
Income before income taxes	31,903	24,532	86,436	45,457
Income tax expense	7,670	6,271	19,939	11,737
Net income	<u>\$ 24,233</u>	<u>\$ 18,261</u>	<u>\$ 66,497</u>	<u>\$ 33,720</u>
<b>Other comprehensive income</b>				
Adjustments related to retirement plans; net of tax expense of \$16 and \$48 in 2021 and \$10 and \$30 in 2020	\$ 50	\$ 30	\$ 148	\$ 90
Comprehensive income	<u>\$ 24,283</u>	<u>\$ 18,291</u>	<u>\$ 66,645</u>	<u>\$ 33,810</u>
<b>Basic earnings per share:</b>				
Common Stock	\$ 1.35	\$ 0.98	\$ 3.67	\$ 1.80
Class A Common Stock	\$ 1.28	\$ 0.94	\$ 3.45	\$ 1.71
<b>Diluted earnings per share:</b>				
Common Stock	\$ 1.31	\$ 0.97	\$ 3.55	\$ 1.77
Class A Common Stock	\$ 1.25	\$ 0.93	\$ 3.38	\$ 1.70
<b>Cash dividends per share:</b>				
Common Stock	\$ 0.25	\$ 0.20	\$ 0.72	\$ 0.55
Class A Common Stock	\$ 0.23	\$ 0.19	\$ 0.65	\$ 0.52

See notes to these condensed consolidated financial statements.

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

(In thousands - unaudited)

	<b>Nine Months Ended</b>	
	<b>September 30,</b>	
	<b>2021</b>	<b>2020</b>
<b>Cash Flows from Operating Activities:</b>		
Net income	\$ 66,497	\$ 33,720
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	12,099	13,959
Share-based compensation expense	6,456	3,362
Gain from sale of land, property and equipment	(74)	(34,202)
Other	(1,484)	1,259
Changes in operating assets and liabilities:		
Inventories	(29,053)	13,873
Customer deposits	33,966	58,287
Operating lease assets and liabilities, net	3,151	1,156
Other assets and liabilities	(9,239)	(4,997)
Accounts payable and accrued liabilities	6,679	13,404
Net cash provided by operating activities	<u>88,998</u>	<u>99,821</u>
<b>Cash Flows from Investing Activities:</b>		
Capital expenditures	(28,060)	(7,205)
Proceeds from sale of land, property and equipment	78	74,399
Net cash (used in) provided by investing activities	<u>(27,982)</u>	<u>67,194</u>
<b>Cash Flows from Financing Activities:</b>		
Proceeds from borrowings under revolving credit facility	—	43,800
Payments of borrowings under revolving credit facility	—	(43,800)
Net change in borrowings under revolving credit facility	<u>—</u>	<u>—</u>
Dividends paid	(13,010)	(10,271)
Common stock repurchased	(19,493)	(19,708)
Other	(2,894)	(876)
Net cash used in financing activities	<u>(35,397)</u>	<u>(30,855)</u>
Increase in cash, cash equivalents and restricted cash equivalents during the period	25,619	136,160
Cash, cash equivalents and restricted cash equivalents at beginning of period	206,771	82,402
Cash, cash equivalents and restricted cash equivalents at end of period	<u>\$ 232,390</u>	<u>\$ 218,562</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 that arise in the ordinary course of its business activities. We believe that any liability that may ultimately result from the resolution of these matters will not have a material adverse effect on our financial condition, results of operations or cash flows.

**Note B – COVID-19**

In December 2019, a novel strain of coronavirus, subsequently named COVID-19, emerged from China and spread worldwide. The World Health Organization declared COVID-19 a pandemic and a national health emergency was declared by the United States beginning on March 1, 2020. In response, many states and local governments began a series of restrictions on public gatherings, retail store closures, stay at home orders and advisories and quarantining of people who may have been exposed to the virus. In an effort to mitigate the spread of COVID-19 and protect our team members, customers, and communities, Havertys closed all of its stores and halted deliveries in mid-March 2020, with the expectation at that time of reopening stores on April 2, 2020. Our stores remained closed during April and we reopened 103 locations on May 1, 2020 and the remaining 17 stores were reopened by June 20, 2020. We restarted our delivery operations on May 5, 2020.

The pandemic continues to disrupt several segments of the economy. Although we and many other businesses are open, some businesses and industries have only recently reopened or are operating on a reduced scale. Our business has been very strong since reopening. Consumers not negatively impacted financially are spending more money on furniture and accessories as they spend more time at home. However, many manufacturers are struggling to meet the increased consumer demand, resulting in product shortages and delays in a number of merchandise categories. In addition to experiencing supply chain disruptions and delays we have encountered difficulties in increasing our distribution and delivery capacity due to staffing shortages.

The COVID-19 pandemic is complex and continues to evolve with sporadic resurgences, new shutdowns and disruptions of vendor operations, new virus variants, and the vaccine rollout. At this point, we cannot reasonably estimate the duration and extent of the pandemic’s influence on consumers, the “nesting” economy, and our business. Accordingly, our estimates and assumptions could change in subsequent interim reports, and it is reasonably possible that such changes could be significant (although the potential effects cannot be estimated at this time).

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

**NOTE C – Stockholders' Equity**

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

For the three months ended September 30, 2021:

<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 June 30, 2021	\$ 29,903	\$ 1,813	\$ 99,016	\$ 338,341	\$ (2,462)	\$ (177,199)	\$ 289,412
Net income				24,233			24,233
Dividends declared:							
Common Stock, \$0.25 per share				(4,164)			(4,164)
Class A Common Stock, \$0.23 per share				(297)			(297)
Class A conversion	3	(3)					—
Acquisition of treasury stock						(19,493)	(19,493)
Amortization of restricted stock			1,800				1,800
Other comprehensive income					50		50
Balances at September 30, 2021	<u>\$ 29,906</u>	<u>\$ 1,810</u>	<u>\$ 100,816</u>	<u>\$ 358,113</u>	<u>\$ (2,412)</u>	<u>\$ (196,692)</u>	<u>\$ 291,541</u>

For the nine months ended September 30, 2021:

<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, 2020	\$ 29,600	\$ 1,996	\$ 96,850	\$ 304,626	\$ (2,560)	\$ (177,545)	\$ 252,967
Net income				66,497			66,497
Dividends declared:							
Common Stock, \$0.72 per share				(12,142)			(12,142)
Class A Common Stock, \$0.65 per share				(868)			(868)
Class A conversion	186	(186)					—
Acquisition of treasury stock						(19,493)	(19,493)
Restricted stock issuances	120		(3,014)				(2,894)
Amortization of restricted stock			6,456				6,456
Directors' Compensation Plan			524			346	870
Other comprehensive income					148		148
Balances at September 30, 2021	<u>\$ 29,906</u>	<u>\$ 1,810</u>	<u>\$ 100,816</u>	<u>\$ 358,113</u>	<u>\$ (2,412)</u>	<u>\$ (196,692)</u>	<u>\$ 291,541</u>

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

For the three months ended September 30, 2020:

<i>(in thousands)</i>	<u>Common Stock</u>	<u>Class A Common Stock</u>	<u>Additional Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Loss</u>	<u>Treasury Stock</u>	<u>Total</u>
Balances at June 30, 2020	\$ 29,538	\$ 2,054	\$ 94,581	\$ 304,900	\$ (2,027)	\$ (164,668)	\$ 264,378
Net income				18,261			18,261
Dividends declared:							
Common Stock, \$0.20 per share				(3,423)			(3,423)
Class A Common Stock, \$0.19 per share				(290)			(290)
Class A conversion	17	(17)					—
Acquisition of treasury stock						(12,899)	(12,899)
Amortization of restricted stock			1,325				1,325
Directors' Compensation Plan			(5)				(5)
Other comprehensive income					30		30
Balances at September 30, 2020	<u>\$ 29,555</u>	<u>\$ 2,037</u>	<u>\$ 95,901</u>	<u>\$ 319,448</u>	<u>\$ (1,997)</u>	<u>\$ (177,567)</u>	<u>\$ 267,377</u>

For the nine months ended September 30, 2020:

<i>(in thousands)</i>	<u>Common Stock</u>	<u>Class A Common Stock</u>	<u>Additional Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Accumulated Other Comprehensive Loss</u>	<u>Treasury Stock</u>	<u>Total</u>
Balances at December 31, 2019	\$ 29,431	\$ 2,054	\$ 93,208	\$ 295,999	\$ (2,087)	\$ (158,102)	\$ 260,503
Net income				33,720			33,720
Dividends declared:							
Common Stock, \$0.55 per share				(9,475)			(9,475)
Class A Common Stock, \$0.52 per share				(796)			(796)
Class A conversion	17	(17)					—
Acquisition of treasury stock						(19,708)	(19,708)
Restricted stock issuances	107		(983)				(876)
Amortization of restricted stock			3,362				3,362
Directors' Compensation Plan			314			243	557
Other comprehensive income					90		90
Balances at September 30, 2020	<u>\$ 29,555</u>	<u>\$ 2,037</u>	<u>\$ 95,901</u>	<u>\$ 319,448</u>	<u>\$ (1,997)</u>	<u>\$ (177,567)</u>	<u>\$ 267,377</u>



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

**NOTE D – Interim LIFO Calculations**

We calculate the LIFO index annually. Accordingly, interim LIFO calculations must necessarily be based on management’s estimates of inventory levels and inflation rates. 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 valuations.

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

The fair values of our cash and cash equivalents, restricted cash and cash equivalents, accounts receivable, 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. The assets related to our deferred compensation plans totaled approximately \$9.2 million at September 30, 2021 and \$7.9 million at December 31, 2020 and are included in other assets. Amounts for the related liabilities are included in other liabilities and totaled approximately \$9.2 million at September 30, 2021 and \$8.1 million at December 31, 2020.

**NOTE F – Credit Agreement**

On May 15, 2020 we entered into the Third Amendment to Amended and Restated Credit Agreement (as amended, the “Credit Agreement”) with a bank to permit certain sale-leaseback transactions as described in Note H. Our first borrowings under the facility, since its origination in 2008, were in March 2020.

The Credit Agreement is a \$60.0 million revolving credit facility secured by our inventory, accounts receivable, cash, and certain other personal property and matures on September 27, 2024. Availability fluctuates based on a borrowing base calculation reduced by outstanding letters of credit. Amounts available to borrow are based on the lesser of the borrowing base or the \$60.0 million-line amount. The credit facility contains covenants that, among other things, limit our ability to incur certain types of debt or liens, enter into mergers and consolidations or use proceeds of borrowing for other than permitted uses. The covenants also limit our ability to pay dividends if unused availability is less than \$12.5 million.

We borrowed \$43.8 million under the Credit Agreement in March 2020 and repaid the borrowings in June 2020. The interest rate on the outstanding balance was based on the three-month Euro dollar LIBOR rate plus 1.25% and on a weighted average basis was approximately 2.37%. Total interest paid under the Credit Agreement was \$0.4 million for the nine months ended September 30, 2020.

The borrowing base was \$15.7 million at September 30, 2021, there were no outstanding letters of credit, and the net availability was \$15.7 million.

