UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended April 29, 2023
OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

COMMISSION FILE NUMBER 1-9656

LA-Z-BOY INCORPORATED
(Exact name of registrant as specified in its charter)

Michigan	38-0751137
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
One La-Z-Boy Drive, Monroe, Michigan	48162-5138
(Address of principal executive offices)	(Zip Code)

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

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

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

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section15(d) of the Exchange Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐	Non-accelerated filer	☐	Smaller reporting company	☐	Emerging growth company	☐

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management’s assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Based on the closing sales price as reported on the New York Stock Exchange on October 28, 2022, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant on that date was approximately $1,088 million.

The number of shares of common stock, $1.00 par value, of the registrant outstanding as of June 13, 2023 was 43,317,622.

DOCUMENTS INCORPORATED BY REFERENCE:

(1) Portions of the registrant's definitive proxy statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A for its 2023 Annual Meeting of Shareholders are incorporated by reference into Part III of this Form 10-K.

LA-Z-BOY INCORPORATED
ANNUAL REPORT ON FORM 10-K FOR FISCAL 2023

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Note: The responses to Items 10 through 14 of Part III will be included in the La-Z-Boy Incorporated definitive proxy statement to be filed with the Securities and Exchange Commission pursuant to Regulation 14A for the 2023 Annual Meeting of Shareholders. The required information is incorporated into this Form 10-K by reference to that document and is not repeated herein.

Cautionary Note Regarding Forward-Looking Statements

In this Annual Report on Form 10-K ("Annual Report"), La-Z-Boy Incorporated and its subsidiaries (individually and collectively, "we," "our," "us," "La-Z-Boy" or the "Company") make "forward-looking" statements within the meaning of the Private Securities Litigation Reform Act of 1995. 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, and our business and industry.

Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. Forward-looking statements may include words such as "aim," "anticipates," "believes," "continues," "estimates," "expects," "feels," "forecasts," "hopes," "intends," "plans," "projects," "likely," "seeks," "short-term," "non-recurring," "one-time," "outlook," "target," "unusual," or words of similar meaning, or future or conditional verbs, such as "will," "should," "could," or "may." A forward-looking statement is neither a prediction nor a guarantee of future events or circumstances, and those future events or circumstances may not occur. You should not place undue reliance on forward-looking statements, which speak to our views only as of the date of this Annual Report. These forward-looking statements are all based on currently available operating, financial, and competitive information and are subject to various risks and uncertainties, many of which are unforeseeable and beyond our control. 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 performance.

Our actual future results and trends may differ materially from those we anticipate depending on a variety of factors, including, but not limited to, the risks and uncertainties discussed in this Annual Report under Item 1A, "Risk Factors" and Item 7, "Management’s Discussion and Analysis of Financial Condition and Results of Operations". Given these risks and uncertainties, you should not rely on forward-looking statements as a prediction of actual results. Any or all of the forward-looking statements contained in this Annual Report or any other public statement made by us, including by our management, may turn out to be incorrect. 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.

PART I

ITEM 1. BUSINESS.

Edward M. Knabusch and Edwin J. Shoemaker started Floral City Furniture in 1927, and in 1928 the newly formed company introduced its first recliner. In 1941, we were incorporated in the state of Michigan as La-Z-Boy Chair Company, and in 1996 we changed our name to La-Z-Boy Incorporated. Today, our La-Z-Boy brand is one of the most recognized brands in the furniture industry.

We are the leading global producer of reclining chairs and the second largest manufacturer/distributor of residential furniture in the United States. The La-Z-Boy Furniture Galleries® stores retail network is the third largest retailer of single-branded furniture in the United States. We manufacture, market, import, export, distribute and retail upholstery furniture products under the La-Z-Boy®, England, Kincaid®, and Joybird® tradenames. In addition, we import, distribute and retail accessories and casegoods (wood) furniture products under the Kincaid®, American Drew®, Hammary®, and Joybird® tradenames.

As of April 29, 2023, our supply chain operations included the following:

- Five major manufacturing locations and 12 distribution centers in the United States and four facilities in Mexico to support our speed-to-market and customization strategy
- A logistics company that distributes a portion of our products in the United States
- A wholesale sales office that is responsible for distribution of our product in the United Kingdom and Ireland
- An upholstery manufacturing business in the United Kingdom
- A global trading company in Hong Kong which helps us manage our Asian supply chain by establishing and maintaining relationships with our Asian suppliers, as well as identifying efficiencies and savings opportunities

During the third quarter of fiscal 2023, we made the decision to close our manufacturing facility in Torreón, Mexico as part of our initiative to drive improved efficiencies through optimized staffing levels within our plants. Torreón was the last facility to begin operating as part of our broader Mexico manufacturing expansion in fiscal 2021 and 2022 to meet pandemic-related upholstery demand and accounted for approximately 3% of our La-Z-Boy branded production. As a result of this action, charges were recorded within the Wholesale segment in the third and fourth quarters of fiscal 2023 totaling $9.2 million in selling, general, and administrative expense for the impairment of various assets, primarily long-lived assets, and $1.6 million in cost of sales, primarily related to severance.

We also participate in two consolidated joint ventures in Thailand that support our international businesses: one that operates a manufacturing facility and another that operates a wholesale sales office. Additionally, we have contracts with several suppliers in Asia to produce products that support our pure import model for casegoods.

We sell our products through multiple channels: to furniture retailers or distributors in the United States, Canada, and approximately 50 other countries, including the United Kingdom, China, Australia, South Korea and New Zealand; directly to consumers through retail stores that we own and operate; and through our websites, www.la-z-boy.com and www.joybird.com.

- The centerpiece of our retail distribution strategy is our network of 349 La-Z-Boy Furniture Galleries® stores and 522 La-Z-Boy Comfort Studio® locations, each dedicated to marketing our La-Z-Boy branded products. We consider this dedicated space to be "proprietary."

    - La-Z-Boy Furniture Galleries® stores help consumers furnish their homes by combining the style, comfort, and quality of La-Z-Boy furniture with our available design services. We own 171 of the La-Z-Boy Furniture Galleries® stores, while the remainder are independently owned and operated.
    - La-Z-Boy Comfort Studio® locations are defined spaces within larger independent retailers that are dedicated to displaying and selling La-Z-Boy branded products. All 522 La-Z-Boy Comfort Studio® locations are independently owned and operated.
    - In total, we have approximately 7.6 million square feet of proprietary floor space dedicated to selling La-Z-Boy branded products in North America.
    - We also have approximately 2.6 million square feet of floor space outside of the United States and Canada dedicated to selling La-Z-Boy branded products.

- Our other brands, England, American Drew, Hammary, and Kincaid enjoy distribution through many of the same outlets, with slightly over half of Hammary's sales originating through the La-Z-Boy Furniture Galleries® store network.
    - Kincaid and England have their own dedicated proprietary in-store programs with 614 outlets and approximately 1.9 million square feet of proprietary floor space.
    - In total, our proprietary floor space includes approximately 12.1 million square feet worldwide.
- Joybird sells product primarily online and has a limited amount of proprietary retail showroom floor space including ten small-format stores in key urban markets.

Principal Products and Industry Segments

Our reportable operating segments include the Wholesale segment and the Retail segment. Our Wholesale segment manufactures and imports upholstered and casegoods (wood) furniture and sells directly to La-Z-Boy Furniture Galleries® stores, operators of La-Z-Boy Comfort Studio® locations, branded space locations, England Custom Comfort Center locations, major dealers, and a wide cross-section of other independent retailers. Our Retail segment primarily sells upholstered furniture, in addition to some casegoods and other accessories, to end consumers through our company-owned La-Z-Boy Furniture Galleries® stores.

We have provided additional detailed information regarding our segments and their products in Note 17, Segment Information, to our consolidated financial statements and Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" section, both of which are included in this report.

Raw Materials and Parts

The principal raw materials and parts used for manufacturing that are purchased are cover (primarily fabrics and leather), polyester batting and polyurethane foam for cushioning and padding, lumber and plywood for frames, steel for motion mechanisms, electrical components for power units and various other metal components for fabrication of product. We purchase most of our polyurethane foam from two suppliers, which have several facilities across the United States that deliver to our plants. We purchase cover from a variety of sources, but we rely on a limited number of major suppliers. We purchase more than half of our cover in a raw state (fabric rolls or leather hides) primarily from suppliers in China, then cut and sew it into cover in our cut and sew facilities in Mexico. We purchase the remainder of our cut and sewn leather and fabric kits from five main suppliers primarily from China as well as Vietnam. We use these suppliers primarily for their product design capabilities and to balance our mix of in-sourced and out-sourced production. If any of these suppliers experience financial or other difficulties, we could experience temporary disruptions in our manufacturing process until we find alternative sources of supply.

We manage our Asian supply chain through our global trading company in Hong Kong, which works to identify efficiencies and savings opportunities, while verifying La-Z-Boy quality standards are being adhered to and managing the relationships with our Asian suppliers.

During fiscal 2022 and the first half of fiscal 2023, the prices of materials we use in our upholstery manufacturing process increased, driven by supply chain challenges due to COVID-19, higher demand for raw materials in manufacturing sectors and the home furnishings industry due to an economic sector rotation, and inflationary cost pressure. During the second half of fiscal 2023, raw material prices began to decrease relative to the historic highs experienced in the prior year, but are still well above pre-pandemic levels. As we begin fiscal 2024, we anticipate that prices will remain relatively consistent with those seen at the end of fiscal 2023, with potential increases due to economic volatility and price inflation in our core materials. To the extent that we again experience incremental costs in any of these areas, as we did in fiscal 2023, we may increase our selling prices or assess material surcharges to offset the impact. However, increases in selling prices, or surcharges, may not fully mitigate the impact of raw material cost increases, which could adversely impact operating profits.

Finished Goods Imports

Imported finished goods represented 7% and 6% of our consolidated sales in fiscal 2023 and 2022, respectively. In fiscal 2023, we purchased 74% of this imported product from five suppliers based in Asia. We use these suppliers primarily to leverage our buying power, to control quality and product flow, and because their capabilities align with our product design needs. If any of these suppliers experience financial or other difficulties, we could experience disruptions in our product flow until we obtain alternate suppliers, which could be lengthy due to the longer lead time required for sourced wood furniture from Asian manufacturers.

The prices we paid for these imported products, including associated transportation costs, decreased throughout 2023 compared with fiscal 2022 when costs increased drastically due to the constrained supply chain along with the lack of shipping container availability. In fiscal 2024, we anticipate our product costs will stabilize.

Seasonal Business

Our business has historically displayed seasonal patterns driven by consumer behavior with demand highest in the winter months as discretionary spend tends to shift toward travel and leisure activities during the summer months. For our wholesale businesses, our fiscal fourth quarter has historically had the highest volume of delivered sales relative to other quarters. For our retail businesses, which includes our company-owned retail stores, our fiscal third quarter typically has the highest volume of delivered sales relative to other quarters.

In a typical year, we schedule production to maintain consistent manufacturing activity throughout the year whenever possible. During the summer months, the furniture industry generally experiences weaker demand, and as such we typically shut down our domestic plants for one week each fiscal year to perform routine maintenance on our equipment. Accordingly, for our wholesale business, the first quarter is usually the Company's weakest quarter in terms of sales and earnings. Also driven by the seasonal slowdown in the summer, each of our retail businesses typically experience their lowest sales in our fiscal first quarter.

During the last three fiscal years, our sales volume and production schedule did not follow typical trends due to the impact of COVID-19. As a result of the significant backlog built in prior years driven by heightened demand during the COVID-19 pandemic, in fiscal 2023, our wholesale and retail businesses both experienced their largest sales volume in the second quarter of fiscal 2023. We anticipate that typical seasonal trends in the furniture industry will return to normal in fiscal 2024.

Economic Cycle and Purchasing Cycle

Our sales are impacted by the overall growth of the furniture industry, which is primarily influenced by economic growth, existing and new housing activity, and consumer discretionary spending. In addition, consumer confidence, employment rates, inflation and interest rates, consumer savings levels, international trade policies, and other factors could affect demand. During fiscal 2021 and the beginning of fiscal 2022, we experienced heightened demand as more discretionary spending was allocated to the home furnishings industry due to the impact of COVID-19. However, during fiscal 2023, demand trends have returned to pre-pandemic patterns and therefore, in fiscal 2024, we anticipate furniture demand and purchasing cycles to respond to macroeconomic conditions as they historically have.

Upholstered furniture has a shorter life cycle than casegoods furniture because upholstered furniture is typically more fashion and design-oriented and is often purchased one or two pieces at a time. Purchases and demand for consumer goods, including upholstered furniture, fluctuate based on consumer confidence. Casegoods products, in contrast, are longer-lived and frequently purchased in groupings or "suites," resulting in a much larger cost to the consumer. As a result, casegoods sales are more sensitive to economic conditions, including growth or a slowdown in the housing market, whereas upholstered furniture normally exhibits a less volatile sales pattern over an economic cycle.

Practices Regarding Working Capital Items

The following describes our significant practices regarding working capital items.

Inventory: For our upholstery business within our Wholesale segment, we maintain raw materials and work-in-process inventory at our manufacturing locations. Finished goods inventory is maintained at our 12 distribution centers as well as our manufacturing locations. Our distribution centers allow us to streamline the warehousing and distribution processes for our La-Z-Boy Furniture Galleries® store network, including both company-owned stores and independently-owned stores. Our distribution centers also allow us to reduce the number of individual warehouses needed to supply our retail outlets and help us reduce inventory levels at our manufacturing and retail locations.

For our casegoods business within our Wholesale segment, we import wood furniture from Asian vendors, resulting in long lead times on these products. To address these long lead times and meet our customers' delivery requirements, we typically maintain higher levels of finished goods inventory in our warehouses, as a percentage of sales, of our casegoods products than our upholstery products.

Our company-owned La-Z-Boy Furniture Galleries® stores have finished goods inventory at the stores for display purposes.

Our Joybird business maintains raw materials and work-in-process inventory at its manufacturing location. Joybird finished goods inventory is maintained at our distribution centers, at its manufacturing and warehouse locations, or in-transit to the end consumer.

Our inventory decreased $26.9 million as of year end fiscal 2023 compared with year end fiscal 2022 primarily due to higher inventory levels at the end of fiscal 2022 to support increased sales demand and manufacturing capacity and to reduce the impact associated with volatility in raw material availability. Additionally, inventory balances at the end of fiscal 2023 were lower as we have worked down our backlog toward pre-pandemic levels and aligned production with incoming order trends. We actively manage our inventory levels on an ongoing basis to ensure they are appropriate relative to our sales volume, while maintaining our focus on service to our customers.

Accounts Receivable: Our accounts receivable decreased $58.2 million as of year end fiscal 2023 compared with year end fiscal 2022. The decrease in accounts receivable was primarily due to lower fourth quarter sales in fiscal 2023 compared with the same period a year ago as the prior year benefited from sales generated from the backlog built up in prior periods combined with the realization of pricing and surcharge actions taken in response to rising manufacturing costs.

Additionally, our allowance for receivable credit losses was $1.4 million higher at the end of fiscal 2023 compared with the end of fiscal 2022 reflecting uncertainty in the economic outlook. We monitor our customers' accounts, limit our credit exposure to certain independent dealers and strive to decrease our days' sales outstanding where possible.

Accounts Payable: Our accounts payable increased $3.4 million as of year end fiscal 2023 compared with year end fiscal 2022, primarily due to higher marketing costs during the fourth quarter of fiscal 2023 compared with the fourth quarter of fiscal 2022.

Customer Deposits: We collect a deposit from our customers at the time a customer order is placed in one of our company-owned retail stores or through our websites, www.la-z-boy.com and www.joybird.com. Customer deposits decreased $77.5 million as of fiscal year end 2023 compared with fiscal year end 2022, as we worked down our backlog toward pre-pandemic levels.

Customers

Our wholesale customers are furniture retailers. While primarily located throughout the United States and Canada, we also have customers located in various other countries, including the United Kingdom, China, Australia, South Korea and New Zealand. Sales in our Wholesale segment are primarily to third-party furniture retailers, but we also sell directly to end consumers through our company-owned La-Z-Boy Furniture Galleries® stores that make up our Retail segment and through our websites, www.la-z-boy.com and www.joybird.com.

We have formal agreements with many furniture retailers for them to display and merchandise products from one or more of our operating units and sell them to consumers in dedicated retail space, either in stand-alone stores or dedicated proprietary galleries, studios or branded spaces within their stores. We consider this dedicated space to be "proprietary." For our Wholesale segment, our fiscal 2023 customer mix based on sales was approximately 60% proprietary, 10% major dealers (large, regional retailers), and 30% other independent retailers.

The success of our product distribution model relies heavily on having retail floor space that is dedicated to displaying and marketing our products. The 349-store La-Z-Boy Furniture Galleries® network is central to this approach. In addition, we sell product through proprietary space within other retail furniture stores, primarily La-Z-Boy Comfort Studio® locations, branded space locations, England Custom Comfort Center locations, Kincaid Shoppes, and other international locations. Additionally, our Joybird business, which sells product primarily online to end consumers through its website, www.joybird.com, also has a limited amount of retail showroom floor space in small-format stores in key urban markets.

Maintaining, updating, and, when appropriate, expanding our proprietary distribution network is a key part of our overall sales and marketing strategy. We intend, over the long-term, to not only increase the number of stores in the network but also to continue to improve their quality, including upgrading old-format stores to our new concept design through remodels and relocations. We continue to maintain and update our current stores to improve the quality of the network. The La-Z-Boy Furniture Galleries® store network plans to open 7 to 9 stores and relocate or remodel 20 to 25 stores during fiscal 2024, all of which will feature our latest store designs. Additionally, during fiscal 2024 we plan to open or update approximately 100 La-Z-Boy Comfort Studio® locations as well as 40 branded space locations.

Independent dealers for our proprietary La-Z-Boy Furniture Galleries® store network were selected based on factors such as their management and financial qualifications and the potential for distribution in specific geographical areas. This proprietary distribution enables us to concentrate our marketing to a dedicated product line across the entire network benefitting La-Z-Boy, these dealers, and our consumers. It also allows dealers in this proprietary group to take advantage of best practices, with which other proprietary dealers have succeeded, and we facilitate forums for these dealers to share them. These La-Z-Boy Furniture Galleries® stores provide our consumers a full-service shopping experience with a large variety of products, knowledgeable sales associates, and design service consultants.

Orders and Backlog

We typically build upholstery units based on specific orders, either for dealer stock or to fill consumers' custom orders. We import casegoods product primarily to fill our internal orders, rather than customer or consumer orders, resulting in higher finished goods inventory on hand as a percentage of sales. We define backlog as any written order that has not yet been delivered, whether to an independent furniture retailer, an independently-owned La-Z-Boy Furniture Galleries® store, or the end consumer through our company-owned La-Z-Boy Furniture Galleries® stores.

Historically, the size of our backlog at a given time varies and may not be indicative of our future sales and, therefore, we do not rely entirely on backlogs to predict future sales. Our wholesale backlog was $223.1 million as of April 29, 2023, compared with $697.2 million as of April 30, 2022. The decrease in fiscal 2023 was the result of delivering on the backlog built in prior periods, continued production and supply chain efficiencies, and a slow-down in demand relative to the peak experienced during the COVID-19 pandemic. As of the end of fiscal 2023, we believe that our backlog volume and lead times are returning to pre-pandemic levels and we anticipate that they will stabilize in fiscal 2024.

Competitive Conditions

We are the second largest manufacturer/distributor of residential (living and family room, bedroom, and dining room) furniture in the United States, as measured by annual sales volume.

The home furnishings industry competes primarily on the basis of product styling and quality, comfort, customer service (product availability and delivery), price, and location. We compete by emphasizing our brand and the comfort, quality, styling, customization, value of our products, and our available design services. In addition, we remain committed to innovation while striving to provide outstanding customer service, exceptional dealer support, and efficient on-time delivery. Maintaining, updating, and expanding our proprietary distribution system, including identifying desirable retail locations, is a key strategic initiative for us in striving to remain competitive. We compete in the mid to upper-mid price point, and a shift in consumer taste and trends to lower-priced products could negatively affect our competitive position. Additionally, our wholesale business faces increased market pressures from foreign manufacturers entering the United States market and increased direct purchases from foreign suppliers by large United States retailers.

The La-Z-Boy Furniture Galleries® stores operate in the retail furniture industry in the United States and Canada, and different stores have different competitors based on their geographic locations. In addition, alternative distribution channels have increasingly affected our retail markets. Direct-to-consumer brands bypass brick and mortar retailers entirely or in some cases have developed a product that can be shipped more easily than traditional upholstered furniture, thus increasing competition for our products. The increased ability of consumers to purchase furniture through various furniture manufacturers' and digital-only retailers' internet websites has also increased competition in the industry. Although digital retailers operate with lower overhead costs than a brick-and-mortar retailer, customer acquisition costs and advertising spend is typically much higher. Department stores and big box retailers with an online presence also offer products that compete with some of our product lines.

Trademarks, Licenses and Patents

We own the La-Z-Boy trademark, which is essential to the Wholesale and Retail segments of our business. We also own the Joybird trademark, which, along with the La-Z-Boy trademark, is essential to our e-commerce business. Additionally, we own a number of other trademarks that we utilize in marketing our products. We consider our La-Z-Boy trademark to be among our most valuable assets and we have registered that trademark and others in the United States and various other countries where our products are sold. These trademarks have a perpetual life, subject to renewal. We license the use of the La-Z-Boy trademark to certain international partners and dealers outside of North America. We also license the use of the La-Z-Boy trademark on contract office furniture, outdoor furniture, and non-furniture products, as these arrangements enhance our brand awareness, broaden the perceptions of La-Z-Boy, and create visibility of the La-Z-Boy brand in channels outside of the residential furniture industry. In addition, we license to our branded dealers the right to use our La-Z-Boy trademark in connection with the sale of our products and related services, on their signs, and in other ways, which we consider to be a key part of our marketing strategies. We provide more information about those dealers under "Customers."

We hold a number of United States and foreign patents that we actively enforce. We have followed a policy of filing patent applications for the United States and select foreign countries on inventions, designs and improvements that we deem valuable, but these patents do expire at various times.

While our intellectual property rights in the aggregate are important to the operation of our business, we do not believe that any existing patent, license, trademark or other intellectual property right (other than the La-Z-Boy trademark) is of such importance that its loss or termination would have a material adverse effect on our business taken as a whole. We vigorously protect our trademarks and patents against third-party infringement.

Compliance with Environmental Regulations

Our manufacturing operations involve the use and disposal of certain substances regulated under environmental protection laws and regulations and, from time to time, we may be involved in a small number of remediation actions and site investigations concerning these substances. Based on a review of all currently known facts and our experience with previous environmental matters, we currently do not believe it is probable that we will have any additional loss for environmental matters that would be material to our consolidated financial statements.

Human Capital

Employees

We employed approximately 10,500 full-time equivalent employees as of April 29, 2023, compared with approximately 12,800 employees at the end of fiscal 2022. The decrease in headcount was primarily due to the initiative to drive improved efficiencies through optimized staffing levels within our US, Mexico and Thailand plants. As of April 29, 2023, we employed approximately 8,200 employees in our Wholesale segment, 1,600 in our Retail segment, 480 in our Joybird business, with the remaining employees being corporate personnel. We employ the majority of our employees on a full-time basis.

Purpose and Values

At La-Z-Boy, we believe in the transformational power of comfort. We provide an excellent consumer experience, create high quality products and empower people to transform rooms, homes and communities with comfort. Our teams are committed to our core values of Courage, Curiosity and Compassion. We are not afraid to try new things, we are relentless in our mission to understand our business and consumers, and we honor our almost 100-year legacy that was built on family.

Sustainability

As we build the La-Z-Boy of tomorrow, our goal is to make the world a better place through the transformational power of comfort. Aligned with our core values, we embrace curiosity for sustainable design, operate with compassion for a sustainable planet, and empower courage for a sustainable culture.

Sustainable Design. We embrace curiosity and our inquisitiveness helps us identify innovative opportunities for our products that uphold our commitment to quality, rely on sustainable materials and drive best practices in our supplier partnerships.

Sustainable Planet. We strive to operate La-Z-Boy with compassion for the environment. We are committed to responsible stewardship and integrate environmentally sound and sustainable practices into our daily decisions. We work to reduce emissions, increase recycling efforts, and conserve water in all areas of our business.

Sustainable Culture. At La-Z-Boy, we support our employees so they can make courageous choices and help our business thrive. Our people practices are linked to our sustainability initiatives. The sustainable culture we are building is designed to empower employees to do what is right in the workplace and in our communities. From supporting our employees' careers and providing a safe and ethical work environment to giving back to the communities where we live and work, people are always at the heart of our brand.

Compliance and Ethics

La-Z-Boy is dedicated to upholding the highest ethical standards and working with honesty and integrity in all aspects of our business operations. Our Code of Conduct provides a clear and thorough ethics standard for all employees, officers, and directors with respect to interactions with customers, vendors, and other staff. Employees also undergo annual training on ethics and the Code of Conduct. We also maintain an Ethics Hotline to make it easy for employees and suppliers to report any concerns. This line is available 24 hours a day and is operated by a third-party. Reports are taken by trained professionals and promptly forwarded to our Corporate Compliance team. Employees may also communicate any concerns through a dedicated online portal.

