

# INVESTOR PRESENTATION February 2022

L A Z B O Y  
INCORPORATED





# Forward-Looking Disclaimer

- This presentation contains statements that relate directly or indirectly to our future business, events or financial performance that may constitute forward-looking statements. Forward-looking statements generally contain words such as “anticipates,” “believes,” “continues,” “estimates,” “expects,” “feels,” “forecasts,” “hopes,” “intends,” “likely,” “non-recurring,” “one-time,” “outlook,” “plans,” “projects,” “seeks,” “short-term,” “target,” “unusual,” “will,” or words of similar meaning. In addition, our representatives may from time to time make oral forward-looking statements.
- Such forward-looking statements are based on the current expectations and certain assumptions of La-Z-Boy management, of which many are beyond the control of the company. These statements are subject to a number of risks and uncertainties, including those described in our Annual Report on Form 10-K and our other filings with the Securities and Exchange Commission (SEC), which are available on the SEC’s website at [www.sec.gov](http://www.sec.gov).
- Actual results, performance or achievements of La-Z-Boy may vary materially from those described explicitly or implicitly in any forward-looking statement.
- The reconciliation of certain Non-GAAP measures in this presentation to the most directly comparable GAAP financial measure may be found at the end of the presentation.

# Lay-Z-Boy Incorporated: Wholesale Manufacturer and Retailer

*Including the iconic La-Z-Boy brand, fast-growing Joybird and other trade brands*

\$2.2 billion in sales<sup>1</sup> across Wholesale, Retail and Joybird with ~95% of sales in North America

Wholesale  
57% of Sales<sup>1</sup>

World-class supply chain; manufactures and imports upholstered furniture and casegoods; sells to approximately 4,000 outlets

Retail  
35% of Sales<sup>1</sup>

159 company-owned La-Z-Boy Furniture Galleries® stores

*Benefit of blended operating margin – Wholesale and Retail*

Joybird  
(Reported in Corporate/Other)

Sells upholstered furniture and other goods through its online website, [www.joybird.com](http://www.joybird.com), and four small-format urban stores

