

to the non-GAAP measure:

The fourth quarter gross profit as a percentage of sales of 26.5% was 1.1 percentage points higher than the same quarter of last year. The cost of goods sold of the current quarter included a write down of obsolete and slow moving inventory of \$0.3 million, or 1.5% of sales. In the prior year quarter, the cost of goods sold included a restructuring cost of \$0.3 million, or 1.4% of sales. The year-over-year increase of 1.1 percentage points in gross profit percentage was the result of gains from U.S. currency hedge rates partially offset by higher raw material costs, lower realized selling prices and the inventory write down.

Fiscal year 2017 gross profit as a percentage of sales increased 5.2 percentage points from last year's 24.8% to the current year's 30.0%. The cost of goods sold of the current quarter included a write down of obsolete and slow moving inventory of \$0.4 million, or 0.4% of sales; and the \$0.3 million restructuring cost in the previous year also represents 0.4% of fiscal 2016 sales. More favorable U.S. currency hedge rates and higher volumes in both Furniture and Walls segment were the main source of the gross profit improvement, which was reduced by lower realized selling prices and higher raw material costs.

SG&A for the quarter was 28.5% of sales, compared with last year's 33.5%. The current quarter SG&A of \$6.0 million was \$0.8 million lower than the same quarter of last year, of which \$0.5

million was due to a reduction in the market value of share-based compensation during the quarter when the Company share price moved down from \$5.24 at the beginning of the quarter to \$4.05 at the end of the quarter. The remaining \$0.3 million decrease in SG&A consists mainly of lower salaries, benefits and year-end bonus adjustments.

SG&A for the year was 27.6% of sales versus 32.8% last year. The SG&A expense of \$26.3 million was \$0.2 million or 0.6% higher than last year, consisting of \$0.6 million variable SG&A relating to higher sales volume, offset by decrease of \$0.4 million in fixed SG&A. Last year's higher fixed SG&A was mainly caused by a one-time settlement loss on the wind-up of one of

the Company's defined benefit pension plans and investment in West Elm Workspace with Inscape start-up costs.

At the previous fiscal year ended April 30, 2016, the Company recorded a valuation allowance of \$7.0 million to derecognize the future income tax benefit of loss carry forwards as deferred tax assets. For the twelve-month period ended April 30, 2017, \$0.9 million of the valuation allowance was utilized to reduce the Company's income tax expense.

At the end of the fiscal year, the company was debt-free and had cash, cash equivalents and short-term investments totaling \$11.5 million and an unused credit facility.

NeoCon 2017 Energizes the Industry

- ▶ Registered attendance rose 7% over the 2016 edition as the show hits new record highs year after year.

NeoCon has further established itself as the commercial design's launch pad for forward-thinking ideas and products and most important annual forum for connecting leaders in the industry. It yet again proved that it is the world's premier platform for commercial design as it took over The Mart from June 12-14, 2017. Registered attendance rose 7% over the 2016 edition as the show hits new record highs year after year. The Mart's continued investments into the building did not go unnoticed as new amenities and modernizations helped complement the overall show experience. Upgrades were apparent from the ground up as NeoCon attendees enjoyed The Mart's brand new 2nd Floor lounge, Marshall's Landing, designed by A+I Architects and operated by DMK Restaurant Group and a new venue for keynotes and seminars on the 19th Floor.

NeoCon 2017 welcomed six new permanent showrooms to the building, as well as 75 innovative new companies to the exhibitor roster. Rich programming and a wealth of special events, parties, award ceremonies and inspiring exhibits made for a productive and fun show.

According to Byron Morton, VP Leasing, NeoCon Shows, "We went into this year strong--showrooms were at capacity

and there were 28% “new to NeoCon” brands in our sold out 7th Floor Exhibit Hall. The buzz continued to build with three full days of sold-out keynotes, at-capacity CEU sessions, innovative product launches and dynamic networking events. We look forward to leveraging this momentum as we get ready for NeoCon’s 50th anniversary in 2018.”

Sit/stand solutions, privacy pods, ergonomic seating, integrated technologies and high-performance textiles were among five of the top trends seen throughout the show. Yet, there was a rich diversity to the offerings, enabling specifiers more choice and flexibility for their projects. The talks and topics headlined by keynotes Arianna Huffington, Jessica Green and John Ronan and the debut of “Icons @ NeoCon gave further insight into the future of commercial interiors.

Exhibitors and designers shared some of their observations:

- “This has been one for the records with great response from prospective customers and dealers to our constellation of brands and range of workplace products from Rockwell Unscripted to the celebration of the 70th anniversary of KnollTextiles.” - David E. Bright, Knoll

- “Our experience at the show this year was different than years’ past. Because of our efforts in 2014-2016, visitors to the 7th Floor mentioned that they specifically came down to see Snow-sound. For us that is exciting to hear not being in a permanent

showroom. We also had found many opportunities with larger, longer established companies who now see us as the premiere premier? acoustic products brand and are looking to collaborate on new projects. Overall, NeoCon once again gave us the perfect venue to grow our brand and we’re excited to see what’s in store for us for the remainder of the year leaving NeoCon having won 2 Best of NeoCon Silver Awards this show! Thanks again NeoCon!” - Michael Dardashti, Executive Vice President, Snow-sound®

- “This year’s Neocon was full of creative energy. We saw a strong increase in designer attendance and a major focus on ancillary furniture. The “thirdspace” movement in commercial spaces requires a new approach, and Neocon was the perfect setting for us to showcase what we’ve been working on.” Ryan Menke, Sr. Vice President of Sales and Marketing, OFS Brands

- “Where else in North America can you get to see so many designers and clients looking at furniture. What a great place to show our products. Another great NEOCON.” -Dan Tuohy, CEO Tuohy Furniture Corporation

- “It was nice to see that North American design community and office culture is leaning towards modern activity based offices. NeoCon was a great success for Framery and we were busier than ever! As our business and reputation grows in the US more and more people adore our products and love to visit us. We are

so excited to be part of NeoCon 2018 and next year we will represent Framery bigger than ever, stay tuned!” - Samu Hallfors, Founder, Framery

- “NeoCon was definitely riding the Rust, Merlot, Cinnabar, Vermillion, Peach and Nude color-wave. One particularly good moment of this color trend was the ombre Merlot-colored wall at HBF and the beautiful multi-level Kanso bench from Nao Tamura, which was upholstered in a dark rich HBF textile. I was also in love with the monochromatic expressions shown in Herman Miller’s display in the lobby of the Merchandise Mart, especially the four dark green Loll outdoor chairs on top of a bright green Danskina rug designed by Cloud 9. Patricia Urquiola can, of course, do no wrong and Haworth was a design feast that required multiple go-arounds to be able to take it all in. Fascinating colors and materials and just the right combination of clean design with a relaxed look bringing workplace to a new level.” - Ghislaine Viñas, Founder, Ghislaine Viñas Interior Design

- 2017 was one of the busiest, most upbeat NeoCons in recent memory. Right from the start the show floors were packed, the energy level palpable.” Tom Reardon, Executive Director, BIFMA

NeoCon 2018, the 50th anniversary event, will be held from June 11-13 at the Mart. NeoCon East returns to Philadelphia for the 15th annual edition, November 15-16, 2017 at the Pennsylvania Convention Center. 