Diversity, Inclusion and Belonging

We believe in creating and fostering a workplace in which all our employees feel valued, included, and empowered to do their best work and contribute their ideas and perspectives. Our Company is committed to recruiting and retaining diverse talent so that our workforce better reflects the communities in which we operate our business globally. We recognize that our employees' unique backgrounds, experiences and perspectives enable us to create the optimal work environment and deliver on our mission.

Aligning with our purpose and values, we intend to continue to be curious, courageous, and compassionate in our efforts to foster an environment that attracts the best talent, values diversity of life experiences and perspectives and encourages innovation to accelerate the transformational power of comfort.

Our diversity, inclusion and belonging initiatives include:

- Integrating diversity, inclusion and belonging into our overall corporate strategy and developing impactful practices and initiatives to advance our Company's diversity, inclusion and belonging journey;
- Leveraging our Diversity, Inclusion and Belonging Council to provide enterprise-wide leadership focused on supporting all our employees, developing training and learning opportunities for our employees on diversity, unconscious bias and other topics, and creating sustainable plans to increase diversity in talent acquisition;
- Expanding our support of employee resource groups ("ERGs"), which include groups focused on Multicultural, Pride, Working Parents & Caregivers and Women. Our ERG's provide learning and mentorship experiences for our diverse employees, supporting our objective of creating diversity awareness across our organization, and helping our employees use their collective voices to positively impact our Company and the communities in which we operate our business and live;
- Revisiting, assessing and implementing changes to our processes, in an effort to continue mitigating unconscious bias and enhancing our inclusion recruiting strategy;
- Enhancing and expanding our supplier inclusion network;
- Expanding inclusive leaders training throughout the organization;
- Creating space for individuals to share their perspective, values and voice to our global population through employee written articles, our internal podcast, and multiple video series on our internal communications platform and;
- Demonstrating our Company's commitment at the highest levels of leadership, including having our President and Chief Executive Officer sign the CEO Action for Diversity & Inclusion™ pledge to advance diversity and inclusion in the workplace

Safety and Health

We prioritize the health and safety of our employees, partners and the people in communities where we operate.

As the largest industrial manufacturer in many regions where we do business, we recognize our potential impact on surrounding communities. We actively partner with local agencies in these communities to build proactive emergency and contingency plans for any major incidents that may occur at our facilities and any natural disasters that may impact the region.

We work to forge relationships with agencies, such as the Occupational Safety and Health Administration (OSHA), to understand how we can best adhere to health and safety practices.

Additionally, the National Safety Council (NSC) has recognized La-Z-Boy with multiple awards for safety performance and leadership throughout the Company's history. This includes our recognition as a six-time recipient of the Corporate Culture of Safety Award and our recognition as a recipient of the Green Cross for Safety Excellence Award, which recognizes only one corporation each year for outstanding achievement in safety.

Training and Development

We encourage employee growth, curiosity, and courage. We provide our workforce, in all areas of our business, opportunities for both personal and career advancement, such as offering on-the-job trainings to help employees be more effective in both current and future roles. This includes training in the operations and retail environment to maintain high-quality standards as we make and sell our products. We strive to promote employees internally and to provide new managers with the skills necessary to succeed. Further, we have a leadership development program to train employees who are new to managing teams.

Community Giving

Throughout our 96-year history, giving back to our communities has been woven through La-Z-Boy's culture following the example set by our founders. When it comes to giving, our vision is to improve the lives of others by developing exceptional programs based on partnerships where employees feel a sense of connection and pride in their communities and our mission is to enhance the quality of life in the communities in which we live and serve through leadership, financial contributions and volunteer efforts.

Our philanthropic initiatives include the La-Z-Boy Foundation, local community involvement, disaster relief and our signature charity, Ronald McDonald House Charities. La-Z-Boy is honored to be the official furniture provider for Ronald McDonald House Charities. Throughout fiscal 2023, La-Z-Boy has continued our support of providing furniture and financial contributions to non-profit organizations with special emphasis on arts/culture/humanities, community enrichment, education and health and human services.

Our employees further exemplify the spirit of giving through leadership and volunteer efforts in their own communities, and for numerous non-profit organizations, which include the United Way, Relay for Life, Habitat for Humanity and others. The Company participates in the *"The La-Z-Boy Summer of Caring"* during the summer and *"The La-Z-Boy Season of Caring"* during the winter, seasonal initiatives that encourage and support employee volunteerism. Since launching in 2018, our employees have accumulated over 35,000 hours of caring as part of these programs.

Internet Availability

Our Forms 10-K, 10-Q, 8-K, proxy statements on Schedule 14A, and amendments to those reports are available free of charge through links on our internet website, www.la-z-boy.com, as soon as reasonably practicable after they are electronically filed with, or furnished to, the Securities and Exchange Commission ("SEC"). Copies of any materials we file or furnish to the SEC can also be obtained free of charge through the SEC's website at www.sec.gov. The information on our website is not incorporated by reference into this report or any other reports we file with, or furnish to, the SEC.

ITEM 1A. RISK FACTORS.

Our business is subject to a variety of risks. Any of the following risks could materially and adversely affect our business, results of operations, financial condition, or future prospects. The risks discussed below should be carefully considered, together with the other information provided in this Annual Report on Form 10-K, including Management's Discussion and Analysis of Financial Condition and Results of Operations and our financial statements, including the related notes. These risk factors do not identify all risks that we face. There may be additional risks that are presently unknown to us or that we currently believe to be immaterial that could affect us. Investors should carefully consider all risks, including those disclosed, before making an investment decision.

Macroeconomic, Market and Strategic Risk Factors

Declines in certain economic and market conditions that impact consumer confidence and consumer spending, or cause further disruption in our business, could negatively impact our sales, results of operations and liquidity.

The furniture industry and our business are particularly sensitive to cyclical variations in the general economy and to uncertainty regarding future economic conditions because our principal products are consumer goods that may be considered postponable discretionary purchases. Economic downturns and prolonged negative economic conditions have in the past affected, and could continue to affect general consumer spending, resulting in a decrease in the overall demand for such discretionary items, including home furnishings. Factors influencing consumer spending include, among others, general economic conditions, consumer disposable income, recession and fears of recession, United States government default or shutdown or the risk of such default or shutdown, inflation, unemployment, war and fears of war, availability of consumer credit, consumer debt levels, consumer confidence, conditions in the housing market, fuel prices, interest rates, sales tax rates, civil disturbances and terrorist activities, natural disasters, adverse weather, and health epidemics or pandemics.

During the COVID-19 pandemic, like many businesses, we experienced significant disruption in our supply chain resulting in unprecedented increases in material and freight costs, as well as significant unavailability or delay of parts or finished goods. While the pandemic-era disruptions have diminished, further significant supply chain shocks, more significant disruption of the furniture industry, disruption within our independent dealer network or third-party wholesalers, or other unusual developments could cause significant disruption to our business and negatively affect our results.

Also during the COVID-19 pandemic, we experienced an increase in demand, as more discretionary consumer spending was allocated to home furnishings. While we have seen a slow-down in demand relative to the COVID-19 era due to the negative impact of various cited factors and the return to more normal seasonality, we are unable to identify and predict to what extent such factors may further impact consumer spending on our products in the short and long term.

Loss of market share and other financial or operational difficulties due to competition would likely result in a decrease in our sales, earnings, and liquidity.

The residential furniture industry is highly competitive and fragmented. We currently compete with many other manufacturers and retailers, including online retailers. Some of these competitors offer widely advertised products or are large retail furniture dealers offering their own store-branded products. Competition in the residential furniture industry is based on quality, style of products, perceived value, price, promotional activities, service to the customer, and advertising. Changes in pricing and promotional activities of competitors may adversely affect our performance. In addition, due to the large number of competitors and their wide range of product offerings, we may not be able to differentiate our products (through styling, finish, and other construction techniques) from those of our competitors. The highly competitive nature of the industry means we are constantly subject to the risk of losing market share, which would likely decrease our future sales, earnings, and liquidity.

A majority of our sales are to distribution channels that rely on physical stores to merchandise and sell our products and a significant shift in consumer preference toward purchasing products online could have a material adverse effect on our sales and operating margin. Over the past several years, the furniture industry in general has experienced a shift to more online purchasing and during the COVID-19 pandemic, this shift accelerated as customer shopping patterns and behaviors changed. We are attempting to meet consumers where they prefer to shop by expanding our online capabilities and improving the user experience at www.la-z-boy.com to drive more traffic to both our online site and our physical stores. We also own Joybird, a leading e-commerce retailer and manufacturer of upholstered furniture. Joybird sells product almost exclusively online, where there is significant competition for customer attention among online and direct-to-consumer brands.

These and other competitive pressures could cause us to lose market share, revenue and customers, increase expenditures or reduce prices, any of which could have a material adverse effect on our results of operations or liquidity.

Operational Risk Factors

Our business and our reputation could be adversely affected by cybersecurity incidents and the failure to protect sensitive employee, customer, consumer, vendor or Company data.

Cyber-attacks designed to gain access to and extract sensitive information or otherwise affect or compromise the confidentially, integrity, and availability of information, including phishing attempts, denial of service attacks, and malware or ransomware incidents, have occurred over the last several years at a number of major U.S. companies and have resulted in, among other things, the unauthorized release of confidential information, material business disruptions, and negative brand and reputational impacts. Despite widespread recognition of the cyber-attack threat and improved data protection methods, cyber-attacks on organizations continue to be sophisticated, persistent, and ever-changing, making it difficult to prevent and detect these attacks. Similar to many other retailers, we receive and store certain personal information about our employees, wholesale customers, consumers, and vendors. Additionally, we rely on third-party service providers to execute certain business processes and maintain certain information technology systems and infrastructure, and we supply such third-party providers with the personal information required for those services.

During fiscal 2023, we were subject, and in the future, we will likely continue to be subject, to attempts to breach the security of our networks and IT infrastructure through cyber-attack, malware, ransomware, computer viruses, phishing attempts, social engineering and other means of unauthorized access. To the best of our knowledge, attempts to breach our systems have not been successful to date. A breach of our systems, either internally, through potential vulnerabilities of our employees' home networks, or at our third-party technology service providers, could adversely affect our business operations and result in the loss or misappropriation of, and unauthorized access to, sensitive information. A breach that results in the unauthorized release of sensitive information could adversely affect our reputation resulting in a loss of our existing customers and potential future customers, lead to financial losses due to remedial actions or potential liability, possibly including punitive damages, or we could incur regulatory fines or penalties. An electronic security breach resulting in the unauthorized release of sensitive data from our information systems or those of our third-party service providers could also materially increase the costs we already incur to protect against these risks, including costs associated with insurance coverage and potential remediation measures. We continue to balance the additional risk with the cost to protect us against a breach and have taken steps to ensure that losses arising from a breach would be covered in part by insurance that we carry, although the costs, potential monetary damages, and operational consequences of responding to cyber incidents and implementing remediation measures may be in excess of our insurance coverage or be not covered by our insurance at all.

We have implemented a hybrid work approach for certain employees. Although we continue to implement strong physical and cybersecurity measures to ensure that our business operations remain functional and to ensure uninterrupted service to our customers, our systems and our operations remain vulnerable to cyberattacks and other disruptions due to the fact that a portion of our employees work remotely and we cannot be certain that our mitigation efforts will be effective.

We rely extensively on information technology systems to process transactions, summarize results, and manage our business and that of certain independent dealers. Disruptions in both our primary and back-up systems could adversely affect our business and results of operations.

Our primary and back-up information technology systems are subject to damage or interruption from power outages, telecommunications failures, hardware and software failures, computer hacking, cybersecurity breaches, computer viruses, phishing attempts, cyber-attacks, malware and ransomware attacks, errors by employees, natural disasters, adverse weather, and similar events. We also rely on technology systems and infrastructure provided by third-party service providers, who are subject to these same cyber and other risks. Interruptions of our critical business information technology systems or failure of our back-up systems could result in longer production times or negatively impact customers resulting in damage to our reputation and a reduction in sales. If our critical information technology systems or back-up systems were damaged or ceased to function properly, we might have to make a significant investment to repair or replace them. If a ransomware attack or other cybersecurity breach occurs, either internally or at our third-party technology service providers, it is possible we could be prevented from accessing our data which may cause interruptions or delays in our business, cause us to incur remediation costs or require us to pay ransom to a hacker which takes over our systems, or damage our reputation. While we carry insurance that would mitigate losses from certain damage, interruption, or breach of our information technology systems, insurance may be insufficient to compensate us fully for potential significant losses.

Further, information systems of our suppliers or service providers may be vulnerable to attacks by hackers and other security breaches, including computer viruses and malware, through the internet, email attachments and persons with access to these information systems. If our suppliers or service providers were to experience a system disruption, attack or security breach that impacts a critical function, it could result in disruptions in our supply chain, the loss of sales and customers, potential liability for damages to our customers, reputational damage and incremental costs, which could adversely affect our business, results of operations and profitability.

Inability to maintain and enhance our brand and respond to changes in our current and potential consumers' tastes and trends in a timely manner could adversely affect our business and results of operations.

The success of our business depends on our ability to maintain and enhance our brands to increase our business by retaining consumers and attracting new ones. Furniture product is fashion-oriented so changes in consumers' tastes and trends and the resultant change in our product mix, as well as failure to offer our consumers multiple avenues for purchasing our products, could adversely affect our business and results of operations. We attempt to minimize these risks by maintaining strong advertising and marketing campaigns promoting our brands. We also attempt to minimize our risk by updating our current product designs, styles, quality, prices, and options to purchase our products in-store or online. If these efforts are unsuccessful or require us to incur substantial costs, our business, results of operations and financial or competitive condition could be adversely affected.

Fluctuations in the price, availability and quality of raw materials could cause delays that could result in our inability to timely provide goods to our customers and have increased, and could continue to increase, our costs, either of which could decrease our earnings.

In manufacturing furniture, we use various types of wood, fabrics, leathers, upholstered filling material, including polyurethane foam, steel, and other raw materials. Additionally, our manufacturing processes and plant operations use various electrical equipment and components. Because we are dependent on outside suppliers for these items, fluctuations in their price, availability, and quality have had, and could continue to have, a negative effect on our cost of sales and our ability to meet our customers' demands. We have a higher concentration in upholstery sales, including motion furniture, than many of our competitors, and the effects of steel, polyurethane foam, wood, electrical components for power units, leather and fabric price increases or quantity shortages could have a significant negative impact to our business. Competitive and marketing pressures may prevent us from passing along price increases to our customers, and the inability to meet our customers' demands could cause us to lose sales.

Further, most of our polyurethane foam comes from two suppliers. These suppliers have several facilities across the United States, but adverse weather, natural disasters, or public health crises (such as pandemics or epidemics) could result in delays in shipments of polyurethane foam to our plants. Similarly, adverse weather, natural disasters, public health crises (such as pandemics or epidemics), labor disputes, possible acts of terrorism, port and canal blockages and congestion, and availability of shipping containers could result in delays in shipments or the absence of required raw materials from any of our suppliers.

A change in the financial condition of our domestic and foreign fabric suppliers could impede their ability to provide products to us in a timely manner. Upholstered furniture is fashion oriented, and if we are unable to acquire sufficient fabric variety, or to predict or respond to changes in fashion trends, we might lose sales and have to sell excess inventory at reduced prices. Doing so would have a negative effect on our sales and earnings.

Changes in the availability and cost of foreign sourcing and economic and political uncertainty in countries outside of the United States in which we operate or from which we purchase product, could adversely affect our business and results of operations.

We have operations in countries outside the United States, some of which are located in emerging markets. Long-term economic and political uncertainty in some of the countries in which we operate, such as the United Kingdom, Mexico, and Thailand, could result in the disruption of markets and negatively affect our business. Our casegoods business imports products manufactured by foreign sources, mainly in Vietnam, and our Wholesale segment purchases cut-and-sewn fabric and leather sets, electronic component parts, and some finished goods from Chinese and other foreign vendors. Our cut-and-sewn leather sets are primarily purchased from suppliers that operate in China and the majority of our fabric products are also purchased from suppliers that operate in China. One of these primary suppliers provides both cut-and-sewn leather sets and fabric products. As a result of factors outside of our control, at times our sourcing partners have not been able to, and in the future may not be able to, produce or deliver goods in a timely fashion or the quality of their product may lead us to reject it, causing disruptions in our domestic operations and delays in shipments to our customers.

Financial Risk Factors

Our current retail markets and other markets that we may enter in the future may not achieve the growth and profitability we anticipate. We could incur charges for the impairment of long-lived assets, goodwill, or other intangible assets if we fail to meet our earnings expectations for these markets.

From time to time we may acquire retail locations or other retail businesses, such as our acquisition of Joybird in fiscal 2019. We may also remodel and relocate existing stores, experiment with new store formats, and close underperforming stores. Our assets include goodwill and other intangible assets acquired in connection with these acquisitions. Profitability of acquired, remodeled, relocated, and new format stores will depend on lease rates (for stores we lease) and retail sales and profitability justifying the costs of acquisition, remodeling, and relocation. If we do not meet our sales or earnings expectations for these

stores or businesses, we have in the past incurred and may in the future incur charges for the impairment of long-lived assets, the impairment of right-of-use lease assets, the impairment of goodwill, or the impairment of other intangible assets.
We also operate a wholesale sales office that is responsible for distributing La-Z-Boy products in the United Kingdom and Ireland, as well as a manufacturing business in the United Kingdom which was acquired in the third quarter of fiscal 2022. Our assets include goodwill and other intangible assets, including acquired customer relationships, in connection with our acquisition of the wholesale business. If we do not meet our sales or earnings expectations for these operations, we may incur charges for the impairment of goodwill or the impairment of our intangible assets.

We may require funding from external sources, which may not be available at the levels we require or may cost more than we expect, and as a result, our expenses and results of operations could be negatively affected.

We regularly review and evaluate our liquidity and capital needs. We believe that our cash and cash equivalents, short-term investments, cash from operations, and amounts available under our credit facility will be sufficient to finance our operations and expected capital requirements for at least the next 12 months.

In the event that we draw on our credit facility, outstanding amounts may become immediately due and payable upon certain events of default, including a failure to comply with the financial covenants in the credit agreement—a consolidated net lease adjusted leverage ratio requirement and a consolidated fixed-charge coverage ratio requirement—or with certain other affirmative and negative covenants in the credit agreement. If we are unable to access additional credit at the levels we require, or the cost of credit is greater than expected, it could adversely affect our results of operations or financial condition.

Due to the nature of our business and our payment terms, we may not be able to collect amounts owed to us by customers, which may adversely affect our sales, earnings, financial condition, and liquidity.

We grant payment terms to most wholesale customers ranging from 15 to 60 days. Some of our customers have experienced, and may in the future experience, cash flow and credit-related issues. If a major event with negative economic effects were to occur, and such effects have occurred in the past, we may not be able to collect amounts owed to us or such payment may only occur after significant delay. While we perform credit evaluations of our customers, those evaluations may not prevent uncollectible trade accounts receivable. Credit evaluations involve significant management diligence and judgment, especially in the current environment. Should more customers than we anticipate experience liquidity issues, if payment is not received on a timely basis, or if a customer declares bankruptcy or closes stores, we may have difficulty collecting amounts owed to us by these customers, which could adversely affect our sales, earnings, financial condition and liquidity.

Legal and Regulatory Risk Factors

Our business and our reputation could be adversely affected by the failure to comply with evolving regulations relating to our obligation to protect sensitive employee, customer, consumer, vendor or Company data.

We receive, process, store, use and share data, some of which contains personal information. There are numerous federal, state, local and foreign laws and regulations regarding privacy, data protection, and data security, including those related to the collection, storage, handling, use, disclosure, transfer, and security of personal data. These laws and regulations are regularly changing, subject to uncertain and differing interpretations and may be inconsistent among countries or conflict with other rules. For example, the European General Data Protection Regulation ("GDPR") applies to us and creates a range of requirements and compliance obligations regarding the treatment of personal data, including the public disclosure of significant data breaches, and imposes significant penalties for non-compliance. The California Consumer Privacy Act ("CCPA"), among other things, imposes additional requirements with respect to disclosure and deletion of personal information of California residents. The CCPA provides civil penalties for violations, as well as a private right of action for data breaches. The GDPR, the CCPA, the California Privacy Rights Act, and other privacy and data protection laws may increase our costs of compliance and risks of non-compliance, which could result in substantial penalties, negative publicity and harm to our brand. It is possible that these laws may be interpreted or applied in a manner that is adverse to us, unforeseen, or otherwise inconsistent with our practices or that we may not adequately adapt our internal policies and/or procedures to evolving regulations, any of which could result in litigation, regulatory investigations and potential legal liability, require us to change our practices in a manner adverse to our business or limit access to our products and services in certain countries. As a result, our reputation and brand, which are critical to our business operations, may be harmed, we could incur substantial costs, including costs related to litigation, or we could lose both customers and revenue.

Changes in the domestic or international regulatory environment or trade policies could adversely affect our business and results of operations.

We are subject to numerous laws and regulations, including those relating to labor and employment, customs, sanctions, truth-in-advertising, consumer protection, e-commerce, privacy, health and safety, real estate, environmental and zoning and occupancy, intellectual property and other laws and regulations that regulate retailers, manufacturers or otherwise govern our business. Changes in laws and regulations in the United States or internationally may require us to modify our current business practices or otherwise increase our costs of compliance, which could adversely affect our results of operations.

Because we manufacture components and finished goods in Mexico, purchase components and finished goods manufactured in foreign countries, including China and Vietnam, participate in consolidated joint ventures in Thailand, and operate a wholesale and retail business in Canada, we are subject to risks relating to changes in the domestic or international regulatory environment or trade policies, including new or increased duties, tariffs, retaliatory tariffs, trade limitations and termination or renegotiation of bilateral and multilateral trade agreements impacting our business. The United States has enacted certain tariffs on many items sourced from China, including certain furniture, accessories, furniture parts, and raw materials which are imported into the United States and that we use in our domestic operations. We may not be able to fully or substantially mitigate the impact of these tariffs, pass price increases on to our customers, or secure adequate alternative sources of products or materials. The tariffs, along with any additional tariffs or retaliatory trade restrictions implemented by other countries, could negatively impact customer sales, including potential delays in product received from our vendors, our cost of goods sold and results of operations. Conversely, if certain tariffs are eliminated or reduced, we may face additional competition from foreign manufacturers entering the United States market and from domestic retailers who rely on imported goods, putting pressure on our prices and margins, which could adversely affect our results of operations. Finally, our business in the United Kingdom has been, and could further be, affected by the United Kingdom's exit from the European Union, and our sales and margins there and in other foreign countries could be adversely affected by the imposition in foreign countries of import bans, quotas, and increases in tariffs.

Changes in regulation of our international operations, including anti-corruption laws and regulations, could adversely affect our business and results of operations.

Our operations outside of the United States and sale of product in various countries subject us to U.S. and foreign laws and regulations, including but not limited to the UK Bribery Act 2010, the U.S. Foreign Corrupt Practices Act, the U.S. Export Administration Act, and other anti-bribery and anti-corruption statutes. These laws and regulations include prohibitions on improper payments to government officials, restrictions on where we can do business, what products we can supply to certain countries, and what information we can provide to certain governments. Violations of these laws, which are complex, frequently changing, and are often subject to varying interpretation and enforcement, may result in civil or criminal penalties or sanctions that could have a significant adverse effect on our business and results of operations. Although we have implemented policies and procedures designed to ensure compliance with these laws and regulations, there can be no assurance that our employees, contractors, or agents will not violate our policies and procedures or otherwise comply with these laws and regulations.

We may be subject to product liability and other claims or undertake to recall one or more products, which could adversely affect our business, results of operations and reputation.

Millions of our products, sold over many years, are currently used by consumers. We have voluntarily recalled products in the past, and while none of those recalls has resulted in a material expense or other significant adverse effect, a significant product recall or other product-related litigation could result in future additional expense, penalties, and injury to our brands and reputation, and adversely affect our business and results of operations. In addition, we are involved in lawsuits, claims and proceedings incident to the ordinary course of our business. Litigation is inherently unpredictable. Any claims against us, whether meritorious or not, could result in costly litigation that could adversely affect our business and results of operations.

Although we maintain liability insurance in amounts that we believe are reasonable, in most cases, we are responsible for large, self-insured retentions and defense costs. We cannot provide assurance that we will be able to maintain such insurance on acceptable terms, if at all in the future, or that product liability or other claims will not exceed the amount of insurance coverage, or that all such matters would be covered by our insurance. As a result, product liability and other claims could have a material adverse effect on our business, results of operations and financial condition.

General Risk Factors

Our operations are subject to risks of unsettled political conditions, natural or man-made disasters, adverse weather, climate change, acts of war, terrorism, organized crime, pandemics and other public health concerns, any one of which could adversely affect our business and results of operations.

Our operations are subject to risks of unsettled political conditions, natural or man-made disasters, adverse weather, climate change, acts of war, terrorism, organized crime, pandemics and other public health concerns. If any of these events cause disruptions or damage in our manufacturing plants, distribution facilities, company-owned La-Z-Boy Furniture Galleries® stores or corporate headquarters, or the facilities of our vendors, that could make servicing our customers more difficult or result in the potential loss of sales and customers. In addition, we may incur costs in repairing any damage beyond our applicable insurance coverage.