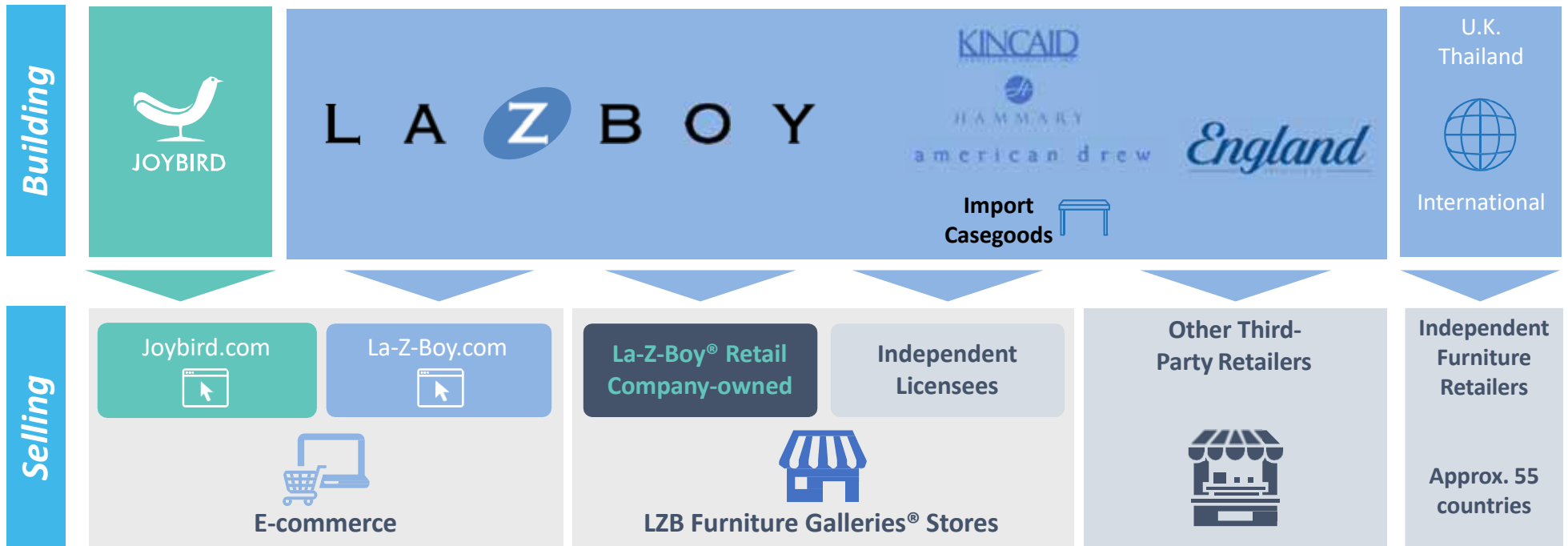


**90+ year legacy of innovation, quality, craftsmanship and American heritage**

1. Represents Q3 FY '22 Trailing Twelve Months (TTM)

# La-Z-Boy Incorporated's Synergistic Platform

*Building and selling powerful premium brands that complement one another*



Note: Relative revenue representation (not 100% to scale)

■ Wholesale segment

■ Retail segment

■ Joybird (included in Corporate/other)



# La-Z-Boy Incorporated Leadership Team



Melinda Whittington  
President and CEO



Bob Lucian  
SVP and CFO



Darrell Edwards  
SVP and COO



Otis Sawyer  
President,  
Portfolio Brands



Rob Sundy  
SVP and CCO



Tj Linz  
President, Retail Division



Keith Wilson  
President, International  
and Joybird



David Behen  
VP and CIO



Katie Vanderjagt  
VP and CHRO



Raphael Richmond  
VP, General Counsel  
and Chief Compliance  
Officer

# Century Vision: Building the La-Z-Boy of Tomorrow

*Our plan for profitable growth to our 100th anniversary in CY 2027*

**Sales growth will outpace industry while delivering double-digit operating margins over the long term**

L A Z B O Y

*Reinvigorate brand with consumer focus and expand reach*

Tell our brand comfort story

Increase appeal to younger consumers

Expand omni-channel presence

JOYBIRD FURNITURE

*Add fuel to accelerate growth of the brand*

Expand brand awareness

Expand small-format urban stores

## Enterprise Capabilities



Leverage and enhance enterprise capabilities to support consumer brands

Enhance e-commerce and digital marketing capabilities

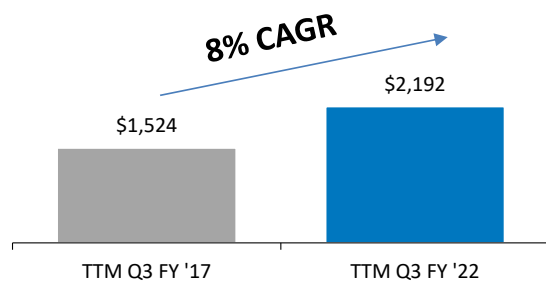
Increase supply chain agility

Enhance efficiencies for potential tack-on acquisitions

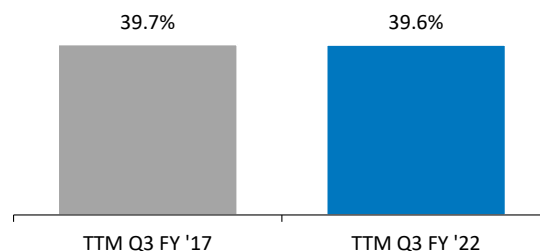
# Shareholder Update

*Strong track record of growth and value creation over the last 5 years*

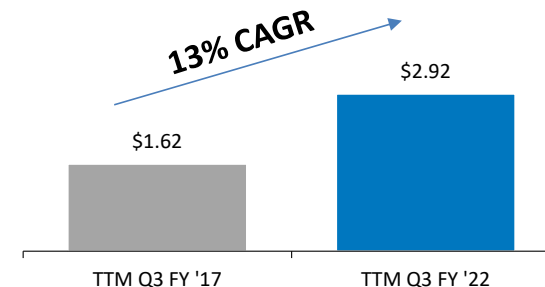
## Sales Growth<sup>1</sup>



## Gross Margin<sup>2</sup>



## Non-GAAP EPS Growth<sup>1, 3</sup>



## Return of Capital to Shareholders

**\$113m** + **\$254m**  
 5-Year Total Dividends Paid<sup>4</sup>      5-Year Total Share Repurchases<sup>4</sup>

**\$367m**  
 Returned to shareholders over 5 years<sup>4</sup>

1. 5-year CAGR: TTM Q3 FY '17 vs. Q3 FY '22; \$ in millions, except per share data
2. 5-year TTM GM impacted by global supply chain challenges and plant inefficiencies in Q3 FY '22
3. Reconciliation of GAAP to Non-GAAP provided in Appendix
4. 5-year period ending Q3 FY '22

