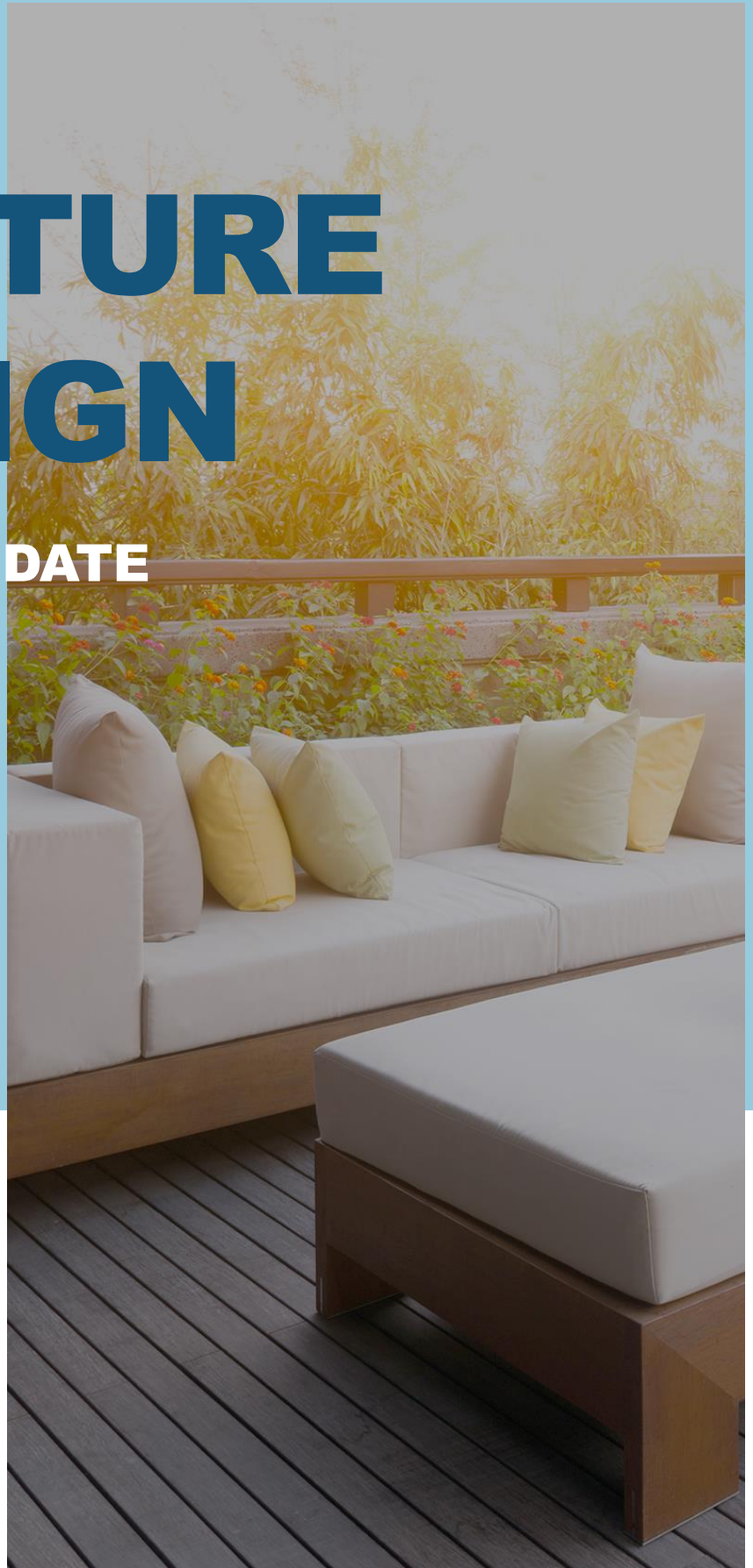


M&A INSIGHTS

# FURNITURE & DESIGN

Q2 INDUSTRY UPDATE

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# Industry Insights

## Industry Insights

### Return to Market Optimism for the Furniture Industry

- **Return to Normalcy:** Contract furniture manufacturers experienced improved demand and performance in the first half of 2025, despite persistent inflation and elevated interest rates. As macroeconomic factors like tariffs and overall consumer sentiment stabilized through Q2, there has been a return of consumer spending and business investments, particularly in sectors like housing and commercial real estate. This has led to cautious optimism within the industry.
- **Return to Office:** U.S.-based furniture manufacturers have experienced recent growth driven by pricing power over imported competition and demand from continued return-to-work policies. Steelcase CEO reported that their Q1 strong revenue growth of 7% organically was primarily driven by large corporate customers reimagining office spaces.
- **Office Vacancy:** Prime buildings outperformed the broader market, with vacancy at 14.8% — roughly 4 points better than the national average. Prime buildings have largely driven the higher-end design-focused product lines and bolstered the domestic market. Most large manufacturers are in a period of steady growth (a welcome relief from the pandemic), buoyed by the N. American market and significant price resilience.

