

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported): **February 10, 2021**

LA-Z-BOY INCORPORATED

(Exact name of registrant as specified in its charter)

Michigan
(State or other jurisdiction of
incorporation)

1-9656
(Commission
File Number)

38-0751137
(IRS Employer
Identification No.)

One La-Z-Boy Drive, Monroe, Michigan
(Address of principal executive offices)

48162-5138
(Zip Code)

Registrant's telephone number, including area code (734) 242-1444

N/A

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

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

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

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, \$1.00 par value	LZB	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

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

Item 2.02 Results of Operations and Financial Condition.

On February 16, 2021, La-Z-Boy Incorporated (the “Company”) issued a news release to report the Company’s financial results for the fiscal quarter ended January 23, 2021. A copy of the news release is attached to this Current Report on Form 8-K as Exhibit 99.1.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangement of Certain Officers.

On February 16, 2021, La-Z-Boy Incorporated (the “Company”) announced that Kurt L. Darrow will retire as President and Chief Executive Officer of the Company, effective April 25, 2021 (the “Effective Date”). Following the Effective Date, Mr. Darrow will serve as Chairman of the Board of Directors (the “Board”) of the Company, in a non-executive capacity, until April 30, 2022 or the earlier termination of his service as a director.

On February 10, 2021, the Board elected Melinda D. Whittington, the Company’s Senior Vice President and Chief Financial Officer, to succeed Mr. Darrow as President and Chief Executive Officer of the Company on the Effective Date. Ms. Whittington, 53, has held the position of Senior Vice President and Chief Financial Officer of the Company since June 2018. Prior to joining the Company, Ms. Whittington served as Chief Financial Officer of Allscripts Healthcare Solutions, Inc., a publicly traded healthcare information technology solutions company, from February 2016 through June 2017. Prior to that, Ms. Whittington was Senior Vice President, Corporate Controller and Chief Accounting Officer of Kraft Foods Group, Inc. (now The Kraft Heinz Company), a consumer packaged food and beverage company. Additional biographical information for Ms. Whittington is contained in the news release announcing her election attached to this Current Report on Form 8-K as Exhibit 99.2 and is incorporated herein by reference. In connection with her election as President and Chief Executive Officer, Ms. Whittington’s annualized base salary will be increased to \$900,000, her short-term cash incentive target award opportunity under the terms of the Company’s 2017 Omnibus Incentive Plan will be increased to 110% of her eligible earnings during fiscal year 2022, and her target long-term incentive equity award value at the time of grant for fiscal year 2022 will be increased to \$2,500,000. Ms. Whittington will continue to be eligible for other benefits consistent with those received by the Company’s other executive officers.

On February 10, 2021, the Board elected Robert G. Lucian to succeed Ms. Whittington as the Senior Vice President and Chief Financial Officer of the Company on the Effective Date. Mr. Lucian, 58, has held the position of Vice President, Finance of the Company since January 2019. Prior to joining La-Z-Boy, Mr. Lucian was the CFO – North America Professional Beauty of Coty Inc. from October 2016 to June 2018, responsible for integrating the Procter & Gamble Company’s (“P&G”) Professional Hair Care business into Coty Inc.’s Professional Nail Care business. Prior to that, Mr. Lucian served as the CFO, North American Professional Hair Care at P&G from October 2014 to September 2016. Additional biographical information for Mr. Lucian is contained in the news release announcing his election attached to this Current Report on Form 8-K as Exhibit 99.2 and is incorporated herein by reference. In connection with his election as Senior Vice President and Chief Financial Officer, Mr. Lucian’s annualized base salary will be set at \$475,000, his short-term cash incentive target award opportunity under the terms of the Company’s 2017 Omnibus Incentive Plan will be set at 75% of his eligible earnings during fiscal year 2022, and his target long-term incentive equity award value at the time of grant for fiscal year 2022 will be 125% of his base salary. Mr. Lucian will also be eligible for other benefits consistent with those received by the Company’s other executive officers.

On February 10, 2021, the Board also approved expanding its number of directors on the Board by one and elected Melinda Whittington as a director of the Company, both effective on the Effective Date.

As the non-executive Chairman, Mr. Darrow will have the duties normally assigned to a chairman of a publicly traded company and will provide transition and other related services to facilitate an effective transition of his executive responsibilities to Ms. Whittington. Mr. Darrow and the Company entered into a Transition Agreement pursuant to which the Board approved the following compensation arrangements for his services as Chairman: (i) a supplemental annual cash retainer of \$100,000, subject to pro ration for any partial quarters, and (ii) the annual compensation typically provided to the Company’s non-employee directors. Following the Effective Date, Mr. Darrow will not be eligible to participate in the compensation and benefit programs available to Company employees.

A copy of the news release announcing the elections is attached to this Current Report on Form 8-K as Exhibit 99.2 and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits.

(d) The following exhibits are furnished as part of this report:

Description

99.1	News Release Dated February 16, 2021
99.2	News Release Announcing CEO Transition Dated February 16, 2021
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

LA-Z-BOY INCORPORATED

(Registrant)

Date: February 16, 2021

BY:/s/ Stephen K. Krull

Stephen K. Krull

Vice President, General Counsel and Secretary



NEWS RELEASE

Contact: Kathy Liebmann (734) 241-2438 kathy.liebmann@la-z-boy.com

LA-Z-BOY REPORTS SOLID FISCAL 2021 THIRD-QUARTER RESULTS

Strong Written Orders Drive Record Backlog **Quarterly Dividend Increased**

MONROE, Mich., February 16, 2021--La-Z-Boy Incorporated (NYSE: LZB), a global leader in residential furniture, today reported strong operating results for the fiscal 2021 third quarter ended January 23, 2021.