**Note G – 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, which totaled \$120.1 million and \$86.2 million at September 30, 2021 and December 31, 2020, respectively. Of the customer deposit liabilities at December 31, 2020, approximately \$0.5 million has not been recognized through net sales in the nine months ended September 30, 2021.

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

The following table presents our revenues disaggregated by each major product category and service (dollars in thousands, amounts and percentages may not always add due to rounding):

<i>(In thousands)</i>	<b>Three Months Ended September 30,</b>				<b>Nine Months Ended September 30,</b>			
	<b>2021</b>		<b>2020</b>		<b>2021</b>		<b>2020</b>	
	<b>Net Sales</b>	<b>% of Net Sales</b>	<b>Net Sales</b>	<b>% of Net Sales</b>	<b>Net Sales</b>	<b>% of Net Sales</b>	<b>Net Sales</b>	<b>% of Net Sales</b>
<b>Merchandise:</b>								
Case Goods								
Bedroom Furniture	\$ 41,438	15.9%	\$ 29,725	13.7%	\$ 121,848	16.3%	\$ 76,638	15.1%
Dining Room Furniture	29,047	11.2	22,994	10.6	84,965	11.4	54,067	10.7
Occasional	21,955	8.4	19,220	8.8	66,128	8.8	46,665	9.2
	92,440	35.5	71,939	33.1	272,941	36.5	177,371	35.0
Upholstery	109,375	42.0	95,554	43.9	305,842	41.0	213,656	42.1
Mattresses	23,616	9.1	21,431	9.9	68,257	9.1	50,625	10.0
Accessories and Other <sup>(1)</sup>	34,948	13.4	28,590	13.1	99,818	13.4	65,261	12.9
	<u>\$ 260,378</u>	<u>100.0%</u>	<u>\$ 217,513</u>	<u>100.0%</u>	<u>\$ 746,858</u>	<u>100.0%</u>	<u>\$ 506,913</u>	<u>100.0%</u>

(1) Includes delivery charges and product protection.

**NOTE H – Leases**

We have operating leases for retail stores, offices, warehouses, and certain equipment. Our leases have remaining lease terms of 1 year to 14 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 portion 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 portion 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.

As of September 30, 2021, we had entered into one lease for an additional retail location which had not yet commenced and was under construction.

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

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

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Operating lease cost	\$ 11,440	\$ 11,596	\$ 35,140	\$ 33,111
Variable lease cost	1,739	1,627	4,856	3,825
<b>Total lease expense</b>	<b>\$ 13,179</b>	<b>\$ 13,223</b>	<b>\$ 39,996</b>	<b>\$ 36,936</b>

In June 2021, we renewed the lease covering ten retail locations. This increased our right-of-use assets approximately \$17.6 million and lease liability \$20.6 million, and we recorded \$3.0 million in tenant incentives. In August 2021, we purchased a distribution center which was part of the sale and leaseback transaction which occurred in May 2020 and which is described below. We also purchased a retail location at the end of its lease term. These purchases decreased our right of use assets and lease liabilities approximately \$5.3 million.

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

	<b>Nine Months Ended September 30,</b>	
	<b>2021</b>	<b>2020</b>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 35,428	\$ 25,099
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	\$ 24,213	\$ 83,550

***Sale and Leaseback Transaction***

On May 18, 2020, we completed a sale and leaseback transaction of three of our distribution facilities. The total purchase price for the three properties, excluding costs and taxes, was \$70.0 million and the net book value was \$37.9 million. We recorded a gain of \$31.6 million in May 2020 which is included in other income.

The three properties were leased back to us under 15-year operating lease agreements with renewal options.

**NOTE I – Income Taxes**

Our effective tax rate for the nine months ended September 30, 2021 and 2020 was 23.1% and 25.8%, respectively. The primary difference in the effective rate and the statutory rate was due to state income taxes and the tax impact from vested stock awards.

**HAVERTY FURNITURE COMPANIES, INC.****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)****NOTE J – Stock Based Compensation Plan**

As more fully discussed in Note 12 of the notes to the consolidated financial statements in our 2020 Annual Report on Form 10-K, we have awards outstanding for Common Stock under stock-based employee compensation plans.

Our shareholders approved a new stock-based compensation plan, the 2021 Long-Term Incentive Plan (the “2021 LTIP Plan”) and the 1,500,000 shares reserved for issuance under the 2021 LTIP Plan were registered with the SEC in August 2021. The 2021 LTIP Plan is substantially the same as our 2014 Long-Term Incentive Plan (the “2014 LTIP Plan”). No new grants may be awarded under the 2014 LTIP Plan.

The following table summarizes our award activity during the nine months ended September 30, 2021:

	<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, 2020	239,281	20.77	213,895	21.08
Granted/Issued	119,921	33.29	93,685	32.83
Awards vested or rights exercised <sup>(1)</sup>	(130,323)	21.28	(56,578)	22.95
Forfeited	(5,621)	24.74	—	—
Additional units earned due to performance	—	—	77,265	20.42
Outstanding at September 30, 2021	223,258	27.10	328,267	23.96
Restricted units expected to vest	223,258	27.10	387,512	25.36

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

The total fair value of service-based restricted stock awards that vested during the nine months ended September 30, 2021 was \$6.1 million. The aggregate intrinsic value of outstanding service-based restricted stock awards was \$7.5 million at September 30, 2021. The restrictions on the service-based awards generally lapse or vest annually, primarily over four-year and three-year periods.

The total fair value of performance-based restricted stock awards that vested during the nine months ended September 30, 2021 was \$2.0 million. The aggregate intrinsic value of outstanding performance awards at September 30, 2021 expected to vest was \$13.1 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 expense over the respective grants’ vesting periods, primarily on a straight-line basis. The amount charged was approximately \$6.5 million for the nine months ended September 30, 2021 and \$3.4 million for the same period in 2020. Forfeitures are recognized as they occur. As of September 30, 2021, the total compensation cost related to unvested equity awards was approximately \$8.6 million and is expected to be recognized over a weighted-average period of two years.

**HAVERTY FURNITURE COMPANIES, INC.****NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)****NOTE K – 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 their contractual rights.

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. The Class A Common Stock, which has ten votes per share as opposed to one vote per share for the Common Stock (on all matters other than the election of directors), 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 September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Numerator:</b>				
<b>Common:</b>				
Distributed earnings	\$ 4,164	\$ 3,423	\$ 12,142	\$ 9,475
Undistributed earnings	18,424	13,408	49,713	21,624
Basic	<u>22,588</u>	<u>16,831</u>	<u>61,855</u>	<u>31,099</u>
Class A Common earnings	1,645	1,430	4,642	2,621
Diluted	<u>\$ 24,233</u>	<u>\$ 18,261</u>	<u>\$ 66,497</u>	<u>\$ 33,720</u>
<b>Class A Common:</b>				
Distributed earnings	\$ 297	\$ 290	\$ 868	\$ 796
Undistributed earnings	1,348	1,140	3,774	1,825
	<u>\$ 1,645</u>	<u>\$ 1,430</u>	<u>\$ 4,642</u>	<u>\$ 2,621</u>
<b>Denominator:</b>				
<b>Common:</b>				
Weighted average shares outstanding - basic	16,794	17,098	16,862	17,267
Assumed conversion of Class A Common Stock	1,290	1,526	1,344	1,530
Dilutive options, awards and common stock equivalents	478	240	506	241
Total weighted-average diluted Common Stock	<u>18,562</u>	<u>18,864</u>	<u>18,712</u>	<u>19,038</u>
<b>Class A Common:</b>				
Weighted average shares outstanding	<u>1,290</u>	<u>1,526</u>	<u>1,344</u>	<u>1,530</u>
<b>Basic earnings per share:</b>				
Common Stock	\$ 1.35	\$ 0.98	\$ 3.67	\$ 1.80
Class A Common Stock	\$ 1.28	\$ 0.94	\$ 3.45	\$ 1.71
<b>Diluted earnings per share:</b>				
Common Stock	\$ 1.31	\$ 0.97	\$ 3.55	\$ 1.77
Class A Common Stock	\$ 1.25	\$ 0.93	\$ 3.38	\$ 1.70

## 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, 2020 (the "Form 10-K").

### Forward-Looking Statements

Statements in this Form 10-Q that are not historical facts, 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. Forward-looking statements 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 SEC. 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.

### Impact of COVID-19 on Our Business

The COVID-19 pandemic has resulted in significant economic disruption and impacted our business. We closed our stores and ceased delivery operations in the second half of March 2020. Affected team members were paid during this period and most corporate personnel transitioned to working remotely. On April 1, 2020, we extended our store closure for another 30 days and furloughed 3,033 team members or approximately 87% of our workforce. Given the dramatic shock to the economy caused by the pandemic and uncertainty of the ongoing impact, we made a permanent reduction in our workforce of approximately 1,200 team members effective April 30, 2020 and extended the furlough of approximately 730 team members until June 1, 2020. We reopened 103 of our stores on May 1, 2020 and the remaining 17 were opened by June 20, 2020 and deliveries restarted on May 5, 2020.

We took several steps to strengthen our financial position and maintain financial flexibility by reviewing operating expenses, evaluating merchandise purchases, reducing capital expenditures, temporarily borrowing \$43.8 million on our credit facility (which was repaid within 96 days), and completing a \$70.0 million sale-leaseback transaction in May 2020.

Our business has been very strong since reopening. Consumers not negatively impacted financially are spending more money on furniture and accessories as they spend more time at home. Demand is outpacing product availability in certain categories. Manufacturers are challenged to ensure safe work environments and have encountered some raw material shortages and transportation capacity issues, resulting in product shortages and delays in a number of product categories. We are continuing to assess our staffing needs and have encountered difficulties in increasing our distribution and delivery capacity due to labor shortages in some of our markets.

The COVID-19 pandemic is complex and continues to evolve with sporadic resurgences, new shutdowns and disruptions of vendor operations, new virus variants, and the vaccine rollout. At this point, we cannot reasonably estimate the duration of the pandemic's influence on consumers, the "nesting" economy, and our business.

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations****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. Stores closed due to COVID-19 were excluded from comp-store sales. 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. The lag time between customers placing orders and delivery has grown in 2021 due to demand outpacing merchandise supply. 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 are not substitutes for net sales presented in accordance with US GAAP.

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

Period	2021						2020					
	Net Sales			Comp-Store Sales			Net Sales			Comp-Store Sales		
	Total Dollars	% Change	\$ Change	% Change	\$ Change	Total Dollars	% Change	\$ Change	% Change	\$ Change		
Q1	\$ 236.5	31.8%	\$ 57.1	11.5%	\$ 15.4	\$ 179.4	(4.2)%	\$ (7.8)	11.6%	\$ 13.8		
Q2	\$ 250.0	127.3%	\$ 140.0	46.9%	\$ 48.8	\$ 110.0	(42.7)%	\$ (81.9)	(15.2)%	\$ (18.4)		
Q3	\$ 260.4	19.7%	\$ 42.9	17.7%	\$ 38.4	\$ 217.5	3.9%	\$ 8.2	4.0%	\$ 8.4		
YTD Q3	\$ 746.9	47.3%	\$ 240.0	22.5%	\$ 102.6	\$ 506.9	(13.9)%	\$ (81.5)	0.8%	\$ 3.8		

Although we closed our stores and paused our operations mid-March of last year, our business has been strong since reopening in May 2020. Our stores are operating with a smaller staff and are open fewer hours. Our delivery capacity is improving but remains slightly behind our prior year pre-pandemic level due to labor shortages and supply chain disruptions. Many manufacturers continue to be challenged by raw material shortages, transportation logistics, labor shortages, and lingering health and safety issues. Many of the manufacturers in Vietnam and Indonesia that produce our products paused their operations in July due to a resurgence of COVID-19. Fortunately, most began reopening in mid-October and are operating at various levels of capacity. However, these shutdowns may impact our merchandise available for delivery in future quarters.