### Education Furniture

- **Expanded Ordering Season:** The education sector of contract furniture remains highly seasonal but still reliant on the construction schedule for new and expanded schools as well as the renovation of existing school buildings. The 2025 ordering season experienced turbulence due to the timing of the federal department of education cuts occurring during the annual ordering season for K-12 furniture. Manufacturers reported lower than normal Q1 orders around those cuts but have more than made up that gap in Q2. Further, most K-12 specialists anticipate Q3 and Q4 orders to be higher than normal, usually a slow part of the year in the K-12 space.
- **Steady Funding:** The majority of K-12 education furniture is funded through the passing of state and local bonds, 2-5 years in advance of the actual furniture purchase. Because of this timetable, manufacturers in the industry are able to more confidentially predict product demand across the industry relative to furniture manufacturers in office or other end markets. There is currently between \$400–450 billion outstanding in K–12 school bonds across the U.S. This includes both voter-approved GO bonds and other revenue-based debt.
- **Recent Funding Increases:** Last November's presidential election included over \$149 billion on the ballot for U.S. school districts, \$108 billion of which was approved, marking a 32% increase from \$82 billion in 2023. This growth underscores a strong commitment from the market to modernizing and improving K-12 school infrastructure.

### Neocon Commentary

The Charter Capital Furniture Industry team attended Neocon again this year and surveyed dozens of owner operators regarding their outlook for the remainder of 2025. The following are our notes:

- The theme of NeoCon 2025, "**Design Ahead**," underscored a forward-looking and proactive approach, signaling that the industry is moving past post-pandemic uncertainties and focusing on growth. One CEO noted they are not just "reacting to demand but actively shaping the future of commercial spaces". An area of interest for M&A targets is the contract flooring sector. Several owners discussed strong backlogs in that sector of their business.
- While the **corporate/workplace** segments were noted as "relatively flat" by some, the innovation seen at NeoCon suggested a strategic re-investment into design focused spaces marketed through the A&D community. The optimism here is in the quality and purpose of the spaces being designed. In the corporate sector, the focus was on intelligent, value-driven investments that are expected to yield long-term benefits in culture and productivity.
- The **education** sector showed powerful signs of improvement and innovation. Institutions are investing in spaces that are not only conducive to learning but also prioritize the well-being of students and faculty. This reflects the broader confidence and willingness to innovate for the commercial market, including education, where new, "braver" designs are being embraced.
- **Healthcare** design continues its evolution from purely clinical to holistic, healing environments. This sector is actively investing in solutions that support both patient recovery and staff well-being. IIDA's 5 Trends in Healthcare Design (referenced at NeoCon) emphasized "flexible layouts, warm finishes, and natural light as essential for well-being." This aligned with exhibitor offerings and demonstrates a clear path for continued growth and innovation

Source: Capital IQ, Pitchbook, US Bureau of Labor Statistics, 3D Cloud, Joint Center for Housing Studies of Harvard University, US Census Bureau Local Initiatives Support Corporation, Steelcase 10Q,



# Furniture M&A Insights

## M&A Market Insight

### M&A Market Insights

M&A volume has plummeted in the second quarter as the broader M&A market struggled to process inconsistent economic policies and their impact on target companies. For the first time since the pandemic buyers are expressing significant reservations and holding back capital until the market stabilizes. The most valuable assets are reaching premium valuation multiples; however valuations are done on average.

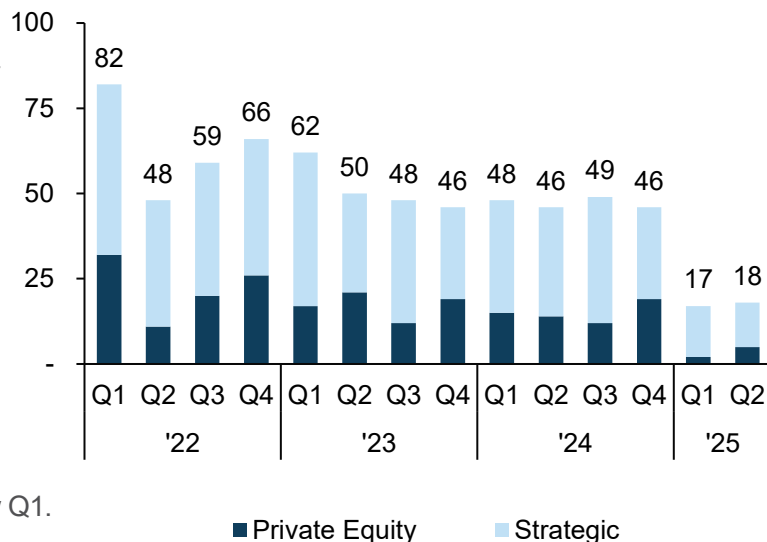
**Recent publicly reported M&A transactions indicate that the industry median and average EV/EBITDA valuation multiple is approximately 6.8x.**