Fiscal 2021 third quarter versus Fiscal 2020 third quarter:

- Consolidated sales decreased 1.2% to \$470.2 million
- Written same-store sales for the entire La-Z-Boy Furniture Galleries® network increased 6.3%, with strong acceleration in January
- Consolidated operating margin:
 - GAAP: 7.3% versus 11.0%
 - Non-GAAP⁽¹⁾: 9.5% versus 9.4%
 - Wholesale⁽²⁾: 10.2% versus 11.1%
 - Retail: 8.9% versus 9.8%
- Net income attributable to La-Z-Boy Incorporated per diluted share ("EPS"):
 - GAAP: \$0.62 versus \$0.74
 - Non-GAAP⁽¹⁾: \$0.74 versus \$0.72
- Strong cash generation, with fiscal year-to-date cash from operating activities of \$250 million
- Cash⁽³⁾ more than doubled to \$393 million at quarter end
- The company returned \$7.4 million to shareholders through share repurchases and dividends during the quarter

Kurt L. Darrow, Chairman, President and Chief Executive Officer of La-Z-Boy, said, "Robust written trends continue across all La-Z-Boy Incorporated businesses as consumer demand for home furnishings remains unabated. However, delivered sales declined slightly versus last year's record third quarter due to greater-than-anticipated impacts from COVID-19 across our supply chain. We continue to add additional capacity to service our unprecedented order rate, with our supply chain team actively ramping production as quickly as possible to service customers while prioritizing the health and safety of employees. Even with these short-term challenges, we delivered a strong consolidated operating margin, including another profitable quarter for Joybird. We also continued to generate strong cash from operations and declared an increased dividend of \$0.15 per share. We are well positioned to deliver continued solid financial results."

Consolidated sales in the third quarter of fiscal 2021 decreased 1.2% to \$470.2 million versus the fiscal 2020 record third quarter, affected by temporary supply chain impacts from COVID-19. Consolidated

GAAP operating margin was 7.3% versus 11.0% in the prior-year quarter. Consolidated non-GAAP⁽¹⁾ operating margin improved to 9.5% versus 9.4% in last year's third quarter, primarily driven by strong performance by Joybird.

For the entire La-Z-Boy Furniture Galleries[®] network, written same-store sales increased 6.3% for the fiscal 2021 third quarter compared with the fiscal 2020 third quarter. Stripping out Canadian stores that were closed at various points during the quarter due to COVID-19 restrictions, written same-store sales increased 8.2% for the network. Strong momentum in January brought fiscal 2021 year-to-date written same-store sales for the network to 18% versus the prior-year period.

For the fiscal 2021 third quarter, delivered sales in the company's Wholesale⁽²⁾ segment decreased 3.9% to \$350.7 million compared with the prior-year quarter. While significant demand has led to a record-level backlog, COVID-19-related issues, including plant absenteeism and shipping delays, hampered the company's ability to increase production and delivery at planned rates and also impacted product mix. Non-GAAP⁽¹⁾ operating margin for the Wholesale⁽²⁾ segment was 10.2% versus 11.1% for the prior-year period, primarily reflecting COVID-19-related impacts on our supply chain and increased costs to expand manufacturing capacity, partially offset by lower promotional activity in the strong demand environment.

Retail segment delivered sales decreased 0.9% to \$166.0 million in the third quarter of fiscal 2021, reflecting COVID-19-related product delays. Written same-store sales for the company-owned La-Z-Boy Furniture Galleries[®] stores increased 9.1% in the quarter, with strong momentum in January, reflecting positive trends across all sales metrics, including traffic, conversion and average ticket. Non-GAAP⁽¹⁾ operating margin for the Retail segment was 8.9% versus 9.8% in last year's third quarter, primarily related to lower delivered sales relative to fixed costs and higher selling expenses driven by commissions paid on increased written sales, partially offset by decreased spending for marketing given robust demand and decreased travel expenses.

Within Corporate & Other, Joybird sales increased 30% to \$28.6 million. Written sales increased 79% compared with the prior-year quarter, reflecting ongoing strong order trends and the strength of the brand in the online marketplace. Joybird again delivered profitable growth, improving its gross margin and investing in marketing to drive customer acquisition.

GAAP diluted EPS was \$0.62 for the fiscal 2021 third quarter versus \$0.74 in the prior-year quarter. Non-GAAP⁽¹⁾ diluted EPS was \$0.74 versus \$0.72 in last year's third quarter.

Balance Sheet and Cash Flow

Year to date, the company generated \$250 million in cash from operating activities, reflecting strong profit performance and a \$122 million increase in customer deposits from written orders for the company's Retail segment and Joybird. La-Z-Boy ended the period with \$393 million in cash⁽³⁾, compared with \$168 million in cash⁽³⁾ at the end of the fiscal 2020 third quarter. The company holds \$31 million in investments to enhance returns on cash versus \$30 million at the end of last year's period. Year to date, the company invested \$8 million in acquisitions, \$27 million in the business through capital expenditures, paid \$10 million in dividends and spent \$0.9 million purchasing approximately 22 thousand shares of stock in the open market under its existing authorized share repurchase program, leaving 4.5 million shares available for repurchase under the program as of January 23, 2021.