The COVID-19 pandemic negatively impacted the world economy, significantly impacted global supply chains, and increased volatility within financial markets, all of which negatively affected the home furnishings manufacturing and retail industry and our business. The impact of any resurgence of COVID-19 or any other pandemic on our operational and financial performance will depend on future developments, including the availability and adoption of effective vaccines, governmental orders and mitigation measures, recovery of the business environment, global supply chain conditions, economic conditions, inflationary pressures, consumer confidence, and consumer demand for our products.

We make certain assumptions, judgments and estimates that impact the amounts reported in our consolidated financial statements, which, if not accurate, may impact our financial results.

Certain assumptions, judgments and estimates impact amounts reported in our consolidated financial statements, including but not limited to, inventories, goodwill, intangible assets, product warranty liabilities, insurance and legal-related liabilities, contingent consideration and income taxes. To derive our assumptions, judgments and estimates, we use historical experience and various other factors that we believe are reasonable as of the date we prepare our consolidated financial statements. Our goodwill and contingent consideration liability, resulting from certain acquisitions, are based on the expected future performance of the operations acquired. At least annually, we reassess the goodwill for impairment and quarterly, we reassess the fair value of any contingent consideration. Changes in business conditions or other events could materially change the projection of future cash flows or the discount rate we used in the fair value calculation of the goodwill and contingent consideration. Actual results could differ materially from our estimates, and such differences may impact our financial results.

We may not be able to recruit and retain key employees and skilled workers in a competitive labor market or we could experience continued increases in labor costs, which could adversely affect our business and results of operations.

If we cannot successfully recruit and retain key employees and skilled workers or we experience the unexpected loss of those employees, our operations may be negatively impacted. A shortage of qualified personnel along with continued labor cost inflation may require us to further enhance our compensation in order to compete effectively in the hiring and retention of qualified employees.

Changes in tax policies could adversely affect our business and results of operations.

Changes in United States or international income tax laws and regulations may have an adverse effect on our business in the future. We are subject to income taxes in the United States and numerous foreign jurisdictions. Our effective income tax rate in the future could be adversely affected by a number of factors, including changes in the mix of earnings in countries with differing statutory tax rates, changes in tax laws, the outcome of income tax audits in various jurisdictions, and any repatriation of non-U.S. earnings for which the Company has not previously provided for U.S. taxes. We regularly assess these matters to determine the adequacy of our tax provision, which is subject to significant judgement.

Our strategy, goals and disclosures related to Environmental, Social, and Governance ("ESG") matters expose us to numerous risks, including risks to our reputation and stock price.

There has been increased focus from our stakeholders, including consumers, employees, and investors, on our ESG practices. We plan to establish and announce goals and other objectives related to ESG matters. These goal statements will reflect our current plans and are not guarantees that we will be able to achieve them. Our efforts to accomplish and accurately report on these goals and objectives present numerous operational, reputational, financial, legal, and other risks, any of which could have a material negative impact, including on our reputation, stock price, and results of operation. We could also incur additional costs and require additional resources to implement various ESG practices to make progress against our public goals and to monitor and track our performance with respect to such goals.

The standards for tracking and reporting on ESG matters are relatively new, have not been formalized and continue to evolve. Collecting, measuring, and reporting ESG information and metrics can be difficult and time consuming. Our selected disclosure framework or standards may need to be changed from time to time, which may result in a lack of consistent or meaningful comparative data from period to period. In addition, our interpretation of reporting frameworks or standards may differ from those of others and such frameworks or standards may change over time, any of which could result in significant revisions to our goals or reported progress in achieving such goals.

Our ability to achieve any ESG-related goal or objective is subject to numerous risks, many of which are outside of our control, including: the availability and cost of low-or non-carbon-based energy sources and technologies, evolving regulatory requirements affecting ESG standards or disclosures, the availability of vendors and suppliers that can meet our sustainability, diversity and other standards, and the availability of raw materials that meet and further our sustainability goals. If our ESG practices do not meet evolving consumer, employee, investor or other stakeholder expectations and standards or our publicly-stated goals, then our reputation, our ability to attract or retain employees and our competitiveness, including as an investment and business partner, could be negatively impacted. Furthermore, if our competitors' ESG performance is perceived to be better than ours, potential or current customers and investors may elect to do business with our competitors instead, and our ability to attract or retain employees could be negatively impacted. Our failure, or perceived failure, to pursue or fulfill our goals, targets, and objectives or to satisfy various reporting standards within the timelines we announce, or at all, could also expose us to government enforcement actions and private litigation.

ITEM 1B. UNRESOLVED STAFF COMMENTS.

None.

ITEM 2. PROPERTIES.

Properties owned or leased at April 29, 2023 by segment:

(Amounts in millions)	**Square Feet**
Wholesale	8.9
Retail	3.6
Corporate & Other	0.4
Active manufacturing, warehousing and distribution centers, office, showroom and retail facilities	12.9
Idle facilities	0.6
Total property	13.5

Our active facilities and retail locations are located across the United States and in Mexico, Thailand, Canada, China, Hong Kong, and the United Kingdom. We own our world headquarters building in Monroe, Michigan and all of our domestic manufacturing plants with the exception of our Newton, Mississippi facility, which is leased. A joint venture in which we participate owns our Thailand plant. We lease the majority of our retail stores and showrooms, warehouses and distribution centers, certain office space and our manufacturing facilities in Mexico and the United Kingdom. For information on operating lease terms for our properties, refer to Note 6, Leases, to our consolidated financial statements, which is included in Item 8, Financial Statements and Supplementary Data, of this report.

ITEM 3. LEGAL PROCEEDINGS.

We are involved in various legal proceedings arising in the ordinary course of our business. Based on a review of all currently known facts and our experience with previous legal matters, we have recorded expense in respect of probable and reasonably estimable losses arising from legal matters and we currently do not believe it is probable that we will have any additional loss that would be material to our consolidated financial statements.

ITEM 4. MINE SAFETY DISCLOSURES.

Not applicable.

INFORMATION ABOUT OUR EXECUTIVE OFFICERS

Listed below are the names, ages and current positions of our executive officers and, if they have not held those positions for at least five years, their former positions during that period. All executive officers serve at the pleasure of the board of directors.

Melinda D. Whittington, age 56
- President and Chief Executive Officer since April 2021
- Senior Vice President and Chief Financial Officer from June 2018 to April 2021

Robert G. Lucian, age 60
- Senior Vice President and Chief Financial Officer since April 2021
- Vice President, Finance from January 2019 to April 2021
- Chief Financial Officer – North America Professional Beauty of Coty Inc., a global beauty company, from October 2016 to June 2018

Robert Sundy, age 47
- President, La-Z-Boy Brand and Chief Commercial Officer since April 2023
- Senior Vice President and Chief Commercial Officer from January 2021 to April 2023
- Head of Brand Marketing, Licensing and Creative Studios – North American Region of Whirlpool Corporation, a manufacturer and marketer of home appliances, from April 2016 to January 2021

Rebecca M. Reeder, age 54
- President, Retail La-Z-Boy Furniture Galleries since April 2023
- Senior Vice President, Retail of Chico's FAS, a women's clothing and accessories retailer, from April 2018 to April 2023

Terrence J. (TJ) Linz, age 41
- President, Portfolio Brands since April 2023
- President, La-Z-Boy Retail Division from April 2019 to April 2023
- Director of Retail Operations and Strategy from August 2017 to April 2019

Carol Y. Lee, age 51
- Vice President and Chief Information Officer since June 2022
- VP/CIO, Information Technology of Consolidated Hospitality Supplies, LLC, an operating supplies and equipment provider for hospitality distribution, from August 2021 to June 2022
- Senior Director, Global Digital Technology Solutions of American Hotel Register Company, a supplier brand of hospitality products and services, from July 2019 to August 2021
- Director of Application Development of American Hotel Register Company, a supplier brand of hospitality products and services, from April 2016 to July 2019

Michael A. Leggett, age 50
- Senior Vice President and Chief Supply Chain Officer since May 2022
- Vice President and Chief Supply Chain Officer from December 2021 to April 2022
- Vice President Global Supply Chain Operations of Dentsply Sirona Inc., a dental products and technologies manufacturer, from February 2019 to December 2021
- Vice President Global Supply Chain and Sourcing of Masonite International Corporation, an interior and exterior doors manufacturer and distributor, from April 2017 to February 2019

Raphael Z. Richmond, age 53
- Vice President, General Counsel and Chief Compliance Officer since April 2021
- Senior Director of Corporate Compliance and Employment Law from April 2019 to April 2021
- Global Director of Compliance of Ford Motor Company, an automotive manufacturer, from May 2013 to January 2019

Katherine E. Vanderjagt, age 41
- Vice President and Chief Human Resources Officer since December 2018
- Director Corporate Human Resources and Talent from July 2017 to November 2018

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

Dividend Information

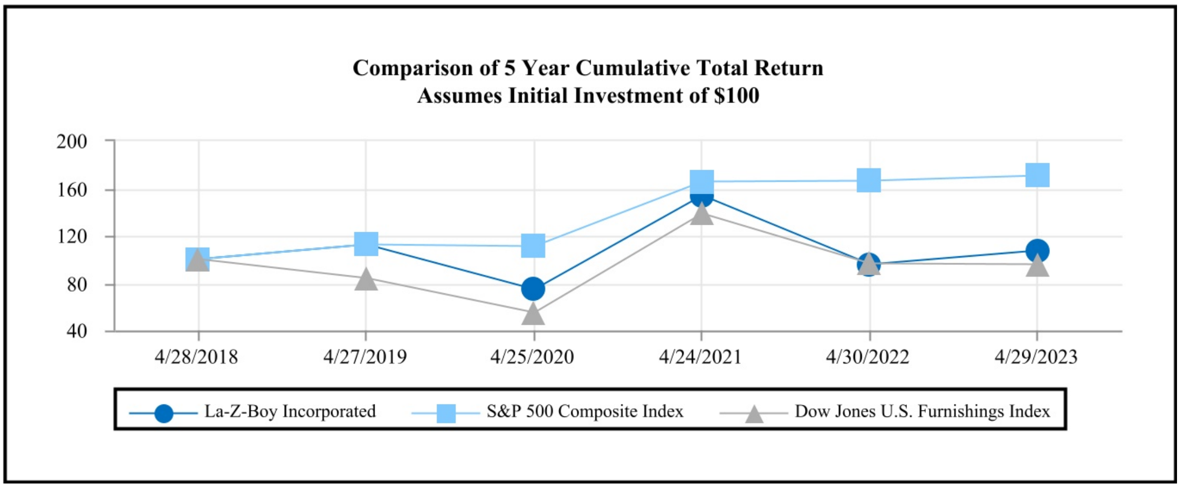
Although we expect to continue to pay quarterly dividends, the payment of future cash dividends is within the discretion of our board of directors and will depend on our earnings, capital requirements and operating and financial condition, as well as excess availability under the credit agreement, among other factors.

Shareholders

Our common stock trades on the New York Stock Exchange under the trading symbol "LZB". We had approximately 1,633 registered holders of record of La-Z-Boy's common stock as of June 13, 2023. A substantially greater number of holders of La-Z-Boy common stock are "street name" or beneficial holders, whose shares of record are held by banks, brokers, and other financial institutions.

Performance Graph

The graph below shows the cumulative total return for our last five fiscal years that would have been realized (assuming reinvestment of dividends) by an investor who invested $100 on April 28, 2018, in our shares of common stock, in the S&P 500 Composite Index, and in the Dow Jones U.S. Furnishings Index.



Company/Index/Market	4/28/2018	4/27/2019	4/25/2020	4/24/2021	4/30/2022	4/29/2023
La-Z-Boy Incorporated	$ 100.00	$ 112.57	$ 74.40	$ 154.07	$ 95.43	$ 107.09
S&P 500 Composite Index	$ 100.00	$ 112.33	$ 110.58	$ 165.68	$ 166.10	$ 170.53
Dow Jones U.S. Furnishings Index	$ 100.00	$ 83.98	$ 55.24	$ 138.39	$ 96.51	$ 95.43

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Our board of directors has authorized the repurchase of Company stock. During fiscal 2023, we spent $5.0 million to purchase 0.2 million shares and there were no share repurchases under the authorized plan during the fourth quarter of fiscal 2023. As of April 29, 2023, 7.3 million shares remained available for repurchase pursuant to the board authorization. With the operating cash flows we anticipate generating in fiscal 2024, we expect to continue repurchasing Company stock.

The following table summarizes our repurchases of Company stock during the quarter ended April 29, 2023 and includes shares purchased from employees to satisfy their withholding tax obligations upon vesting of restricted shares:

(Amounts in thousands, except per share data)	Total number of shares repurchased (1)	Average price paid per share	Total number of shares repurchased as part of publicly announced plan (2)	Maximum number of shares that may yet be repurchased under the plan
Fiscal February (January 29 - March 4, 2023)	—	$ —	—	7,262
Fiscal March (March 5 - April 1, 2023)	—	$ —	—	7,262
Fiscal April (April 2 - April 29, 2023)	1	$ —	—	7,262
Fiscal Fourth Quarter of 2023	1		—	7,262

(1) There were no shares repurchased during the quarter as part of our publicly announced, board-authorized plan described above. During the quarter ended April 29, 2023, 1,192 shares were repurchased from employees to satisfy their withholding tax obligations upon vesting of restricted shares with an average share price of $27.81.

(2) On October 28, 1987, our board of directors announced the authorization of the plan to repurchase Company stock. The plan originally authorized 1.0 million shares, and since October 1987, 33.5 million shares have been added to the plan for repurchase. The authorization has no expiration date.

Recent Sales of Unregistered Securities

There were no sales of unregistered securities during fiscal year 2023.

ITEM 6. RESERVED.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

We have prepared this Management's Discussion and Analysis as an aid to understanding our financial results. It should be read in conjunction with the accompanying Consolidated Financial Statements and related Notes to Consolidated Financial Statements. It also includes management's analysis of past financial results and certain potential factors that may affect future results, potential future risks and approaches that may be used to manage those risks. Refer to "Cautionary Note Regarding Forward-Looking Statements" at the beginning of this report for a discussion of factors that may cause results to differ materially. Note that our 2023 and 2021 fiscal years included 52 weeks, whereas fiscal year 2022 included 53 weeks.

Introduction

Our Business

We are the leading global producer of reclining chairs and the second largest manufacturer/distributor of residential furniture in the United States. The La-Z-Boy Furniture Galleries® stores retail network is the third largest retailer of single-branded furniture in the United States. We manufacture, market, import, export, distribute and retail upholstery furniture products under the La-Z-Boy®, England, Kincaid®, and Joybird® tradenames. In addition, we import, distribute and retail accessories and casegoods (wood) furniture products under the Kincaid®, American Drew®, Hammary®, and Joybird® tradenames.

As of April 29, 2023, our supply chain operations included the following:

- Five major manufacturing locations and 12 distribution centers in the United States and four facilities in Mexico to support our speed-to-market and customization strategy
- A logistics company that distributes a portion of our products in the United States
- A wholesale sales office that is responsible for distribution of our product in the United Kingdom and Ireland
- An upholstery manufacturing business in the United Kingdom
- A global trading company in Hong Kong which helps us manage our Asian supply chain by establishing and maintaining relationships with our Asian suppliers, as well as identifying efficiencies and savings opportunities

During the third quarter of fiscal 2023, we made the decision to close our manufacturing facility in Torreón, Mexico as part of our initiative to drive improved efficiencies through optimized staffing levels within our plants. Torreón was the last facility to begin operating as part of our broader Mexico manufacturing expansion in fiscal 2021 and 2022 to meet pandemic-related upholstery demand and accounted for approximately 3% of our La-Z-Boy branded production. As a result of this action, charges were recorded within the Wholesale segment in the third and fourth quarters of fiscal 2023 totaling $9.2 million in selling, general, and administrative expense for the impairment of various assets, primarily long-lived assets, and $1.6 million in cost of sales, primarily related to severance.

We also participate in two consolidated joint ventures in Thailand that support our international businesses: one that operates a manufacturing facility and another that operates a wholesale sales office. Additionally, we have contracts with several suppliers in Asia to produce products that support our pure import model for casegoods.

We sell our products through multiple channels: to furniture retailers or distributors in the United States, Canada, and approximately 50 other countries, including the United Kingdom, China, Australia, South Korea and New Zealand; directly to consumers through retail stores that we own and operate; and through our websites, www.la-z-boy.com and www.joybird.com.

- The centerpiece of our retail distribution strategy is our network of 349 La-Z-Boy Furniture Galleries® stores and 522 La-Z-Boy Comfort Studio® locations, each dedicated to marketing our La-Z-Boy branded products. We consider this dedicated space to be "proprietary."
    - La-Z-Boy Furniture Galleries® stores help consumers furnish their homes by combining the style, comfort, and quality of La-Z-Boy furniture with our available design services. We own 171 of the La-Z-Boy Furniture Galleries® stores, while the remainder are independently owned and operated.
    - La-Z-Boy Comfort Studio® locations are defined spaces within larger independent retailers that are dedicated to displaying and selling La-Z-Boy branded products. All 522 La-Z-Boy Comfort Studio® locations are independently owned and operated.
    - In total, we have approximately 7.6 million square feet of proprietary floor space dedicated to selling La-Z-Boy branded products in North America.
    - We also have approximately 2.6 million square feet of floor space outside of the United States and Canada dedicated to selling La-Z-Boy branded products.

- Our other brands, England, American Drew, Hammary, and Kincaid enjoy distribution through many of the same outlets, with slightly over half of Hammary's sales originating through the La-Z-Boy Furniture Galleries® store network.
    - Kincaid and England have their own dedicated proprietary in-store programs with 614 outlets and approximately 1.9 million square feet of proprietary floor space.
    - In total, our proprietary floor space includes approximately 12.1 million square feet worldwide.
- Joybird sells product primarily online and has a limited amount of proprietary retail showroom floor space including ten small-format stores in key urban markets.

Our goal is to deliver value to our shareholders over the long term by executing our Century Vision strategic plan, in which we aim to grow sales and market share and strengthen our operating margins. The foundation of our strategic plan is to drive disproportionate growth of our two consumer brands, La-Z-Boy and Joybird, by delivering the transformational power of comfort with a consumer-first approach. We plan to drive growth in the following ways:

Expanding the La-Z-Boy brand reach

- *Leveraging our connection to comfort and reinvigorating our brand with a consumer focus and expanded omni-channel presence.* Our strategic initiatives to leverage and reinvigorate our iconic La-Z-Boy brand center on a renewed focus on leveraging the compelling La-Z-Boy comfort message, accelerating our omni-channel offering, and identifying additional consumer-base growth opportunities. We are launching a new marketing platform in fiscal 2024, with compelling messaging to increase recognition and consideration of the brand. We expect this new messaging will enhance the appeal of our brand with a broader consumer base. Further, our goal is to connect with consumers along their purchase journey through multiple means, whether online or in person. We are driving change throughout our digital platforms to improve the user experience, with a specific focus on the ease with which customers browse through our broad product assortment, customize products to their liking, find stores to make a purchase, or purchase at www.la-z-boy.com.

- *Expanding the reach of our wholesale distribution channels.* Consumers experience the La-Z-Boy brand in many channels including the La-Z-Boy Furniture Galleries® store network and the La-Z-Boy Comfort Studio® locations, our store-within-a-store format. While consumers increasingly interact with the brand digitally, our consumers also demonstrate an affinity for visiting our stores to shop, allowing us to frequently deliver the flagship La-Z-Boy

Furniture Galleries® store, or La-Z-Boy Comfort Studio®, experience and provide design services. In addition to our branded distribution channels, approximately 2,200 other dealers sell La-Z-Boy products, providing us the benefit of multi-channel distribution. These outlets include some of the best-known names in the industry, including Slumberland, Nebraska Furniture Mart, Mathis Brothers and Raymour & Flanagan. We believe there is significant growth potential for our consumer brands through these retail channels.

- *Growing our La-Z-Boy Furniture Galleries® store network*. We expect our strategic initiatives in this area to generate growth in our Retail segment through an increased company-owned store count and in our Wholesale segment as our proprietary distribution network expands. We are not only focused on growing the number of locations, but also on upgrading existing store locations to our new concept designs. We are prioritizing growth of our company-owned Retail business by opportunistically acquiring existing La-Z-Boy Furniture Galleries® stores and opening new La-Z-Boy Furniture Galleries® stores, primarily in markets that can be serviced through our distribution centers, where we see opportunity for growth, or where we believe we have opportunities for further market penetration. Additionally, we are testing potential store formats to expand our reach to value-seeking consumers and during fiscal 2023, we opened two Outlet by La-Z-Boy stores.

Profitably growing the Joybird brand

- *Profitably growing the Joybird brand with a digital-first consumer experience.* During fiscal 2019, we purchased Joybird, a leading e-commerce retailer and manufacturer of upholstered furniture with a direct-to-consumer model. We believe that Joybird is a brand with significant potential and our strategic initiatives in this area focus on fueling profitable growth through an increase in digital marketing spend to drive awareness and customer acquisition, ongoing investments in technology, an expansion of product assortment, and providing additional small-format stores in key urban markets to enhance our consumers' omni-channel experience.

Enhancing our enterprise capabilities

- *Enhancing our enterprise capabilities to support the growth of our consumer brands and enable potential acquisitions for growth.* Key to successful growth is ensuring we have the capabilities to support that growth, including an agile supply chain, modern technology for consumers and employees, and by delivering a human-centered employee experience. Through our Century Vision plan, we have several initiatives focused on enhancing these capabilities with a consumer-first focus.

Our reportable operating segments include the Wholesale segment and the Retail segment.

- *Wholesale Segment*. Our Wholesale segment consists primarily of three operating segments: La-Z-Boy, our largest operating segment, our England subsidiary, and our casegoods operating segment that sells furniture under three brands: American Drew®, Hammary® and Kincaid®. The Wholesale segment also includes our international wholesale and manufacturing businesses. We aggregate these operating segments into one reportable segment because they are economically similar and meet the other aggregation criteria for determining reportable segments. Our Wholesale segment manufactures and imports upholstered furniture, such as recliners and motion furniture, sofas, loveseats, chairs, sectionals, modulars, ottomans and sleeper sofas and imports casegoods (wood) furniture such as bedroom sets, dining room sets, entertainment centers and occasional pieces. The Wholesale segment sells directly to La-Z-Boy Furniture Galleries® stores, operators of La-Z-Boy Comfort Studio® locations, England Custom Comfort Center locations, major dealers, and a wide cross-section of other independent retailers.

- *Retail Segment*. Our Retail segment consists of one operating segment comprised of our 171 company-owned La-Z-Boy Furniture Galleries® stores. The Retail segment sells primarily upholstered furniture, in addition to some casegoods and other accessories, to end consumers through these stores.

- *Corporate & Other*. Corporate & Other includes the shared costs for corporate functions, including human resources, information technology, finance and legal, in addition to revenue generated through royalty agreements with companies licensed to use the La-Z-Boy® brand name on various products. We consider our corporate functions to be other business activities and have aggregated them with our other insignificant operating segments, including our global trading company in Hong Kong and Joybird, an e-commerce retailer that manufactures upholstered furniture such as sofas, loveseats, chairs, ottomans, sleeper sofas and beds, and also imports casegoods (wood) furniture such as occasional tables and other accessories. Joybird sells to the end consumer primarily online through its website, www.joybird.com. None of the operating segments included in Corporate & Other meet the requirements of reportable segments.

Results of Operations

The following discussion provides an analysis of our results of operations and reasons for material changes therein for fiscal year 2023 as compared with fiscal year 2022. Refer to "Results of Operations" in Part II, Item 7, Management’s Discussion and Analysis of Financial Condition and Results of Operations in the Company’s 2022 Annual Report on Form 10-K, filed with the SEC on June 21, 2022, for an analysis of the fiscal year 2022 results as compared to fiscal year 2021.

Impact of COVID-19

Beginning in the fourth quarter of fiscal 2020, we experienced significant changes in our business resulting from the COVID-19 pandemic. After temporarily closing due to state and local restrictions, when our retail and manufacturing locations reopened early in fiscal 2021, we experienced a significant surge in demand as consumers allocated more discretionary spending to home furnishings. During this time, we took several actions to increase our manufacturing capacity but due to the strong pace of incoming written orders outpacing production, combined with pricing and surcharge actions taken in response to inflationary cost pressures resulting from global supply chain challenges, our backlog increased to record levels. While sales demand trends remain strong compared to pre-pandemic levels, they have slowed relative to those experienced during the peak of the pandemic as consumer spending patterns shift and during fiscal 2023 we have worked through the majority of our backlog built in prior periods.

Fiscal Year 2023 and Fiscal Year 2022

La-Z-Boy Incorporated

(Amounts in thousands, except percentages)	(52 weeks) 4/29/2023	(53 weeks) 4/30/2022	(FY23 vs FY22) % Change
Sales	$ 2,349,433	$ 2,356,811	(0.3)%
Operating income	211,439	206,756	2.3 %
Operating margin	9.0%	8.8%	

<u>Sales</u>

Consolidated sales in fiscal 2023 decreased $7.4 million, or 0.3%, compared with the prior year. We estimate the additional week in fiscal 2022 resulted in $48.9 million of additional sales in fiscal 2022 based on the average weekly sales for the fourth quarter of fiscal 2022. Absent the additional week, sales in fiscal 2023 increased 2% compared with the prior year, reflecting the realization of pricing surcharge actions taken to counteract rising raw material and freight costs from prior periods, along with a favorable impact from product and channel mix as sales in our Retail business grew. These benefits were essentially offset by a decline in delivered unit volume relative to the prior year in which we had built up a significant backlog as a result of the heightened demand driven by the impact of COVID-19.