# FY '22 Q3 Update and FY '22 Q4 Outlook

## Q3

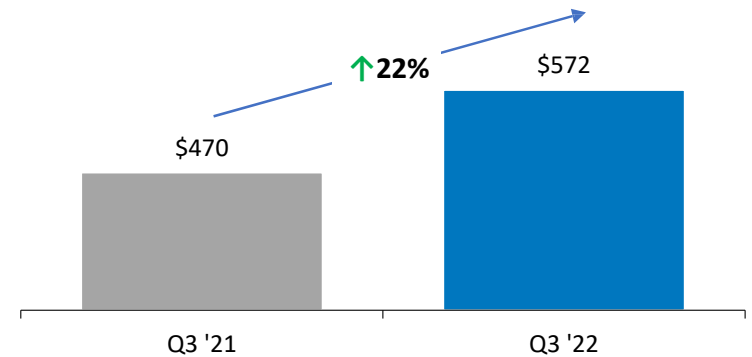
- Consolidated sales \$572m, +22% vs. Q3 FY '21
- Strong ongoing demand; high backlog
- Strategic investments to increase capacity
- Operating margin of 7.0% (Non-GAAP)<sup>1</sup>
  - Impacted by supply chain challenges and COVID impacts; partially offset by pricing and surcharge actions and fixed-cost leverage on higher volume
- Working to improve agility of supply chain
- Returned \$96m to shareholders FY '22 YTD
- Closed on two acquisitions:
  - Five LZBFGs in Alabama market
  - Furnico Manufacturing Company in the U.K.

## FY '22 Q4 Outlook

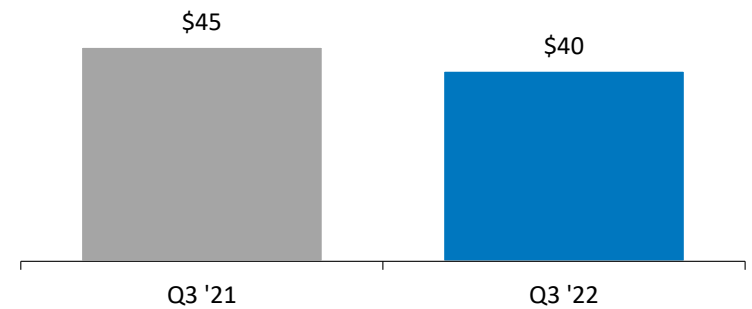
- Expect delivered sales per week to be flat to slightly up vs. FY '22 Q3
  - FY '22 Q4: 14 production weeks; FY '22 Q3: 12 production weeks
- Expect consolidated non-GAAP operating margin to strengthen to 7.5% to 8.5%

1. Non-GAAP operating profit impacted by global supply chain challenges and plant inefficiencies; reconciliation of GAAP to Non-GAAP provided in Appendix