### Private Equity Activity

Despite declining total deal count, PE-involved transactions remained relatively steady in the first half of 2025 after a slow Q1. This increase in Q2 PE activity reflects an election year lag returning to normalcy. M&A transactions typically take 6-9 months to complete so these deals were initiated near the end of the 2024 election.

Private equity continues to show interest in the furniture industry, with a particular focus on companies with specialized end markets. The most sought after targets sell to non-cyclical end markets like healthcare and education. Office furniture continues lag other sectors of the furniture manufacturing market. In addition to those end markets, companies that specialize in textiles and high-design furnishings. This trend of acquiring companies that sell a differentiated product or sell to a steady end market will continue throughout 2025, especially if economic policies continue to be unpredictable.

### Furniture Transaction Count by Deal Type



## Transaction Comparables

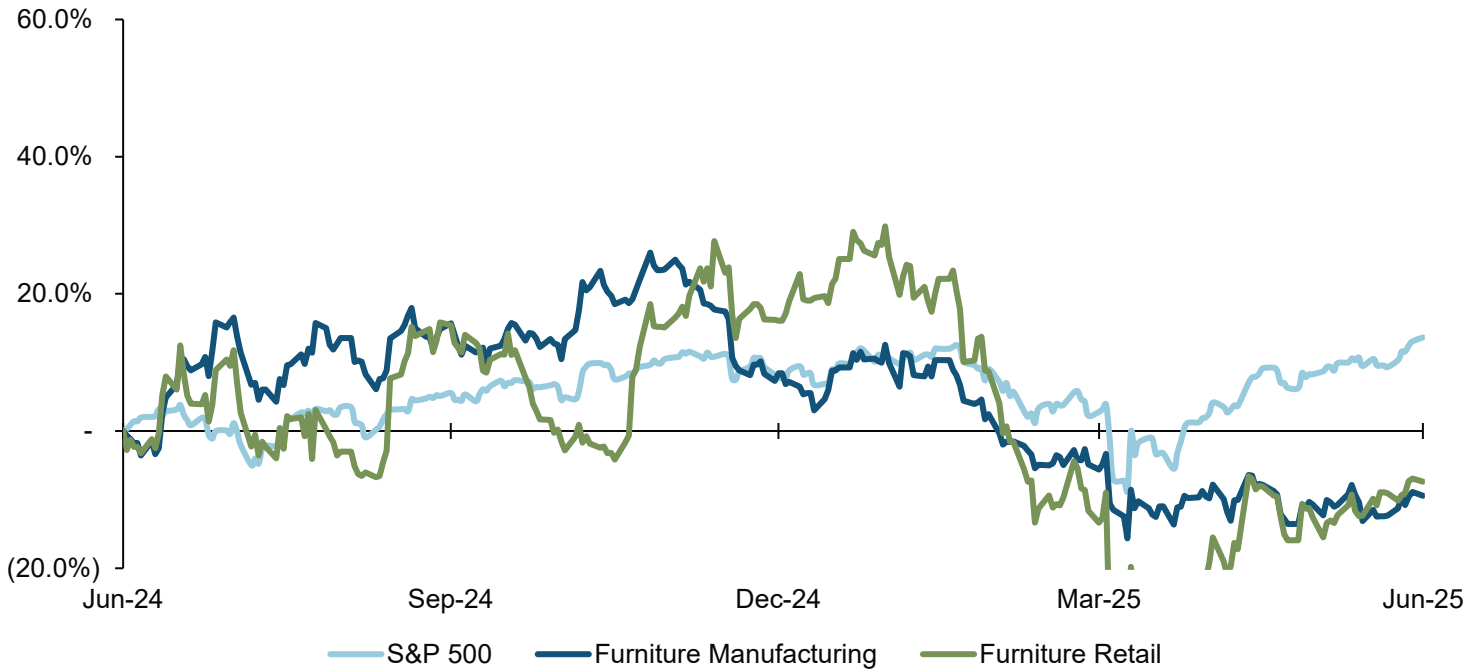
Target	Acquirer	Date	EV	Revenue	EBITDA	EV /	
						Revenue	EBITDA
Supreme Cabinetry (GHK Capital Partners)	MasterBrand (NYS: MBC)	5/23/2024	\$520.0	NA	\$58.0	NA	9.0x
Kimball	HNI (NYS: HNI)	3/8/2023	NA	NA	NA	NA	6.8x
Meteor Education (Saw Mill Capital)	Bain Capital	12/31/2022	\$135.0	\$100.0	\$15.0	1.4x	9.0x
Halcon	Steelcase (NYS: SCS)	5/5/2022	\$128.0	\$70.0	NA	1.8x	NA
Badcock and More	Franchise Group	11/22/2021	\$580.0	\$902.0	\$140.0	0.6x	4.1x
Superb Flooring and Design	BuildDirect (TSX: BILD)	11/17/2021	\$10.0	\$18.0	\$2.0	0.6x	5.0x
<b>Average</b>			\$274.6	\$272.5	\$53.8	1.1x	6.8x
<b>Median</b>			\$135.0	\$85.0	\$36.5	1.0x	6.8x