The above chart outlines our sales for the quarters and year to date. Our stores were closed and we did not make any deliveries in April 2020. Our written sales for the quarter ended September 30, 2021 were up 2.0% compared to the same period in 2020 which was up 22.8% over 2019.

Ours sales by merchandise category are impacted by product availability. Long production lead times for our custom upholstery orders, which were four to six weeks pre-pandemic and are currently averaging 16 weeks, have negatively impacted our business in this category. Consumers' desire for faster fulfillment has overtaken their "pandemic patience" and are shifting to purchases of available merchandise. Custom upholstery orders were 28.0% of total written upholstery sales for the pre-pandemic first quarter of 2020 and a high of 29.8% in the third quarter of 2020 but have steadily fallen to 20.0% in the third quarter of 2021.

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations****Gross Profit**

Gross profit for the third quarter of 2021 was 56.8%, up 60 basis points compared to the prior year period of 56.2%. We have judiciously adjusted our pricing in response to product price increases and higher inbound freight costs. Gross profit for the first nine months of 2021 was 56.8%, up 130 basis points compared to 55.5% for the same period of 2020. Our focus on retail pricing and our sales mix have offset the negative impact to gross profit from increases in our LIFO reserve.

We estimate gross profit margins for the full year of 2021 will be 56.5% to 56.8%.

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 third quarter of 2021 were 44.6% versus 46.0% for the same period in 2020. This change reflects the leveraging of costs on increased sales and the impact of the operational changes implemented in 2020 under our business continuity plan. SG&A dollars increased \$16.1 million for the third quarter of 2021 and increased \$68.0 million for the nine months ended September 30, 2021 compared to the same prior year periods.

During April 2020, virtually all team members in our store and distribution operations were furloughed and warehouse and corporate office personnel were furloughed to a minimum level for necessary operations. We covered the health benefits premiums for those furloughed which totaled approximately \$2.1 million. Salaries and wages associated with the furloughed team members was approximately \$9.9 million. We reduced our workforce by approximately 35% effective April 30, 2020 and paid severance costs of approximately \$1.7 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 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:

	Three months ended September 30,				Nine Months ended September 30,			
	2021		2020		2021		2020	
		% of Net Sales		% of Net Sales		% of Net Sales		% of Net Sales
<i>(In thousands)</i>								
Variable	\$ 43,708	16.8%	\$ 37,678	17.3%	\$ 126,374	16.9%	\$ 93,685	18.5%
Fixed and discretionary	72,448	27.8	62,419	28.7	211,941	28.4	176,596	34.8
	<u>\$ 116,156</u>	<u>44.6%</u>	<u>\$ 100,097</u>	<u>46.0%</u>	<u>\$ 338,315</u>	<u>45.3%</u>	<u>\$ 270,281</u>	<u>53.3%</u>

The variable expenses in dollars were higher in the third quarter and first nine months of 2021 compared to the same periods in 2020 due to the increase in sales.

The variable expenses for the three months ended September 30, 2021 as a percent of sales compared to the prior year period reflect additional leveraging of certain selling and delivery expenses. The variable expenses for the nine months ended September 30, 2020 include payment of severance costs and health benefits for furloughed team members.



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

Fixed and discretionary expenses were impacted in the third quarter of 2021 primarily by increases in general and administrative expense for compensation, benefits, and related payroll and labor costs of \$3.8 million, warehouse expense of \$2.8 million, and marketing spend of \$1.7 million, compared to the same period of 2020.

Our variable type expenses within SG&A for the full year of 2021 are anticipated to be 17.0% to 17.3%. Fixed and discretionary expenses are expected to be approximately \$278.0 to \$281.0 million for the full year of 2021.

### Liquidity and Capital Resources

#### **Cash and Cash Equivalents at End of Year**

At September 30, 2021, we had \$225.7 million in cash and cash equivalents, and \$6.7 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 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. We expect capital expenditures of approximately \$37.0 million for the full year of 2021.

#### **Long-Term Debt**

In May 2020, we entered into the Third Amendment to our Amended and Restated Credit Agreement (as amended, the "Credit Agreement") with a bank. The Credit Agreement, which matures September 27, 2024, provides for a \$60.0 million revolving credit facility. Amounts available to borrow fluctuate and availability at September 30, 2021 was \$15.7 million and we had no amounts outstanding.

#### **Leases**

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

#### **Share Repurchases**

In August 2021, our Board of Directors authorized an additional \$25.0 million for our share repurchase program. During the three months ended September 30, 2021 we purchased 537,196 shares of common stock for approximately \$19.5 million under previous and current authorizations. There is approximately \$22.3 million at September 30, 2021 that may yet be used for purchases under the current authorization.

### 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 approximately \$89.0 million in the first nine months of 2021 driven primarily by net income of \$66.5 million and non-cash adjustments of \$17.0 million, consisting of depreciation and amortization and stock-based compensation, and by changes in working capital inflows. The primary working capital inflows were from customer deposits of approximately \$34.0 million partially offset by outflows for inventory of \$29.1 million.

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

Net cash provided by operating activities in the first nine months of 2020 was \$99.8 million driven primarily by changes in working capital. For calculation of cash provided by operating activities the gain from sale of land, property, and equipment of \$34.2 million is excluded, partially offsetting net income of \$33.7 million and non-cash adjustments of \$18.6 million. The primary working capital inflows were from increases in customer deposits of \$58.3 million and accounts payable and accrued liabilities of \$13.4 million and a decrease in inventories of \$13.9 million.

*Investing Activities.* Cash used in investing activities was approximately \$28.0 million in the first nine months of 2021 compared to cash provided by investing activities of \$67.2 million during the first nine months of 2020. The difference primarily is from \$74.4 million of proceeds from sale of land, property, and equipment in 2020.

*Financing Activities.* Cash used in financing activities of \$35.4 million in the first nine months of 2021 primarily reflected \$19.5 million of share repurchases and \$13.0 million of cash dividends paid.

Cash used in financing activities of \$30.9 million in the first nine months of 2020 primarily reflected \$19.7 million of share repurchases and \$10.3 million of cash dividends paid.

### Store Plans and Capital Expenditures

Location	Opening Quarter Actual or Planned	Category
Myrtle Beach, SC	Q-1-21	Open – New market
The Villages, FL	Q-3-21	Open
Dallas, TX	Q-3-21	Closure
Austin, TX	Q-1-22	Open

Net selling space in 2021 is expected to be flat compared to 2020.

We purchased our Virginia home delivery center which was part of our May 2020 sale leaseback and acquired a retail location at the end of its lease term during the third quarter of 2021. Our capital expenditures also include amounts for information technology for operations and website enhancements. Total capital expenditures are estimated to be approximately \$37.0 million in 2021 depending on the timing of spending for new 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, 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, 2020.

### **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 to 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 September 30, 2021 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting. As a result of the COVID-19 pandemic, some team members have shifted to a rotating work from home and office environment. 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 and Use of Proceeds**

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 6, 2021, the board approved an additional repurchase amount of \$25.0 million to bring the total available share repurchase authorization at such time to approximately \$33.1 million. The stock repurchase program has no expiration date but may be terminated by our board at any time. The balance of the current authorization for purchases was approximately \$22.3 million at September 30, 2021.

The following table presents information with respect to our repurchase of Havertys' common stock during the third quarter of 2021:

	(a) Total Number of Shares Purchased	(b) Average Price Paid Per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	(d) Approximate Dollar Value of Shares That May Yet be Purchased Under the Plans or Programs
July 1 – July 31	44,579	\$ 36.17	44,579	\$ 15,202,200
August 1 – August 31	412,617	\$ 36.60	412,617	\$ 25,100,700
September 1 – September 30	80,000	\$ 34.74	80,000	\$ 22,321,200
Total	<u>537,196</u>		<u>537,196</u>	

**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>
3.1	<a href="#">Articles of Amendment and Restatement of the Charter of Haverty Furniture Companies, Inc. effective May 26, 2006</a> (Exhibit 3.1 to our Second Quarter 2006 Form 10-Q).
3.2	<a href="#">By-laws of Haverty Furniture Companies, Inc. as amended and restated effective May 8, 2018</a> (Exhibit 3.1 to our Current Report on form 8-K dated May 10, 2018).
* <a href="#">10.1</a>	2021 Long-Term Incentive Plan, effective as of May 10, 2021.
* <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 September 30, 2021, 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.



**HAVERTY FURNITURE COMPANIES, INC.**

**2021 LONG-TERM INCENTIVE PLAN**

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**HAVERTY FURNITURE COMPANIES, INC.**  
**2021 LONG-TERM INCENTIVE PLAN**

**SECTION 1 - Purpose**

This plan shall be known as the “Haverty Furniture Companies, Inc. 2021 Long-Term Incentive Plan” (the “Plan”). The purpose of the Plan is to promote the interests of Haverty Furniture Companies, Inc., (the “Company” or “Havertys”), and its shareholders by (i) attracting and retaining officers, employees, and non-employee directors of the Company and its Subsidiaries, (ii) motivating such individuals by means of performance-related incentives to achieve long-range performance goals and increased shareholder value, (iii) enabling such individuals to participate in the long-term growth and financial success of the Company, (iv) encouraging ownership of stock in the Company by such individuals, and (v) linking compensation to the long-term interests of shareholders.

**SECTION 2 - Definitions**

As used in the Plan, the following terms shall have the meanings set forth below:

“**Award**” shall mean any Option, Stock Appreciation Right, Restricted Stock, Restricted Stock Unit, Deferred Share, Deferred Stock Unit, or Performance Award granted under the Plan, whether singly or in combination, to a Participant pursuant to such terms, conditions, restrictions and limitations, if any, as may be established at the time of grant or such other time as permitted under the Plan.

“**Award Agreement**” shall mean any written or electronic agreement, contract, notice or other instrument or document evidencing any Award, which may, but need not, be executed or acknowledged by a Participant.

“**Base Price**” shall mean the price to be used as the basis for determining the Spread upon the exercise of a Stock Appreciation Right.

“**Board**” shall mean the Board of Directors of the Company.