<u>Operating Margin</u>

Operating margin, which is calculated as operating income as a percentage of sales, increased 20 basis points in fiscal 2023 compared with the prior year.

- Gross margin increased 400 basis points during fiscal 2023 compared with fiscal 2022.

    - Changes in our consolidated mix improved gross margin by 250 basis points in fiscal 2023 driven by the growth of our Retail segment, which has a higher gross margin than our Wholesale segment.
    - Pricing and surcharge actions taken in prior years to counteract inflationary cost pressures were fully realized in fiscal 2023 contributing to gross margin expansion.
    - Raw materials and freight costs decreased sequentially throughout fiscal 2023 but negatively impacted gross margin in fiscal 2023, compared with the prior year, due to global supply chain challenges experienced predominately in the first half of fiscal 2023.

- Selling, general, and administrative ("SG&A") expense as a percentage of sales increased 380 basis points during fiscal 2023 compared with fiscal 2022.

- ◦ Changes in our consolidated mix increased SG&A expense as a percentage of sales by 160 basis points in fiscal 2023 driven by growth of our Retail segment, which has a higher SG&A expense as a percentage of sales than our Wholesale segment.
- ◦ During fiscal 2022, we recognized a $10.7 million gain on sale-leaseback transactions for the buildings and related fixed assets of three retail stores, the absence of which resulted in a 50 basis point increase in SG&A as a percentage of sales during fiscal 2023.
- ◦ Charges related to the closure of our Torreón, Mexico manufacturing facility in fiscal 2023 resulted in a 40 basis point increase in SG&A as a percentage of sales.
- ◦ The remaining increase in SG&A as a percentage of sales in fiscal 2023 was primarily due to increased investments in marketing, to pre-pandemic levels as a percentage of sales, to drive written sales.

We explain these items further when we discuss each segment's results later in this Management's Discussion and Analysis.

Retail Segment

(Amounts in thousands, except percentages)	(52 weeks) 4/29/2023	(53 weeks) 4/30/2022	(FY23 vs FY22) % Change
Sales	$ 982,043	$ 804,394	22.1 %
Operating income	161,571	109,546	47.5 %
Operating margin	16.5%	13.6%	

Sales

The Retail segment's sales increased $177.6 million, or 22%, in fiscal 2023 compared with fiscal 2022. We estimate the additional week in fiscal 2022 resulted in $16.6 million of additional sales in fiscal 2022 based on the average weekly sales for the fourth quarter of fiscal 2022. Absent the additional week, sales in fiscal 2023 increased 25% compared with the prior year.
The increase in the Retail segment's sales was led by a 17% increase in delivered same-stores sales, along with a $56.6 million increase in sales related to our fiscal 2023 retail store acquisitions and the full-year impact of our fiscal 2022 retail store acquisitions (refer to Note 2, Acquisitions for further information).

Written same-store sales decreased 6% in fiscal 2023 compared with fiscal 2022 reflecting softer demand across the industry driven by economic uncertainty and weaker consumer sentiment relative to the prior period which saw significant increases in consumer furniture demand. Despite these challenging industry trends, strong in-store execution led to positive written same-store sales in the back half of fiscal 2023 compared with the same period last year.

Same-store sales include the sales of all currently active stores which have been open and company-owned for each comparable period.

Operating Margin

The Retail segment's operating margin increased 290 basis points in fiscal 2023 compared with the prior year.

- Gross margin increased 80 basis points during fiscal 2023 compared with fiscal 2022, primarily due to pricing actions taken by the Retail business to offset increases in product costs.

- SG&A expense as a percentage of sales decreased 210 basis points during fiscal 2023 compared with fiscal 2022.

  - ◦ Higher delivered sales relative to selling expenses and fixed costs, mainly occupancy expenses, was the primary driver of lower SG&A expense as a percentage of sales in fiscal 2023 compared with the prior year.
  - ◦ Partially offsetting this benefit, during the fourth quarter of fiscal 2022 we recognized a $10.7 million gain on sale-leaseback transactions for the buildings and related fixed assets of three retail stores. The absence of this gain in fiscal 2023 resulted in a 130 basis point comparative increase in SG&A expense as a percentage of sales compared with fiscal 2022.

Wholesale Segment

(Amounts in thousands, except percentages)	(52 weeks) 4/29/2023	(53 weeks) 4/30/2022	(FY23 vs FY22) % Change
Sales	$ 1,215,429	$ 1,371,602	
Intersegment sales	474,819	397,236	
Total sales	1,690,248	1,768,838	(4.4)%
Operating income	115,215	134,013	(14.0)%
Operating margin	6.8%	7.6%	

Sales

The Wholesale segment's sales decreased 4%, or $78.6 million, in fiscal 2023 compared with fiscal 2022. We estimate the additional week in fiscal 2022 resulted in $36.6 million of additional sales in fiscal 2022 based on the average weekly sales for the fourth quarter of fiscal 2022. Absent the additional week, sales in fiscal 2023 decreased 2% compared with the prior year. During fiscal 2023, sales benefited from the realization of pricing and surcharge actions taken in response to rising manufacturing costs from prior periods combined with favorable channel and product mix reflecting the shift to our La-Z-Boy Furniture Galleries network, as intercompany sales from our Wholesale segment to our Retail segment increased 20%. These benefits, however, only partially offset lower delivered volume in fiscal 2023 relative to fiscal 2022, due in part to the significant backlog built in prior periods to meet heightened demand.

Operating Margin

The Wholesale segment's operating margin decreased 80 basis points in fiscal 2023 compared with fiscal 2022.

- Gross margin increased 270 basis points during fiscal 2023 compared with fiscal 2022.
  - Gross margin increased 430 basis points in fiscal 2023 from the combination of pricing and surcharge actions taken in prior periods along with favorable channel and product mix
  - While raw materials and freight costs have decreased sequentially throughout fiscal 2023, gross margin in fiscal 2023 decreased 160 basis points compared with fiscal 2022 due to higher raw materials and freight costs resulting from global supply challenges, predominately experienced in the first half of fiscal 2023.
- SG&A expense as a percentage of sales increased 350 basis points during fiscal 2023 compared with fiscal 2022.
  - Reduced fixed cost leverage and an increase in marketing expense to pre-pandemic levels, as a percentage of sales, contributed to higher SG&A expense as a percentage of sales in fiscal 2023 compared with fiscal 2022.
  - Additionally, charges related to the closure of our Torreón, Mexico manufacturing facility in the third quarter of fiscal 2023 resulted in a 50 basis point increase in SG&A expense as a percentage of sales.

Corporate and Other

(Amounts in thousands, except percentages)	(52 weeks) 4/29/2023	(53 weeks) 4/30/2022	(FY23 vs FY22) % Change
Sales	$ 166,190	$ 195,959	(15.2)%
Intercompany eliminations	(489,048)	(412,380)	18.6 %
Operating loss	(65,347)	(36,803)	77.6 %

Sales

Corporate and Other sales decreased $29.8 million in fiscal 2023 compared with fiscal 2022, primarily due to a $30.0 million, or 17% decrease from Joybird, which contributed $146.4 million in sales in fiscal 2023. We estimate the additional week in fiscal 2022 resulted in $3.8 million of additional sales in fiscal 2022 based on the average weekly sales in the fourth quarter of fiscal 2022. Joybird's overall delivered volume declined in fiscal 2023 due to slowing online traffic and demand challenges consistent with those recently experienced across the e-commerce home furnishings industry. Written sales for Joybird were down 16% in fiscal 2023 compared with fiscal 2022, reflecting the industry-wide demand challenges noted above.

Intercompany eliminations increased in fiscal 2023 compared with fiscal 2022 due to higher sales from our Wholesale segment to our Retail segment, driven by increased sales in the Retail segment.

Operating Loss

Our Corporate and Other operating loss was $28.5 million higher in fiscal 2023 compared with fiscal 2022.

- Higher operating loss was primarily due to Joybird's operating loss resulting from lower sales volume, higher input costs (mainly freight), reduced fixed cost leverage, and increased investments in marketing, as a percentage of sales, to drive customer acquisition and awareness.

- Additionally, we recognized pre-tax gains of $0.8 million and $3.3 million in fiscal 2023 and fiscal 2022, respectively, to reduce the fair value of the Joybird contingent consideration liability based on our most recent projections at the time for the fiscal 2023 performance period. These actions resulted in a comparative $2.5 million increase in operating loss in fiscal 2023.

Non-Operating Income (Expense)

Interest Expense and Interest Income

Interest expense was $0.4 million lower and interest income was $5.3 million higher in fiscal 2023 compared with fiscal 2022. The increase in interest income was primarily driven by higher interest rates.

Other Income (Expense), Net

Other income (expense), net was $11.8 million of expense in fiscal 2023 compared with $1.7 million of expense in fiscal 2022. The expense in fiscal 2023 was primarily due to a $10.3 million impairment of our investments in a privately held start-up company combined with exchange rate losses. The expense in fiscal 2022 was primarily due to unrealized losses on investments.

Income Taxes

Our effective income tax rate was 26.2% for fiscal 2023 and 25.9% for fiscal 2022. Refer to Note 18, Income Taxes, for additional information.

Liquidity and Capital Resources

Our sources of liquidity include cash and cash equivalents, short-term and long-term investments, cash from operations, and amounts available under our credit facility. We believe these sources remain adequate to meet our short-term and long-term liquidity requirements, finance our long-term growth plans, and fulfill other cash requirements for day-to-day operations and capital expenditures, including fiscal 2024 contractual obligations.

We had cash, cash equivalents and restricted cash of $346.7 million at April 29, 2023, compared with $248.9 million at April 30, 2022. Included in our cash, cash equivalents and restricted cash at April 29, 2023, is $63.1 million held by foreign subsidiaries, the majority of which we have determined to be permanently reinvested. In addition, we had investments to enhance our returns on cash of $11.6 million at April 29, 2023, compared with $27.2 million at April 30, 2022.

The following table illustrates the main components of our cash flows:

	Fiscal Year Ended	
(Amounts in thousands)	(52 weeks) 4/29/2023	(53 weeks) 4/30/2022
Cash Flows Provided By (Used For)		
Net cash provided by operating activities	$ 205,167	$ 79,004
Net cash used for investing activities	(70,120)	(78,371)
Net cash used for financing activities	(37,139)	(144,561)
Exchange rate changes	(86)	(1,919)
Change in cash, cash equivalents and restricted cash	$ 97,822	$ (145,847)

Operating Activities

During fiscal 2023, net cash provided by operating activities was $205.2 million, an increase of $126.2 million compared with the prior year mainly due to favorable changes in working capital. Our cash provided by operating activities in fiscal 2023 was primarily attributable to net income, adjusted for non-cash items, a $53.7 million decrease in receivables and a $32.3 million decrease in inventory as we work down our backlog to pre-pandemic levels and align production with incoming order trends. This was partially offset by a $84.7 million decrease in customer deposits, reflecting the reduced backlog.

Investing Activities

During fiscal 2023, net cash used for investing activities was $70.1 million, a decrease of $8.3 million compared with the prior year due to lower capital expenditures and acquisition payments and higher proceeds from investment sales, net of purchases, partially offset by less proceeds received from the sale of assets. Cash used for investing activities in fiscal 2023 included the following:

- Cash used for capital expenditures in the period was $68.8 million, which is primarily related to La-Z-Boy Furniture Galleries® (new stores and remodels) and Joybird store projects and upgrades at our manufacturing and distribution facilities. We expect capital expenditures to be in the range of $55 to $60 million for fiscal 2024, primarily related to improvements and expansion of our Retail and Joybird stores, replacement of machinery and equipment for various manufacturing and distribution facilities, and technology upgrades. We have no material contractual commitments outstanding for future capital expenditures.
- Cash used for acquisitions was $16.8 million, related to the acquisition of the Baton Rouge, Louisiana, Barboursville, West Virginia, Spokane, Washington and Denver, Colorado retail businesses. Refer to Note 2, Acquisitions, for additional information.
- Proceeds from the sale of investments, net of investment purchases was $15.4 million.

Financing Activities

On October 15, 2021, we entered into a new five-year $200 million unsecured revolving credit facility (the “Credit Facility”). Borrowings under the Credit Facility may be used by the Company for general corporate purposes. We may increase the size of the facility, either in the form of additional revolving commitments or new term loans, subject to the discretion of each lender to participate in such increase, up to an additional amount of $100 million. The Credit Facility will mature on October 15, 2026 and provides us the ability to extend the maturity date for two additional one-year periods, subject to the satisfaction of customary conditions. As of April 29, 2023, we have no borrowings outstanding under the Credit Facility.

The Credit Facility contains certain restrictive loan covenants, including, among others, financial covenants requiring a maximum consolidated net lease adjusted leverage ratio and a minimum consolidated fixed charge coverage ratio, as well as customary covenants limiting our ability to incur indebtedness, grant liens, make acquisitions, merge or consolidate, and dispose of certain assets. As of April 29, 2023, we were in compliance with our financial covenants under the Credit Facility. We believe our cash and cash equivalents, short-term investments, and cash from operations, in addition to our available Credit Facility, will provide adequate liquidity for our business operations over the next 12 months.

During fiscal 2023, net cash used for financing activities was $37.1 million, a decrease of $107.4 million compared with prior year, primarily due to fewer share repurchases and holdback payments on prior-period acquisitions. Cash used for financing activities in fiscal 2023 included the following:

- Our board of directors has authorized the repurchase of Company stock and we spent $5.0 million during fiscal 2023 to repurchase 0.2 million shares. As of April 29, 2023, 7.3 million shares remained available for repurchase pursuant to this authorization. With the operating cash flows we anticipate generating in fiscal 2024, we expect to continue repurchasing Company stock.
- Cash paid to our shareholders in quarterly dividends was $29.9 million. Our board of directors has sole authority to determine if and when we will declare future dividends and on what terms. We expect the board to continue declaring regular quarterly cash dividends for the foreseeable future, but it may discontinue doing so at any time.
- Cash paid for holdback payments made on prior-period acquisitions was $5.0 million for a guaranteed payment related to the acquisition of Joybird.

Exchange Rate Changes

Due to changes in exchange rates, our cash, cash equivalents, and restricted cash decreased by $0.1 million from the end of fiscal year 2022 to the end of fiscal year 2023. These changes slightly impacted our cash balances held in Canada, Thailand, and the United Kingdom.

Contractual Obligations

Lease Obligations. We lease real estate for retail stores, distribution centers, warehouses, plants, showrooms and office space and also have equipment leases for tractors/trailers, IT and office equipment, and vehicles. As of April 29, 2023, we had operating and finance lease payment obligations of $505.0 million and $0.4 million, respectively, with $91.7 million and $0.1 million, payable within 12 months, respectively. Refer to Note 6, Leases, for additional information.

Purchase Obligations. We had purchase obligations of $156.3 million, all payable within 12 months, related to open purchase orders, primarily with foreign and domestic casegoods, leather, and fabric suppliers, which are generally cancellable if production has not begun.

Acquisition Payment Obligations. Consideration for prior acquisitions may include future guaranteed payments and payments contingent on future performance. As of April 29, 2023, we had future guaranteed payments related to our Joybird acquisition of $5.0 million, all payable within 12 months.

Other

Our consolidated balance sheet as April 29, 2023 reflected a $1.1 million net liability for uncertain income tax positions. We do not expect that the net liability for uncertain income tax positions will significantly change within the next 12 months. The remaining balance will be settled or released as tax audits are effectively settled, statutes of limitation expire, or other new information becomes available.

We do not expect our continuing compliance with existing federal, state and local statutes dealing with protection of the environment to have a material effect on our capital expenditures, earnings, competitive position or liquidity.

Critical Accounting Estimates

We prepare our consolidated financial statements in conformity with U.S. generally accepted accounting principles ("US GAAP"). In some cases, these principles require management to make difficult and subjective judgments regarding uncertainties and, as a result, such estimates and assumptions may significantly impact our financial results and disclosures. We base our estimates on currently known facts and circumstances, prior experience and other assumptions we believe to be reasonable. We use our best judgment in valuing these estimates and may, as warranted, use external advice. Actual results could differ from these estimates, assumptions, and judgments and these differences could be significant. We make frequent comparisons throughout the year of actual experience to our assumptions to reduce the likelihood of significant adjustments. We record adjustments when differences are known. We consider the following accounting estimates to be critical as they require us to make assumptions that are uncertain at the time the estimate was made and changes to the estimate would have a material impact on our financial statements.

Indefinite-Lived Intangible Assets and Goodwill

Indefinite-lived intangible assets include our American Drew trade name and the reacquired right to own and operate La-Z-Boy Furniture Galleries® stores we have acquired. Prior to our retail acquisitions, we licensed the exclusive right to own and operate La-Z-Boy Furniture Galleries® stores (and to use the associated trademarks and trade name) in those markets to the dealers whose assets we acquired, and we reacquired these rights when we purchased the dealers' other assets. The reacquired right to own and operate La-Z-Boy Furniture Galleries® stores are indefinite-lived because our retailer agreements are perpetual agreements that have no specific expiration date and no renewal options. A retailer agreement remains in effect as long as the independent retailer is not in default under the terms of the agreement.

Our goodwill relates to the acquisitions of La-Z-Boy Furniture Galleries® stores, the La-Z-Boy wholesale business in the United Kingdom and Ireland, the La-Z-Boy manufacturing business in the United Kingdom, and Joybird®, an e-commerce retailer and manufacturer of upholstered furniture. The reporting unit for goodwill arising from retail store acquisitions is our Retail operating segment. Goodwill arising from the acquisition of our wholesale business in the United Kingdom and Ireland along with goodwill arising from the acquisition of our manufacturing business in the United Kingdom are combined into the United Kingdom reporting. The reporting unit for goodwill arising from the acquisition of Joybird is the Joybird operating segment.

We test indefinite-lived intangibles and goodwill for impairment on an annual basis in the fourth quarter of our fiscal year, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. We have the option to first assess qualitative factors in order to determine if it is more likely than not that the fair value of our intangible assets or reporting units are greater than their carrying value. If the qualitative assessment leads to a determination that the intangible asset/reporting unit's fair value may be less than its carrying value, or if we elect to bypass the qualitative assessment altogether, we are required to perform a quantitative impairment test by calculating the fair value of the intangible asset/reporting unit and comparing the fair value with its associated carrying value. When we perform the quantitative test for indefinite-lived intangible assets, we establish the fair value of our indefinite-lived trade names and reacquired rights based upon the relief from royalty method, which requires the use of significant estimates and assumptions including forecasted sales growth and royalty rates. When we perform the quantitative test for goodwill, we establish the fair value for the reporting unit based on the income approach, in which we utilize a discounted cash flow model, the market approach, in which we utilize market multiples of comparable companies, or a combination of both approaches. The income approach requires the use of significant estimates and assumptions including forecasted sales growth, operating income projections, and discount rates and changes in these assumptions may materially impact our fair value assessment. Refer to Note 7, Goodwill and Other Intangible Assets, for further information regarding our fiscal 2023 impairment testing.

Product Warranties

We account for product warranties by accruing an estimated liability when we recognize revenue on the sale of warrantied product. We estimate future warranty claims on product sales based on claim experience and periodically make adjustments to reflect changes in actual experience. We incorporate repair costs in our liability estimates, including materials, labor, and overhead amounts necessary to perform repairs, and any costs associated with delivering repaired product to our customers and consumers. We use considerable judgment in making our estimates and record differences between our estimated and actual costs when the differences are known.

Stock-Based Compensation

We measure stock-based compensation cost for equity-based awards on the grant date based on the awards' fair value and recognize expense over the vesting period. We measure stock-based compensation cost for liability-based awards on the grant date based on the awards' fair value and recognize expense over the vesting period. We remeasure the liability for these awards and adjust their fair value at the end of each reporting period until paid. We recognize compensation cost for stock-based awards that vest based on performance conditions ratably over the vesting periods when the vesting of such awards becomes probable. Determining the probability of award vesting requires judgment, including assumptions about future operating performance. While the assumptions we use to calculate and account for stock-based compensation awards represent management's best estimates, these estimates involve inherent uncertainties and the application of our management's best judgment. As a result, if we revise our assumptions and estimates, our stock-based compensation expense could be materially different in the future.

We estimate the fair value of each option grant using a Black-Scholes option-pricing model. We estimate expected volatility based on the historic volatility of our common shares. We estimate the average expected life using the contractual term of the stock option and expected employee exercise and post-vesting employment termination trends. We base the risk-free rate on

U.S. Treasury issues with a term equal to the expected life assumed at the date of grant. We have elected to recognize forfeitures as an adjustment to compensation expense in the same period as the forfeitures occur.

We estimate the fair value of each performance award grant that vests based on a market condition using a Monte Carlo valuation model. The Monte Carlo model incorporates more complex variables than closed-form models such as the Black-Scholes option valuation model used for option grants. The Monte Carlo valuation model simulates a distribution of stock prices to yield an expected distribution of stock prices over the remaining performance period. The stock-paths are simulated using volatilities calculated with historical information using data from a look-back period that is equal to the vesting period. The model assumes a zero-coupon, risk-free interest rate with a term equal to the vesting period. The simulations are repeated many times and the mean of the discounted values is calculated as the grant date fair value for the award. The final payout of the award as calculated by the model is then discounted back to the grant date using the risk-free interest rate.

Recent Accounting Pronouncements

Refer to Note 1, Accounting Policies, to our consolidated financial statements for a discussion of recently adopted accounting standards and other new accounting standards.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

While we had no variable rate borrowings at April 29, 2023, we could be exposed to market risk from changes in risk-free interest rates if we incur variable rate debt in the future. Based on our current and expected levels of exposed liabilities, management estimates that a one percentage point change in interest rates would not have had a material impact on our results of operations for fiscal 2023.

We are exposed to market risk from changes in the value of foreign currencies primarily related to our manufacturing facilities in Mexico, our wholesale and retail businesses in Canada, our wholesale and manufacturing businesses in the United Kingdom, and our majority-owned joint ventures in Thailand. In Mexico, we pay wages and other local expenses in Mexican Pesos. In our Canadian wholesale business, we pay wages and other local expenses in Canadian Dollars. We recognize sales and pay wages and other local expenses related to our wholesale and manufacturing businesses in the United Kingdom in Great British Pounds, and our Canadian retail business in Canadian Dollars. In Thailand, we pay wages and other local expenses in the Thai Baht. Nonetheless, gains and losses resulting from market changes in the value of foreign currencies have not had and are not currently expected to have a material effect on our consolidated results of operations. A decrease in the value of foreign currencies in relation to the U.S. Dollar could impact the profitability of some of our vendors and translate into higher prices from our suppliers, but we believe that, in that event, our competitors would experience a similar impact.

We are exposed to market risk with respect to commodity and transportation costs, principally related to commodities we use in producing our products, including steel, wood and polyurethane foam, in addition to transportation costs for delivering our products. As commodity prices and transportation costs rise, we determine whether a price increase to our customers to offset these costs is warranted. To the extent that an increase in these costs would have a material impact on our results of operations, we believe that our competitors would experience a similar impact.

We are exposed to market risk with respect to duties and tariffs assessed on raw materials, component parts, and finished goods we import into countries where we operate. Additionally, we are exposed to duties and tariffs on our finished goods that we export from our assembly plants to other countries. As these tariffs and duties increase, we determine whether a price increase to our customers to offset these costs is warranted. To the extent that an increase in these costs would have a material impact on our results of operations, we believe that our competitors would experience a similar impact. Conversely, if certain tariffs are eliminated or reduced, we may face additional competition from foreign manufacturers entering the United States market and from domestic retailers who rely on imported goods, which could put pressure on our prices and may adversely impact our result of operations.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

Management's Report to Our Shareholders

Management's Responsibility for Financial Information

Management is responsible for the consistency, integrity and preparation of the information contained in this Annual Report on Form 10-K. The consolidated financial statements and other information contained in this Annual Report on Form 10-K have been prepared in accordance with accounting principles generally accepted in the United States of America and include necessary judgments and estimates by management.

To fulfill our responsibility, we maintain comprehensive systems of internal control designed to provide reasonable assurance that assets are safeguarded and transactions are executed in accordance with established procedures. The concept of reasonable assurance is based upon recognition that the cost of the controls should not exceed the benefit derived. We believe our systems of internal control provide this reasonable assurance.

The board of directors exercised its oversight role with respect to our systems of internal control primarily through its audit committee, which is comprised of independent directors. The committee oversees our systems of internal control, accounting practices, financial reporting and audits to assess whether their quality, integrity, and objectivity are sufficient to protect shareholders' investments.