Source: Capital IQ, Pitchbook

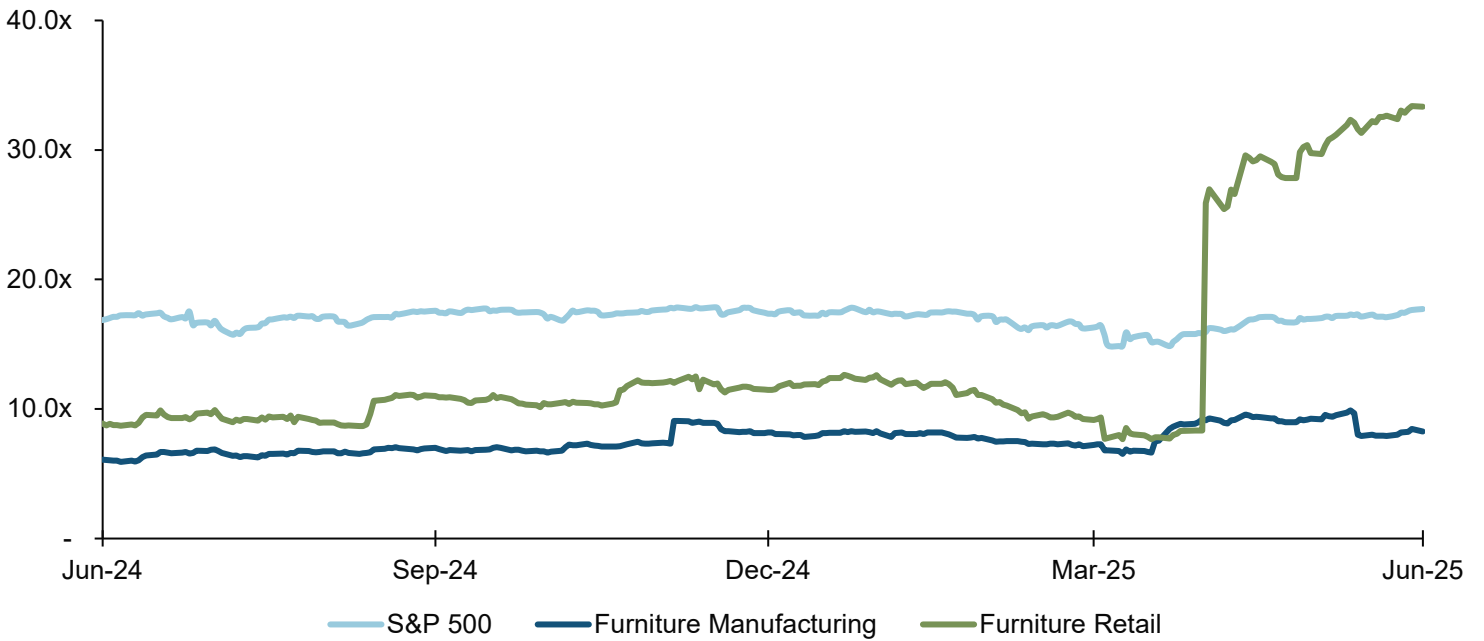


# Public Valuation Trends

## One-Year Share Price Performance by Segment vs. S&P 500



## Rolling EV/EBITDA by Segment vs. S&P 500



Note: One-year rolling EV/EBITDA chart excludes negative EV/EBITDA calculations  
 Source: Capital IQ (Data as of 3/29/24)