Dividend

On February 16, 2021, the Board of Directors declared a quarterly cash dividend on the company's common stock of \$0.15 per share, an increase of 7%. The dividend is payable on March 15, 2021 to shareholders of record as of March 4, 2021.

Business Outlook

Due to the unusual business trends driven by the pandemic, La-Z-Boy is updating the perspective previously provided for the fiscal 2021 fourth quarter. The company does not intend to provide this level of forward-looking perspective regularly.

Given the continued temporary impacts of COVID-19 on the company's manufacturing facilities and broader supply chain, and comparing with a prior-year base period which included the month-long pandemic shutdown, La-Z-Boy now expects fiscal 2021 fourth-quarter consolidated sales growth of 34% to 39% versus the prior-year quarter, and consolidated non-GAAP operating margin at the lower end of the 9% to 11% range.

⁽¹⁾Non-GAAP amounts for the third quarter of fiscal 2021 exclude:

- *purchase accounting charges related to acquisitions totaling \$10.4 million pre-tax, or \$0.20 per diluted share, primarily due to a write-up of the Joybird contingent consideration liability based on forecasted future performance, with \$10.3 million included in operating income and \$0.1 million included in interest expense*
- *income of \$5.2 million pre-tax, or \$0.08 per diluted share, related to the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") recorded in other income related to the impact of employee retention credits*

Non-GAAP amounts for the third quarter of fiscal 2020 exclude:

- *purchase accounting charges of \$1.4 million pre-tax, or \$0.02 per diluted share, with \$1.3 million included in operating income and \$0.1 million included in interest expense*
- *a charge of \$6.0 million pre-tax, or \$0.10 per diluted share, related to an impairment for one investment*
- *income of \$8.7 million pre-tax, or \$0.14 per diluted share, related to the company's supply chain optimization initiative, including the closure of the company's Redlands, California upholstery manufacturing facility and relocation of its Newton, Mississippi leather cut-and-sew operations*

Please refer to the accompanying "Reconciliation of GAAP to Non-GAAP Financial Measures" for detailed information on calculating the Non-GAAP measures used in this press release and a reconciliation to the most directly comparable GAAP measure.

⁽²⁾Wholesale segment: *Effective in the first quarter of fiscal 2021, in order to better align with the manner in which we view and manage the business, coupled with economic and customer channel similarities, the company revised its reportable operating segments by aggregating the former Upholstery segment with the former Casegoods segment to form the newly combined Wholesale segment. The change in reportable operating segments reflects how the company evaluates financial information used to make operating decisions. Prior-period results disclosed in this earnings release with respect to the Wholesale segment have been revised to reflect these changes.*

⁽³⁾Cash *includes cash, cash equivalents and restricted cash.*

Conference Call

La-Z-Boy will hold a conference call with the investment community on Wednesday, February 17, 2021, at 8:30 a.m. Eastern time. The toll-free dial-in number is 888.506.0062; international callers may use 973.528.0011. Enter code 591426.

The call will be webcast live, with corresponding slides, and archived on the Internet. It will be available at <https://lazboy.gcs-web.com/>. A telephone replay will be available for a week following the call. This replay will be accessible to callers from the U.S. and Canada at 877.481.4010 and to international callers at 919.882.2331. Enter Replay Passcode: 39826. The webcast replay will be available for one year.

Cautionary Note Regarding Forward-Looking Statements

This news release contains “forward-looking” statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. Generally, forward-looking statements include information concerning expectations, projections or trends relating to our results of operations, financial results, financial condition, strategic initiatives and plans, expenses, dividends, share repurchases, liquidity, use of cash and cash requirements, borrowing capacity, investments, future economic performance, business, and industry and the effect of the novel coronavirus (“COVID-19”) pandemic on our business operations and financial results.

The forward-looking statements in this press release are based on certain assumptions and currently available information and are subject to various risks and uncertainties, many of which are unforeseeable and beyond our control, such as the continuing and developing impact of, and uncertainty caused by, the COVID-19 pandemic. Additional risks and uncertainties that we do not presently know about or that we currently consider to be immaterial may also affect our business operations and financial results. Our actual future results and trends may differ materially depending on a variety of factors, including, but not limited to, the risks and uncertainties discussed in our fiscal 2020 Annual Report on Form 10-K and other factors identified in our reports filed with the Securities and Exchange Commission. Given these risks and uncertainties, you should not rely on forward-looking statements as a prediction of actual results. We are including this cautionary note to make applicable and take advantage of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 for forward-looking statements. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or for any other reason.

Additional Information

This news release is just one part of La-Z-Boy’s financial disclosures and should be read in conjunction with other information filed with the Securities and Exchange Commission, which is available at: <https://lazboy.gcs-web.com/financial-information/sec-filings>. Investors and others wishing to be notified of future La-Z-Boy news releases, SEC filings and quarterly investor conference calls may sign up at: <https://lazboy.gcs-web.com/>.

Background Information

La-Z-Boy Incorporated is one of the world’s leading residential furniture producers, marketing furniture for every room of the home. The Wholesale segment includes England, La-Z-Boy, American Drew®, Hammary®, and Kincaid®. The company-owned Retail segment includes 158 of the 351 La-Z-Boy Furniture Galleries® stores. Joybird is an e-commerce retailer and manufacturer of upholstered furniture.

The corporation’s branded distribution network is dedicated to selling La-Z-Boy Incorporated products and brands, and includes 351 stand-alone La-Z-Boy Furniture Galleries® stores and 563 independent Comfort Studio® locations, in addition to in-store gallery programs for the company’s Kincaid and England operating units. Additional information is available at <http://www.la-z-boy.com/>.