“**Cause**” shall mean, unless otherwise defined in an employment agreement applicable to the Participant, a good faith determination by the Company that any of the following has occurred: (i) a Participant’s conviction, whether following trial or by plea of guilty or *nolo contendere* (or similar plea), in a criminal proceeding (a) on a misdemeanor charge involving fraud, false statements or misleading omissions, wrongful taking, embezzlement, bribery, forgery, counterfeiting or extortion, (b) on a felony charge or (c) on an equivalent charge to those in clauses (a) and (b) in jurisdictions which do not use those designations; (ii) the engaging by a Participant in any conduct which constitutes an employment disqualification under applicable law (including statutory disqualification as defined under the Exchange Act); (iii) a Participant’s failure to perform his or her duties to the Company or its Subsidiaries; (iv) a Participant’s violation of any securities or commodities laws, any rules or regulations issued pursuant to such laws, or the rules and regulations of any securities or commodities exchange or association of which the Company or any of its Subsidiaries or affiliates is a member; (v) a Participant’s violation of any policy of the Company or its Subsidiaries concerning hedging or confidential or proprietary information, or a Participant’s material violation of any other policy of the Company or its Subsidiaries as in effect from time to time; (vi) the engaging by a Participant in any act or making any statement which impairs, impugns, denigrates, disparages or negatively reflects upon the name, reputation or business interests of the Company or its Subsidiaries; or (vii) the engaging by the Participant in any conduct detrimental to the Company or its Subsidiaries. The determination as to whether “Cause” has occurred shall be made by the Committee in its sole discretion. The Committee shall also have the authority in its sole discretion to waive the consequences under the Plan or any Award Agreement of the existence or occurrence of any of the events, acts or omissions constituting “Cause.”

“**Change in Control**” shall mean, unless otherwise defined in the applicable Award Agreement, the occurrence of any one of (and shall be deemed to have occurred on the date of the earliest to occur of) the following events:

- (i) any “Person” (for purposes of this “Change in Control” definition, as defined under Section 3(a)(9) of the Exchange Act and as modified and used in Section 13(d) or Section 14(d) of the Exchange Act), excluding Rawson Haverty, Mrs. Betty Haverty Smith, Frank S. McGaughey, Jr., their spouses, lineal descendants, heirs, administrators or representatives or any Person controlled (directly or indirectly) by any of them is or becomes a “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its affiliates, as such term is defined in the rules and regulations of the Securities and Exchange Commission) that together with equity securities held by such Persons represent more than 50% of the combined voting power of the Company’s then outstanding securities;
- (ii) any “Person” (for purposes of this definition only, as defined under Section 3(a)(9) of the Exchange Act and as modified and used in Section 13(d) or Section 14(d) of the Exchange Act), excluding Rawson Haverty, Mrs. Betty Haverty Smith, Frank S. McGaughey, Jr., their spouses, lineal descendants, heirs, administrators or representatives or any Person controlled (directly or indirectly) by any of them acquire (or have acquired during the 12-month period ending on the date of the most recent acquisition by such Persons) ownership of equity securities of the Company possessing 30% or more of the combined voting power of the equity securities of the Company;
- (iii) during any period of one year (not including any period prior to the execution of this Agreement), individuals who at the beginning of such period constitute the Board and any new director (other than a director designated by a Person who has entered into an agreement with the Company to effect a transaction described in clause (i), (ii) or (iv) of this “Change in Control” definition) whose election by the Board or nomination for election by the Company’s shareholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof; or
- (iv) the approval by shareholders of the Company and consummation of a plan of complete liquidation or dissolution of the Company or a sale of all or substantially all of the Company’s assets.

“**Code**” shall mean the Internal Revenue Code of 1986, as amended from time to time.

“**Committee**” shall mean the Nominating and Governance Committee of the Board.

“**Company**” shall mean Haverty Furniture Companies, Inc., a Maryland corporation, and its successors and assigns.

**“Deferred Share”** shall mean any Share pursuant to Section 9 of this Plan providing the right to receive Shares at the end of a specified Deferral Period.

**“Deferred Stock Unit”** shall mean any unit pursuant to Section 9 of this Plan providing the right to receive Shares at the end of a specified Deferral Period.

**“Disability”** shall mean, unless otherwise defined in the applicable Award Agreement, total and permanent disability as defined in Section 22(e)(3) of the Code.

**“Dividend Equivalents”** shall mean amounts equivalent to the dividends paid on Shares.

**“Employee”** shall mean an employee of any Employer.

**“Employer”** shall mean the Company or any Subsidiary.

**“Exchange Act”** shall mean the Securities Exchange Act of 1934, as amended from time to time.

**“Fair Market Value”** with respect to the Shares, shall mean, as of any date, (i) the closing sales price at which Shares were sold on the New York Stock Exchange, or, if the shares are not listed on the New York Stock Exchange, on any other such exchange on which the Shares are traded, on such date, or, in the absence of reported sales on such date, the closing sales price on the immediately preceding date on which sales were reported, or (ii) in the event there is no public market for the Shares on such date, the fair market value as determined in good faith by the Committee in its sole discretion.

**“Incentive Stock Option”** or **“ISO”** shall mean any Option that is intended to qualify as an “Incentive Stock Option” under Section 422 of the Code or any successor provision.

**“Non-Employee Director”** shall mean a member of the Board who is not an Employee and who has not been an officer of the Company or any of its Subsidiaries.

**“Non-Qualified Stock Option”** or **“NQSO”** shall mean any Option that is not intended to qualify as an Incentive Stock Option.

**“Option”** shall mean an option to purchase Shares from the Company that is granted under Section 6 or 11 of the Plan.

**“Option Price”** shall mean the purchase price payable to purchase one Share upon the exercise of an Option.

**“Participant”** shall mean any Employee, Non-Employee Director, consultant or advisor who receives an Award under the Plan; provided that only Employees shall be eligible to receive grants of Incentive Stock Options; provided further, that consultants or advisors shall be eligible for Awards under the Plan only if (i) they are natural persons; (ii) they provide bona fide services to the Company or any of its Subsidiaries; and (iii) the services are not in connection with the offer or sale of securities in a capital raising transaction, and do not directly or indirectly promote or maintain a market for the Company’s securities.

**“Performance Award”** shall mean any right granted under Section 10 of the Plan.

**“Person”** shall mean any individual, corporation, partnership, association, joint-stock company, limited liability company, trust, unincorporated organization, government or political subdivision thereof or other entity.

“**Plan**” shall mean this Haverty Furniture Companies, Inc. 2021 Long-Term Incentive Plan, as amended from time to time.

“**Prior Plan**” shall mean the Haverty Furniture Companies, Inc. 2014 Long-Term Incentive Plan, as amended.

“**Restricted Stock**” shall mean any Share granted under Section 8 or 11 of the Plan.

“**Restricted Stock Unit**” shall mean any unit granted under Section 8 or 11 of the Plan.

“**Retirement**” shall mean voluntary retirement from Havertys, on or after age 65, upon written notice from the Employee to the Company that the Employee is permanently retiring from Havertys and the retail furniture industry.

“**SEC**” shall mean the Securities and Exchange Commission or any successor thereto.

“**Section 16**” shall mean Section 16 of the Exchange Act and the rules promulgated thereunder and any successor provision thereto as in effect from time to time.

“**Shares**” shall mean shares of the common stock, \$1.00 par value, as adjusted from time to time for stock splits or reverse stock splits, of the Company.

“**Spread**” means, in the case of a Stock Appreciation Right, the amount by which Fair Market Value of a Share on the date when any such right is exercised exceeds the Base Price specified in the applicable Award Agreement.

“**Stock Appreciation Rights**” shall mean a right granted under Section 7 of this Plan.

“**Subsidiary**” shall mean any Person which is a “subsidiary corporation” (as that term is defined in Code Section 424(f)) with respect to the Company.

“**Substitute Awards**” shall mean Awards granted solely in assumption of, or in substitution for, outstanding awards previously granted by a Person acquired by the Company or with which the Company or one of its Subsidiaries combines.

“**Termination of Employment**” shall mean the termination of the employee-employer relationship between a Participant and the Employer for any reason, with or without Cause, including, but not by way of limitation, a termination by resignation, discharge, death, Disability, Workforce Reduction or Retirement, but excluding (i) terminations where there is a simultaneous reemployment or continuing employment of a Participant by another Employer; (ii) at the discretion of the Committee, terminations which result in a temporary severance of the employee-employer relationship; and (iii) at the discretion of the Committee, terminations which are followed by the simultaneous establishment of a consulting relationship by an Employer with the former Employee. The Committee, in its absolute discretion, shall determine the effect of all matters and questions with respect to Awards under this Plan relating to Termination of Employment, including, but not by way of limitation, the question of whether a Termination of Employment resulted from a discharge for Cause, and all questions of whether particular leaves of absence constitute Terminations of Employment for purposes of this Plan. However, notwithstanding any provision of this Plan, an Employer has an absolute and unrestricted right to terminate an Employee’s employment at any time for any reason whatsoever, with or without Cause.

“**Vesting**” shall mean, with respect to an Award, the lapse of any applicable forfeiture restrictions.

**“Workforce Reduction”** shall mean any termination of the employee-employer relationship between a Participant and the Employer as a result of the discontinuation by the Company of a business or line of business or a realignment of the Company, or a part thereof, or any other similar type of event, provided that the Committee or the Board has designated such discontinuation, realignment or other event as a “Workforce Reduction” for purposes of this Plan.

### **SECTION 3 - Administration**

- (A) Authority of Committee. Except as provided by Section 11 hereof, the Plan shall be administered by the Committee, it being understood that the Board retains the right, at its option, to make Awards under the Plan. Subject to the terms of the Plan and applicable law, and in addition to other express powers and authorizations conferred on the Committee by the Plan, the Committee shall have full power and authority in its discretion to: (i) designate Participants; (ii) determine the type or types of Awards to be granted to a Participant; (iii) determine the number of Shares to be covered by, or with respect to which payments, rights, or other matters are to be calculated in connection with, Awards; (iv) determine the timing, terms, and conditions of any Award; (v) accelerate the time at which all or any part of an Award may be settled or exercised; (vi) determine whether, to what extent, and under what circumstances Awards may be settled or exercised in cash, Shares, other securities, other Awards or other property, or canceled, forfeited, or suspended, and the method or methods by which Awards may be settled, exercised, canceled, forfeited, or suspended; (vii) determine whether, to what extent, and under what circumstances cash, Shares, other securities, other Awards, other property, and other amounts payable with respect to an Award shall be deferred either automatically or at the election of the holder thereof or of the Committee; (viii) interpret and administer the Plan and any instrument or agreement relating to, or Award made under, the Plan; (ix) subject to the provisions of Sections 6(B), 7(B) and 15(B) hereof, amend or modify the terms of any Award after grant; (x) establish, amend, suspend, or waive such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan; and (xi) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan subject to the exclusive authority of the Board under Section 15 hereunder to amend, suspend or terminate the Plan.
- (B) Committee Discretion Binding. Unless otherwise expressly provided in the Plan, all designations, determinations, interpretations, and other decisions under or with respect to the Plan or any Award shall be within the sole discretion of the Committee, may be made at any time and shall be final, conclusive, and binding upon all Persons, including any Employer, any Participant, any holder or beneficiary of any Award, any Employee, and any Non-Employee Director.
- (C) Delegation. Subject to the terms of the Plan, the Board or the Committee may, to the extent permitted by law, delegate to (i) a subcommittee of the Committee, (ii) one or more officers or managers of an Employer or (iii) a committee of such officers or managers, the authority, subject to such terms and limitations as the Board or the Committee shall determine, to grant Awards to, or to cancel, modify or waive rights with respect to, or to alter, discontinue, suspend, or terminate, Awards. Notwithstanding the foregoing, the Committee may not delegate any such authority with respect to Participants who are officers or directors of the Company for purposes of Section 16 or are otherwise subject to such Section .