## Public Trading Data

## Operating Statistics

Public Companies	LTM Revenue		LTM EBITDA			LTM Net Income		LTM Capex		Debt /		Net Debt /
	\$(M)	3 yr. CAGR	\$(M)	Margin	3 yr. CAGR	\$(M)	Margin	\$(M)	% Sales	EBITDA	Capital	EBITDA
<b>Furniture Manufacturing</b>												
Bassett Furniture Industries	\$352	(5.8%)	\$2	0.5%	(63.5%)	(\$15)	(4.3%)	\$14	3.9%	4.3x	38.8%	1.9x
MillerKnoll	\$3,572	10.8%	\$385	10.8%	16.1%	\$64	1.8%	\$81	2.3%	3.6x	56.4%	3.2x
HNI Corporation	\$2,603	8.0%	\$301	11.6%	17.3%	\$114	4.4%	\$68	2.6%	1.8x	43.3%	1.7x
Interface	\$1,273	4.9%	\$171	13.5%	5.2%	\$66	5.2%	\$28	2.2%	2.5x	51.5%	2.0x
Natuzzi S.p.A.	\$355	(2.0%)	\$6	1.7%	(25.4%)	(\$16)	(4.4%)	\$9	2.6%	NA	NA	NA
Mohawk Industries	\$10,859	0.1%	\$1,501	13.8%	(8.3%)	(\$359)	(3.3%)	\$546	5.0%	1.6x	26.9%	1.3x
Hooker Furnishings	\$402	(13.9%)	\$10	2.4%	(42.6%)	\$2	0.4%	\$4	1.1%	3.6x	25.3%	1.5x
Ethan Allen Interiors	\$646	(1.9%)	\$94	14.5%	(0.8%)	\$64	9.9%	\$10	1.5%	1.0x	21.1%	NA
La-Z-Boy	\$2,061	1.5%	\$208	10.1%	3.8%	\$121	5.9%	\$56	2.7%	1.6x	32.4%	0.4x
Flexsteel Industries	\$413	(4.8%)	\$21	5.0%	(15.1%)	\$11	2.6%	\$5	1.2%	2.2x	31.9%	2.0x
Steelcase	\$3,136	6.8%	\$222	7.1%	31.3%	\$126	4.0%	\$47	1.5%	2.3x	39.6%	1.0x
MasterBrand	\$2,669	NA	\$364	13.6%	NA	\$179	6.7%	\$64	2.4%	1.9x	37.3%	1.4x
American Woodmark	\$1,808	0.2%	\$217	12.0%	5.3%	\$108	6.0%	\$89	4.9%	2.1x	36.5%	1.7x
Virco	\$282	20.1%	\$41	14.6%	114.2%	\$27	9.5%	\$5	1.9%	0.9x	28.5%	0.7x

Mean		1.8%		9.4%	2.9%		3.2%		2.6%	2.3x	36.1%	1.6x
Median		0.2%		11.2%	3.8%		4.2%		2.3%	2.1x	36.5%	1.6x

## Furniture Retail

Haverty Furniture	\$794	(5.7%)	\$64	8.1%	(19.0%)	\$39	4.9%	\$29	3.6%	1.8x	41.0%	0.9x
Williams-Sonoma	\$7,581	(0.8%)	\$1,628	21.5%	3.4%	\$1,083	14.3%	\$167	2.2%	0.6x	36.9%	0.0x
RH	\$3,046	(4.6%)	\$387	12.7%	(26.1%)	\$35	1.1%	\$303	10.0%	7.0x	106.7%	6.9x
Wayfair	\$11,904	(7.1%)	(\$380)	(3.2%)	(17.7%)	(\$627)	(5.3%)	\$113	0.9%	NA	304.9%	NA

Mean		(4.5%)		9.8%	(14.9%)		3.8%		4.2%	3.1x	122.4%	2.6x
Median		(5.1%)		10.4%	(18.4%)		3.0%		2.9%	1.8x	73.8%	0.9x

Source: Capital IQ (Data as of 9/30/24)