Non-GAAP Financial Measures

In addition to the financial measures prepared in accordance with accounting principles generally accepted in the United States (“GAAP”), this press release also includes Non-GAAP financial measures. Management uses these Non-GAAP financial measures when assessing our ongoing performance. This press release contains references to Non-GAAP operating income, Non-GAAP operating margin, Non-GAAP income before income taxes, Non-GAAP net income attributable to La-Z-Boy Incorporated and Non-GAAP net income attributable to La-Z-Boy Incorporated per diluted share, which may exclude, as applicable, business realignment charges, purchase accounting charges, charges for our supply chain optimization initiative, benefits from the CARES Act, and refunds related to terminating the company’s

defined benefit pension plan. The business realignment charges include severance costs, asset impairment costs, and costs to relocate equipment and inventory related to organizational changes we undertook as a result of our COVID-19 Action Plan. The purchase accounting charges may include the amortization of intangible assets, incremental expense upon the sale of inventory acquired at fair value, amortization of employee retention agreements, fair value adjustments of future cash payments recorded as interest expense, and adjustments to the fair value of contingent consideration. The charges for our supply chain optimization initiative may include severance costs, accelerated depreciation expense, costs to relocate equipment and inventory, as well as other costs related to the closure, relocation and sale of certain manufacturing operations. The benefits from the CARES Act include the impact of employee retention credits. In addition, the “Business Outlook” section of this press release references the Non-GAAP financial measure of “Non-GAAP operating margin” for a future period. Non-GAAP operating margin may exclude items such as pre-tax purchase accounting charges and pre-tax business realignment charges. These and other not presently determinable items could have a material impact on the determination of operating margin on a GAAP basis and as not available at this time without unreasonable efforts, we have not provided a reference to GAAP operating margin or a reconciliation to non-GAAP operating margin for future periods in this press release. These Non-GAAP financial measures are not meant to be considered superior to or a substitute for La-Z-Boy Incorporated’s results of operations prepared in accordance with GAAP and may not be comparable to similarly titled measures reported by other companies. Reconciliations of such Non-GAAP financial measures to the most directly comparable GAAP financial measures are set forth in the accompanying tables.

Management believes that presenting certain Non-GAAP financial measures will help investors understand the long-term profitability trends of our business and compare our profitability to prior and future periods and to our peers. Management excludes purchase accounting charges because the amount and timing of such charges are significantly impacted by the timing, size, number and nature of the acquisitions consummated and the success with which we operate the businesses acquired. While the company has a history of acquisition activity, it does not acquire businesses on a predictable cycle, and the impact of purchase accounting charges is unique to each acquisition and can vary significantly from acquisition to acquisition. Similarly, business realignment charges and the charges related to the company’s supply chain optimization initiative are dependent on the timing, size, number and nature of the operations being moved or closed, and the charges may not be incurred on a predictable cycle. Management also excludes benefits from the CARES Act and refunds related to the termination of the company’s defined benefit pension plan when assessing the company’s operating and financial performance due to the one-time nature of these transactions. Management believes that exclusion of these items facilitates more consistent comparisons of the company’s operating results over time. Where applicable, the accompanying “Reconciliation of GAAP to Non-GAAP Financial Measures” tables present the excluded items net of tax calculated using the effective tax rate from operations for the period in which the adjustment is presented, except for the non-tax deductible adjustment to the fair value of contingent consideration which reflects the associated GAAP tax impact in the period presented.

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LA-Z-BOY INCORPORATED
CONSOLIDATED STATEMENT OF INCOME

<i>(Unaudited, amounts in thousands, except per share data)</i>	Quarter Ended		Nine Months Ended	
	1/23/21	1/25/20	1/23/21	1/25/20
Sales	\$ 470,196	\$ 475,856	\$ 1,214,774	\$ 1,336,701
Cost of sales	268,944	276,218	696,604	786,962
Gross profit	201,252	199,638	518,170	549,739
Selling, general and administrative expense	166,838	147,325	431,492	444,403
Operating income	34,414	52,313	86,678	105,336
Interest expense	(298)	(265)	(1,103)	(891)
Interest income	285	844	902	2,093
Other income (expense), net	6,532	(5,998)	7,995	(5,390)
Income before income taxes	40,933	46,894	94,472	101,148
Income tax expense	11,344	12,178	24,900	25,540
Net income	29,589	34,716	69,572	75,608
Net income attributable to noncontrolling interests	(357)	(204)	(607)	(434)
Net income attributable to La-Z-Boy Incorporated	\$ 29,232	\$ 34,512	\$ 68,965	\$ 75,174
Basic weighted average common shares	46,261	46,262	46,064	46,545
Basic net income attributable to La-Z-Boy Incorporated per share	\$ 0.63	\$ 0.75	\$ 1.50	\$ 1.61
Diluted weighted average common shares	46,818	46,584	46,407	46,867
Diluted net income attributable to La-Z-Boy Incorporated per share	\$ 0.62	\$ 0.74	\$ 1.49	\$ 1.60