- (D) **Indemnification.** No member of the Board or the Committee or any Employee (each such person a “Covered Person”) shall have any liability to any person (including any grantee) for any action taken or omitted to be taken in the performance of his or her duties with respect to the Plan or any Award, for a purpose reasonably believed by the Covered Person to be in the interest of the participants and beneficiaries of the Plan, and any such action taken or omitted to be taken shall be deemed to be for a purpose which is not opposed to the best interests of the Company. Each Covered Person shall be indemnified and held harmless by the Company against and from any loss, cost, liability, or reasonable expense (including attorneys’ fees) that may be imposed upon or incurred by such Covered Person in connection with or resulting from any bona fide claim, action, suit or proceeding to which such Covered Person may be a party or in which such Covered Person may be involved by reason of any action taken or omitted to be taken by him or her under the Plan or any Award Agreement in his or her capacity as a member of the Board or the Committee or as an Employee and against and from any and all amounts paid by such Covered Person, with the Company’s approval, in settlement thereof, or paid by such Covered Person in satisfaction of any judgment in any such action, suit or proceeding against such Covered Person, provided that the Company shall have the right, at its own expense, to assume and defend any such action, suit or proceeding and, once the Company gives notice of its intent to assume the defense, the Company shall have sole control over such defense with counsel of the Company’s choice. The foregoing right of indemnification shall not be available to a Covered Person to the extent that a court of competent jurisdiction in a final judgment or other final adjudication, in either case, not subject to further appeal, determines that the acts or omissions of such Covered Person giving rise to the indemnification claim resulted from such Covered Person’s bad faith, fraud or willful misconduct. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which Covered Persons may be entitled under the Company’s Restated Charter or Bylaws, as a matter of law, or otherwise, or any other power that the Company may have to indemnify such persons or hold them harmless.

#### **SECTION 4 - Shares Available for Awards**

- (A) **Shares Available.** Subject to adjustment as provided in Section 4(B), the aggregate number of Shares reserved and available for issuance pursuant to Awards granted under the Plan shall be 1,500,000. The maximum number of Shares that may be issued upon exercise of Incentive Stock Options granted under the Plan shall be 1,500,000. From and after the Effective Date, no further awards shall be granted under the Prior Plan and the Prior Plan shall remain in effect only so long as awards granted thereunder shall remain outstanding. If, after the Effective Date, any Shares covered by an Award granted under this Plan, or to which such an Award relates, are forfeited, or if such an Award is settled for cash or otherwise terminates, expires unexercised, or is canceled without the delivery of Shares, then the Shares covered by such Award, or to which such Award relates, or the number of Shares otherwise counted against the aggregate number of Shares with respect to which Awards may be granted, to the extent of any such settlement, forfeiture, termination, expiration, or cancellation, shall again become Shares with respect to which Awards may be granted. Shares withheld from an Award to satisfy tax withholding requirements shall count against the number of Shares remaining available for Awards under the Plan, and Shares delivered by a participant to satisfy tax withholding requirements shall not be added to the number of Shares remaining available for Awards under the Plan. In addition, (i) the full number of Shares subject to an Option shall count against the number of Shares remaining available for Awards under the Plan, even if the exercise price of an Option is satisfied through net-settlement or by delivering Shares to the Company (by either actual delivery or attestation), and (ii) the full number of Shares subject to a Stock Appreciation Right shall count against the number of Shares remaining available for Awards under the Plan (rather than the net number of Shares actually delivered upon exercise).

- (B) Mandatory Adjustments. The number of Shares covered by each outstanding Award, the number of Shares available for Awards, the number of Shares that may be subject to Awards to any one Participant, and the price per Share covered by each such outstanding Award shall be proportionately adjusted for any increase or decrease in the number of issued Shares resulting from a stock split, reverse stock split, stock dividend, recapitalization, combination or reclassification of the Shares, and may be proportionately adjusted, as determined in the sole discretion of the Board, for any other increase or decrease in the number of issued Shares effected without receipt of consideration by the Company or to reflect any distributions to holders of Shares other than regular cash dividends. Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of Shares subject to an Award. After any adjustment made pursuant to this paragraph, the number of Shares subject to each outstanding Award shall be rounded to the nearest whole number.
- (C) Discretionary Adjustments. Upon the occurrence or in anticipation of any corporate event or transaction involving the Company (including, without limitation, any merger, reorganization, recapitalization, combination or exchange of shares, or any transaction described in Section 4(B), the Committee may, in its sole discretion, provide (i) that Awards will be settled in cash rather than Stock, (ii) that Awards will become immediately vested and non-forfeitable and exercisable (in whole or in part) and will expire after a designated period of time to the extent not then exercised, (iii) that Awards will be assumed by another party to a transaction or otherwise be equitably converted or substituted in connection with such transaction, (iv) that outstanding Awards may be settled by payment in cash or cash equivalents equal to the excess of the fair market value of the underlying Stock, as of a specified date associated with the transaction (or the per-shares transaction price), over the exercise or base price of the Award, (v) that performance targets and performance periods for Performance Awards will be modified, or (vi) any combination of the foregoing. The Committee's determination need not be uniform and may be different for different Participants whether or not such Participants are similarly situated. Any discretionary adjustments made pursuant to this Section 4(C) shall be subject to the provisions of Section 15(B).
- (D) Substitute Awards. To the extent permitted by applicable law, any Shares issued by the Company as Substitute Awards shall not reduce the Shares available for Awards under the Plan.
- (E) Sources of Shares Deliverable Under Awards. Any Shares delivered pursuant to an Award may consist, in whole or in part, of authorized and unissued Shares or of issued Shares which have been reacquired by the Company.

## **SECTION 5 - Eligibility**

Any Employee (including any officer or employee-director of an Employer), Non-Employee Director, consultant or advisor (subject to the limitations set forth in the definition of "Participant" in Section 2) shall be eligible to be designated a Participant; provided, however, that Non-Employee Directors shall only be eligible to receive Awards granted pursuant to Section 11 hereof.

## **SECTION 6 - Stock Options**

- (A) Grant. Subject to the provisions of the Plan, the Committee shall have sole and complete authority to determine the Participants to whom Options shall be granted, the number of Shares subject to each Award, the exercise price and the conditions and limitations applicable to the exercise of an Option. A person who has been granted an Option under this Plan may be granted additional Options under the Plan if the Committee shall so determine. Options granted under this Plan may be Incentive Stock Options, Non-Qualified Stock Options or a combination of the foregoing, provided that Incentive Stock Options may be granted only to Employees. Each grant shall specify whether (or the extent to which) the Option is an Incentive Stock Option or a Non-Qualified Stock Option. Notwithstanding any such designation, to the extent that the aggregate Fair Market Value of the Shares with respect to which Options designated as Incentive Stock Options are exercisable for the first time by a Participant during any calendar year (under all Plans of the Company) exceeds \$100,000, such Options shall be treated as Non-Qualified Stock Options.

- (B) Option Price. The Committee, in its sole discretion, shall establish the Option Price at the time each Option is granted. Except in the case of Substitute Awards, the Option Price of an Option may not be less than 100% of the Fair Market Value of the Shares with respect to which the Option is granted on the date of grant of the Award (the "Grant Date"). If an Employee owns or is deemed to own (by reason of the attribution rules applicable under Section 424(d) of the Code) more than 10% of the combined voting power of all classes of stock of the Company or any Subsidiary or parent corporation (within the meaning of Section 424(e) of the Code), and an Incentive Stock Option is granted to such Employee, the Option Price shall be no less than 110% of the Fair Market Value of the Shares on the Grant Date. Notwithstanding the foregoing and except as provided by the provisions of Sections 4(B) and 15(C) hereof, without the prior approval of shareholders of the Company, the Committee shall not have the power to (i) amend the terms of previously granted Options to reduce, directly or indirectly, the Option Price of such Options, (ii) cancel Options and grant substitute Options, Stock Appreciation Rights or other Awards with a lower Option Price or Base Price than the cancelled Options, (iii) cancel, or have a Participant surrender, an Option in exchange for other Awards if the current Fair Market Value of the Shares underlying the Option is lower than the Option Price of the Option, or (iv) cancel, or have a Participant surrender, an Option for value (in cash or otherwise) if the current Fair Market Value of the Shares underlying the Option is lower than the Option Price of the Option.
- (C) Term. Subject to the Committee's authority under Section 3(A) hereof, each Option and all rights and obligations thereunder shall expire on the date determined by the Committee and specified in the Award Agreement. The Committee shall be under no duty to provide terms of like duration for Options granted under the Plan. Notwithstanding the foregoing, no Option shall be exercisable after the expiration of ten (10) years from the date such Option was granted; provided, however, that if an Incentive Stock Option is granted to an employee who owns or is deemed to own (by reason of the attribution rules of Section 424(d) of the Code) more than 10% of the combined voting power of all classes of stock of the Company or any Subsidiary or Parent Corporation (within the meaning of Section 424(e) of the Code), the term of such Incentive Stock Option shall be no more than five years from the date of grant.
- (D) Exercise; Terms and Conditions.
- (i) Each Option shall be exercisable at such times and subject to such terms and conditions as the Committee may, in its sole discretion, specify in the applicable Award Agreement or thereafter. The Committee shall have full and complete authority to determine whether an Option will be exercisable in full at any time or from time to time during the term of the Option, or to provide for the exercise thereof in such installments, upon the occurrence of such events and at such times during the term of the Option as the Committee may determine.
  - (ii) The Committee may impose such conditions with respect to the exercise of Options, including without limitation, any relating to the application of federal, state or foreign securities laws or the Code, as it may deem necessary or advisable.



- (iii) An Option may be exercised in whole or in part at any time, with respect to whole Shares only, within the period permitted thereunder for the exercise thereof and in accordance with the procedures established by the Company or its designated third party administrator.
- (iv) Payment of the Option Price shall be made in cash or cash equivalents, or, at the discretion of the Committee, (i) by tendering, either by way of actual delivery of Shares or attestation, whole Shares, valued at the Fair Market Value of such Shares on the date of exercise, together with any applicable withholding taxes, (ii) by a combination of such cash (or cash equivalents) and such Shares or (iii) by such other method of exercise as may be permitted from time to time by the Committee. Subject to applicable securities laws and at the discretion of the Committee, an Option may also be exercised by (i) delivering a notice of exercise of the Option and simultaneously selling the Shares thereby acquired pursuant to a brokerage or similar agreement or program or (ii) through a reduction in the number of Shares received through the exercise of the Option. Until the optionee has been issued the Shares subject to such exercise, he or she shall possess no rights as a shareholder with respect to such Shares and shall not be entitled to any dividend or distribution the record date of which is prior to the date of issuance of such Shares.
- (v) Notwithstanding anything in this Plan to the contrary, a Participant shall be required to pay to the Company an amount equal to the spread realized in connection with the Participant's exercise of an Option within six months prior to such Participant's termination of employment by resignation in the event that such Participant, within six months following such Participant's termination of employment by resignation, engages directly or indirectly in any activity determined by the Committee, in its sole discretion, to be competitive with any activity of the Company or any of its Subsidiaries. This subsection (v) shall be void and of no legal effect upon a Change in Control.
- (vi) No Option shall provide for any feature for the deferral of compensation other than the deferral of recognition of income until the exercise or disposition of the Option.
- (vii) No Option shall provide for Dividend Equivalents.