## Public Trading Data

## Trading Multiples

Public Companies	LTM Revenue		LTM EBITDA			LTM Net Income		LTM Capex		Debt /		Net Debt /
	\$(M)	3 yr. CAGR	\$(M)	Margin	3 yr. CAGR	\$(M)	Margin	\$(M)	% Sales	EBITDA	Capital	EBITDA
<b>Furniture Manufacturing</b>												
Bassett Furniture Industries	\$326	(10.0%)	\$6	1.8%	(47.3%)	(\$7)	(2.0%)	\$4	1.2%	3.4x	37.8%	1.5x
MillerKnoll	\$3,670	(2.4%)	\$365	9.9%	11.9%	(\$37)	(1.0%)	NA	NA	3.8x	57.6%	3.4x
HNI Corporation	\$2,538	3.8%	\$306	12.0%	24.9%	\$136	5.3%	\$56	2.2%	1.6x	40.7%	1.5x
Interface	\$1,323	2.3%	\$171	12.9%	(0.7%)	\$86	6.5%	\$37	2.8%	2.0x	43.4%	1.5x
Natuzzi S.p.A.	\$345	(9.3%)	\$8	2.3%	(13.5%)	(\$16)	(4.8%)	\$6	1.6%	5.6x	63.3%	4.5x
Mohawk Industries	\$10,683	(2.6%)	\$1,408	13.2%	(10.1%)	\$485	4.5%	\$457	4.3%	1.6x	26.2%	1.2x
Hooker Furnishings	\$389	(12.4%)	(\$6)	(1.5%)	(24.4%)	(\$11)	(2.9%)	\$3	0.8%	14.4x	25.7%	10.6x
Ethan Allen Interiors	\$623	(6.7%)	\$85	13.6%	(13.9%)	\$58	9.3%	\$11	1.8%	1.0x	20.5%	NA
La-Z-Boy	\$2,109	(3.6%)	\$205	9.7%	(5.9%)	\$100	4.7%	\$74	3.5%	1.6x	32.2%	0.5x
Flexsteel Industries	\$437	(7.7%)	\$29	6.7%	24.0%	\$14	3.3%	\$3	0.7%	1.5x	27.9%	0.9x
Steelcase	\$3,218	2.9%	\$201	6.3%	23.8%	\$123	3.8%	\$49	1.5%	2.4x	38.0%	1.5x
MasterBrand	\$2,723	(2.5%)	\$338	12.4%	4.2%	\$102	3.7%	\$84	3.1%	3.1x	46.4%	2.8x
American Woodmark	\$1,710	(2.7%)	\$198	11.6%	17.3%	\$99	5.8%	\$40	2.3%	2.2x	35.8%	1.9x
Virco	\$253	10.3%	\$30	12.0%	152.8%	\$20	8.0%	\$8	3.0%	1.0x	28.1%	1.0x
Mean		(2.9%)		8.8%	10.2%		3.2%		2.2%	3.2x	37.4%	2.5x
Median		(2.6%)		10.8%	1.8%		4.2%		2.2%	2.1x	36.8%	1.5x
<b>Furniture Retail</b>												
Haverty Furniture	\$720	(10.8%)	\$45	6.2%	(30.9%)	\$21	3.0%	\$32	4.4%	2.2x	41.6%	1.1x
Williams-Sonoma	\$7,781	(2.5%)	\$1,637	21.0%	(1.3%)	\$1,096	14.1%	\$240	3.1%	0.7x	38.8%	0.2x
RH	\$3,268	(5.4%)	\$499	15.3%	(22.3%)	\$84	2.6%	\$217	6.6%	6.0x	102.9%	5.9x
Wayfair	\$11,852	(3.6%)	(\$130)	(1.1%)	(22.1%)	(\$357)	(3.0%)	\$65	0.5%	47.8x	309.5%	32.1x
Mean		(5.6%)		10.4%	(19.2%)		4.2%		3.7%	14.2x	123.2%	9.8x
Median		(4.5%)		10.7%	(22.2%)		2.8%		3.8%	4.1x	72.3%	3.5x

Source: Capital IQ (Data as of 9/30/24)