## Net Sales (\$ in millions)



## Non-GAAP Operating Profit<sup>1</sup> (\$ in millions)





# Capital Allocation

**Target to Invest ~50% of Operating Cash Flow into the Business; Return ~50% to Shareholders**

## Disciplined Investments

Invest in Business

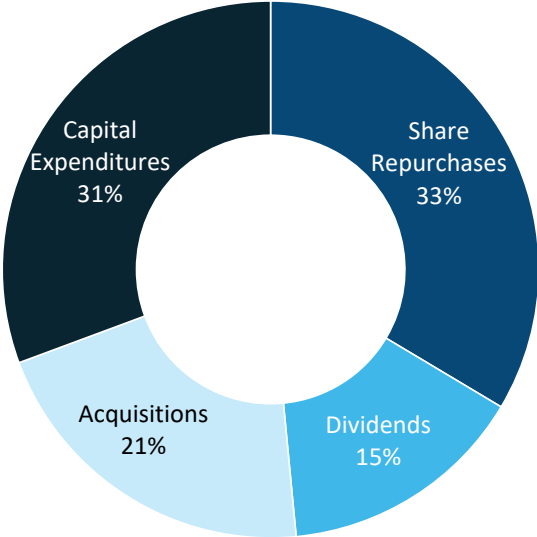
- Core investments: Capacity and IT
- ~21 Retail (company-owned) projects in FY '22
- Recent acquisition of stores: Long Island, NY and Tennessee/Alabama markets
- Increased focus on potential tack-on acquisitions

Returns to Shareholders

- \$76 million of share repurchases FY '22 YTD
- Increased share repurchase authorization to ~20% of s/o in Q2 FY '22
- Increased quarterly dividend to \$0.165 per share in Q3 FY '22

## Capital Priorities

*Allocation Over Last 5 Years<sup>1</sup>*



1. Represents relative allocation of capital over last 5 years ending Q3 FY '22; incremental operating cash flows utilized for debt repayment and other investments

# Sustainability and ESG Commitment

## Our Strategy and Initiatives

## Recent Highlights

### Reducing our Environmental Impact

- Monitoring and reporting scope 1 and scope 2 emissions across our operations
- Reducing water usage (more than 12m gallons of water saved annually vs. FY 2007)
- Sourcing plantation wood for our products to minimize deforestation impacts
- Prioritizing recycling efforts throughout all facilities to minimize waste to landfills

- Published a SASB-aligned table detailing material ESG topics
- Aligning climate-specific reporting with the TCFD framework
- Committed to setting science-based targets in the next two years and be carbon neutral by 2050
- Entered in to a 10-year resource-backed virtual power purchase agreement



### Promoting a Culture of Diversity and Safety

- Developing practices and initiatives that accelerate Diversity, Equity & Inclusion (DE&I) across our organization
- Maintaining exemplary safety record through extensive training and promoting a culture of safety across the organization

- Signed the *CEO Action for Diversity & Inclusion* pledge, committing to advance DE&I across our organization
- Formed the La-Z-Boy Diversity, Inclusion and Belonging Council
- Received the *National Safety Council Green Cross Safety Excellence Award* in 2020 for excellence in reducing workplace injuries



### Ensuring Sound Corporate Governance Principles

- Full Board oversees environmental and sustainability risks
- Compensation and Talent Management Committee oversees human capital and diversity-related topics
- Board is committed to prioritizing diversity in refreshment and succession planning

- 58% of our Board comprised of women and/or diverse directors
- 83% of Board has human capital management-related expertise



**Our Board and management continue to oversee our ESG practices and guide our strategy as we progress our goals and initiatives**

# New Mission, Purpose and Values

## Our Mission

Lead the global furnishings industry by leveraging our expertise in comfort, providing the best consumer experience, creating the highest-quality products, and empowering our people to transform rooms, homes and communities