In addition, our consolidated financial statements have been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, whose report also appears in this Annual Report on Form 10-K.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as that term is defined in Rule 13a-15(f) of the Exchange Act. Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal controls over financial reporting based upon the framework in "Internal Control—Integrated Framework (2013)" set forth by the Committee of Sponsoring Organizations of the Treadway Commission. Based on that evaluation, our management concluded that our internal control over financial reporting was effective as of April 29, 2023. PricewaterhouseCoopers LLP, an independent registered public accounting firm, audited the effectiveness of the Company's internal control over financial reporting as of April 29, 2023, as stated in its report which appears herein.

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of La-Z-Boy Incorporated

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the accompanying consolidated balance sheet of La-Z-Boy Incorporated and its subsidiaries (the "Company") as of April 29, 2023 and April 30, 2022, and the related consolidated statements of income, of comprehensive income, of changes in equity and of cash flows for each of the three years in the period ended April 29, 2023, including the related notes and schedule of valuation and qualifying accounts for each of the three years in the period ended April 29, 2023 appearing under Item 16 (collectively referred to as the "consolidated financial statements"). We also have audited the Company's internal control over financial reporting as of April 29, 2023, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of April 29, 2023 and April 30, 2022, and the results of its operations and its cash flows for each of the three years in the period ended April 29, 2023 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of April 29, 2023, based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the COSO.

Basis for Opinions

The Company's management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on the Company's consolidated financial statements and on the Company's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the consolidated financial statements included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the consolidated financial statements that were communicated or required to be communicated to the audit committee and that (i) relate to accounts or disclosures that are material to the consolidated financial statements and (ii) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Accrued Product Warranties for the Wholesale Reportable Segment

As described in Note 12 to the consolidated financial statements, as of April 29, 2023, the Company's consolidated accrued product warranties liability balance was $31.0 million, of which the Wholesale reportable segment comprises a significant portion. Management accrues an estimated liability for product warranties when revenue is recognized on the sale of warrantied products. Management estimates future warranty claims on product sales based on historical claims experience and periodically adjusts the provision to reflect changes in actual experience. The liability estimate incorporates repair costs, including materials, labor and overhead amounts necessary to perform repairs, and any costs associated with delivering the repaired product to customers.

The principal considerations for our determination that performing procedures relating to the accrued product warranties for the Wholesale reportable segment is a critical audit matter are (i) the significant judgment by management when developing the accrual and (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures relating to the estimation methodology and the applicability of historical cost of materials and labor used in the methodology.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to the accrued product warranties for the Wholesale reportable segment. These procedures also included, among others (i) testing management's process for developing the accrual; (ii) evaluating the appropriateness of the estimation methodology applied in developing the accrual; (iii) evaluating the applicability of the historical cost of materials and labor used in the methodology; and (iv) testing the completeness and accuracy of the historical cost of materials and labor.

Goodwill Impairment Assessment – Joybird Reporting Unit

As described in Notes 1 and 7 to the consolidated financial statements, as of April 29, 2023, the Company's consolidated goodwill balance was $205.0 million, and the goodwill associated with the Corporate and Other reportable segment was $55.4 million, which is inclusive of the Joybird reporting unit. Management tests goodwill for impairment on an annual basis in the fourth quarter of the fiscal year, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. In situations where the fair value is less than the carrying value, an impairment charge would be recorded for the shortfall. To estimate the fair value of the Joybird reporting unit, management applied a combination of the income approach and the market approach, weighted 75% and 25%, respectively. The income approach used discounted future cash flows and the market approach used the guideline public company method, which derives a valuation from market multiples based on revenue for comparable public companies and was adjusted for a control premium. Management's cash flow projections for the Joybird reporting unit included assumptions relating to sales and operating income projections and terminal growth rate as well as other assumptions relating to discount rate and tax rate which are used in the discounted cash flow model.

The principal considerations for our determination that performing procedures relating to the goodwill impairment assessment of the Joybird reporting unit is a critical audit matter are (i) the significant judgment by management when developing the fair value estimate of the Joybird reporting unit; (ii) a high degree of auditor judgment, subjectivity, and effort in performing procedures and evaluating management's significant assumptions related to sales and operating income projections used in the discounted cash flow model; and (iii) the audit effort involved the use of professionals with specialized skill and knowledge.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. These procedures included testing the effectiveness of controls relating to management's goodwill impairment assessment, including controls over the valuation of the Joybird reporting unit, which included controls over significant assumptions related to the sales and operating income projections. These procedures also included, among others (i) testing management's process for developing the fair value estimate of the Joybird reporting unit; (ii) evaluating the appropriateness of the discounted cash flow model; (iii) testing the completeness and accuracy of underlying data used in the discounted cash flow model; and (iv) evaluating the reasonableness of the significant assumptions used by management related to the sales and operating income projections used in the discounted cash flow model. Evaluating management's assumptions related to the sales and operating income projections involved evaluating whether the assumptions used by management were reasonable considering (i) the current and past performance of the Joybird reporting unit; (ii) the consistency with external market and industry data; and (iii) whether these assumptions were consistent with evidence obtained in other areas of the audit. Professionals with specialized skill and knowledge were used to assist in evaluating the reasonableness of the Company’s discounted cash flow model.

/s/ PricewaterhouseCoopers LLP
Detroit, Michigan
June 20, 2023

We have served as the Company’s auditor since 1968.

LA-Z-BOY INCORPORATED
CONSOLIDATED STATEMENT OF INCOME

(Amounts in thousands, except per share data)	Fiscal Year Ended (52 weeks) 4/29/2023	(53 weeks) 4/30/2022	(52 weeks) 4/24/2021
Sales	$ 2,349,433	$ 2,356,811	$ 1,734,244
Cost of sales	1,340,734	1,440,842	993,984
Gross profit	1,008,699	915,969	740,260
Selling, general and administrative expense	797,260	709,213	603,524
Operating income	211,439	206,756	136,736
Interest expense	(536)	(895)	(1,390)
Interest income	6,670	1,338	1,101
Other income (expense), net	(11,784)	(1,708)	9,466
Income before income taxes	205,789	205,491	145,913
Income tax expense	53,848	53,163	38,384
Net income	151,941	152,328	107,529
Net income attributable to noncontrolling interests	(1,277)	(2,311)	(1,068)
Net income attributable to La-Z-Boy Incorporated	$ 150,664	$ 150,017	$ 106,461
Basic weighted average common shares	43,148	44,023	45,983
Basic net income attributable to La-Z-Boy Incorporated per share	$ 3.49	$ 3.41	$ 2.31
Diluted weighted average common shares	43,240	44,294	46,367
Diluted net income attributable to La-Z-Boy Incorporated per share	$ 3.48	$ 3.39	$ 2.30

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

LA-Z-BOY INCORPORATED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Fiscal Year Ended		
	(52 weeks)	(53 weeks)	(52 weeks)
(Amounts in thousands)	4/29/2023	4/30/2022	4/24/2021
Net income	$ 151,941	$ 152,328	$ 107,529
Other comprehensive income (loss)			
Currency translation adjustment	(604)	(5,804)	5,466
Net unrealized gain (loss) on marketable securities, net of tax	153	(668)	(79)
Net pension amortization, net of tax	807	1,394	578
Total other comprehensive income (loss)	356	(5,078)	5,965
Total comprehensive income before noncontrolling interests	152,297	147,250	113,494
Comprehensive income attributable to noncontrolling interests	(1,364)	(1,509)	(1,602)
Comprehensive income attributable to La-Z-Boy Incorporated	$ 150,933	$ 145,741	$ 111,892

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

LA-Z-BOY INCORPORATED
CONSOLIDATED BALANCE SHEET

(Amounts in thousands, except par value)	4/29/2023	4/30/2022
Current assets		
Cash and equivalents	$ 343,374	$ 245,589
Restricted cash	3,304	3,267
Receivables, net of allowance of $4,776 at 4/29/2023 and $3,406 at 4/30/2022	125,536	183,747
Inventories, net	276,257	303,191
Other current assets	106,129	215,982
Total current assets	854,600	951,776
Property, plant and equipment, net	278,578	253,144
Goodwill	205,008	194,604
Other intangible assets, net	39,375	33,971
Deferred income taxes – long-term	8,918	10,632
Right of use lease assets	416,269	405,755
Other long-term assets, net	63,515	82,207
Total assets	$ 1,866,263	$ 1,932,089
Current liabilities		
Accounts payable	107,460	104,025
Lease liabilities, short-term	77,751	75,271
Accrued expenses and other current liabilities	290,650	496,393
Total current liabilities	475,861	675,689
Lease liabilities, long-term	368,163	354,843
Other long-term liabilities	70,142	81,935
Shareholders' equity		
Preferred shares – 5,000 authorized; none issued	—	—
Common shares, $1 par value – 150,000 authorized; 43,318 outstanding at 4/29/2023 and 43,089 outstanding at 4/30/2022	43,318	43,089
Capital in excess of par value	358,891	342,252
Retained earnings	545,155	431,181
Accumulated other comprehensive loss	(5,528)	(5,797)
Total La-Z-Boy Incorporated shareholders' equity	941,836	810,725
Noncontrolling interests	10,261	8,897
Total equity	952,097	819,622
Total liabilities and equity	$ 1,866,263	$ 1,932,089

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

LA-Z-BOY INCORPORATED
CONSOLIDATED STATEMENT OF CASH FLOWS

(Amounts in thousands)	Fiscal Year Ended (52 weeks) 4/29/2023	(53 weeks) 4/30/2022	(52 weeks) 4/24/2021
Cash flows from operating activities			
Net income	$ 151,941	$ 152,328	$ 107,529
Adjustments to reconcile net income to cash provided by operating activities			
(Gain)/loss on disposal and impairment of assets	6,365	(13,657)	(37)
(Gain)/loss on sale of investments	148	(478)	(954)
Provision for doubtful accounts	1,546	(617)	(3,169)
Depreciation and amortization	40,193	39,771	33,021
Amortization of right-of-use lease assets	76,511	72,942	65,571
Lease impairment	1,347	—	—
Equity-based compensation expense	12,458	11,858	12,671
Change in deferred taxes	3,895	1,022	8,790
Change in receivables	53,675	(41,829)	(38,288)
Change in inventories	32,311	(72,022)	(40,727)
Change in other assets	24,377	(16,232)	2,926
Change in payables	4,586	6,326	37,068
Change in lease liabilities	(77,811)	(73,805)	(65,881)
Change in other liabilities	(126,375)	13,397	191,397
Net cash provided by operating activities	205,167	79,004	309,917
Cash flows from investing activities			
Proceeds from disposals of assets	136	22,588	2,770
Capital expenditures	(68,812)	(76,580)	(37,960)
Purchases of investments	(9,092)	(34,152)	(39,584)
Proceeds from sales of investments	24,483	36,096	36,071
Acquisitions	(16,835)	(26,323)	(2,000)
Net cash used for investing activities	(70,120)	(78,371)	(40,703)
Cash flows from financing activities			
Payments on debt and finance lease liabilities	(123)	(121)	(75,050)
Holdback payments for acquisitions	(5,000)	(23,000)	(5,783)
Stock issued for stock and employee benefit plans, net of shares withheld for taxes	2,857	(1,818)	9,030
Repurchases of common stock	(5,004)	(90,645)	(44,202)
Dividends paid to shareholders	(29,869)	(27,717)	(16,542)
Dividends paid to minority interest joint venture partners (1)	—	(1,260)	(8,507)
Net cash used for financing activities	(37,139)	(144,561)	(141,054)
Effect of exchange rate changes on cash and equivalents	(86)	(1,919)	3,015
Change in cash, cash equivalents and restricted cash	97,822	(145,847)	131,175
Cash, cash equivalents and restricted cash at beginning of period	248,856	394,703	263,528
Cash, cash equivalents and restricted cash at end of period	$ 346,678	$ 248,856	$ 394,703
Supplemental disclosure of non-cash investing activities			
Capital expenditures included in accounts payable	$ 8,208	$ 9,234	$ 4,638

(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.

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

LA-Z-BOY INCORPORATED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Amounts in thousands, except per share amounts)	Common Shares	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Non-Controlling Interests	Total
At April 25, 2020	$ 45,857	$ 318,215	$ 343,633	$ (6,952)	$ 15,553	$ 716,306
Net income	—	—	106,461	—	1,068	107,529
Other comprehensive income (loss)	—	—	—	5,431	534	5,965
Stock issued for stock and employee benefit plans, net of cancellations and withholding tax	583	10,188	(1,741)	—	—	9,030
Purchases of 1,079 shares of common stock	(1,079)	(10,426)	(32,697)	—	—	(44,202)
Stock option and restricted stock expense	—	12,671	—	—	—	12,671
Dividends declared and paid ($0.36/share) (1)	—	—	(16,542)	—	(8,507)	(25,049)
Dividends declared not paid ($0.36/share)	—	—	(104)	—	—	(104)
At April 24, 2021	$ 45,361	$ 330,648	$ 399,010	$ (1,521)	$ 8,648	$ 782,146
Net income	—	—	150,017	—	2,311	152,328
Other comprehensive income (loss)	—	—	—	(4,276)	(802)	(5,078)
Stock issued for stock and employee benefit plans, net of cancellations and withholding tax	208	834	(2,860)	—	—	(1,818)
Purchases of 2,480 shares of common stock	(2,480)	(1,088)	(87,077)	—	—	(90,645)
Stock option and restricted stock expense	—	11,858	—	—	—	11,858
Dividends declared and paid ($0.63/share) (1)	—	—	(27,717)	—	(1,260)	(28,977)
Dividends declared not paid ($0.63/share)	—	—	(192)	—	—	(192)
At April 30, 2022	$ 43,089	$ 342,252	$ 431,181	$ (5,797)	$ 8,897	$ 819,622
Net income	—	—	150,664	—	1,277	151,941
Other comprehensive income (loss)	—	—	—	269	87	356
Stock issued for stock and employee benefit plans, net of cancellations and withholding tax	433	4,181	(1,757)	—	—	2,857
Purchases of 204 shares of common stock	(204)	—	(4,800)	—	—	(5,004)
Stock option and restricted stock expense	—	12,458		—	—	12,458
Dividends declared and paid ($0.693/share)	—	—	(29,869)	—	—	(29,869)
Dividends declared not paid ($0.693/share)	—	—	(264)	—	—	(264)
At April 29, 2023	$ 43,318	$ 358,891	$ 545,155	$ (5,528)	$ 10,261	$ 952,097

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

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1: Accounting Policies

The following is a summary of significant accounting policies followed in the preparation of La-Z-Boy Incorporated and its subsidiaries' (individually and collectively, "we," "our," "us," "La-Z-Boy" or the "Company") consolidated financial statements. Our fiscal year ends on the last Saturday of April. Our 2023 and 2021 fiscal years included 52 weeks, whereas our 2022 fiscal year included 53 weeks. The additional week in fiscal 2022 was included in the fourth quarter.

Principles of Consolidation

The accompanying consolidated financial statements include the consolidated accounts of La-Z-Boy Incorporated and our majority-owned subsidiaries. The portion of less than wholly-owned subsidiaries is included as non-controlling interest. All intercompany transactions have been eliminated, including any related profit on intercompany sales.

At April 29, 2023, we owned investments in two privately-held companies consisting of non-marketable preferred shares, warrants to purchase common shares, and convertible notes. Each of these companies is a variable interest entity and we have not consolidated their results in our financial statements because we do not have the power to direct those activities that most significantly impact their economic performance and, therefore, are not the primary beneficiary.

Use of Estimates

The consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. These principles require management to make estimates and assumptions that affect the reported amounts or disclosures of assets, liabilities (including contingent liabilities), sales, and expenses at the date of the financial statements. Actual results could differ from those estimates.

Cash and Equivalents

For purposes of the consolidated balance sheet and statement of cash flows, we consider all highly liquid debt instruments purchased with initial maturities of three months or less to be cash equivalents.

Restricted Cash

We have cash on deposit with a bank as collateral for certain letters of credit.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined using the last-in, first-out ("LIFO") basis for approximately 59% and 60% of our inventories at April 29, 2023, and April 30, 2022, respectively. Cost is determined for all other inventories on a first-in, first-out ("FIFO") basis. The majority of our La-Z-Boy Wholesale segment inventory uses the LIFO method of accounting, while the FIFO method is used primarily in our Retail segment and Joybird business.

Property, Plant and Equipment

Items capitalized, including significant betterments to existing facilities, are recorded at cost. Capitalized computer software costs include internal and external costs incurred during the software's development stage. Internal costs relate primarily to employee activities for coding and testing the software under development. Computer software costs are depreciated over three to five years. All maintenance and repair costs are expensed when incurred. Depreciation is computed principally using straight-line methods over the estimated useful lives of the assets.

Disposal and Impairment of Long-Lived Assets

Retirement or dispositions of long-lived assets are recorded based on carrying value and proceeds received. Any resulting gains or losses are recorded as a component of selling, general and administrative ("SG&A") expenses.

We review the carrying value of our long-lived assets, which includes our right-of-use lease assets, for impairment if events or changes in circumstances indicate that their carrying amounts may not be recoverable. Our assessment of recoverability is based on our best estimates using either quoted market prices or an analysis of the undiscounted projected future cash flows by asset groups in order to determine if there is any indicator of impairment requiring us to further assess the fair value of our long-lived assets. Our asset groups consist of our operating segments in our Wholesale reportable segment, each of our retail stores, our Joybird operating segment, and other corporate assets, which are evaluated at the consolidated level.

Indefinite-Lived Intangible Assets and Goodwill

Indefinite-lived intangible assets include our American Drew trade name and the reacquired right to own and operate La-Z-Boy Furniture Galleries® stores we have acquired. Prior to our retail acquisitions, we licensed the exclusive right to own and operate La-Z-Boy Furniture Galleries® stores (and to use the associated trademarks and trade name) in those markets to the dealers whose assets we acquired, and we reacquired these rights when we purchased the dealers' other assets. The reacquired right to own and operate La-Z-Boy Furniture Galleries® stores are indefinite-lived because our retailer agreements are perpetual agreements that have no specific expiration date and no renewal options. A retailer agreement remains in effect as long as the independent retailer is not in default under the terms of the agreement.

Our goodwill relates to the acquisitions of La-Z-Boy Furniture Galleries® stores, the La-Z-Boy wholesale business in the United Kingdom and Ireland, the La-Z-Boy manufacturing business in the United Kingdom, and Joybird®, an e-commerce retailer and manufacturer of upholstered furniture. The reporting unit for goodwill arising from retail store acquisitions is our Retail operating segment. We have two geographic regions which are considered components of our Retail operating segment. These two geographic regions are aggregated into one reporting unit for goodwill because they are economically similar, they operate in a consistent manner across the regions, and each store supports and benefits from common research and development projects. Additionally, the goodwill is recoverable from each of the geographic regions working in concert because we can change the composition of the regions to strategically rebalance management and distribution capacity as needed. Goodwill arising from the acquisition of our wholesale business in the United Kingdom and Ireland along with goodwill arising from the acquisition of our manufacturing business in the United Kingdom are combined into the United Kingdom reporting. These two businesses are considered components of the International operating segment and are aggregated into one reporting unit for goodwill because they are economically similar and work in concert as they represent the manufacturing and selling entities within the United Kingdom. The reporting unit for goodwill arising from the acquisition of Joybird is the Joybird operating segment.

We test indefinite-lived intangibles and goodwill for impairment on an annual basis in the fourth quarter of our fiscal year, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. We have the option to first assess qualitative factors in order to determine if it is more likely than not that the fair value of our intangible assets or reporting units are greater than their carrying value. If the qualitative assessment leads to a determination that the intangible asset/reporting unit's fair value may be less than its carrying value, or if we elect to bypass the qualitative assessment altogether, we are required to perform a quantitative impairment test by calculating the fair value of the intangible asset/reporting unit and comparing the fair value with its associated carrying value. When we perform the quantitative test for indefinite-lived intangible assets, we establish the fair value of our indefinite-lived trade names and reacquired rights based upon the relief from royalty method. When we perform the quantitative test for goodwill, we establish the fair value for the reporting unit based on the income approach, in which we utilize a discounted cash flow model, the market approach, in which we utilize market multiples of comparable companies, or a combination of both approaches. In situations where the fair value is less than the carrying value, an impairment charge would be recorded for the shortfall.

Amortizable Intangible Assets

We have amortizable intangible assets related to the acquisition of the La-Z-Boy wholesale business in the United Kingdom and Ireland, which primarily include acquired customer relationships. These intangible assets are amortized on a straight-line basis over their estimated useful lives, which do not exceed 15 years. We also have an amortizable intangible asset for the Joybird® trade name, which is amortized on a straight-line basis over its estimated useful life of eight years. All intangible amortization expense is recorded as a component of SG&A expense. We test amortizable intangible assets for impairment if events or changes in circumstances indicate that the assets might be impaired. If we determine an assessment for impairment is necessary, we establish the fair value of these amortizable intangible assets based on the multi-period excess earnings method, a variant of the income approach, and the relief from royalty method, as applicable.

Investments

Available-for-sale debt securities are recorded at fair value with the net unrealized gains and losses (that are deemed to be temporary) reported as a component of other comprehensive income/(loss). Equity securities are recorded at fair value with unrealized gains and losses recorded in other income (expense), net. We also hold investments in two privately-held companies consisting of non-marketable preferred shares, warrants to purchase common shares, and convertible notes. The fair value of these equity investments (preferred shares and warrants) is not readily determinable and therefore, we estimate the fair value as costs minus impairment, if any, plus or minus adjustments resulting from observable price changes in orderly transactions for identical or similar investments with the same issuer. The convertible notes are recorded at fair value with the net unrealized gains and losses (that are deemed to be temporary) reported as a component of other comprehensive income, consistent with our other available-for-sale debt securities.

Realized gains and losses for all investments, charges for other-than-temporary impairments of debt securities, and charges for impairment on our equity investments without readily determinable values are included in determining net income, with related purchase costs based on the first-in, first-out method. We evaluate our available-for-sale debt investments for possible other-than-temporary impairments by reviewing factors such as the extent to which an investment's fair value is below our cost basis, the issuer's financial condition, and our ability and intent to hold the investment for sufficient time for its market value to recover. For impairments that are other-than-temporary, an impairment loss is recognized in earnings equal to the difference between the investment's cost and its fair value at the balance sheet date of the reporting period for which the assessment is made. The fair value of the investment then becomes the new amortized cost basis of the investment and it is not adjusted for subsequent recoveries in fair value. During fiscal 2023, we recognized a $10.3 million impairment charge for one of the investments which was recorded as a component of other income (expense), net in the consolidated statement of income. There were no impairment charges recorded in the fiscal 2022 or fiscal 2021.

Life Insurance

Life insurance policies are recorded at the amount that could be realized under the insurance contract as of the date of our consolidated balance sheet. These assets are classified as other long-term assets on our consolidated balance sheet and are used to fund our executive deferred compensation plan and performance compensation retirement plan. The change in cash surrender or contract value is recorded as income or expense, in other income (expense), net, during each period.

Customer Deposits

We collect a deposit on a portion of the total merchandise price at the time a customer order is placed in one of our company-owned retail stores, and through our website, www.la-z-boy.com. We record this as a customer deposit, which is included in our accrued expenses and other current liabilities on our consolidated balance sheet. The balance of the order is paid in full prior to delivery of the product. At the time the customer places an order through www.joybird.com, we collect the entire amount owed and record this as a customer deposit.

Revenue Recognition and Related Allowances

Revenues are recognized when control of the promised goods or services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to receive in exchange for those goods or services. We generate revenues primarily by manufacturing/importing and delivering upholstery and casegoods (wood) furniture products to independent furniture retailers, independently-owned La-Z-Boy Furniture Galleries® stores or the end consumer. Each unit of furniture is a separate performance obligation, and we satisfy our performance obligation when control of our product is passed to our customer, which is the point in time that our customers are able to direct the use of and obtain substantially all of the remaining economic benefit of the goods or services.

The majority of our wholesale shipping agreements are freight-on-board shipping point and risk of loss transfers to our customer once the product is out of our control. Accordingly, revenue is recognized for product shipments on third-party carriers at the point in time that our product is loaded onto the third-party container or truck and that container or truck leaves our facility. For our imported products, we recognize revenue at the point in time that legal ownership is transferred, which may not occur until after the goods have passed through U.S. Customs. In all cases, this revenue includes amounts we bill to customers for freight charges, because we have elected to treat shipping activities that occur after the customer has obtained control of our product as a fulfillment cost rather than an additional promised service. Because of this election, we recognize revenue for shipping when control of our product passes to our customer, and the shipping costs are accrued when the freight revenue is recognized. Revenue for product shipments on company-owned trucks is recognized for the product and freight at the point in time that our product is delivered to our customer's location.

We recognize revenue for retail sales and online sales to the end consumer through our company-owned retail stores, www.la-z-boy.com or www.joybird.com once the end consumer has taken control of the furniture, at which point legal title has passed to them. This takes place when the product is delivered to the end consumer's home. Home delivery is not a promised service to our customer, and is not a separate performance obligation, because home delivery is a fulfillment activity as the costs are incurred as part of transferring our product to the end consumer. At the time the customer places an order through our company-owned retail stores or www.la-z-boy.com, we collect a deposit on a portion of the total merchandise price. We record this as a customer deposit, which is included in accrued expenses and other current liabilities on our consolidated balance sheet. The balance of the order is paid in full prior to delivery of the product. Once the order is taken through our company-owned retail stores or www.la-z-boy.com we recognize a contract asset and a corresponding deferred revenue liability for the difference between the total order and the deposit collected. The contract asset is included in other current assets on our consolidated balance sheet and the deferred revenue is included in accrued expenses and other current liabilities on our consolidated balance sheet. At the time the customer places an order through www.joybird.com, we collect the entire amount owed and record this as a customer deposit. Because the entire amount owed is collected at the time of the order, there is no contract asset recorded for Joybird sales.