# Select Transactions

Ann. Date	Target (Ownership)	Acquirer (Ownership)	Location
Jan-25	Whitney Bros. Co. LLC	Empowered Ventures, Inc.	Keene, NH
Jan-25	Fas Windows And Doors, LLC and Lindholm Construction Inc.	Pinnacle Home Improvements, LLC	Orlando, FL
Jan-25	Carolina Kitchen & Bath, Inc.	Robinson Export & Import Corp.	Greensboro, NC
Jan-25	HDW Commercial Interiors	Office Interiors, Inc.	Merrillville, IN
Feb-25	Becker Furniture World Inc.	Furniture Mart USA, Inc.	Becker, MN
Feb-25	Mattress Firm Group Inc.	Somnigroup International Inc. (NYSE:SGI)	Houston, TX
Feb-25	Quiltcraft Industries, Inc.	Fabtex, Inc.	Dallas, TX
Feb-25	VIA, Inc.	Flokk AS	Sparks, NV
Feb-25	Bathroom Buddy Remodeling Inc.	PJ Fitzpatrick, LLC	Smithtown, NY
<b>Feb-25</b>	<b>Aqua Jet Pools, Spas, &amp; Patio Furniture</b>	<b>Rainsford Capital</b>	<b>Lake Katrine, KY</b>
Feb-25	FlexScreen LLC	The RiteScreen Company, LLC	Murrysville, PA
Mar-25	Gribetz International Inc and Porter International	ABM International, Inc.	Sunrise, FL
Mar-25	Bauhaus USA, Inc.	The RW Collective	Saltillo, MS
Mar-25	Model No. Inc.	Ic3d Inc	Columbus, OH
Mar-25	Yorkshore Commercial Interiors	BuildDirect (TSX: BILD)	Longwood, FL
Mar-25	In The Shade, Inc.	Private Investor	Stuart, FL
Apr-25	Saloom Furniture Co., Inc.	Groupe Bermex Inc.	Winchendon, MA
Apr-25	All Star Woodworking	Premier Woodworking LLC	Yorktown Heights, NY
<b>Apr-25</b>	<b>Newcastle Systems, Inc.</b>	<b>TouchPoint, Inc.</b>	<b>Amesbury, MA</b>
Apr-25	Exceptional Cabinets LLC	Private Investor	Lugoff, SC
Apr-25	Contract Business Interiors, Inc.	Division12 Consulting, LLC	Marietta, GA
Apr-25	The Windward Design Group Inc.	Berlin Gardens, LLC	Sarasota, FL
Apr-25	Solid Wood Worx	Sandy Vans LLC	Huntington Beach, CA
Apr-25	Varaluz LLC	CIANA Lighting LLC	Las Vegas, NV
May-25	Schoenfeld Interiors Inc.	Selden's Interior Furnishings, Inc.	Bellevue, WA
<b>May-25</b>	<b>Design Goods, LLC (Semi Exact Roll-up)</b>	<b>MRCA</b>	<b>Seattle, WA</b>
May-25	Vermilion Needlepoint Rugs LLC	The Wells Companies LLC	New York, NY
May-25	Laser Electric Supply & Lighting Gallery	Hein Electric Supply Co.	Walworth, WI

Represents platform acquisition

Source: Wall Street Research, Capital IQ, SEC Filings, Pitchbook



**Select Transactions (Cont'd)**

Ann. Date	Target (Ownership)	Acquirer (Ownership)	Location
May-25	Dormify, Inc.	Williams-Sonoma, Inc. (NYSE:WSM)	New York, NY
Jun-25	FanMats, LLC	Logo Brands, Inc	Suwanee, GA
Jun-25	Phillips Workplace Interiors, Inc.	FultonSt1 LLC	Harrisburg, PA
Jun-25	Terra Flame Home Inc.	Private Investor	Laguna Niguel, CA
Jun-25	Komponents Laminated Products, Inc.	The Brewer Company, LLC	Oconomowoc, WI
Jun-25	High Country Furniture & Design, Inc.	Private Investor	Waynesville, NC
Jun-25	Butterworth's of Petersburg, Incorporated	Schewel Furniture Company, Inc.	Petersburg, VA

[Represents platform acquisition](#)

Source: Wall Street Research, Capital IQ, SEC Filings, Pitchbook



# Furniture Practice Leadership Team



**MIKE BROWN**  
*Partner & Managing Director*  
 mbrown@chartercapitalpartners.com

Mike Brown has 20 years of experience as a financial advisor to business owners, capital providers, and executive teams in a variety of M&A and financing transactions. He has advised both publicly and privately held businesses ranging in size from \$10 million to \$500 million of Enterprise Value. His experience spans industries including distribution, metals manufacturing, homebuilding, business services, energy supply, commercial banking, and automatic identification and data capture.

Mike leads the M&A team at Charter Capital Partners, focusing on representing business owners through the most important transaction of their lives. He has significant investment banking experience and has advised on transactions valued at \$3 billion in the aggregate. Mike has excelled in executing complex transactions to meet short deadlines. Prior to Charter Capital Partners, Mike worked for a bulge bracket investment bank in Chicago for 10 years with a focus on large (>\$300 million revenue) privately held businesses.

Mike earned a BS in Finance from the University of Colorado, Leeds School of Business, and received an MBA with Honors, from the University of Chicago, Booth School of Business. He has attained FINRA securities registrations including the Series 7, 63, and 82.



**ELISA BERGER**  
*Vice President*  
 eberger@chartercapitalpartners.com

Elisa Berger has been with Charter Capital Partners for 12 years. Prior to becoming Vice President, she worked as a Senior Associate as well as a Financial Analyst within Charter's M&A practice, where she performed company and industry research, developed financial models, and analyzed financial data for sell-side, buy-side, and capital raise transactions.