## Our Purpose

We believe in the transformational power of comfort



## Our Values

Courage  
Curiosity  
Compassion



# Why Invest in La-Z-Boy Incorporated (NYSE: LZB)

*Leading Furniture Platform: Wholesaler; Retailer; and Joybird*



**Preeminent brand in large, dynamic and fragmented furniture industry**

**Differentiated omni-channel capabilities**

**Strong wholesale supply chain capability**

**Accelerating growth with Century Vision**

**Progressing a comprehensive sustainability strategy**

**Strong free cash flow generation and focused capital allocation**

**Track record of creating value for shareholders**

# Appendix



## RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

<i>(Amounts in thousands, except per share data)</i>	Quarter Ended		Nine Months Ended	
	1/22/2022	1/23/2021	1/22/2022	1/23/2021
GAAP gross profit	\$ 219,365	\$ 201,252	\$ 644,742	\$ 518,170
Add back: Purchase accounting charges - incremental expense upon the sale of inventory acquired at fair value	—	—	—	429
Add back: Business realignment charges/(gain)	—	(2)	—	1,303
Less: Supply chain optimization initiative gain	—	—	—	(50)
<b>Non-GAAP gross profit</b>	<b>\$ 219,365</b>	<b>\$ 201,250</b>	<b>\$ 644,742</b>	<b>\$ 519,852</b>
GAAP SG&A	\$ 179,878	\$ 166,838	\$ 516,771	\$ 431,492
Less: Purchase accounting charges - adjustment to fair value of contingent consideration and amortization of intangible assets and retention agreements	(258)	(10,257)	(1,277)	(13,736)
Less: Business realignment gain/(charges)	—	—	3,277	(2,580)
<b>Non-GAAP SG&amp;A</b>	<b>\$ 179,620</b>	<b>\$ 156,581</b>	<b>\$ 518,771</b>	<b>\$ 415,176</b>
GAAP operating income	\$ 39,487	\$ 34,414	\$ 127,971	\$ 86,678
Add back: Purchase accounting charges	258	10,257	1,277	14,165
Add back: Business realignment charges/(gain)	—	(2)	(3,277)	3,883
Less: Supply chain optimization initiative gain	—	—	—	(50)
<b>Non-GAAP operating income</b>	<b>\$ 39,745</b>	<b>\$ 44,669</b>	<b>\$ 125,971</b>	<b>\$ 104,676</b>
GAAP income before income taxes	\$ 38,673	\$ 40,933	\$ 127,765	\$ 94,472
Add back: Purchase accounting charges recorded as part of gross profit, SG&A, and interest expense	365	10,449	1,700	14,657
Add back: Business realignment charges/(gain)	—	(2)	(3,277)	3,883
Less: Supply chain optimization initiative gain	—	—	—	(50)
<b>Non-GAAP income before income taxes</b>	<b>\$ 39,038</b>	<b>\$ 46,161</b>	<b>\$ 126,188</b>	<b>\$ 107,743</b>



# RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

<i>(Amounts in thousands, except per share data)</i>	Quarter Ended		Nine Months Ended	
	1/22/2022	1/23/2021	1/22/2022	1/23/2021
GAAP net income attributable to La-Z-Boy Incorporated	\$ 28,467	\$ 29,232	\$ 92,549	\$ 68,965
Add back: Purchase accounting charges recorded as part of gross profit, SG&A, and interest expense	365	10,449	1,700	14,657
Less: Tax effect of purchase accounting	(91)	(1,073)	(310)	(1,479)
Add back: Business realignment charges/(gain)	—	(2)	(3,277)	3,883
Less: Tax effect of business realignment charges/(gain)	—	—	845	(938)
Less: Supply chain optimization initiative gain	—	—	—	(50)
Add back: Tax effect of supply chain optimization initiative gain	—	—	—	13
Less: CARES Act benefit	—	(5,219)	—	(5,219)
Add back: Tax effect of CARES Act benefit	—	1,261	—	1,261
<b>Non-GAAP net income attributable to La-Z-Boy Incorporated</b>	<b>\$ 28,741</b>	<b>\$ 34,648</b>	<b>\$ 91,508</b>	<b>\$ 81,093</b>
GAAP net income attributable to La-Z-Boy Incorporated per diluted share	\$ 0.65	\$ 0.62	\$ 2.07	\$ 1.49
Add back: Purchase accounting charges, net of tax, per share	—	0.20	0.04	0.27
Add back: Business realignment charges/(gain), net of tax, per share	—	—	(0.06)	0.07
Less: CARES Act benefit, net of tax, per share	—	(0.08)	—	(0.08)
<b>Non-GAAP net income attributable to La-Z-Boy Incorporated per diluted share</b>	<b>\$ 0.65</b>	<b>\$ 0.74</b>	<b>\$ 2.05</b>	<b>\$ 1.75</b>

	Trailing Twelve Months Ended	
	1/22/2022	1/28/2017
GAAP net income attributable to La-Z-Boy Incorporated per diluted share	\$ 2.88	\$ 1.62
Add back: Purchase accounting charges, net of tax, per share	0.10	—
Less: Business realignment gain, net of tax, per share	(0.06)	—
<b>Non-GAAP net income attributable to La-Z-Boy Incorporated per diluted share</b>	<b>\$ 2.92</b>	<b>\$ 1.62</b>