At the time we recognize revenue, we make provisions for estimated refunds, product returns, and warranties, as well as other incentives that we may offer to customers. When estimating our incentives, we utilize either the expected value method or the most likely amount to determine the amount of variable consideration. We use either method depending on which method will provide the best estimate of the variable consideration, and we only include variable consideration when it is probable that there will not be a significant reversal in the amount of cumulative revenue recognized when the uncertainty associated with the variable consideration is subsequently resolved. Incentives offered to customers include cash discounts, rebates, advertising agreements and other sales incentive programs. Our sales incentives, including cash discounts and rebates, are recorded as a reduction to revenues. Service allowances are for a distinct good or service with our customers and are recorded as a component of SG&A expense in our consolidated statement of income, and are not recorded as a reduction of revenue and are not considered variable consideration. We use substantial judgment based on the type of variable consideration or service allowance, historical experience and expected sales volume when estimating these provisions. The expected costs associated with our warranties and service allowances are recognized as expense when our products are sold. For sales tax, we elected to exclude from the measurement of the transaction price all taxes imposed on and concurrent with a specific revenue-producing transaction and collected by the entity from a customer, including sales, use, excise, value-added, and franchise taxes (collectively referred to as sales taxes). This allows us to present revenue net of these certain types of taxes.

All orders are fulfilled within one year of order date, therefore we do not have any unfulfilled performance obligations. Additionally, we elected the practical expedient to not adjust the promised amount of consideration for the effects of a significant financing component because at contract inception we expect the period between when we transfer our product to our customer and when the customer pays for the product to be one year or less.

Allowance for Credit Losses

Trade accounts receivable arise from the sale of products on trade credit terms. On a quarterly basis, we review all significant accounts as to their past due balances, as well as collectability of the outstanding trade accounts receivable for possible write off. It is our policy to write off the accounts receivable against the allowance account when we deem the receivable to be uncollectible. Additionally, we review orders from dealers that are significantly past due, and we ship product only when our ability to collect payment from our customer for the new order is probable.

Our allowances for credit losses reflect our best estimate of losses inherent in the trade accounts receivable balance. We determine the allowance based on known troubled accounts, weighing probabilities of future conditions and expected outcomes, and other currently available evidence.

Cost of Sales

Our cost of sales consists primarily of the cost to manufacture or purchase our merchandise, inspection costs, internal transfer costs, in-bound freight costs, outbound shipping costs, as well as warehousing costs, occupancy costs, and depreciation expense related to our manufacturing facilities and equipment.

Selling, General and Administrative Expenses

SG&A expenses include the costs of selling our products and other general and administrative costs. Selling expenses are primarily composed of commissions, advertising, warranty, bad debt expense, and compensation and benefits of employees performing various sales functions. Additionally, the occupancy costs of our retail facilities and the warehousing costs of our distribution centers are included as a component of SG&A. Other general and administrative expenses included in SG&A are composed primarily of compensation and benefit costs for administrative employees and other administrative costs.

Other Income (Expense), Net

Other income (expense), net is made up primarily of foreign currency exchange net gain/(loss), gain/(loss) on the sale of investments, and unrealized gain/(loss) on equity securities. Other income (expense), net for fiscal 2023 also includes a $10.3 million impairment of our investments in a privately-held start-up company and fiscal 2021 includes the benefit of $5.2 million of payroll tax credits resulting from the CARES Act.

Research and Development Costs

Research and development costs are charged to expense in the periods incurred. Expenditures for research and development costs were $9.1 million, $9.0 million, and $7.6 million for the fiscal years ended April 29, 2023, April 30, 2022, and April 24, 2021, respectively, and are included as a component of SG&A.

Advertising Expenses

Production costs of commercials, programming and costs of other advertising, promotion and marketing programs are charged to expense in the period in which the commercial or advertisement is first aired or released. Gross advertising expenses were $159.0 million, $126.8 million, and $94.6 million for the fiscal years ended April 29, 2023, April 30, 2022, and April 24, 2021, respectively.

A portion of our advertising program is a national advertising campaign. This campaign is a shared advertising program with our dealers' La-Z-Boy Furniture Galleries® stores, which reimburse us for over 20% of the cost of the program (excluding company-owned stores). Because of this shared cost arrangement, the advertising expense is reported as a component of SG&A, while the dealers' reimbursement portion is reported as a component of sales.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry-forwards. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled.

In periods when deferred tax assets are recorded, we are required to estimate whether recoverability is more likely than not (i.e. a likelihood of more than 50%), based on, among other things, forecasts of taxable earnings in the related tax jurisdiction. We consider historical and projected future results of operations, the eligible carry-forward period, tax law changes, tax planning opportunities, and other relevant considerations when making judgments about realizing the value of our deferred tax assets.

We recognize in our consolidated financial statements the benefit of a position taken or expected to be taken in a tax return when it is more likely than not that the position would be sustained upon examination by tax authorities. A recognized tax position is then measured at the largest amount of benefit that is more likely than not to be realized upon settlement. Changes in judgment that result in subsequent recognition, derecognition or change in a measurement date of a tax position taken in a prior annual period (including any related interest and penalties) are recognized as a discrete item in the interim period in which the change occurs.

Foreign Currency Translation

Foreign currency transaction gains and losses associated with translating assets and liabilities denominated in a currency that is different than a subsidiaries' functional currency, are recorded in cost of sales and other income (expense), net in our consolidated statement of income. Assets and liabilities of foreign subsidiaries whose functional currency is their local currency are translated at the year-end exchange rates, and revenues and expenses are translated at average exchange rates for the period, with the corresponding translation effect included as a component of other comprehensive income.

Accounting for Stock-Based Compensation

We estimate the fair value of equity-based awards, including option awards and stock-based awards that vest based on market conditions, on the date of grant using option-pricing models. The value of the portion of the equity-based awards that are ultimately expected to vest is recognized as expense over the requisite service periods in our consolidated statement of income using a straight-line single-option method. We measure stock-based compensation cost for liability-based awards based on the fair value of the award on the grant date, and recognize it as expense over the vesting period. The liability for these awards is remeasured and adjusted to its fair value at the end of each reporting period until paid. We record compensation cost for stock-based awards that vest based on performance conditions ratably over the vesting periods when the vesting of such awards become probable.

Commitments and Contingencies

We establish an accrued liability for legal matters when those matters present loss contingencies that are both probable and reasonably estimable. As a litigation matter develops and in conjunction with any outside legal counsel handling the matter, we evaluate on an ongoing basis whether such matter presents a loss contingency that is probable and reasonably estimable. If, at the time of evaluation, the loss contingency related to a litigation matter is not both probable and reasonably estimable, the matter will continue to be monitored for further developments that would make such loss contingency both probable and reasonably estimable. Once the loss contingency related to a litigation matter is deemed to be both probable and reasonably estimable, we will establish an accrued liability with respect to such loss contingency and record a corresponding amount of litigation-related expense. We continue to monitor the matter for further developments that could affect the amount of the accrued liability that has been previously established.

Insurance/Self-Insurance

We use a combination of insurance and self-insurance for a number of risks, including workers' compensation, general liability, vehicle liability and the company-funded portion of employee-related health care benefits. Liabilities associated with these risks are estimated in part by considering historic claims experience, demographic factors, severity factors and other assumptions. Our workers' compensation reserve is an undiscounted liability. We have various excess loss coverages for employee-related health care benefits, vehicle liability, product liability, and workers' compensation liabilities. Our deductibles generally do not exceed $2.5 million.

Recent Accounting Pronouncements

Accounting pronouncement adopted in fiscal 2023

We did not adopt any Accounting Standards Updates ("ASUs") in fiscal 2023.

Accounting pronouncements not yet adopted

The following table summarizes additional accounting pronouncements which we have not yet adopted, but we believe will not have a material impact on our accounting policies or our consolidated financial statements and related disclosures.

ASU	Description	Adoption Date
ASU 2023-02	Investments - Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method.	Fiscal 2025
ASU 2021-08	Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities From Contracts With Customers	Fiscal 2024

Note 2: Acquisitions

None of the below acquisitions were significant to our consolidated financial statements, and, therefore, pro-forma financial information is not presented. All of our provisional purchase accounting estimates for the acquisitions completed in fiscal 2023 are based on the information and data available to us as of the time of the issuance of these financial statements, and in accordance with Accounting Standard Codification Topic 805-10-25-15, are subject to change within the first 12 months following the acquisition as we gain additional data.

Each of the following Retail acquisitions completed in fiscal 2023, 2022 and 2021 reflect a core component of our strategic priorities, which is to grow our company-owned retail business and leverage our integrated retail model (where we earn a combined profit on both the wholesale and retail sales) in suitable geographic markets, alongside the existing La-Z-Boy Furniture Galleries® network.

Prior to each Retail acquisition completed in fiscal 2023, 2022, and 2021, we licensed to the counterparty the exclusive right to own and the operate La-Z-Boy Furniture Galleries® stores (and to use the associated trademarks and trade name) in each of their respective markets, and we reacquired these rights when we consummated the transaction. These required rights are indefinite-lived because our retailer agreements are perpetual agreements that have no specific expiration date and no renewal options. The effective settlement date of these arrangements resulted in no settlement gain or loss as the contractual terms were at market. For federal income tax purposes, we amortize and deduct these indefinite-lived intangible assets and goodwill, if any, over 15 years.

Baton Rouge, Louisiana acquisition

On March 20, 2023, we completed our acquisition of the Baton Rouge, Louisiana business that operates one independently owned La-Z-Boy Furniture Galleries® store and one distribution center for $5.0 million, subject to customary adjustments. We paid total cash of $4.9 million during the fourth quarter of fiscal 2023 and the remaining consideration includes forgiveness of accounts receivable and payments based on working capital adjustments. As part of the acquisition, we recorded an indefinite-lived intangible asset of $0.5 million related to the reacquired rights described above.

Barboursville, West Virginia acquisition

On December 12, 2022, we completed our acquisition of the Barboursville, West Virginia business that operates one independently owned La-Z-Boy Furniture Galleries® store. This acquisition did not have a meaningful impact on our consolidated financial statements.

Spokane, Washington acquisition

On September 26, 2022, we completed our acquisition of the Spokane, Washington business that operates one independently owned La-Z-Boy Furniture Galleries® store and one distribution center for $4.7 million, subject to customary adjustments. We paid total cash of $4.0 million during the second quarter of fiscal 2023 and the remaining consideration includes forgiveness of accounts receivable and payments based on working capital adjustments. As part of the acquisition, we recorded an indefinite-lived intangible asset of $1.2 million related to the reacquired rights described above. We also recognized $3.0 million of goodwill in our Retail segment related primarily to synergies we expect from the integration of the acquired store and future benefits of these synergies.

Denver, Colorado acquisition

On July 18, 2022, we completed our acquisition of the Denver, Colorado business that operates five independently owned La-Z-Boy Furniture Galleries® stores and one distribution center for $10.1 million, subject to customary adjustments. We paid total cash of $7.7 million in the first and second quarters of fiscal 2023 and the remaining consideration includes forgiveness of accounts receivable and payments based on working capital adjustments. As part of the acquisition, we recorded an indefinite-lived intangible asset of $4.3 million related to the reacquired rights described above. We also recognized $7.6 million of goodwill in our Retail segment related primarily to synergies we expect from the integration of the acquired stores and future benefits of these synergies.

Prior Year Acquisitions

We completed the following acquisitions in fiscal 2022.

Alabama and Chattanooga, Tennessee acquisition

On December 6, 2021, we completed our acquisition of the Alabama and Chattanooga, Tennessee businesses that operate four independently owned La-Z-Boy Furniture Galleries® stores in Alabama and one in Chattanooga, Tennessee, for $8.3 million, subject to customary adjustments. We paid total cash of $8.0 million in the third quarter of fiscal 2022 and the remaining consideration includes forgiveness of accounts receivable and payments based on working capital adjustments. As part of the acquisition, we recorded an indefinite-lived intangible asset of $4.1 million related to the reacquired rights described above. We also recognized $7.4 million of goodwill in our Retail segment related primarily to synergies we expect from the integration of the acquired stores and future benefits of these synergies.

Furnico (La-Z-Boy United Kingdom Manufacturing) acquisition

On October 25, 2021, we completed the acquisition of Furnico Furniture Ltd ("Furnico"), an upholstery manufacturing business in the U.K for approximately $13.3 million, subject to customary adjustments and in the third and fourth quarters of fiscal 2022, we paid $13.9 million of cash for the purchase of the Furnico business. Furnico produces La-Z-Boy branded product for the La-Z-Boy U.K. business and also operates a wholesale business, selling white label products to key U.K. retailers. With this acquisition, we expect to realize production synergies, cost savings through materials procurement, and increases in production capacity to support growth in the La-Z-Boy U.K business.

As part of the acquisition, we recognized $9.2 million of goodwill in our Wholesale segment related primarily to synergies we expect from the integration of the acquired business and future benefits of these synergies. The goodwill asset for Furnico is not deductible for federal income tax purposes.

Long Island, New York acquisition

On August 16, 2021, we completed our acquisition of the Long Island, New York business that operates three independently owned La-Z-Boy Furniture Galleries® stores for $4.5 million, subject to customary adjustments. We paid $4.4 million of cash during the second quarter of fiscal 2022 and the remaining consideration includes forgiveness of accounts receivable and payments based on working capital adjustments. As part of the acquisition, we recorded an indefinite-lived intangible asset of $0.8 million related to the reacquired rights described above. We also recognized $4.4 million of goodwill in our Retail segment related primarily to synergies we expect from the integration of the acquired stores and future benefits of these synergies.

We completed the following acquisition in fiscal 2021.

Seattle, Washington acquisition

On September 14, 2020, we completed our asset acquisition of the Seattle, Washington business that operated six independently owned La-Z-Boy Furniture Galleries® stores and one warehouse for $13.5 million, subject to customary adjustments. We paid $2.0 million of cash during the second quarter of fiscal 2021 and the remaining consideration includes forgiveness of accounts receivable, payments based on working capital adjustments, and future guaranteed payments of $9.4 million to be paid over 36 months or fewer, with timing of payments dependent upon the achievement of sales thresholds defined in the purchase agreement. As part of the acquisition, we recorded an indefinite-lived intangible asset of $2.2 million related to the reacquired rights described above. We also recognized $12.9 million of goodwill in our Retail segment related primarily to synergies we expect from the integration of the acquired stores and future benefits of these synergies.

Note 3: Restricted Cash

We have restricted cash on deposit with a bank as collateral for certain letters of credit. All of our letters of credit have maturity dates within the next 12 months, and we expect to renew some of these letters of credit when they mature.

(Amounts in thousands)	**4/29/2023**	**4/30/2022**
Cash and cash equivalents	$ 343,374	$ 245,589
Restricted cash	3,304	3,267
Total cash, cash equivalents and restricted cash	$ 346,678	$ 248,856

Note 4: Inventories

(Amounts in thousands)	**4/29/2023**	**4/30/2022**
Raw materials	$ 116,440	$ 146,896
Work in process	24,328	36,834
Finished goods	181,401	185,870
FIFO inventories	322,169	369,600
Excess of FIFO over LIFO	(45,912)	(66,409)
Total inventories	$ 276,257	$ 303,191

Note 5: Property, Plant and Equipment

(Amounts in thousands)	Estimated Useful Lives		4/29/2023		4/30/2022
Buildings and building fixtures	3 - 30 years	$	301,546	$	250,758
Machinery and equipment	3 - 20 years		193,890		184,223
Information systems, hardware and software	3 - 15 years		99,703		102,861
Furniture and fixtures	3 - 10 years		27,049		23,665
Land improvements	3 - 30 years		24,617		23,541
Transportation equipment	3 - 6 years		16,800		16,499
Land	N/A		8,554		8,587
Construction in progress	N/A		32,427		38,712
			704,586		648,846
Accumulated depreciation			(426,008)		(395,702)
Net property, plant and equipment		$	278,578	$	253,144

Depreciation expense for the fiscal years ended April 29, 2023, April 30, 2022, and April 24, 2021, was $39.0 million, $38.3 million, and $31.7 million, respectively.

Note 6: Leases

The Company leases real estate for retail stores, distribution centers, warehouses, manufacturing plants, showrooms and office space. We also have equipment leases for tractors/trailers, IT and office equipment, and vehicles. We determine if a contract contains a lease at inception based on our right to control the use of an identified asset and our right to obtain substantially all the economic benefits from the use of that identified asset. Most of our real estate leases include options to renew or terminate early. We assess these options to determine if we are reasonably certain of exercising these options based on all relevant economic and financial factors. Any options that meet these criteria are included in the lease term at lease commencement.

Most of our leases do not have an interest rate implicit in the lease. As a result, for purposes of measuring our right of use ("ROU") lease asset and lease liability, we determine our incremental borrowing rate by applying a spread above the U.S. Treasury borrowing rates. If an interest rate is implicit in a lease, we will use that rate as the discount rate for that lease. Some of our leases contain variable rent payments based on a Consumer Price Index or percentage of sales. Due to the variable nature of these costs, they are not included in the measurement of the ROU lease asset and lease liability.
Supplemental balance sheet information pertaining to our leases is as follows:

(Amounts in thousands)		4/29/2023		4/30/2022
Operating leases				
ROU lease assets	$	415,925	$	405,287
Lease liabilities, short-term		77,626		75,148
Lease liabilities, long-term		367,938		354,493
Finance leases				
ROU lease assets	$	344	$	468
Lease liabilities, short-term		125		123
Lease liabilities, long-term		225		350

The ROU lease assets by segment are as follows:

(Amounts in thousands)		4/29/2023		4/30/2022
Wholesale	$	92,195	$	90,741
Retail		299,536		296,908
Corporate & Other		24,538		18,106
Total ROU lease assets	$	416,269	$	405,755

The components of lease cost are as follows:

	Fiscal Year Ended		
	(52 weeks)	(53 weeks)	(52 weeks)
(Amounts in thousands)	4/29/2023	4/30/2022	4/24/2021
Operating lease cost	$ 90,500	$ 83,520	$ 79,072
Finance lease cost	130	130	53
Short-term lease cost	2,459	2,097	545
Variable lease cost	187	159	(245)
Less: Sublease income	(276)	(550)	(1,546)
Total lease cost	$ 93,000	$ 85,356	$ 77,879

The following tables present supplemental lease disclosures:

	Fiscal Year Ended			
	(52 weeks) 4/29/2023		(53 weeks) 4/30/2022	
(Amounts in thousands)	Operating Leases	Finance Leases	Operating Leases	Finance Leases
Cash paid for amounts included in the measurement of lease liabilities	$ 91,934	$ 130	$ 84,492	$ 130
Lease liabilities arising from new ROU lease assets	92,787	—	140,376	—

	4/29/2023		4/30/2022	
(Amounts in thousands)	Operating Leases	Finance Leases	Operating Leases	Finance Leases
Weighted-average remaining lease term (years)	7.0	2.8	7.2	3.8
Weighted-average discount rate	3.5 %	1.7 %	3.0 %	1.7 %

The following table presents our maturity of lease liabilities:

	4/29/2023	
(Amounts in thousands)	Operating Leases (1)	Finance Leases
Within one year	$ 91,654	$ 130
After one year and within two years	81,605	130
After two years and within three years	69,155	98
After three years and within four years	58,890	—
After four years and within five years	50,816	—
After five years	152,855	—
Total lease payments	504,975	358
Less: Interest	59,411	8
Total lease obligations	$ 445,564	$ 350

(1) Excludes approximately $28.6 million in future lease payments for various operating leases commencing in a future period

Note 7: Goodwill and Other Intangible Assets

We have goodwill on our consolidated balance sheet as follows:

Reportable Segment/Unit	Reporting Unit	Related Acquisition
Wholesale Segment	United Kingdom	Wholesale business in the United Kingdom and Ireland
Wholesale Segment	United Kingdom	La-Z-Boy United Kingdom Manufacturing (Furnico)
Retail Segment	Retail	La-Z-Boy Furniture Galleries® stores
Corporate & Other	Joybird	Joybird

We test goodwill for impairment on an annual basis in the fourth quarter of each fiscal year, and more frequently if events or changes in circumstances indicate that it may be impaired. Under U.S. GAAP, we have the option to first assess qualitative factors in order to determine if it is more likely than not that the fair value of one of our reporting units is greater than its carrying value ("Step 0"). If the qualitative assessment leads to a determination that the reporting unit’s fair value is less than its carrying value, or if we elect to bypass the qualitative assessment altogether, we are required to perform a quantitative impairment test ("Step 1") by calculating the fair value of the reporting unit and comparing the fair value with its associated carrying value.

Step 0 Assessment

During our fiscal 2023 annual impairment test, we first assessed goodwill recoverability qualitatively using the Step 0 approach for each of our reporting units. For our qualitative assessment, we considered the most recent quantitative analysis, which was performed during the fourth quarter of fiscal 2020, including assumptions used, such as discount rates and tax rates, indicated fair values, and the amounts in which those fair values exceeded their carrying amounts. Further, we compared actual performance in fiscal 2023, along with future financial projections to the internal financial projections used in the prior quantitative analysis. Additionally, we considered various other factors including macroeconomic conditions, relevant industry and market trends, and factors specific to the Company that could indicate a potential change in the fair value of our reporting units. Lastly, we evaluated whether any events have occurred or any circumstances have changed since the fourth quarter of fiscal 2020 that would indicate that our goodwill may have become impaired since our last quantitative test.

Based on these qualitative assessments, we determined that it is more likely than not that the fair value of our Retail reporting unit exceeded its carrying value and as such, our goodwill for the Retail reporting unit was not considered impaired as of April 29, 2023 and the Step 1 quantitative goodwill impairment analysis was not necessary. However, for our United Kingdom and Joybird reporting units, we determined that the quantitative Step 1 goodwill impairment test was necessary as noted below.

Step 1 Assessment

United Kingdom Reporting Unit

Our United Kingdom reporting unit includes the goodwill from our wholesale business in the United Kingdom and Ireland along with our manufacturing business in the United Kingdom, both of which were considered their own reporting unit in fiscal 2022. In fiscal 2023, we determined that in accordance with ASC 350, these businesses, or components, should be aggregated into a single reporting unit as they have similar economic characteristics. As this represented a change in our reporting unit structure, we elected to perform the quantitative Step 1 goodwill impairment test for the new United Kingdom reporting unit.

To estimate the fair value of this reporting unit, we applied the income approach using discounted future cash flows. Sales and operating income projections were based on assumptions driven by the current economic conditions. Other key assumptions used in the quantitative assessment of the reporting units' goodwill were a discount rate of 8.7%, reflecting a market participant weighted average cost of capital, and a tax rate of 25.0%, which was specific to the United Kingdom reporting unit. Based on our testing, the fair value of the United Kingdom reporting unit exceeded its carrying value as of April 29, 2023 and no impairment was recorded.

Joybird Reporting Unit

Due to a decline in Joybird's financial performance in fiscal 2023, we deemed it necessary to perform the quantitative Step 1 goodwill impairment test for the Joybird reporting unit. To estimate the fair value of this reporting unit, we applied a combination of the income approach and the market approach, weighted 75% and 25%, respectively. The income approach used discounted future cash flows in which sales and operating income projections were based on assumptions driven by current economic conditions and assumed a 2.0% terminal growth rate. Other key assumptions used in the discounted future cash flow model were a discount rate of 18.0%, reflecting a market participant weighted average cost of capital assuming Joybird would be sold as a stand-alone business, and a tax rate of 24.9%, which was specific to the Joybird reporting unit.

The market approach used the guideline public company method, which derives a valuation from market multiples based on revenue for comparable public companies and was adjusted for a control premium based on recent merger and acquisition transaction data of target companies similar to the Joybird reporting unit. Based on our testing, the fair value of the Joybird reporting unit exceeded its carrying value as of April 29, 2023 by approximately 50% and no impairment was recorded.

Further, a sensitivity analysis was performed on key assumptions used in the valuation, primarily the discount rate and terminal growth rate, and using a range of reasonable inputs, the fair value of the Joybird reporting unit exceeded its carrying value in the various scenarios analyzed. However, changes to other valuation inputs or failure to meet our forecasts, in particular our sales and operating income projections, could reduce the fair value of the Joybird reporting unit and thus increase the possibility that our goodwill may be impaired in the future.

The following table summarizes changes in the carrying amount of our goodwill by reportable segment:

(Amounts in thousands)	Wholesale Segment	Retail Segment	Corporate and Other	Total Goodwill
Balance at April 24, 2021 (1)	$ 13,052	$ 107,316	$ 55,446	$ 175,814
Acquisitions	9,207	11,748	—	20,955
Translation adjustment	(2,052)	(113)	—	(2,165)
Balance at April 30, 2022 (1)	20,207	118,951	55,446	194,604
Acquisitions	—	10,598	—	10,598
Translation adjustment	(5)	(189)	—	(194)
Balance at April 29, 2023 (1)	$ 20,202	$ 129,360	$ 55,446	$ 205,008

(1) Includes $26.9 million of accumulated impairment losses in Corporate and Other.