LA-Z-BOY INCORPORATED
CONSOLIDATED BALANCE SHEET

<i>(Unaudited, amounts in thousands, except par value)</i>	1/23/21	4/25/20
Current assets		
Cash and equivalents	\$ 390,324	\$ 261,553
Restricted cash	2,703	1,975
Receivables, net of allowance of \$5,000 at 1/23/21 and \$7,541 at 4/25/20	129,256	99,351
Inventories, net	212,114	181,643
Other current assets	153,800	81,804
Total current assets	888,197	626,326
Property, plant and equipment, net	213,088	214,767
Goodwill	175,560	161,017
Other intangible assets, net	30,597	28,653
Deferred income taxes – long-term	15,635	20,839
Right of use lease assets	337,337	318,647
Other long-term assets, net	79,758	64,640
Total assets	\$ 1,740,172	\$ 1,434,889
Current liabilities		
Accounts payable	\$ 96,388	\$ 55,511
Short-term borrowings	—	75,000
Lease liabilities, current	66,416	64,376
Accrued expenses and other current liabilities	388,043	155,282
Total current liabilities	550,847	350,169
Lease liabilities, long-term	289,406	270,162
Other long-term liabilities	111,901	98,252
Shareholders' equity		
Preferred shares – 5,000 authorized; none issued	—	—
Common shares, \$1.00 par value – 150,000 authorized; 46,316 outstanding at 1/23/21 and 45,857 outstanding at 4/25/20	46,316	45,857
Capital in excess of par value	333,975	318,215
Retained earnings	401,117	343,633
Accumulated other comprehensive loss	(1,982)	(6,952)
Total La-Z-Boy Incorporated shareholders' equity	779,426	700,753
Noncontrolling interests	8,592	15,553
Total equity	788,018	716,306
Total liabilities and equity	\$ 1,740,172	\$ 1,434,889

LA-Z-BOY INCORPORATED
CONSOLIDATED STATEMENT OF CASH FLOWS

<i>(Unaudited, amounts in thousands)</i>	Nine Months Ended	
	1/23/21	1/25/20
Cash flows from operating activities		
Net income	\$ 69,572	\$ 75,608
Adjustments to reconcile net income to cash provided by (used for) operating activities		
(Gain)/loss on disposal of assets	133	(10,051)
Gain on sale of investments	(438)	(468)
Change in deferred taxes	5,189	1,238
Provision for doubtful accounts	(2,483)	210
Depreciation and amortization	24,620	23,035
Equity-based compensation expense	9,115	7,235
Change in receivables	(28,720)	(11,178)
Change in inventories	(26,419)	(62)
Change in right-of use lease asset	48,864	48,972
Change in other assets	(1,193)	5,116
Change in payables	42,354	659
Change in lease liabilities	(48,963)	(48,534)
Change in other liabilities	158,200	27,979
Net cash provided by operating activities	249,831	119,759
Cash flows from investing activities		
Proceeds from disposals of assets	252	11,242
Proceeds from insurance	—	1,080
Capital expenditures	(26,722)	(35,464)
Purchases of investments	(27,744)	(26,248)
Proceeds from sales of investments	26,317	24,688
Acquisitions	(7,783)	(6,412)
Net cash used for investing activities	(35,680)	(31,114)
Cash flows from financing activities		
Payments on debt and finance lease liabilities	(75,020)	(135)
Stock issued for stock and employee benefit plans, net of shares withheld for taxes	6,259	828
Purchases of common stock	(875)	(35,346)
Dividends paid to shareholders	(9,700)	(18,641)
Dividends paid to minority interest joint venture partners (1)	(8,507)	—
Net cash used for financing activities	(87,843)	(53,294)
Effect of exchange rate changes on cash and equivalents	3,191	1,107
Change in cash, cash equivalents and restricted cash	129,499	36,458
Cash, cash equivalents and restricted cash at beginning of period	263,528	131,787
Cash, cash equivalents and restricted cash at end of period	\$ 393,027	\$ 168,245
Supplemental disclosure of non-cash investing activities		
Capital expenditures included in payables	\$ 1,569	\$ 4,026

(1) Includes dividends paid to joint venture minority partners resulting from the repatriation of dividends from our foreign earnings that we no longer consider permanently reinvested.

LA-Z-BOY INCORPORATED
SEGMENT INFORMATION

<i>(Unaudited, amounts in thousands)</i>	Quarter Ended		Nine Months Ended	
	1/23/21	1/25/20	1/23/21	1/25/20
Sales				
Wholesale segment:				
Sales to external customers	\$ 274,314	\$ 285,418	\$ 720,258	\$ 815,412
Intersegment sales	76,394	79,393	197,039	220,195
Wholesale segment sales	350,708	364,811	917,297	1,035,607
Retail segment sales	165,959	167,494	419,371	458,894
Corporate and Other:				
Sales to external customers	29,923	22,944	75,145	62,395
Intersegment sales	3,768	2,725	9,004	8,137
Corporate and Other sales	33,691	25,669	84,149	70,532
Eliminations	(80,162)	(82,118)	(206,043)	(228,332)
Consolidated sales	\$ 470,196	\$ 475,856	\$ 1,214,774	\$ 1,336,701
Operating Income (Loss)				
Wholesale segment	\$ 35,686	\$ 49,046	\$ 95,309	\$ 112,195
Retail segment	14,707	16,383	23,173	33,272
Corporate and Other	(15,979)	(13,116)	(31,804)	(40,131)
Consolidated operating income	\$ 34,414	\$ 52,313	\$ 86,678	\$ 105,336