## **SECTION 7 - Stock Appreciation Rights**

- (A) Grant. Subject to the provisions of the Plan, Committee may also authorize grants to Participants of Stock Appreciation Rights. A Stock Appreciation Right provides a Participant the right to receive from the Company an amount, which shall be determined by the Committee and shall be expressed as a percentage (not exceeding 100 percent) of the Spread at the time of the exercise of such right.
- (B) Base Price. Each grant of a Stock Appreciation Right shall specify in respect of each Stock Appreciation Right a Base Price per Share, which shall be equal to or greater than the Fair Market Value of the Shares on the Grant Date. Except as provided by the provisions of Sections 4(B) and 15(C) hereof, without the prior approval of shareholders of the Company, the Committee shall not have the power to (i) amend the terms of previously granted Stock Appreciation Rights to reduce, directly or indirectly, the Base Price of such Stock Appreciation Rights, (ii) cancel Stock Appreciation Rights and grant substitute Stock Appreciation Rights, Options or other Awards with a lower Base Price or Option Price than the cancelled Stock Appreciation Rights, (iii) cancel, or have a Participant surrender, a Stock Appreciation Right in exchange for other Awards if the current Fair Market Value of the Shares underlying the Stock Appreciation Right is lower than the Base Price of the Stock Appreciation Right, or (iv) cancel, or have a Participant surrender, a Stock Appreciation Right for value (in cash or otherwise) if the current Fair Market Value of the Shares underlying the Stock Appreciation Right is lower than the Base Price of the Stock Appreciation Right.

- (C) Term. No Stock Appreciation Right granted under this Plan may be exercised more than ten (10) years from the Grant Date.
- (D) Exercise; Terms and Conditions. Any grant of Stock Appreciation Rights under this Plan shall be upon such terms and conditions as the Committee may determine in accordance with the following provisions:
- (i) Any grant may specify that the amount payable upon the exercise of a Stock Appreciation Right may be paid by the Company in cash, Shares, or any combination thereof and may preclude the right of the Participant to receive and the Company to issue Shares or other equity securities in lieu of cash;
  - (ii) Any grant may specify that the amount payable upon the exercise of a Stock Appreciation Right shall not exceed a maximum specified by the Committee on the Grant Date;
  - (iii) Any grant may specify (i) a waiting period or periods before Stock Appreciation Rights shall become exercisable and (ii) permissible dates or periods on or during which Stock Appreciation Rights shall be exercisable;
  - (iv) Any grant may specify that a Stock Appreciation Right may be exercised only in the event of a Change in Control of the Company or other similar transaction or event;
  - (v) Each grant shall be evidenced by an agreement executed on behalf of the Company by any officer thereof and delivered to and accepted by the Optionee, which shall describe the subject Stock Appreciation Rights, identify any related Options, state that the Stock Appreciation Rights are subject to all of the terms and conditions of this Plan and contain such other terms and provisions as the Committee may determine consistent with this Plan;
  - (vi) No Stock Appreciation Right shall provide for the deferral of compensation other than the deferral of recognition of income until the exercise or disposition of the SAR.
  - (vii) No Stock Appreciation Right shall provide for Dividend Equivalents.
  - (viii) Successive grants of Stock Appreciation Rights may be made to the same Participant regardless of whether any Stock Appreciation Rights previously granted to such Participant remain unexercised. Each grant shall specify the period or periods of continuous employment of the Participant by the Company or any Subsidiary that are necessary before the Stock Appreciation Rights or installments thereof shall become exercisable, and any grants may provide for the earlier exercise of such rights in the event of a Change in Control of the Company or other similar transaction or event.

## SECTION 8 - Restricted Stock and Restricted Stock Units

### (A) Grant.

- (i) Subject to the provisions of the Plan, the Committee shall have sole and complete authority to determine the Participants to whom Restricted Stock and Restricted Stock Units shall be granted, the number of shares of Restricted Stock or the number of Restricted Stock Units to be granted to each Participant, the duration of the period during which, and the conditions under which, the Restricted Stock and Restricted Stock Units may be forfeited to the Company, and the other terms and conditions of such Awards. The Restricted Stock and Restricted Stock Unit Awards shall be evidenced by Award Agreements in such form as the Committee shall from time to time approve, which agreements shall comply with and be subject to the terms and conditions provided hereunder and any additional terms and conditions established by the Committee that are consistent with the terms of the Plan.
- (ii) Each Restricted Stock or Restricted Stock Unit Award made under the Plan shall be for such number of Shares as shall be determined by the Committee and set forth in the agreement containing the terms of such Restricted Stock or Restricted Stock Unit Award. Such agreement may set forth (i) a period of time during which the grantee must remain in the continuous employment of one or more Employers in order for any applicable forfeiture and transfer restrictions to lapse and (ii) performance or other conditions the satisfaction of which will result in the lapsing of any applicable forfeiture and transfer restrictions. If the Committee so determines, the restrictions may lapse during the period in which such time and performance conditions apply (the "Restricted Period") in installments with respect to specified portions of the Shares covered by the Restricted Stock or Restricted Stock Unit Award. The Committee may, at its discretion and in accordance with Section 16(A) hereof, waive all or any part of the restrictions applicable to any or all outstanding Restricted Stock and Restricted Stock Unit Awards.

(B) Delivery of Shares. The Company shall implement the grant of a Restricted Stock Award by book-entry issuance of Shares to the Participant in an account maintained by the Company at its transfer agent. Unless otherwise determined by the Committee and provided in the Award Agreement, the grantee shall have all rights of a shareholder with respect to the shares of Restricted Stock, including the right to receive dividends and the right to vote such Shares, provided, that, except as otherwise determined by the Committee and provided in the Award Agreement, all of the Shares shall be forfeited and all rights of the grantee to such Shares shall terminate, without further obligation on the part of the Company, unless the grantee remains in the continuous employment of one or more Employers for the entire Restricted Period in relation to which such Shares were granted and unless any other restrictive conditions relating to the Restricted Stock Award are met. Any dividends (including cash dividends) granted with respect to Restricted Stock shall be subject to the same restrictions that apply to the underlying Shares.

(C) Termination of Restrictions. At the end of the Restricted Period and provided that any other restrictive conditions of the Restricted Stock Award are met, or at such earlier time as is determined by the Committee in accordance with Section 16(A) hereof, all restrictions set forth in the Award Agreement relating to the Restricted Stock Award or in the Plan shall lapse as to the Restricted Shares subject thereto.

- (D) Payment of Restricted Stock Units. Each Restricted Stock Unit shall have a value equal to the Fair Market Value of a Share. Restricted Stock Units shall be paid in cash, Shares, other securities or other property, as determined in the sole discretion of the Committee, upon the lapse of the restrictions applicable thereto, or otherwise in accordance with the applicable Award Agreement. Except as otherwise provided in the applicable Award Agreement, Participants shall not be credited with Dividend Equivalents on any Restricted Stock Units. If Dividend Equivalents are credited, the amount of any such Dividend Equivalents shall equal the amount that would have been payable to the Participant as a shareholder in respect of a number of Shares equal to the number of Restricted Stock Units then credited to him. Any such Dividend Equivalents shall be credited to the Participant's account as of the date on which such dividend would have been payable and shall be converted into additional Restricted Stock Units based upon the Fair Market Value of a Share on the date of such crediting. Except as otherwise determined by the Committee and provided in the Award Agreement, all Restricted Stock Units and all rights of the grantee to such Restricted Stock Units shall terminate, without further obligation on the part of the Company, unless the grantee remains in continuous employment of one or more Employers for the entire Restricted Period in relation to which such Restricted Stock Units were granted and unless any other restrictive conditions relating to the Restricted Stock Unit Award are met. Any Dividend Equivalents granted with respect to Restricted Stock Units shall be subject to the same restrictions that apply to the underlying Shares.

## **SECTION 9 - Deferred Shares and Deferred Stock Units**

(A) Grant.

- (i) Subject to the provisions of the Plan, the Committee shall have sole and complete authority to determine the Participants to whom Deferred Shares or Deferred Stock Units shall be granted, the number of shares of Deferred Shares or Deferred Stock Units to be granted to each Participant, the duration of the period during which, and the conditions under which, the Deferred Shares or Deferred Stock Units may be forfeited to the Company, and the other terms and conditions of such Awards. The Deferred Shares and Deferred Stock Unit Awards shall be evidenced by Award Agreements in such form as the Committee shall from time to time approve, which agreements shall comply with and be subject to the terms and conditions provided hereunder and any additional terms and conditions established by the Committee that are consistent with the terms of the Plan.
- (ii) Each Deferred Share or Deferred Stock Unit Award made under the Plan shall be for such number of Shares as shall be determined by the Committee and set forth in the agreement containing the terms of such Deferred Share or Deferred Stock Unit Award. Such agreement may set forth (i) a period of time during which the grantee must remain in the continuous employment of one or more Employers in order for the forfeiture and transfer restrictions to lapse and (ii) performance or other conditions the satisfaction of which will result in the lapsing of any applicable forfeiture and transfer restrictions. If the Committee so determines, the restrictions may lapse during the period in which such time and performance conditions apply (the "Deferral Period") in installments with respect to specified portions of the Shares covered by the Deferred Share or Deferred Stock Unit Award. The Committee may, at its discretion and in accordance with Section 16(A) hereof, waive all or any part of the restrictions applicable to any or all outstanding Deferred Shares or Deferred Stock Unit Awards.
- (iii) Each grant shall provide that the Deferral Period shall be fixed by the Committee on the Grant Date, and any grant may provide for the earlier termination of such period in the event of a Change in Control of the Company or other similar transaction or event.

- (iv) During the Deferral Period, the Participant shall not have any rights of ownership in the Deferred Shares and shall not have any right to vote such Shares, but the Committee may on or after the Grant Date authorize the payment of Dividend Equivalents on such Shares in cash or additional Shares. Any Dividend Equivalents granted with respect to Deferred Shares shall be subject to the same restrictions that apply to the underlying Shares.
  - (v) Any grant or the Vesting of Deferred Share or Deferred Stock Units Awards may be further conditioned upon the attainment of performance goals established by the Committee in accordance with the applicable provisions of Section 10 of the Plan regarding Performance Awards. Except as otherwise determined by the Committee, all Deferred Shares or Deferred Stock Units and all rights of the Participant to such Deferred Shares or Deferred Stock Units shall terminate, without further obligation on the part of the Company, unless the Participant remains in continuous employment of one or more Employers for the entire Deferral Period in relation to which such Deferred Shares or Deferred Stock Units were granted and unless any other restrictive conditions relating to the Deferred Shares or Deferred Stock Units are met.
- (B) Payment of Deferred Stock Units. Each Deferred Stock Unit shall have a value equal to the Fair Market Value of a Share. Deferred Stock Units shall be paid in Shares at the end of the designated Deferral Period and the lapse of the restrictions applicable thereto, or otherwise in accordance with the applicable Award Agreement. Except as otherwise provided in the applicable Award Agreement, Participants shall not be credited with Dividend Equivalents on any Deferred Stock Units. If Dividend Equivalents are credited, the amount of any such Dividend Equivalents shall equal the amount that would have been payable to the Participant as a shareholder in respect of a number of Shares equal to the number of Deferred Stock Units then credited to the Participant. Any such Dividend Equivalents shall be credited to the Participant's account as of the date on which such dividend would have been payable and shall be converted into additional Deferred Stock Units based upon the Fair Market Value of a Share on the date of such crediting. Any Dividend Equivalents granted with respect to Deferred Stock Units shall be subject to the same restrictions that apply to the underlying Shares.