We have intangible assets on our consolidated balance sheet as follows:

Reportable Segment	Intangible Asset	Useful Life
Wholesale Segment	Primarily acquired customer relationships from our acquisition of the wholesale business in the United Kingdom and Ireland	Amortizable over useful lives that do not exceed 15 years
Wholesale Segment	American Drew® trade name	Indefinite-lived
Retail Segment	Reacquired rights to own and operate La-Z-Boy Furniture Galleries® stores	Indefinite-lived
Corporate & Other	Joybird® trade name	Amortizable over eight-year useful life

We test amortizable intangible assets and indefinite-lived intangible assets for impairment on an annual basis in the fourth quarter of our fiscal year, or more frequently if events or changes in circumstances indicate that the assets might be impaired. Similar to our goodwill testing, we used the qualitative Step 0 approach to assess if it was more likely than not that the fair values of our indefinite-lived intangible assets were greater than their carrying values. Based on the same qualitative factors outlined above, we determined that it is more likely than not that the fair value of each of our indefinite-lived intangible assets exceeded their respective carrying value and as such, our indefinite-lived intangible assets were not considered impaired as of April 29, 2023, and the Step 1 quantitative impairment analysis was not necessary.

The following summarizes changes in our intangible assets:

(Amounts in thousands)	Indefinite-Lived Trade Names	Finite-Lived Trade Name	Indefinite-Lived Reacquired Rights	Other Intangible Assets	Total Intangible Assets
Balance at April 24, 2021	$ 1,155	$ 4,205	$ 22,507	$ 2,564	$ 30,431
Acquisitions	—	—	4,896	—	4,896
Amortization	—	(813)	—	(236)	(1,049)
Translation adjustment	—	—	(84)	(223)	(307)
Balance at April 30, 2022	$ 1,155	$ 3,392	$ 27,319	$ 2,105	$ 33,971
Acquisitions	—	—	6,562	—	6,562
Amortization	—	(798)	—	(208)	(1,006)
Translation adjustment	—	—	(142)	(10)	(152)
Balance at April 29, 2023	$ 1,155	$ 2,594	$ 33,739	$ 1,887	$ 39,375

For our intangible assets recorded as of April 29, 2023, we estimate annual amortization expense to be $1.0 million for each of the three succeeding fiscal years, $0.4 million in the fourth succeeding fiscal year, and $0.2 million in the fifth succeeding fiscal year.

Note 8: Investments

We have current and long-term investments intended to enhance returns on our cash as well as to fund future obligations of our non-qualified defined benefit retirement plan, our executive deferred compensation plan, and our performance compensation retirement plan. We also hold investments of two privately-held companies consisting of non-marketable preferred shares, warrants to purchase common shares, and convertible notes. In the fourth quarter of fiscal 2023, we recognized an impairment of $10.3 million, consisting of $7.6 million in cost-basis investments and $2.7 million in convertible notes, which in total represents the full cost-basis value of the investment in one of these privately held start-up companies. The impairment loss is recognized in other income (expense), net, on the consolidated statement of income (refer to Note 20, Fair Value Measurement for additional information).

Our short-term investments are included in other current assets and our long-term investments are included in other long-term assets on our consolidated balance sheet.

The following summarizes our investments:

(Amounts in thousands)	4/29/2023	4/30/2022
Short-term investments:		
Marketable securities	$ 5,043	$ 16,022
Held-to-maturity investments	1,351	1,337
Total short-term investments	6,394	17,359
Long-term investments:		
Marketable securities	18,509	26,599
Cost basis investments	—	7,579
Total long-term investments	18,509	34,178
Total investments	$ 24,903	$ 51,537
Investments to enhance returns on cash	$ 11,617	$ 27,239
Investments to fund compensation/retirement plans	13,286	14,219
Other investments	—	10,079
Total investments	$ 24,903	$ 51,537

The following is a summary of the unrealized gains, unrealized losses, and fair value by investment type:

	4/29/2023			4/30/2022		
(Amounts in thousands)	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Equity securities	$ 1,338	$ (103)	$ 6,853	$ 1,448	$ (86)	$ 13,905
Fixed income	42	(620)	14,039	28	(809)	33,521
Other	1,171	—	4,011	1,250	—	4,111
Total securities	$ 2,551	$ (723)	$ 24,903	$ 2,726	$ (895)	$ 51,537

The following table summarizes sales of marketable securities:

	Fiscal Year Ended		
(Amounts in thousands)	(52 weeks) 4/29/2023	(53 weeks) 4/30/2022	(52 weeks) 4/24/2021
Proceeds from sales	$ 24,483	$ 35,116	$ 33,631
Gross realized gains	94	879	1,026
Gross realized losses	(242)	(402)	(71)

The following is a summary of the fair value of fixed income marketable securities, classified as available-for-sale securities, by contractual maturity:

(Amounts in thousands)	4/29/2023
Within one year	$ 5,038
Within two to five years	6,612
Within six to ten years	674
Thereafter	1,715
Total	$ 14,039

Note 9: Accrued Expenses and Other Current Liabilities

(Amounts in thousands)	4/29/2023	4/30/2022
Payroll and other compensation	$ 63,342	$ 62,373
Accrued product warranty, current portion	19,893	16,436
Customer deposits	105,766	183,233
Deferred revenue	44,939	139,006
Other current liabilities	56,710	95,345
Accrued expenses and other current liabilities	$ 290,650	$ 496,393

Customer deposits and deferred revenue decreased during fiscal 2023 as we continue to work down the backlog built up in prior periods back to pre-pandemic levels.

Note 10: Debt

On October 15, 2021, we entered into a new five-year $200 million unsecured revolving credit facility (the “Credit Facility”). Borrowings under the Credit Facility may be used by the Company for general corporate purposes. We may increase the size of the facility, either in the form of additional revolving commitments or new term loans, subject to the discretion of each lender to participate in such increase, up to an additional amount of $100 million. The Credit Facility will mature on October 15, 2026 and provides us the ability to extend the maturity date for two additional one-year periods, subject to the satisfaction of customary conditions. As of April 29, 2023, we have no borrowings outstanding under the Credit Facility.

The Credit Facility contains certain restrictive loan covenants, including, among others, financial covenants requiring a maximum consolidated net lease adjusted leverage ratio and a minimum consolidated fixed charge coverage ratio, as well as customary covenants limiting our ability to incur indebtedness, grant liens, make acquisitions, merge or consolidate, and dispose of certain assets. As of April 29, 2023, we were in compliance with our financial covenants under the Credit Facility.

The Credit Facility replaced our previous $150.0 million revolving credit facility, which had been secured primarily by all of our accounts receivable, inventory, cash deposits, and securities accounts. The previous revolving credit facility was terminated on October 15, 2021, and is no longer in effect.

Cash paid for interest during fiscal years 2023, 2022, and 2021 was $0.3 million, $0.5 million and $0.8 million, respectively.

Note 11: Employee Benefits

The table below summarizes the total costs associated with our employee retirement and welfare plans.

	Fiscal Year Ended		
(Amounts in thousands)	(52 weeks) 4/29/2023	(53 weeks) 4/30/2022	(52 weeks) 4/24/2021
401(k) Retirement Plan	$ 12,877	$ 11,763	$ 7,313
Performance Compensation Retirement Plan	160	1,654	3,810
Deferred Compensation Plan	202	242	24
Non-Qualified Defined Benefit Retirement Plan (1)	748	763	803

(1) Primarily related to interest cost

401(k) Retirement Plan. Voluntary 401(k) retirement plans are offered to eligible employees within certain U.S. operating units. For most operating units, we make matching contributions based on specific formulas.

Performance Compensation Retirement Plan. A performance compensation retirement plan ("PCRP") is maintained for eligible highly compensated employees. Beginning in fiscal 2023, contributions into the plan are no longer being made. Prior year contributions were based on achievement of performance targets. Employees vest in these prior period contributions if they achieve certain age and years of service with the Company and can elect to receive benefit payments over a period ranging between five to twenty years after they leave the Company. While the Company no longer makes contributions, the outstanding liability balance related to the plan is as follows:

(Amounts in thousands)	4/29/2023	4/30/2022
Short-term obligation included in other current liabilities	$ 2,103	$ 1,922
Long-term obligation included in other long-term liabilities	11,895	13,898

Executive Deferred Compensation Plan. We maintain an executive deferred compensation plan for eligible highly compensated employees, an element of which may include Company contributions. Further information related to the plan is as follows:

(Amounts in thousands)	4/29/2023	4/30/2022
Plan obligation included in other long-term liabilities	$ 21,689	$ 24,595
Cash surrender value on life insurance contracts included in other long-term assets (1)	40,723	42,699

(1) Life insurance contracts are related to the Executive Deferred Compensation Plan and the PCRP.

Non-Qualified Defined Benefit Retirement Plan. We maintain a non-qualified defined benefit retirement plan for certain former salaried employees. We hold available-for-sale marketable securities to fund future obligations of this plan in a Rabbi trust (refer to Note 8, Investments, and Note 20, Fair Value Measurements, for additional information on these investments). We are not required to fund the non-qualified defined benefit retirement plan in fiscal 2024; however, we have the discretion to make contributions to the Rabbi trust. Further information related to the plan is as follows:

(Amounts in thousands)	4/29/2023	4/30/2022
Short-term plan obligation included in other current liabilities	$ 1,053	$ 1,059
Long-term plan obligation included in other long-term liabilities	11,053	12,461
Discount rate used to determine obligation	5.3 %	4.3 %

	Fiscal Year Ended		
(Amounts in thousands)	(52 weeks) 4/29/2023	(53 weeks) 4/30/2022	(52 weeks) 4/24/2021
Actuarial loss recognized in AOCI	$ 193	$ 306	$ 347
Benefit payments (1)	1,091	1,182	1,091

(1) Benefit payments are scheduled to be between $1.0 million and $1.1 million annually for the next 10 years.

Note 12: Product Warranties

We accrue an estimated liability for product warranties when we recognize revenue on the sale of warrantied products. We estimate future warranty claims on product sales based on our historical claims experience and periodically adjust the provision to reflect changes in actual experience. We incorporate repair costs into our liability estimates, including materials, labor and overhead amounts necessary to perform repairs, and any costs associated with delivering repaired product to our customers. Over 90% of our warranty liability relates to our Wholesale reportable segment as we generally warrant our products against defects for one to three years on fabric and leather, from one to ten years on cushions and padding, and provide a limited lifetime warranty on certain mechanisms and frames, unless otherwise noted in the warranty. Additionally, our Wholesale segment warranties cover labor costs relating to our parts for one year. We provide a limited lifetime warranty against defects on a majority of the Joybird products, which are a part of our Corporate and Other results. For all our manufacturer warranties, the warranty period begins when the consumer receives our product. We use considerable judgment in making our estimates, and we record differences between our actual and estimated costs when the differences are known.

A reconciliation of the changes in our product warranty liability is as follows:

(Amounts in thousands)	4/29/2023	4/30/2022
Balance as of the beginning of the year	$ 27,036	$ 23,636
Acquisitions	—	548
Accruals during the year	35,276	30,146
Settlements during the year	(31,328)	(27,294)
Balance as of the end of the year (1)	$ 30,984	$ 27,036

(1) $19.9 million and $16.4 million is recorded in accrued expenses and other current liabilities as of April 29, 2023, and April 30, 2022, respectively, while the remainder is included in other long-term liabilities.

We recorded accruals during the periods presented in the table above, primarily to reflect charges that relate to warranties issued during the respective periods.

Note 13: Commitments and Contingencies

We have been named as a defendant in various lawsuits arising in the ordinary course of business and as a potentially responsible party at certain environmental clean-up sites, the effect of which are not considered significant. Based on a review of all currently known facts and our experience with previous legal and environmental matters, we have recorded expense in respect of probable and reasonably estimable losses arising from legal matters, and we currently do not believe it is probable that we will have any additional loss for legal or environmental matters that would be material to our consolidated financial statements.

In view of the inherent difficulty of predicting the outcome of litigation, particularly where the claimants seek very large or indeterminate damages or where the matters present novel legal theories, we generally cannot predict the eventual outcome, timing, or related loss, if any, of pending matters.

Note 14: Stock-Based Compensation

In fiscal 2023, our shareholders approved the La-Z-Boy Incorporated 2022 Omnibus Incentive Plan which provides for the grant of stock options, stock appreciation rights, restricted stock and restricted stock units, unrestricted stock, performance awards, dividend equivalent rights, and short-term cash incentive awards. Under this plan, the aggregate number of common shares that may be issued through awards of any form is 2.8 million shares, reduced by the number of shares subject to awards granted under the La-Z-Boy Incorporated 2017 Omnibus Incentive Plan after April 30, 2022 and prior to the Annual Meeting of Shareholders of La-Z-Boy Incorporated held on August 30, 2022.

Awards granted in fiscal 2023 were made under our La-Z-Boy Incorporated 2017 Omnibus Incentive Plan. As of the end of fiscal 2023, no grants may be issued under this plan or any of our previous plans.

The table below summarizes the total stock-based compensation expense we recognized for all outstanding grants. Stock-based compensation expense is recorded in SG&A in the consolidated statement of income:

	Fiscal Year Ended		
(Amounts in thousands)	(52 weeks) 4/29/2023	(53 weeks) 4/30/2022	(52 weeks) 4/24/2021
Equity-based awards expense			
Stock options	$ 2,076	$ 1,973	$ 2,959
Restricted stock	5,069	3,720	3,367
Restricted stock units issued to Directors	1,020	1,194	840
Performance-based shares	4,293	4,971	5,505
Total equity-based awards expense	12,458	11,858	12,671
Liability-based awards expense (1)	162	(1,131)	1,878
Total stock-based compensation expense	$ 12,620	$ 10,727	$ 14,549

(1) Includes stock appreciation rights, deferred stock units issued to Directors, restricted stock units, and performance-based units. Compensation expense for these awards is based on the market price of our common stock on the grant date and is remeasured each reporting period based on the market value of our common shares on the last day of the reported period.

Stock Options. The La-Z-Boy Incorporated 2017 Omnibus Incentive Plan authorized grants to certain employees and directors to purchase common shares at a specified price, which may not be less than 100% of the current market price of the stock at the date of grant. We granted 318,411 stock options to employees during the first quarter of fiscal 2023, and we also have stock options outstanding from previous grants. We account for stock options as equity-based awards because when they are exercised, they will be settled in common shares. We recognize compensation expense for stock options over the vesting period equal to the fair value on the date our Compensation and Talent Oversight Committee of our board of directors approved the awards. The vesting period for our stock options ranges from one to four years, with accelerated vesting upon retirement. The vesting date for retirement-eligible employees is the later of the date they meet the criteria for retirement or ten months after the grant date. We accelerate the expense for options granted to retirement eligible employees over the vesting period, with expense recognized from the grant date through their retirement eligibility date or over the ten months following the grant date, whichever period is longer. We have elected to recognize forfeitures as an adjustment to compensation expense in the same period as the forfeitures occur. Granted options outstanding under the former long-term equity award plan remain in effect and have a term of 10 years.

We estimate the fair value of the employee stock options at the grant date using the Black-Scholes option-pricing model, which requires management to make certain assumptions. The fair value of stock options granted during fiscal years 2023, 2022, and 2021 were calculated using the following assumptions:

	Grant Year			
	Fiscal 2023	Fiscal 2022	Fiscal 2021	Assumption
Risk-free interest rate	2.87%	0.82%	0.34%	U.S. Treasury issues with term equal to expected life at grant date
Dividend rate	2.70%	1.58%	—%	Estimated future dividend rate and common share price at grant date
Expected life	5.0 years	5.0 years	5.0 years	Contractual term of stock option and expected employee exercise trends
Stock price volatility	42.78%	42.16%	41.79%	Historical volatility of our common shares
Fair value per option	$ 7.90	$ 12.29	$ 10.06	

Plan activity for stock options under the above plans was as follows:

	Number of Shares *(In Thousands)*	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term *(Years)*	Aggregate Intrinsic Value *(In Thousands)*
Outstanding at April 30, 2022	1,516	$ 30.51	6.6	$ 24
Granted	318	24.41	N/A	N/A
Canceled	(37)	30.46	N/A	N/A
Exercised	(176)	26.64	N/A	1,047
Outstanding at April 29, 2023	1,621	29.73	6.7	2,175
Exercisable at April 29, 2023	1,076	$ 30.15	5.7	$ 776

The aggregate intrinsic value of options exercised was $0.3 million and $5.1 million in fiscal 2022 and fiscal 2021, respectively. As of April 29, 2023, our total unrecognized compensation cost related to non-vested stock option awards was $2.7 million, which we expect to recognize over a weighted-average remaining vesting term of all unvested awards of 1.6 years. During the year ended April 29, 2023, stock options with respect to 0.3 million shares vested.

We received $4.7 million, $1.1 million, and $10.8 million in cash during fiscal 2023, 2022, and 2021, respectively, for exercises of stock options.

Restricted Stock. We granted 256,128 shares of restricted stock units to employees during fiscal 2023. We issue restricted stock at no cost to the employees and account for restricted stock awards as equity-based awards because when they vest, they will be settled in common shares. We recognize compensation expense for restricted stock over the vesting period equal to the fair value on the date our Compensation and Talent Oversight Committee of our board of directors approved the awards. Restricted stock awards vest at 25% per year, beginning one year from the grant date for a term of four years, with continued vesting upon retirement with respect to the fiscal 2023 grants. We accelerate the expense for restricted stock granted to retirement-eligible employees over the vesting period, with expense recognized from the grant date through their retirement eligibility date or over the ten months following the grant date, whichever period is longer. We have elected to recognize forfeitures as an adjustment to compensation expense in the same period as the forfeitures occur. The weighted average fair value of the restricted stock that was awarded in fiscal 2023 was $24.58 per share, the market value of our common shares on the date of grant.

The following table summarizes information about non-vested awards as of and for the year ended April 29, 2023:

	Shares or Units *(In Thousands)*	Weighted Average Grant Date Fair Value
Non-vested awards at April 30, 2022	287	$ 33.45
Granted	256	24.58
Vested	(107)	32.81
Canceled	(43)	31.15
Non-vested awards at April 29, 2023	393	28.10

Unrecognized compensation cost related to non-vested restricted shares was $6.7 million and is expected to be recognized over a weighted-average remaining contractual term of all unvested awards of 1.5 years.

Restricted Stock Units Issued to Directors. Restricted stock units granted to our non-employee directors are offered at no cost to the directors and vest the earlier of the date a director ceases to be a member of the board (for any reason other than the termination of service for cause) or the one-year anniversary of the grant date. During fiscal 2023, fiscal 2022, and fiscal 2021 we granted less than 0.1 million restricted stock units each year to our non-employee directors. We account for these restricted stock units as equity-based awards because when they vest, they will be settled in shares of our common stock. We measure and recognize compensation expense for these awards based on the market price of our common shares on the date of grant. The weighted-average fair value of the restricted stock units that were granted during fiscal 2023, fiscal 2022, and fiscal 2021 was $26.49, $35.34, and $32.08, respectively.

Performance Shares. Under the La-Z-Boy Incorporated 2017 Omnibus Incentive Plan, the Compensation and Talent Oversight Committee of our board of directors is authorized to award common shares to certain employees based on the attainment of certain financial goals over a given performance period. The awards are offered at no cost to the employees. In the event of an employee's termination during the vesting period, the potential right to earn shares under this program is generally forfeited.

During the first quarter of fiscal 2023, we granted 240,833 performance-based shares, and we also have performance-based share awards outstanding from grants in fiscal 2022 and fiscal 2021. Payout of these grants depend on our financial performance (50%) and a market-based condition based on the total return our shareholders receive on their investment in our stock relative to returns earned through investments in other public companies (50%). The performance share opportunity ranges from 50% of the employee's target award if minimum performance requirements are met to a maximum of 200% of the target award based on the attainment of certain financial and shareholder-return goals over a specific performance period, which is generally three fiscal years.

The number of awards that will vest, as well as unearned and canceled awards, depend on the achievement of certain financial and shareholder-return goals over the three-year performance periods, and will be settled in shares if service conditions are met, requiring employees to remain employed with the Company through the end of the three-year performance periods.

The following table summarizes the performance-based shares outstanding at the maximum award amounts based upon the respective performance share agreements:

	Shares ***(In Thousands)***	**Weighted Average Grant Date Fair Value**
Outstanding shares at April 30, 2022	621	$ 32.28
Granted	482	24.41
Vested	(122)	28.68
Unearned or canceled	(218)	30.21
Outstanding shares at April 29, 2023	763	28.47

We account for performance-based shares as equity-based awards because when they vest, they will be settled in common shares. In the event of an employee's termination during the vesting period, the potential right to earn shares under this program is generally forfeited and we have elected to recognize forfeitures as an adjustment to compensation expense in the same period in which the forfeitures occur. For shares that vest based on our results relative to the performance goals, we expense as compensation cost the fair value of the shares as of the day we granted the awards recognized over the performance period, taking into account the probability that we will satisfy the performance goals. The fair value of each share of the awards we granted in fiscal 2023, fiscal 2022, and fiscal 2021 that vest based on attaining performance goals was $22.43, $36.13, and $30.75, respectively, the market value of our common shares on the date we granted the awards less the dividends we expect to pay before the shares vest. For shares that vest based on market conditions, we use a Monte Carlo valuation model to estimate each share's fair value as of the date of grant. The Monte Carlo valuation model uses multiple simulations to evaluate our probability of achieving various stock price levels to determine our expected performance ranking relative to our peer group. Similar to the way in which we expense the awards of stock options, we expense compensation cost over the vesting period regardless of whether the market condition is ultimately satisfied. Based on the Monte Carlo model, the fair value as of the grant date of the fiscal 2023, fiscal 2022, and fiscal 2021 grants of shares that vest based on market conditions was $36.63, $51.85, and $38.14, respectively. Our unrecognized compensation cost at April 29, 2023, related to performance-based shares was $6.7 million based on the current estimates of the number of awards that will vest, and is expected to be recognized over a weighted-average remaining contractual term of all unvested awards of 1.4 years.

Equity-based compensation expenses related to performance-based shares recognized in our consolidated statement of income were as follows (for the fiscal years ended):

	Fiscal Year Ended		
(Amounts in thousands)	(52 weeks) 4/29/2023	(53 weeks) 4/30/2022	(52 weeks) 4/24/2021
Fiscal 2019 grant	$ —	$ —	$ 1,545
Fiscal 2020 grant	—	1,066	2,051
Fiscal 2021 grant	548	2,195	1,909
Fiscal 2022 grant	1,649	1,710	—
Fiscal 2023 grant	2,096	—	—
Total expense	$ 4,293	$ 4,971	$ 5,505

Note 15: Accumulated Other Comprehensive Loss

Activity in accumulated other comprehensive loss was as follows:

(Amounts in thousands)	Translation adjustment	Unrealized gain (loss) on marketable securities	Net pension amortization and net actuarial loss	Accumulated other comprehensive loss
Balance at April 25, 2020	$ (1,891)	$ 449	$ (5,510)	$ (6,952)
Changes before reclassifications	4,932	(96)	428	5,264
Amounts reclassified to net income	—	(9)	347	338
Tax effect	—	26	(197)	(171)
Other comprehensive income (loss) attributable to La-Z-Boy Incorporated	4,932	(79)	578	5,431
Balance at April 24, 2021	$ 3,041	$ 370	$ (4,932)	$ (1,521)
Changes before reclassifications	(5,002)	(947)	1,539	(4,410)
Amounts reclassified to net income	—	59	306	365
Tax effect	—	220	(451)	(231)
Other comprehensive income (loss) attributable to La-Z-Boy Incorporated	(5,002)	(668)	1,394	(4,276)
Balance at April 30, 2022	$ (1,961)	$ (298)	$ (3,538)	$ (5,797)
Changes before reclassifications	(691)	(27)	879	161
Amounts reclassified to net income	—	231	193	424
Tax effect	—	(51)	(265)	(316)
Other comprehensive income (loss) attributable to La-Z-Boy Incorporated	(691)	153	807	269
Balance at April 29, 2023	$ (2,652)	$ (145)	$ (2,731)	$ (5,528)

We reclassified both the unrealized gain (loss) on marketable securities and the net pension amortization from accumulated other comprehensive loss to net income through other income (expense), net.