LA-Z-BOY INCORPORATED
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

<i>(Amounts in thousands, except per share data)</i>	Quarter Ended		Nine Months Ended	
	1/23/21	1/25/20	1/23/21	1/25/20
GAAP gross profit	\$ 201,252	\$ 199,638	\$ 518,170	\$ 549,739
Add back: Purchase accounting charges - incremental expense upon the sale of inventory acquired at fair value	—	88	429	403
Add back: Business realignment charges	(2)	—	1,303	—
Add back: Supply chain optimization initiative	—	1,029	(50)	5,292
Non-GAAP gross profit	<u>\$ 201,250</u>	<u>\$ 200,755</u>	<u>\$ 519,852</u>	<u>\$ 555,434</u>
GAAP SG&A	\$ 166,838	\$ 147,325	\$ 431,492	\$ 444,403
Less: Purchase accounting charges - adjustment to fair value of contingent consideration and amortization of intangible assets and retention agreements	(10,257)	(1,194)	(13,736)	(3,576)
Less: Business realignment charges	—	—	(2,580)	—
Add back: Supply chain optimization initiative gain on sale	—	9,745	—	9,745
Non-GAAP SG&A	<u>\$ 156,581</u>	<u>\$ 155,876</u>	<u>\$ 415,176</u>	<u>\$ 450,572</u>
GAAP operating income	\$ 34,414	\$ 52,313	\$ 86,678	\$ 105,336
Add back: Purchase accounting charges	10,257	1,282	14,165	3,979
Add back: Business realignment charges	(2)	—	3,883	—
Add back: Supply chain optimization initiative	—	(8,716)	(50)	(4,453)
Non-GAAP operating income	<u>\$ 44,669</u>	<u>\$ 44,879</u>	<u>\$ 104,676</u>	<u>\$ 104,862</u>
GAAP income before income taxes	\$ 40,933	\$ 46,894	\$ 94,472	\$ 101,148
Add back: Purchase accounting charges recorded as part of gross profit, SG&A, and interest expense	10,449	1,448	14,657	4,505
Add back: Business realignment charges	(2)	—	3,883	—
Add back: Supply chain optimization initiative charges/(gain)	—	(8,716)	(50)	(4,453)
Less: CARES Act benefit	(5,219)	—	(5,219)	—
Add back: Investment impairment	—	6,000	—	6,000
Less: Pension termination refund	—	—	—	(1,900)
Non-GAAP income before income taxes	<u>\$ 46,161</u>	<u>\$ 45,626</u>	<u>\$ 107,743</u>	<u>\$ 105,300</u>
GAAP net income attributable to La-Z-Boy Incorporated	\$ 29,232	\$ 34,512	\$ 68,965	\$ 75,174
Add back: Purchase accounting charges recorded as part of gross profit, SG&A, and interest expense	10,449	1,448	14,657	4,505
Less: Tax effect of purchase accounting	(1,073)	(376)	(1,479)	(1,138)
Add back: Business realignment charges	(2)	—	3,883	—
Less: Tax effect of business realignment charges	—	—	(938)	—
Add back: Supply chain optimization initiative charges/(gain)	—	(8,716)	(50)	(4,453)
Less: Tax effect of supply chain optimization initiative	—	2,263	13	1,124
Less: CARES Act benefit	(5,219)	—	(5,219)	—
Add back: Tax effect of CARES Act benefit	1,261	—	1,261	—
Add back: Investment impairment	—	6,000	—	6,000
Less: Tax effect of investment impairment	—	(1,558)	—	(1,515)
Less: Pension termination refund	—	—	—	(1,900)
Add back: Tax effect of pension termination refund	—	—	—	480
Non-GAAP net income attributable to La-Z-Boy Incorporated	<u>\$ 34,648</u>	<u>\$ 33,573</u>	<u>\$ 81,093</u>	<u>\$ 78,277</u>
GAAP net income attributable to La-Z-Boy Incorporated per diluted share	\$ 0.62	\$ 0.74	\$ 1.49	\$ 1.60
Add back: Purchase accounting charges, net of tax, per share	0.20	0.02	0.27	0.07
Add back: Business realignment charges, net of tax, per share	—	—	0.07	—
Less: Supply chain optimization initiative, net of tax, per share	—	(0.14)	—	(0.07)
Less: CARES Act benefit, net of tax, per share	(0.08)	—	(0.08)	—
Add back: Investment impairment, net of tax, per share	—	0.10	—	0.10
Less: Pension termination refund, net of tax, per share	—	—	—	(0.03)
Non-GAAP net income attributable to La-Z-Boy Incorporated per diluted share	<u>\$ 0.74</u>	<u>\$ 0.72</u>	<u>\$ 1.75</u>	<u>\$ 1.67</u>

LA-Z-BOY INCORPORATED
RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES
SEGMENT INFORMATION

<i>(Amounts in thousands)</i>	Quarter Ended				Nine Months Ended			
	1/23/21	% of sales	1/25/20	% of sales	1/23/21	% of sales	1/25/20	% of sales
GAAP operating income (loss)								
Wholesale segment	\$ 35,686	10.2%	\$ 49,046	13.4%	\$ 95,309	10.4%	\$ 112,195	10.8%
Retail segment	14,707	8.9%	16,383	9.8%	23,173	5.5%	33,272	7.3%
Corporate and Other	(15,979)	N/M	(13,116)	N/M	(31,804)	N/M	(40,131)	N/M
Consolidated GAAP operating income	<u>\$ 34,414</u>	7.3%	<u>\$ 52,313</u>	11.0%	<u>\$ 86,678</u>	7.1%	<u>\$ 105,336</u>	7.9%
Non-GAAP items affecting operating income								
Wholesale segment	\$ 56		\$ (8,659)		\$ 3,286		\$ (4,288)	
Retail segment	—		88		613		403	
Corporate and Other	10,199		1,137		14,099		3,411	
Consolidated Non-GAAP items affecting operating income	<u>\$ 10,255</u>		<u>\$ (7,434)</u>		<u>\$ 17,998</u>		<u>\$ (474)</u>	
Non-GAAP operating income (loss)								
Wholesale segment	\$ 35,742	10.2%	\$ 40,387	11.1%	\$ 98,595	10.7%	\$ 107,907	10.4%
Retail segment	14,707	8.9%	16,471	9.8%	23,786	5.7%	33,675	7.3%
Corporate and Other	(5,780)	N/M	(11,979)	N/M	(17,705)	N/M	(36,720)	N/M
Consolidated Non-GAAP operating income	<u>\$ 44,669</u>	9.5%	<u>\$ 44,879</u>	9.4%	<u>\$ 104,676</u>	8.6%	<u>\$ 104,862</u>	7.8%