## **SECTION 10 - Performance Awards**

- (A) Grant. The Committee shall have sole and complete authority to determine the Participants who shall receive a Performance Award, which shall consist of a right that is (i) denominated in cash or Shares, (ii) valued, as determined by the Committee, in accordance with the achievement of such performance goals during such performance periods as the Committee shall establish, and (iii) payable at such time and in such form as the Committee shall determine.
- (B) Terms and Conditions. Subject to the terms of the Plan, the Committee shall determine the performance goals to be achieved during any performance period, the length of any performance period, the amount of any Performance Award and the amount and kind of any payment or transfer to be made pursuant to any Performance Award, and may change specific provisions of the Performance Award, provided, however, that such change may not adversely affect existing Performance Awards made within a performance period commencing prior to implementation of the change. Performance goals for Performance Awards may be based on any performance criteria selected by the Committee, including but not limited to any of the following:
- (i) Financial Return Metrics:
    - (a) Return on equity
    - (b) Return on capital
    - (c) Return on assets
    - (d) Return on investment
    - (e) Return on invested capital

- (ii) Earnings Metrics:
    - (a) Earnings per share (including variants such as diluted earnings per share)
    - (b) Total earnings
    - (c) Earnings growth
    - (d) Earnings before taxes
    - (e) Earnings before interest and taxes
    - (f) Earnings before interest, taxes, depreciation and amortization
    - (g) Operating profit
    - (h) Net earnings
  
  - (iii) Sales Metrics:
    - (a) Sales
    - (b) Sales growth
    - (c) Comparable store sales
    - (d) Sales per retail square foot
    - (e) Average ticket sales
    - (f) Sales per employee
    - (g) Sales per operating store
  
  - (iv) Stock Price Metrics:
    - (a) Increase in the fair market value of the shares
    - (b) Share price (including but not limited to growth measures and total shareholder return)
  
  - (v) Cash Flow Metrics:
    - (a) Cash flow (including but not limited to operating cash flow and free cash flow)
    - (b) Cash flow return on investment (which equals net cash flow divided by total capital)
  
  - (vi) Balance Sheet Metrics:
    - (a) Inventory
    - (b) Inventory turns
    - (c) Internal rate of return
  
  - (vii) Other Strategic Metrics:
    - (a) Gross margin
    - (b) Gross margin return on investment
    - (c) Economic value added (EVA)
    - (d) Operating cost management targets
    - (e) Customer satisfaction surveys
    - (f) Attrition improvements
    - (g) Safety record goals
    - (h) Timely and successful completion of key corporate projects
    - (i) Productivity improvements
-

(C) Payment of Performance Awards. Performance Awards may be paid in a lump sum or in installments following the close of the performance period or, in accordance with the procedures established by the Committee, on a deferred basis. If a Participant ceases to be employed by any Employer during a performance period because of death, Disability, Retirement or other circumstance in which the Committee in its discretion finds that a waiver would be appropriate, that Participant, as determined by the Committee, may be entitled to a payment of a Performance Award, or a portion thereof, at the end of the performance period; provided, however, that the Committee may provide for an earlier payment in settlement of such Performance Award in such amount and under such terms and conditions as the Committee deems appropriate or desirable. Unless otherwise determined by the Committee, Termination of Employment prior to the end of any performance period will result in the forfeiture of the Performance Award, and no payments will be made.

### **SECTION 11 - Non-Employee Director Awards**

The Board may provide that all or a portion of a Non-Employee Director's annual retainer and meeting fees, or other forms of compensation, be payable (either automatically or at the election of a Non-Employee Director) in the form of Non-Qualified Stock Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units, Deferred Shares or Deferred Stock Units. The Board shall determine the terms and conditions of any such Awards, including the terms and conditions which shall apply upon a termination of the Non-Employee Director's service as a member of the Board, and shall have full power and authority in its discretion to administer such Awards, subject to the terms of the Plan and applicable law. Unless and until otherwise provided by the Board, Non-Employee Directors shall receive their compensation under, and pursuant to the terms and conditions of, the Haverty Furniture Companies, Inc. Non-Employee Directors Compensation Plan.

### **SECTION 12 - Minimum Vesting Requirements**

Notwithstanding any other provision of the Plan to the contrary, stock-based Awards granted under the Plan shall vest no earlier than the first anniversary of the date the Award is granted; provided that the following Awards shall not be subject to the foregoing minimum vesting requirement: (i) substitute Awards granted pursuant to Section 4(D), (ii) Shares delivered in lieu of fully-vested cash Awards, and (iii) any additional Awards the Committee may grant, up to a maximum of five percent (5%) of the available share reserve authorized for issuance under the Plan pursuant to Section 4(A) (subject to adjustment under Section 4(B)); and, provided, further, that the foregoing restriction does not apply to accelerated exercisability or vesting of any Award in cases of death, Disability or a Change in Control.

### **SECTION 13 - Termination of Employment**

The Committee shall have the full power and authority to determine the terms and conditions that shall apply to any Award upon a Termination of Employment and shall provide such terms in the Award Agreement. Notwithstanding the foregoing and subject to the limitation contained in the last sentence of Section 6(C) hereof, upon the Termination of Employment as a result of a Workforce Reduction of an Employee who has received an Award of Options, such Options shall expire on the date specified by the Committee at the time of the Termination of Employment.

### **SECTION 14 - Change in Control**

The provisions of this Section 14 shall apply in the event of a Change in Control, except as otherwise provided in the applicable Award Agreement or any separate agreement with a Participant governing an Award.

- (A) Awards Assumed or Substituted by Surviving Entity. With respect to Awards assumed by the surviving entity in a Change in Control or otherwise equitably converted or substituted in connection with a Change in Control: if within two years after the effective date of the Change in Control, a Participant has a Termination of Employment without Cause, then (i) all of that Participant's outstanding Options, Stock Appreciation Rights and other Awards in the nature of rights that may be exercised shall become fully exercisable, (ii) all time-based vesting restrictions on his or her outstanding Awards shall lapse, and (iii) the payout level under all of that Participant's Performance Awards that were outstanding immediately prior to effective time of the Change in Control shall be determined and deemed to have been earned as of the date of termination based upon (A) an assumed achievement of all relevant performance goals at the "target" level if the date of termination occurs during the first half of the applicable performance period, or (B) the actual level of achievement of all relevant performance goals against target (measured as of the end of the calendar quarter immediately preceding the date of termination), if the date of termination occurs during the second half of the applicable performance period, and, in either such case, there shall be a pro rata payout to such Participant within sixty (60) days following the date of Termination of Employment, based upon the length of time within the performance period that has elapsed prior to the date of Termination of Employment. Any Awards shall thereafter continue or lapse in accordance with the other provisions of the Plan and the Award Agreement. To the extent that this provision causes Incentive Stock Options to exceed the dollar limitation set forth in Code Section 422(d), the excess Options shall be deemed to be Non-Qualified Stock Options.
- (B) Awards not Assumed or Substituted by Surviving Entity. Upon the occurrence of a Change in Control, and except with respect to any Awards assumed by the Surviving Entity or otherwise equitably converted or substituted in connection with the Change in Control in a manner approved by the Committee or the Board: (i) outstanding Options, Stock Appreciation Rights, and other Awards in the nature of rights that may be exercised shall become fully exercisable, (ii) time-based vesting restrictions on outstanding Awards shall lapse, and (iii) the target payout opportunities attainable under outstanding performance-based Awards shall be deemed to have been fully earned as of the effective date of the Change in Control based upon (A) an assumed achievement of all relevant performance goals at the "target" level if the Change in Control occurs during the first half of the applicable performance period, or (B) the actual level of achievement of all relevant performance goals against target measured as of the date of the Change in Control, if the Change in Control occurs during the second half of the applicable performance period, and, in either such case, there shall be a pro rata payout to Participants within sixty (60) days following the Change in Control, based upon the length of time within the performance period that has elapsed prior to the Change in Control. Any Awards shall thereafter continue or lapse in accordance with the other provisions of the Plan and the Award Agreement. To the extent that this provision causes Incentive Stock Options to exceed the dollar limitation set forth in Code Section 422(d), the excess Options shall be deemed to be Non-Qualified Stock Options.

#### **SECTION 15 - Amendment, Suspension and Termination**

- (A) Termination, Suspension or Amendment of the Plan. The Board may amend, alter, modify, suspend, discontinue, or terminate the Plan or any portion thereof at any time, subject to all applicable laws and to the rules and regulations of the SEC and the New York Stock Exchange (or any successor organizations) respecting shareholder approval or other requirements; provided that, without shareholder approval the Board may not (i) increase the maximum number of Shares available for issuance under the Plan (other than increases due to changes in capitalization referred to in Section 4(B) hereof), or (ii) change the class of Employees eligible for Incentive Stock Options. No such amendment, alteration, modification, suspension, discontinuation or termination shall materially and adversely affect any right acquired by any Participant or beneficiary of a Participant under the terms of an Award granted before the date of such amendment, alteration, modification, suspension, discontinuation or termination, unless such Participant or beneficiary shall consent.



- (B) Termination, Suspension or Amendment of Awards. Subject to the restrictions of Section 6(B) hereof, the Committee may waive any conditions or rights under, amend any terms of, or modify, alter, suspend, discontinue, cancel or terminate, any Award theretofore granted, prospectively or retroactively; provided that any such waiver, amendment, modification, alteration, suspension, discontinuance, cancellation or termination that would materially and adversely affect the rights of any Participant or any holder or beneficiary of any Award theretofore granted shall not to that extent be effective without the consent of the affected Participant, holder, or beneficiary; provided, however, that it shall be conclusively presumed that any adjustment for changes in capitalization as provided in Section 4 hereof does not materially and adversely affect any such rights.
- (C) Adjustments of Awards Upon the Occurrence of Certain Unusual or Nonrecurring Events. The Committee is hereby authorized to make adjustments in the terms and conditions of, and the criteria included in, Awards in recognition of unusual or nonrecurring events (including, without limitation, the events described in Section 4(B) hereof) affecting the Company, any Subsidiary, or the financial statements of the Company or any Subsidiary, or of changes in applicable laws, regulations, or accounting principles, whenever the Committee is required to make such adjustments pursuant to Section 4(B) hereof or whenever the Board, in its sole discretion, determines that such adjustments are appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan.