# RECONCILIATION OF GAAP TO NON-GAAP FINANCIAL MEASURES

Appendix

## SEGMENT INFORMATION

<i>(Amounts in thousands)</i>	Quarter Ended				Nine Months Ended			
	1/22/2022	% of Sales	1/23/2021	% of Sales	1/22/2022	% of Sales	1/23/2021	% of Sales
<b>GAAP operating income (loss)</b>								
Wholesale segment	\$ 27,639	6.5%	\$ 35,686	10.2%	\$ 89,098	7.1%	\$ 95,309	10.4%
Retail segment	24,102	12.2%	14,707	8.9%	68,502	12.0%	23,173	5.5%
Corporate and Other	(12,254)	N/M	(15,979)	N/M	(29,629)	N/M	(31,804)	N/M
<b>Consolidated GAAP operating income</b>	<b>\$ 39,487</b>	<b>6.9%</b>	<b>\$ 34,414</b>	<b>7.3%</b>	<b>\$ 127,971</b>	<b>7.7%</b>	<b>\$ 86,678</b>	<b>7.1%</b>
<b>Non-GAAP items affecting operating income</b>								
Wholesale segment	\$ 58		\$ 56		\$ (3,099)		\$ 3,286	
Retail segment	—		—		—		613	
Corporate and Other	200		10,199		1,099		14,099	
<b>Consolidated Non-GAAP items affecting operating income</b>	<b>\$ 258</b>		<b>\$ 10,255</b>		<b>\$ (2,000)</b>		<b>\$ 17,998</b>	
<b>Non-GAAP operating income (loss)</b>								
Wholesale segment	\$ 27,697	6.5%	\$ 35,742	10.2%	\$ 85,999	6.8%	\$ 98,595	10.7%
Retail segment	24,102	12.2%	14,707	8.9%	68,502	12.0%	23,786	5.7%
Corporate and Other	(12,054)	N/M	(5,780)	N/M	(28,530)	N/M	(17,705)	N/M
<b>Consolidated Non-GAAP operating income</b>	<b>\$ 39,745</b>	<b>7.0%</b>	<b>\$ 44,669</b>	<b>9.5%</b>	<b>\$ 125,971</b>	<b>7.5%</b>	<b>\$ 104,676</b>	<b>8.6%</b>

N/M - Not Meaningful

- In addition to the financial measures prepared in accordance with accounting principles generally accepted in the United States ("GAAP"), this presentation also includes Non-GAAP financial measures. Management uses these Non-GAAP financial measures when assessing our ongoing performance. The Non-GAAP measures may exclude purchase accounting, charges for our supply chain optimization initiative, benefits from the CARES Act, and charges for our business realignment. Non-GAAP operating margin may exclude items such as pre-tax purchase accounting charges and pre-tax business realignment charges. In addition, this presentation references the Non-GAAP financial measure of "Non-GAAP operating margin" for a future period. Items that are not presently determinable could have a material impact on the determination of operating margin on a GAAP basis and due to the probable variability and limited visibility of excluded items, we have not provided a reference to future period GAAP operating margin or a reconciliation of Non-GAAP operating margin for future periods in this presentation. These Non-GAAP financial measures are not meant to be considered a substitute for La-Z-Boy Incorporated's results prepared in accordance with GAAP, and may not be comparable to similarly titled measures reported by other companies. Except as otherwise specified herein, reconciliations of such Non-GAAP financial measures to the most directly comparable GAAP financial measures are set forth in the tables in this appendix.
- Management believes that presenting certain Non-GAAP financial measures excluding purchase accounting, charges for our supply chain optimization initiative, benefits from the CARES Act, and charges for our business realignment will help investors understand the long-term profitability trends of our business and compare our profitability to prior and future periods. Management uses these Non-GAAP measures to assess the company's operating and financial performance, and excludes purchase accounting, charges for our business realignment and charges for our supply chain optimization initiative because the amount and timing of such charges are significantly impacted by the timing, size, number and nature of the acquisitions and the operations being moved or closed. Management also excludes impacts from the CARES Act when assessing the company's operating and financial performance due to the one-time nature of the transactions.