N/M - Not Meaningful

**NEWS RELEASE**

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LA-Z-BOY ANNOUNCES KURT DARROW TO RETIRE AS CEO; WILL REMAIN CHAIRMAN OF THE BOARD**CFO Melinda Whittington to Succeed Darrow as CEO**

MONROE, Mich., February 16, 2021--La-Z-Boy Incorporated (NYSE: LZB), a global leader in residential furniture, today announced that Kurt L. Darrow will retire from his positions as President and Chief Executive Officer (“CEO”) on April 25, 2021, after more than 40 years of service to the company. His retirement follows the end of La-Z-Boy’s fiscal 2021 year. He will remain Chairman of the Board of Directors, in a non-executive capacity.

Reflecting the company’s long-standing commitment to thoughtful succession planning, Melinda D. Whittington, Chief Financial Officer (“CFO”), was unanimously appointed by the Board to serve as President and CEO of La-Z-Boy Incorporated. Robert (“Bob”) G. Lucian, Vice President, Finance, will succeed Whittington in the role of CFO. In addition, Whittington was elected to serve on the Board of Directors, effective April 25, 2021.

Darrow stated, “It has been an extraordinary honor to serve as La-Z-Boy’s President and CEO for the past 17 years, as well as Chairman of the Board since 2011. I have had the opportunity to watch and be part of this company’s evolution from a manufacturer of a single product, the iconic La-Z-Boy recliner, to become the second-largest provider of residential furniture in the U.S., with a growing and vibrant La-Z-Boy Furniture Galleries® retail network. As a team, we have delivered long-term profitable growth in a dynamic industry, which has weathered monumental change. I am proud of every employee across our organization, all of whom have and continue to contribute to our success, and it has been a motivating and gratifying privilege to work with them while honoring the legacy of our founders and the values they instilled upon our company and culture.”

Darrow added, “On behalf of our Board of Directors, it is with great pleasure that we appoint Melinda as our next CEO. Her more than 30 years’ experience, including extensive consumer products expertise, proven capability in operational and financial matters, strategic vision and sharp focus, will guide the company forward as the landscape for home furnishings continues to evolve. It is the right time for Melinda to take the helm. Her strategic acumen and demonstrated leadership skills position her to successfully lead La-Z-Boy to and through its next chapter of growth. The company is in excellent shape and, as I step away from the day-to-day operations, I

have every confidence Melinda and our top-tier leadership team will leverage the many opportunities that lie ahead for La-Z-Boy.”

W. Alan McCollough, Lead Director of the Board, said: “Kurt has made a significant impact on La-Z-Boy Incorporated. During his tenure as CEO, he strengthened the La-Z-Boy brand, honed the company’s portfolio, championed and evolved the company’s integrated-retail strategy and entered the company into the e-commerce arena. Kurt’s vision for the future helped transform La-Z-Boy’s global supply chain into a value-creating asset and set the company on a course for continued growth and profitability. Kurt led the company through two of the most challenging times in its history, the Great Recession and, more recently, through uncharted territory resulting from the global COVID-19 pandemic. La-Z-Boy was fortunate to have a CEO of his caliber. On behalf of the Board and the entire La-Z-Boy organization, I thank him for his many contributions to the company and look forward to his continued leadership of our Board.”

Whittington said, “I am honored by the opportunity to lead La-Z-Boy, with its rich and storied 94-year history and iconic brand. We have a solid platform from which to grow and prosper and a bright future ahead. Our team is proven, passionate and skilled, and we will capitalize on opportunities for future growth and innovation, including the build out of our omnichannel presence while we help consumers turn their houses into homes. I would like to thank Kurt and the Board for placing their trust and confidence in me as I move into the CEO role and lead a company made up of people with extraordinary talent and dedication.”

Whittington added, “I look forward to working with Bob as our new CFO. With his strong financial expertise and business acumen, including more than three decades of experience at The Procter and Gamble Company (P&G), he will seamlessly move into the CFO role. During his last two years as La-Z-Boy’s VP, Finance, he brought meaningful improvement to the organization’s finance processes and business decision making. I’m confident he will continue to provide financial and business leadership as our CFO.”

About Kurt L. Darrow

Kurt Darrow joined La-Z-Boy in 1979, moved through the ranks of the organization, and was named President and CEO in 2003 and Chairman in 2011. An out-of-the-box strategist, Darrow accelerated the company’s transformation from solely a chair manufacturer to one that manufactures and offers stylish and aspirational furniture for every room in the home. Under his leadership, La-Z-Boy became one of the most recognized brands in the furniture industry, is the largest reclining chair manufacturer worldwide, and is the second-largest manufacturer/distributor of residential furniture in the U.S. Darrow is also credited for the rapid expansion and evolution of the company’s branded distribution system into one of the largest in the industry, the company’s integrated-retail strategy, and the global supply chain transformation that established the company’s unique positioning in the marketplace where it offers consumers the option of mass customization with quick delivery.