## **SECTION 16 - General Provisions**

- (A) Section 409A Compliance. Each Award is intended either to be exempt from the requirements of Code Section 409A and the regulations and other binding guidance issued thereunder (the "409A Guidance") or to satisfy the requirements of Code Section 409A and the 409A Guidance (in form and operation) so that compensation deferred under such Award (and applicable earnings) shall not be included in income under Code Section 409A, and the Plan will be construed to that effect. If an Award is subject to Code Section 409A and the 409A Guidance, the Award Agreement will incorporate and satisfy the written documentation requirement of Code Section 409A and the 409A Guidance either directly or by reference to other documents and no termination, amendment, modification of or adjustment under the Plan or such Award shall cause the Award to fail to satisfy Code Section 409A and the 409A Guidance. Nevertheless, the tax treatment of the benefits provided under the Plan or any Award is not warranted or guaranteed. Neither the Company, its Subsidiaries nor their respective directors, officers, employees or advisers (other than in his or her capacity as a Participant) shall be held liable for any taxes, interest, penalties or other monetary amounts owed by any Participant or other taxpayer as a result of the Plan or any Award. Notwithstanding anything in the Plan or in any Award Agreement to the contrary, if any amount or benefit that would constitute non-exempt deferred compensation would otherwise be payable or distributable under this Plan or any Award Agreement by reason of a Participant's separation from service during a period in which the Participant is a "Specified Employee" (as defined in Code Section 409A), then, subject to any permissible acceleration of payment by the Committee under Treas. Reg. Section 1.409A-3(j)(4)(ii) (domestic relations order), (j)(4)(iii) (conflicts of interest), or (j)(4)(vi) (payment of employment taxes): (i) the amount of such non-exempt deferred compensation that would otherwise be payable during the six-month period immediately following the Participant's separation from service will be accumulated through and paid or provided on the first day of the seventh month following the Participant's separation from service (or, if the Participant dies during such period, within 30 days after the Participant's death) (in either case, the "Required Delay Period"); and (ii) the normal payment or distribution schedule for any remaining payments or distributions will resume at the end of the Required Delay Period.

- (B) Dividends and Dividend Equivalents. In the sole and complete discretion of the Committee, an Award (other than an Option or a Stock Appreciation Right) may provide the Participant with dividends or Dividend Equivalents, payable in cash, Shares, other securities or other property on a current or deferred basis. All dividends or Dividend Equivalents that are not paid currently may, at the Committee's discretion, accrue interest, be reinvested into additional Shares, or, in the case of dividends or Dividend Equivalents credited in connection with Performance Awards, be credited as additional Performance Awards, and such dividends and Dividend Equivalents shall be paid to the Participant if and when, and to the extent that, payment is made pursuant to such Award.
- (C) No Rights to Awards. No Person shall have any claim to be granted any Award, and there is no obligation for uniformity of treatment of Employees or Non-Employee Directors or holders or beneficiaries of Awards. The terms and conditions of Awards need not be the same with respect to each recipient.
- (D) Book-Entry. As soon as practicable after the Grant Date of an Award, the Company shall cause its transfer agent to maintain a book entry account in the Participant's name reflecting the Award, which shall be subject to applicable stop transfer instructions.
- (E) Withholding. A Participant may be required to pay to an Employer, and each Employer shall have the right and is hereby authorized to withhold from any Award, from any payment due or transfer made under any Award or under the Plan or from any compensation or other amount owing to a Participant, the amount (in cash, Shares, other securities, other Awards or other property) required by law or regulation to be withheld to satisfy federal, state, and local taxes, foreign or domestic, with respect to an Award, its exercise, or any payment or transfer under an Award or under the Plan and to take such other action as may be necessary in the opinion of the Company to satisfy all obligations for the payment of such taxes. The Committee may provide for additional cash payments to holders of Awards to defray or offset any tax arising from the grant, Vesting, exercise, or payment of any Award. Unless otherwise determined by the Committee at the time the Award is granted or thereafter, any such withholding requirement may be satisfied, in whole or in part, by withholding from the Award Shares having a Fair Market Value on the date of withholding equal to the amount required to be withheld in accordance with applicable tax requirements, all in accordance with such procedures as the Committee approves (which procedures may permit withholding up to the maximum individual statutory rate in the applicable jurisdiction as may be permitted under then-current accounting principles to qualify for equity classification). All such elections shall be subject to any restrictions or limitations that the Committee, in its sole discretion, deems appropriate.
- (F) Award Agreements. Each Award hereunder shall be evidenced by an Award Agreement that shall specify the terms and conditions of the Award and any rules applicable thereto. An Award shall be effective only upon delivery to a Participant, either electronically or by paper means, of an Award Agreement. In the event of a conflict between the terms of the Plan and any Award Agreement, the terms of the Plan shall prevail.
- (G) No Limit on Other Compensation Arrangements. Nothing contained in the Plan shall prevent the Company or any Subsidiary from adopting or continuing in effect other compensation arrangements, which may, but need not, provide for the grant of Options, Restricted Stock, Shares and other types of Awards provided for hereunder (subject to shareholder approval as such approval is required), and such arrangements may be either generally applicable or applicable only in specific cases.

- (H) No Right to Employment. The grant of an Award shall not be construed as giving a Participant the right to be retained in the employ of any Employer. Further, an Employer may at any time dismiss a Participant from employment, free from any liability or any claim under the Plan, unless otherwise expressly provided in the Plan or in any Award Agreement.
- (I) No Rights as Shareholder. Subject to the provisions of the applicable Award, no Participant or holder or beneficiary of any Award shall have any rights as a shareholder with respect to any Shares to be distributed under the Plan until such Shares are issued to such Participant, holder or beneficiary and such Participant, holder or beneficiary shall not be entitled to any dividend or distribution the record date of which is prior to the date of such issuance.
- (J) Governing Law. The validity, construction, and effect of the Plan and any rules and regulations relating to the Plan and any Award Agreement shall be determined in accordance with the laws of the State of Maryland without giving effect to the conflict of law principles thereof.
- (K) Severability. If any provision of the Plan or any Award is, or becomes, or is deemed to be, invalid, illegal, or unenforceable in any jurisdiction or as to any Person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to the applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be stricken as to such jurisdiction, Person or Award and the remainder of the Plan and any such Award shall remain in full force and effect.
- (L) Other Laws. The Committee may refuse to issue or transfer any Shares or other consideration under an Award if, acting in its sole discretion, it determines that the issuance or transfer of such Shares or such other consideration might violate any applicable law or regulation (including applicable non-U.S. laws or regulations) or entitle the Company to recover the same under Section 16(b) of the Exchange Act, and any payment tendered to the Company by a Participant, other holder or beneficiary in connection with the exercise of such Award shall be promptly refunded to the relevant Participant, holder, or beneficiary. Without limiting the generality of the foregoing, no Award granted hereunder shall be construed as an offer to sell securities of the Company, and no such offer shall be outstanding, unless and until the Committee in its sole discretion has determined that any such offer, if made, would be in compliance with all applicable requirements of the U.S. federal or non-U.S. securities laws and any other laws to which such offer, if made, would be subject.
- (M) No Trust or Fund Created. Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Subsidiary and a Participant or any other Person. To the extent that any Person acquires a right to receive payments from the Company or any Subsidiary pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Company or any Subsidiary.
- (N) No Fractional Shares. No fractional Shares shall be issued or delivered pursuant to the Plan or any Award, and the Committee shall determine whether cash, other securities, or other property shall be paid or transferred in lieu of any fractional Shares or whether such fractional Shares or any rights thereto shall be canceled, terminated or otherwise eliminated.

- (O) Headings. Headings are given to the Sections and subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.
- (P) Binding Effect. The terms of the Plan shall be binding upon the Company and its successors and assigns and the Participants and their legal representatives, and shall bind any successor of the Company (whether direct or indirect, by purchase, merger, consolidation or otherwise), in the same manner and to the same extent that the Company would be obligated under this Plan if no succession had taken place. In the case of any transaction in which a successor would not by the foregoing provision or by operation of law be bound by this Plan, the Company shall require such successor expressly and unconditionally to assume and agree to perform the Company's obligations hereunder, in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.
- (Q) No Third Party Beneficiaries. Except as expressly provided herein or therein, neither the Plan nor any Award Agreement shall confer on any person other than the Company and the grantee of any Award any rights or remedies hereunder or thereunder. The exculpation and indemnification provisions of Section 3(D) shall inure to the benefit of a Covered Person's estate and beneficiaries and legatees.
- (R) Award Transfer Restrictions. Except as otherwise provided in the applicable Award Agreement for Awards other than Incentive Stock Options, no Award may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the laws of descent and distribution. No transfer of an Award by a grantee by will or by laws of descent and distribution shall be effective to bind the Company unless the Company shall have been furnished with written notice thereof and an authenticated copy of the will and such other evidence as the Committee may deem necessary to establish the validity of the transfer. Notwithstanding the foregoing, the Committee may in its discretion permit the transfer of Non-Qualified Stock Options by a Participant to or for the benefit of the Participant's Immediate Family, subject to such limits as the Committee may establish, and the transferee shall remain subject to all the terms and conditions applicable to the Non-Qualified Stock Options prior to such transfer. The foregoing transfer shall apply to the right to consent to amendments to any Award Agreement evidencing such Option and, in the discretion of the Committee, shall also apply to the right to transfer ancillary rights associated with such Option. For purposes of this paragraph, the term "Immediate Family" shall mean any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father -in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, any person sharing the Participant's household (other than a tenant or employee), a trust in which these persons have more than 50% of the beneficial interest, a foundation in which these persons (or the Participant) control the management of assets, and any other entity in which these persons (or the Participant) own more than 50% of the voting interests.
- (S) Incapacity. Options and SARs shall be exercisable during a Participant's lifetime only by the Participant; provided, however, that in the event a Participant is incapacitated and unable to exercise his or her Options or SARs, such Awards may be exercised by the Participant's legal guardian, legal representative or other representative if the Committee deems such representative appropriate based on applicable facts and circumstances. The determination of incapacity of a Participant and the determination of an incapacitated Participant's appropriate representative shall be made by the Committee in its sole discretion.

- (T) Recoupment Policy. Awards under the Plan shall be subject to any compensation recoupment policy that the Company may adopt from time to time that is applicable by its terms to the Participant.

**SECTION 17 - Term of the Plan**

- (A) Effective Date. The Plan shall be effective as of the date it has been approved by the Company's shareholders (the "Effective Date").
- (B) Expiration Date. No new Awards shall be granted under the Plan after the tenth (10th) anniversary of the Effective Date. Unless otherwise expressly provided in the Plan or in an applicable Award Agreement, any Award granted hereunder may, and the authority of the Board or the Committee to amend, alter, modify, adjust, suspend, discontinue, or terminate any such Award or to waive any conditions or rights under any such Award shall, continue after the authority for grant of new Awards hereunder has been exhausted.

I, Clarence H. Smith, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended September 30, 2021 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: November 2, 2021

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/s/ Clarence H. Smith  
Clarence H. Smith  
Chairman of the Board and  
Chief Executive Officer

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I, Richard B. Hare, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the quarter ended September 30, 2021 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: November 2, 2021

/s/ Richard B. Hare

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Richard B. Hare  
Executive Vice President and  
Chief 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 September 30, 2021 (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: November 2, 2021

/s/ Clarence H. Smith

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

/s/ Richard B. Hare

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Richard B. Hare  
Executive Vice President and  
Chief 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.

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