Elisa has transaction experience in the energy supply, trucking parts and services, office furniture, metal fabrication, and general manufacturing industries. She is a board member of ACG West Michigan and chairs the chapter's Young Professionals committee.

Elisa holds her BBA in Finance from Grand Valley State University and brings a strong background in both engineering and math.

## Recent Charter Furniture Expertise

A leading manufacturer and distributor of specialty composite panels and proprietary overlays, headquartered in Grand Rapids, Michigan.

Has been acquired by

Charter principals served as exclusive M&A advisor to Richwood Industries.

A manufacturer of outdoor site furnishings and lighting for commercial and public spaces headquartered in Kalamazoo, Michigan

Has acquired

Charter principals served as exclusive M&A advisor to Landscape Forms.

A designer and manufacturer of premium contract furniture with facilities in Baltimore and Pennsylvania.

Has been acquired by

Charter principals served as exclusive M&A advisor to David Edward Furniture.

A leading supplier of business and institutional furniture products headquartered in Louisville, Kentucky.

Has been acquired by

Charter principals served as exclusive financial advisor to KFI Seating.

A contract furniture manufacturer headquartered in Archbold, Ohio.

Has been acquired by

Charter principals served as exclusive M&A advisor to Sauder Manufacturing Co.



## About Charter

Founded in 1989, Charter Capital Partners is a premier investment banking firm headquartered in Grand Rapids, Michigan. We offer a comprehensive range of investment banking advisory services, including sell-side and buy-side M&A, succession planning, business valuation, and capital raise.

Charter was named one of the top 100 most referred middle-market advisory firms in the US, according to a survey of 1,000 private equity firms, strategic acquirers, and family offices compiled by Axial, a network of middle market investors, advisors, and CEOs. Our mission is to deliver superior professional guidance throughout the complete business lifecycle.

## Advisory Services Snapshot

Type	Expertise
M&A Advisory	<ul style="list-style-type: none"> <li>▪ Sell-side advisory</li> <li>▪ Buy-side advisory</li> <li>▪ Succession planning</li> <li>▪ Valuation services</li> </ul>
Capital Raise	<ul style="list-style-type: none"> <li>▪ Equity or debt capital raise</li> <li>▪ Dividend recapitalization</li> <li>▪ Solvency opinions</li> <li>▪ Minority investors</li> </ul>
Valuation Opinions	<ul style="list-style-type: none"> <li>▪ Buy-sell agreements</li> <li>▪ Gift, estate, and income tax matters</li> <li>▪ Shareholder disputes</li> <li>▪ Purchase price allocations</li> </ul>
Capital Management	<ul style="list-style-type: none"> <li>▪ Licensed Fund Management</li> <li>▪ Registered Investment Advisers</li> </ul>

*Broker-dealer services offered through M&A Securities Group, Inc. ("MAS"), member FINRA/SIPC, a separate entity from Charter Capital Partners and Charter Private Capital Management.*

## M&A Advisory Team:

### John Kerschen

President & Managing Director  
[jkerschen@chartercapitalpartners.com](mailto:jkerschen@chartercapitalpartners.com)

### Mike Brown

Partner & Managing Director  
[mbrown@chartercapitalpartners.com](mailto:mbrown@chartercapitalpartners.com)

### Mike Palm

Partner & Managing Director  
[mpalm@chartercapitalpartners.com](mailto:mpalm@chartercapitalpartners.com)

### Mark Streekstra

Partner & Managing Director  
[mstreekstra@chartercapitalpartners.com](mailto:mstreekstra@chartercapitalpartners.com)

### Jenny Dakoske

Director  
[jdakoske@chartercapitalpartners.com](mailto:jdakoske@chartercapitalpartners.com)

### Zach Wiersma

Director  
[zwiersma@chartercapitalpartners.com](mailto:zwiersma@chartercapitalpartners.com)

### Elisa Berger

Vice President  
[eberger@chartercapitalpartners.com](mailto:eberger@chartercapitalpartners.com)

### Justin Pinto

Vice President  
[jpinto@chartercapitalpartners.com](mailto:jpinto@chartercapitalpartners.com)

### Travis Read

Analyst  
[tread@chartercapitalpartners.com](mailto:tread@chartercapitalpartners.com)

### Kevin Caballero

Analyst  
[kcaballero@chartercapitalpartners.com](mailto:kcaballero@chartercapitalpartners.com)

### Thomas DeVries

Analyst  
[tdevries@chartercapitalpartners.com](mailto:tdevries@chartercapitalpartners.com)

### Patrick Burns

Analyst  
[pburns@chartercapitalpartners.com](mailto:pburns@chartercapitalpartners.com)