Within the furniture industry, Darrow has held numerous prominent roles at the American Home Furnishings Alliance (AHFA), the American Furniture Hall of Fame Foundation, Inc., and currently serves as an Executive Board Member of the Anti-Defamation League’s Furniture Division. He was inducted into the American Home Furnishings Hall of Fame in 2018, was honored in 2015 with the City of Hope Spirit of Life Award, received the Distinguished Service Award in 2013 from the AHFA, and, in 2003, was the recipient of the Anti-Defamation League’s American Heritage Award. Darrow is a member of the Board of Directors for CMS Energy

Corporation, and the Board and Executive Committee of Business Leaders for Michigan. He also serves on the ProMedica Board of Trustees. Darrow earned a BA in business administration and an Honorary Doctorate from Adrian College and served as a member of the college's Board of Trustees from 2002 to 2011.

About Melinda D. Whittington

Melinda D. Whittington joined La-Z-Boy in 2018 as Chief Financial Officer, bringing more than 30 years of experience to the role, where she leads the global finance and accounting team responsible for external reporting, financial planning and analysis, investor relations, internal audit, treasury and risk management and the tax function. Prior to joining La-Z-Boy, Whittington served as Chief Financial Officer for Allscripts Healthcare Solutions, a publicly traded, healthcare information technology solutions company. Prior to that, Whittington was Senior Vice President, Corporate Controller and Chief Accounting Officer for Kraft Foods Group, Inc. (now The Kraft Heinz Company), one of North America's largest consumer packaged food and beverage companies. There, she led a team of employees responsible for external reporting, shared accounting services, treasury, financial planning and analysis, overheads and tax. From 1993 to 2014, Whittington held various finance leadership roles at The Procter and Gamble Company (P&G), including Finance Director, Global Home Products; Finance Director, Corporate Accounting; and Associate Finance Director for Global Business Services. Her roles included international experiences in Belgium and Costa Rica. Whittington currently serves on the board of the YMCA of Monroe, Michigan and is a member of the Ohio State University Fisher College of Business Dean's Advisory Council. She is a summa cum laude graduate of Ohio State University, earning her BS in business administration. She is also a certified public accountant.

About Robert ("Bob") G. Lucian

Bob Lucian joined La-Z-Boy in 2019 as Vice President – Finance where he is focused on sustainably improving monthly and annual business forecasting and planning processes, capital budgeting, market pricing and financial analysis of supply chain network design and new product opportunities. Prior to joining La-Z-Boy, Lucian was with Coty Inc. as CFO – North America Professional Beauty, responsible for integrating P&G's Professional Hair Care business into Coty's Professional Nail Care business. Prior to that, Lucian spent 32 years at P&G in positions of increasing responsibility in multiple business units, Corporate Finance, New Business Development, and Global Supply Chain Finance. He holds an MBA in finance and international business from the University of Cincinnati and is a cum laude graduate of the University of Notre Dame where he earned a BS in chemical engineering.

Cautionary Note Regarding Forward-Looking Statements

This news release contains "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. Generally, forward-looking statements include information concerning expectations, projections or trends relating to our results of operations, financial results, financial condition, strategic initiatives and plans, expenses, dividends, share repurchases, liquidity, use of cash and cash requirements, borrowing capacity, investments, future economic performance, business, and industry and the effect of the novel coronavirus ("COVID-19") pandemic on our business operations and financial results.

The forward-looking statements in this press release are based on certain assumptions and currently available information and are subject to various risks and uncertainties, many of which

are unforeseeable and beyond our control, such as the continuing and developing impact of, and uncertainty caused by, the COVID-19 pandemic. Additional risks and uncertainties that we do not presently know about or that we currently consider to be immaterial may also affect our business operations and financial results. Our actual future results and trends may differ materially depending on a variety of factors, including, but not limited to, the risks and uncertainties discussed in our fiscal 2020 Annual Report on Form 10-K and other factors identified in our reports filed with the Securities and Exchange Commission. Given these risks and uncertainties, you should not rely on forward-looking statements as a prediction of actual results. We are including this cautionary note to make applicable and take advantage of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 for forward-looking statements. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or for any other reason.

Additional Information

This news release is just one part of La-Z-Boy's financial disclosures and should be read in conjunction with other information filed with the Securities and Exchange Commission, which is available at: <https://lazboy.gcs-web.com/financial-information/sec-filings>. Investors and others wishing to be notified of future La-Z-Boy news releases, SEC filings and quarterly investor conference calls may sign up at: <https://lazboy.gcs-web.com/>.

Background Information

La-Z-Boy Incorporated is one of the world's leading residential furniture producers, marketing furniture for every room of the home. The Wholesale segment includes England, La-Z-Boy, American Drew[®], Hammary[®], and Kincaid[®]. The company-owned Retail segment includes 158 of the 351 La-Z-Boy Furniture Galleries[®] stores. Joybird is an e-commerce retailer and manufacturer of upholstered furniture.

The corporation's branded distribution network is dedicated to selling La-Z-Boy Incorporated products and brands, and includes 351 stand-alone La-Z-Boy Furniture Galleries[®] stores and 563 independent Comfort Studio[®] locations, in addition to in-store gallery programs for the company's Kincaid and England operating units. Additional information is available at <http://www.la-z-boy.com/>.