The components of noncontrolling interest were as follows:

	Fiscal Year Ended		
(Amounts in thousands)	(52 weeks) 4/29/2023	(53 weeks) 4/30/2022	(52 weeks) 4/24/2021
Balance as of the beginning of the year	$ 8,897	$ 8,648	$ 15,553
Net income	1,277	2,311	1,068
Other comprehensive income (loss)	87	(802)	534
Dividends distributed to joint venture minority partners	—	(1,260)	(8,507)
Balance as of the end of the year	$ 10,261	$ 8,897	$ 8,648

Note 16: Revenue Recognition

The following table presents our revenue disaggregated by product category and by segment or unit:

	Year Ended April 29, 2023			
(Amounts in thousands)	Wholesale	Retail	Corporate and Other	Total
Upholstered Furniture	$ 1,326,327	$ 811,955	$ 179,815	$ 2,318,097
Casegoods Furniture	108,098	58,455	24,673	191,226
Delivery	210,963	32,653	7,652	251,268
Other (1)	44,860	78,980	(45,950)	77,890
Total	$ 1,690,248	$ 982,043	$ 166,190	$ 2,838,481
			Eliminations	(489,048)
			Consolidated Net Sales	$ 2,349,433

	Year Ended April 30, 2022			
(Amounts in thousands)	Wholesale	Retail	Corporate and Other	Total
Upholstered Furniture	$ 1,378,577	$ 654,272	$ 219,967	$ 2,252,816
Casegoods Furniture	110,126	47,162	24,559	181,847
Delivery	190,110	30,171	7,999	228,280
Other (1)	90,025	72,789	(56,566)	106,248
Total	$ 1,768,838	$ 804,394	$ 195,959	$ 2,769,191
			Eliminations	(412,380)
			Consolidated Net Sales	$ 2,356,811

(1) Primarily includes revenue for advertising, royalties, parts, accessories, after-treatment products, surcharges, discounts & allowances, rebates and other sales incentives.

Upholstered Furniture - Includes gross revenue for upholstered furniture, such as recliners, sofas, loveseats, chairs, sectionals, modulars, and ottomans. This gross revenue includes sales to La-Z-Boy Furniture Galleries® stores (including company-owned stores), operators of La-Z-Boy Comfort Studio® locations, England Custom Comfort Center locations, other major dealers, independent retailers, and the end consumer.

Casegoods Furniture - Includes gross revenue for casegoods furniture typically found in a bedroom, such as beds, chests, dressers, nightstands and benches; furniture typically found in the dining room, such as dining tables, storage units, and stools; and furniture typically found throughout the home, such as cocktail tables, chairsides, sofa tables, end tables, and entertainment centers. This gross revenue includes sales to La-Z-Boy Furniture Galleries® stores (including company-owned stores), independent retailers, and the end consumer.

Contract Assets and Liabilities. We receive customer deposits from end consumers before we recognize revenue and in some cases we have the unconditional right to collect the remaining portion of the order price before we fulfill our performance obligation, resulting in a contract asset and a corresponding deferred revenue liability. In our consolidated balance sheet, customer deposits and deferred revenue (collectively, the "contract liabilities") are reported in accrued expenses and other current liabilities while contract assets are reported as other current assets.

The following table presents our contract assets and liabilities:

(Unaudited, amounts in thousands)	4/29/2023	4/30/2022
Contract assets	$ 44,939	$ 139,006
Customer deposits	$ 105,766	$ 183,233
Deferred revenue	44,939	139,006
Total contract liabilities (1)	$ 150,705	$ 322,239

(1) During the year ended April 29, 2023, we recognized revenue of $293.7 million related to our contract liability balance at April 30, 2022.

Contract assets, customer deposits and deferred revenue decreased during fiscal 2023 as we continue to work down the backlog built up in prior periods back to pre-pandemic levels.

Note 17: Segment Information

Our reportable operating segments include the Wholesale segment and the Retail segment.

Wholesale Segment. Our Wholesale segment consists primarily of three operating segments: La-Z-Boy, our largest operating segment, our England subsidiary, and our casegoods operating segment that sells furniture under three brands: American Drew®, Hammary® and Kincaid®. The Wholesale segment also includes our international wholesale and manufacturing businesses. We aggregate these operating segments into one reportable segment because they are economically similar and meet the other aggregation criteria for determining reportable segments. Our Wholesale segment manufactures and imports upholstered furniture, such as recliners and motion furniture, sofas, loveseats, chairs, sectionals, modulars, ottomans and sleeper sofas and imports casegoods (wood) furniture such as bedroom sets, dining room sets, entertainment centers and occasional pieces. The Wholesale segment sells directly to La-Z-Boy Furniture Galleries® stores, operators of La-Z-Boy Comfort Studio® locations, England Custom Comfort Center locations, major dealers, and a wide cross-section of other independent retailers.

Retail Segment. Our Retail segment consists of one operating segment comprised of our 171 company-owned La-Z-Boy Furniture Galleries® stores. The Retail segment sells primarily upholstered furniture, in addition to some casegoods and other accessories, to end consumers through these stores.

Corporate & Other. Corporate & Other includes the shared costs for corporate functions, including human resources, information technology, finance and legal, in addition to revenue generated through royalty agreements with companies licensed to use the La-Z-Boy® brand name on various products. We consider our corporate functions to be other business activities and have aggregated them with our other insignificant operating segments, including our global trading company in Hong Kong and Joybird, an e-commerce retailer that manufactures upholstered furniture such as sofas, loveseats, chairs, ottomans, sleeper sofas and beds, and also imports casegoods (wood) furniture such as occasional tables and other accessories. Joybird sells to the end consumer primarily online through its website, www.joybird.com. None of the operating segments included in Corporate & Other meet the requirements of reportable segments.

The accounting policies of the operating segments are the same as those described in Note 1, Accounting Policies. We account for intersegment revenue transactions between our segments consistent with independent third-party transactions, that is, at current market prices. As a result, the manufacturing profit related to sales to our Retail segment is included within the Wholesale segment. Operating income realized on intersegment revenue transactions is therefore generally consistent with the operating income realized on our revenue from independent third-party transactions. Segment operating income is based on profit or loss from operations before interest expense, interest income, other income (expense), net and income taxes. Identifiable assets are cash and equivalents, notes and accounts receivable, net inventories, net property, plant and equipment, right-of-use lease assets, goodwill and other intangible assets. Our unallocated assets include deferred income taxes, corporate assets (including a portion of cash and equivalents), and various other assets. Sales are attributed to countries on the basis of the customer's location.

The following table presents sales and operating income (loss) by segment:

(Amounts in thousands)	Fiscal Year Ended (52 weeks) 4/29/2023	Fiscal Year Ended (53 weeks) 4/30/2022	Fiscal Year Ended (52 weeks) 4/24/2021
Sales			
Wholesale segment:			
Sales to external customers	$ 1,215,429	$ 1,371,602	$ 1,006,377
Intersegment sales	474,819	397,236	294,921
Wholesale segment sales	1,690,248	1,768,838	1,301,298
Retail segment sales	982,043	804,394	612,906
Corporate and Other:			
Sales to external customers	151,961	180,815	114,961
Intersegment sales	14,229	15,144	12,409
Corporate and Other sales	166,190	195,959	127,370
Eliminations	(489,048)	(412,380)	(307,330)
Consolidated sales	$ 2,349,433	$ 2,356,811	$ 1,734,244
Operating Income (Loss)			
Wholesale segment	$ 115,215	$ 134,013	$ 134,312
Retail segment	161,571	109,546	46,724
Corporate and Other	(65,347)	(36,803)	(44,300)
Consolidated operating income	211,439	206,756	136,736
Interest expense	(536)	(895)	(1,390)
Interest income	6,670	1,338	1,101
Other income (expense), net	(11,784)	(1,708)	9,466
Income before income taxes	$ 205,789	$ 205,491	$ 145,913

The following tables present additional financial information by segment and location.

(Amounts in thousands)	Fiscal Year Ended (52 weeks) 4/29/2023	(53 weeks) 4/30/2022	(52 weeks) 4/24/2021
Depreciation and Amortization			
Wholesale segment	$ 23,327	$ 24,520	$ 19,029
Retail segment	7,922	6,320	4,894
Corporate and Other	8,944	8,931	9,098
Consolidated depreciation and amortization	$ 40,193	$ 39,771	$ 33,021
Capital Expenditures			
Wholesale segment	$ 38,491	$ 49,373	$ 27,303
Retail segment	22,285	19,426	8,958
Corporate and Other	8,036	7,781	1,699
Consolidated capital expenditures	$ 68,812	$ 76,580	$ 37,960
Sales by Country			
United States	89%	89%	91%
Canada	6%	6%	5%
Other	5%	5%	4%
Total	100%	100%	100%

(Amounts in thousands)	4/29/2023	4/30/2022
Assets		
Wholesale segment	$ 688,238	$ 741,150
Retail segment	615,752	587,083
Unallocated assets	562,273	603,856
Consolidated assets	$ 1,866,263	$ 1,932,089
Long-Lived Assets by Geographic Location		
Domestic	$ 865,556	$ 798,089
International	73,674	89,385
Consolidated long-lived assets	$ 939,230	$ 887,474

Note 18: Income Taxes

Income before income taxes consists of the following:

(Amounts in thousands)	Fiscal Year Ended (52 weeks) 4/29/2023	(53 weeks) 4/30/2022	(52 weeks) 4/24/2021
United States	$ 177,940	$ 164,432	$ 124,547
Foreign	27,849	41,059	21,366
Total	$ 205,789	$ 205,491	$ 145,913

Income tax expense (benefit) consists of the following components:

	Fiscal Year Ended		
(Amounts in thousands)	(52 weeks) 4/29/2023	(53 weeks) 4/30/2022	(52 weeks) 4/24/2021
Federal			
Current	$ 31,945	$ 30,793	$ 18,327
Deferred	4,960	2,303	6,771
State			
Current	10,345	9,191	6,475
Deferred	1,537	1,060	2,339
Foreign			
Current	7,237	11,632	4,451
Deferred	(2,176)	(1,816)	21
Total income tax expense	$ 53,848	$ 53,163	$ 38,384

Our effective tax rate differs from the U.S. federal income tax rate for the following reasons:

	Fiscal Year Ended		
(% of income before income taxes)	(52 weeks) 4/29/2023	(53 weeks) 4/30/2022	(52 weeks) 4/24/2021
Statutory tax rate	21.0 %	21.0 %	21.0 %
Increase (reduction) in income taxes resulting from:			
State income taxes, net of federal benefit	4.5 %	3.9 %	4.3 %
Losses/(gains) on corporate owned life insurance	0.2 %	— %	(1.2)%
Fair value adjustment of contingent consideration liability	(0.1)%	(0.3)%	2.0 %
Miscellaneous items	0.6 %	1.3 %	0.2 %
Effective tax rate	26.2 %	25.9 %	26.3 %

For our Canada and Mexico foreign operating units, we permanently reinvest the earnings and consequently do not record a deferred tax liability relative to the undistributed earnings. We have reinvested approximately $61.0 million of the earnings. After enactment of the Tax Cuts and Jobs Act in 2017, the potential deferred tax attributable to these earnings would be approximately $2.6 million, primarily related to foreign withholding taxes and state income taxes. The Company is not permanently reinvested on undistributed earnings for its Thailand and United Kingdom foreign operating units and has provided for deferred tax attributable to those earnings of approximately $1.2 million in fiscal 2023.

The primary components of our deferred tax assets and (liabilities) were as follows:

(Amounts in thousands)	4/29/2023	4/30/2022
Assets		
Leases	$ 110,993	$ 108,108
Deferred and other compensation	19,475	21,309
State income tax—net operating losses, credits and other	5,126	5,795
Warranty	7,213	6,402
Inventory	—	2,274
Workers' compensation	1,817	2,292
Bad debt	1,475	1,216
Employee benefits	2,159	2,170
Federal net operating losses, credits	530	908
Other	2,198	81
Valuation allowance	(3,468)	(3,517)
Total deferred tax assets	147,518	147,038
Liabilities		
Right of use lease assets	(104,067)	(102,978)
Property, plant and equipment	(19,936)	(20,412)
Inventory	(1,802)	—
Goodwill and other intangibles	(14,128)	(11,914)
Tax on undistributed foreign earnings	(1,152)	(1,102)
Net deferred tax assets	$ 6,433	$ 10,632

The deferred tax assets associated with loss carry forwards and the related expiration dates are as follows:

(Amounts in thousands)	Amount	Expiration
Federal net operating losses	$ 530	Fiscal 2039
Various U.S. state net operating losses (excluding federal tax effect)	2,074	Fiscal 2024 - 2038
Foreign capital losses	147	Indefinite
Foreign net operating losses	131	Indefinite

We evaluate our deferred taxes to determine if a valuation allowance is required. Accounting standards require that we assess whether a valuation allowance should be established based on the consideration of all available evidence using a "more likely than not" standard with significant weight being given to evidence that can be objectively verified.

The evaluation of the amount of net deferred tax assets expected to be realized necessarily involves forecasting the amount of taxable income that will be generated in future years. We have forecasted future results using estimates management believes to be reasonable. We based these estimates on objective evidence such as expected trends resulting from certain leading economic indicators. Based upon our net deferred tax asset position at April 29, 2023, we estimate that approximately $13.6 million of future taxable income would need to be generated to fully recover our net deferred tax assets. The realization of deferred income tax assets is dependent on future events and actual results may vary from management's forecasts due to economic volatility and uncertainty along with unpredictable complexities in the global supply chain. Such variances could result in adjustments to the valuation allowance on deferred tax assets in future periods, and such adjustments could be material to the financial statements.

A summary of the valuation allowance by jurisdiction is as follows:

(Amounts in thousands)	4/29/2023	4/30/2022	Change
U.S. Federal	$ 1,822	$ 1,460	$ 362
U.S. State	1,496	1,907	(411)
Foreign	150	150	—
Total	$ 3,468	$ 3,517	$ (49)

The remaining valuation allowance of $3.5 million is primarily related to certain U.S. federal, state and foreign deferred tax assets. The U.S. federal deferred taxes are primarily due to limitations on the realization of deferred taxes related to executive compensation. The U.S. state deferred taxes are primarily related to state net operating losses.

As of April 29, 2023, we had a gross unrecognized tax benefit of $1.1 million related to uncertain tax positions in various jurisdictions. A reconciliation of the beginning and ending balance of these unrecognized tax benefits is as follows:

	Fiscal Year Ended		
(Amounts in thousands)	(52 weeks) 4/29/2023	(53 weeks) 4/30/2022	(52 weeks) 4/24/2021
Balance at the beginning of the period	$ 1,037	$ 1,069	$ 1,030
Additions:			
Positions taken during the current year	109	121	176
Positions taken during the prior year	83	10	35
Reductions:			
Positions taken during the prior year	—	(23)	(19)
Decreases related to settlements with taxing authorities	—	—	—
Reductions resulting from the lapse of the statute of limitations	(145)	(140)	(153)
Balance at the end of the period	$ 1,084	$ 1,037	$ 1,069

We recognize interest and penalties associated with uncertain tax positions in income tax expense. We had approximately $0.4 million accrued for interest and penalties as of April 29, 2023 and April 30, 2022.

If recognized, $0.9 million of the total $1.1 million of unrecognized tax benefits would decrease our effective tax rate. We do not expect that the net liability for uncertain income tax positions will significantly change within the next 12 months. The remaining balance will be settled or released as tax audits are effectively settled, statutes of limitation expire, or other new information becomes available.

Our U.S. federal income tax returns for fiscal years 2020 and subsequent are still subject to audit. In addition, we conduct business in various states. The major states in which we conduct business are subject to audit for fiscal years 2019 and subsequent. Our foreign operations are subject to audit for fiscal years 2013 and subsequent.

Cash paid for taxes (net of refunds received) during the fiscal years ended April 29, 2023, April 30, 2022, and April 24, 2021, was $69.9 million, $38.6 million, and $40.5 million, respectively.

Note 19: Earnings per Share

The following is a reconciliation of the numerators and denominators we used in our computations of basic and diluted earnings per share:

(Amounts in thousands)	Fiscal Year Ended (52 weeks) 4/29/2023	(53 weeks) 4/30/2022	(52 weeks) 4/24/2021
Numerator (basic and diluted):			
Net income attributable to La-Z-Boy Incorporated	$ 150,664	$ 150,017	$ 106,461
Income allocated to participating securities (1)	—	(7)	(46)
Net income available to common Shareholders	$ 150,664	$ 150,010	$ 106,415
Denominator:			
Basic weighted average common shares outstanding	43,148	44,023	45,983
Contingent common shares	91	79	171
Stock option dilution	1	192	213
Diluted weighted average common shares outstanding	43,240	44,294	46,367
Earnings per Share:			
Basic	$ 3.49	$ 3.41	$ 2.31
Diluted	$ 3.48	$ 3.39	$ 2.30

(1) Prior to fiscal 2019, we granted restricted stock awards that contained non-forfeitable rights to dividends on unvested shares, and we are required to include these participating securities in calculating our basic earnings per common share, using the two-class method.

The values for contingent common shares set forth above reflect the dilutive effect of common shares that we would have issued to employees under the terms of performance-based share awards if the relevant performance period for the award had been the reporting period.

We exclude the effect of options from our diluted share calculation when the weighted average exercise price of the options is higher than the average market price, since including the options' effect would be anti-dilutive. We excluded options to purchase 1.4 million and 0.2 million shares from the diluted share calculation for the years ended April 29, 2023 and April 30, 2022, respectively. We did not exclude any outstanding options from the diluted share calculation for the fiscal year ended April 24, 2021.

Note 20: Fair Value Measurements

Accounting standards require that we put financial assets and liabilities into one of three categories based on the inputs we use to value them:

- Level 1 — Financial assets and liabilities, the values of which are based on unadjusted quoted market prices for identical assets and liabilities in an active market that we have the ability to access.

- Level 2 — Financial assets and liabilities, the values of which are based on quoted prices in markets that are not active or on model inputs that are observable for substantially the full term of the asset or liability.

- Level 3 — Financial assets and liabilities, the values of which are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

Accounting standards require that in making fair value measurements, we use observable market data when available. When inputs used to measure fair value fall within different levels of the hierarchy, we categorize the fair value measurement as being in the lowest level that is significant to the measurement. We recognize transfers between levels of the fair value hierarchy at the end of the reporting period in which they occur.

In addition to assets and liabilities that we record at fair value on a recurring basis, we are required to record assets and liabilities at fair value on a non-recurring basis. We measure non-financial assets such as other intangible assets, goodwill, and other long-lived assets at fair value when there is an indicator of impairment, and we record them at fair value only when we recognize an impairment loss.

The following table presents the fair value hierarchy for those assets and liabilities we measured at fair value on a recurring basis at April 29, 2023 and April 30, 2022. There were no transfers into or out of Level 1, Level 2, or Level 3 for any of the periods presented.

At April 29, 2023

	Fair Value Measurements				
(Amounts in thousands)	Level 1	Level 2	Level 3	NAV (1)	Total
Assets					
Marketable securities	$ —	$ 16,557	$ —	$ 6,995	$ 23,552
Held-to-maturity investments	1,351	—	—	—	1,351
Total assets	$ 1,351	$ 16,557	$ —	$ 6,995	$ 24,903

At April 30, 2022

	Fair Value Measurements				
(Amounts in thousands)	Level 1	Level 2	Level 3	NAV (1)	Total
Assets					
Marketable securities	$ —	$ 33,578	$ 2,500	$ 6,543	$ 42,621
Held-to-maturity investments	1,337	—	—	—	1,337
Cost basis investment	—	—	7,579	—	7,579
Total assets	$ 1,337	$ 33,578	$ 10,079	$ 6,543	$ 51,537
Liabilities					
Contingent consideration liability	$ —	$ —	$ 800	$ —	$ 800

(1) Certain marketable securities investments are measured at fair value using net asset value per share under the practical expedient methodology.

At April 29, 2023 and April 30, 2022, we held marketable securities intended to enhance returns on our cash and to fund future obligations of our non-qualified defined benefit retirement plan, our executive deferred compensation plan and our performance compensation retirement plan. We also held other fixed income and cost basis investments.

The fair value measurements for our Level 1 and Level 2 securities are based on quoted prices in active markets, as well as through broker quotes and independent valuation providers, multiplied by the number of shares owned exclusive of any transaction costs.

At April 29, 2023, our Level 3 assets included investments in two privately-held companies consisting of non-marketable preferred shares, warrants to purchase common shares, and convertible notes. The fair value for our Level 3 equity investments is not readily determinable so we estimate the fair value as costs minus impairment, if any, plus or minus adjustments resulting from observable price changes in orderly transactions for identical or similar investments with the same issuer.

During the third quarter of fiscal 2023, we invested an additional $0.2 million in convertible notes in one of these privately-held start-up companies. Subsequently and during the fourth quarter of fiscal 2023, with respect to the same investee, we recorded an impairment charge of $10.3 million to other income (expense), net in the consolidated statement of income for the full carrying value of the preferred shares ($7.6 million) and convertible notes ($2.7 million), as it was determined the value of the investments was not recoverable. For non-marketable equity investments, the measurement of fair value requires significant judgment and includes quantitative and qualitative analysis of identified events or circumstances that impact the fair value of the investment. Among other factors, we assessed the investee's ability to meet business milestones, its financial condition and near-term prospects (including the rate at which the investee was using cash and its current debt obligations and impending debt maturities), the investee's need for additional funding, and the competitive environment in which the investee operates its business.

Our Level 3 liability included our contingent consideration liability resulting from the Joybird acquisition. The fair value of our contingent consideration liability as of April 29, 2023 reflects our expectation that no additional consideration will be owed based on our most recent financial projections and the terms of the earnout agreement. As a result, during the second quarter of fiscal 2023, we reduced the fair value of the contingent consideration liability by its full carrying value of $0.8 million which was recorded as a favorable impact to selling, general and administrative expense in our consolidated statement of income.

The following table is a reconciliation of our Level 3 assets and liabilities recorded at fair value using significant unobservable inputs:

(Amounts in thousands)	Assets	Liabilities
Balance at April 24, 2021	$ 7,579	$ 14,100
Purchases	2,500	—
Settlements	—	(10,000)
Fair value adjustment	—	(3,300)
Balance at April 30, 2022	10,079	800
Purchases	237	—
Impairment	(10,316)	—
Fair value adjustment	—	(800)
Balance at April 29, 2023	$ —	$ —

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

ITEM 9A. CONTROLS AND PROCEDURES.

Disclosure Controls and Procedures. As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures, as such term is defined in Rule 13a-15(e) of the Exchange Act. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that such disclosure controls and procedures are effective to ensure that information required to be disclosed in our periodic reports filed under the Exchange Act is recorded, processed, summarized and reported within the time periods specified by the Securities and Exchange Commission's rules and forms and is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control over Financial Reporting. Our management's report on internal control over financial reporting is included in Item 8, Financial Statements and Supplementary Data, of this report.

Attestation Report of the Registered Public Accounting Firm. Our registered public accounting firm's attestation report on our internal control over financial reporting is included in Item 8, Financial Statements and Supplementary Data, of this report.

Changes in Internal Control over Financial Reporting. There were no changes in our internal controls over financial reporting that occurred during the fourth quarter of fiscal 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION.

None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS.

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS, AND CORPORATE GOVERNANCE.

We have adopted a Code of Business Conduct, which applies to all of our officers, directors, and employees. A current copy of the code is posted at our website www.la-z-boy.com. We will disclose any amendments to, or waivers from, the code applicable to an executive officer or director at our website www.la-z-boy.com.

We provide some information about our executive officers in Part I of this report, under the heading "Information About Our Executive Officers." All other information required to be reported under this item will be included in our proxy statement for our 2023 Annual Meeting of Shareholders, and all of that information is incorporated in this item by reference.

ITEM 11. EXECUTIVE COMPENSATION.

All information required to be reported under this item will be included in our proxy statement for our 2023 Annual Meeting of Shareholders, and all of that information is incorporated in this item by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS.

All information required to be reported under this item will be included in our proxy statement for our 2023 Annual Meeting of Shareholders, and all of that information is incorporated into this item by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE.

All information required to be reported under this item will be included in our proxy statement for our 2023 Annual Meeting of Shareholders, and all of that information is incorporated in this item by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

All information required to be reported under this item will be included in our proxy statement for our 2023 Annual Meeting of Shareholders, and all of that information is incorporated in this item by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a) The following documents are filed as part of this report:

(1) *Financial Statements:*

Management's Report to Our Shareholders
Report of Independent Registered Public Accounting Firm (PCAOB ID 238)
Consolidated Statement of Income for each of the three fiscal years ended April 29, 2023, April 30, 2022, and April 24, 2021
Consolidated Statement of Comprehensive Income for each of the three fiscal years ended April 29, 2023, April 30, 2022, and April 24, 2021
Consolidated Balance Sheet at April 29, 2023, and April 30, 2022
Consolidated Statement of Cash Flows for the fiscal years ended April 29, 2023, April 30, 2022, and April 24, 2021
Consolidated Statement of Changes in Equity for the fiscal years ended April 29, 2023, April 30, 2022, and April 24, 2021
Notes to Consolidated Financial Statements

(2) *Financial Statement Schedule:*

Schedule II—Valuation and Qualifying Accounts for the fiscal years ended April 29, 2023, April 30, 2022, and April 24, 2021

Schedule II immediately follows Item 16.

All other schedules are omitted because they are not applicable or not required because the required information is included in the financial statements or notes thereto.

(3) *Exhibits:*

The following exhibits are filed or furnished as part of this report:

Exhibit Number		Description
(3.1)		La-Z-Boy Incorporated Restated Articles of Incorporation (Incorporated by reference to Exhibit 3i to Form 10-Q for the quarter ended October 26, 1996)
(3.2)		La-Z-Boy Incorporated Amendment to Restated Articles of Incorporation effective August 21, 1998 (Incorporated by reference to Exhibit 3.2 to Form 10-Q for the quarter ended October 27, 2012)
(3.3)		La-Z-Boy Incorporated Amendment to Restated Articles of Incorporation effective August 22, 2008 (Incorporated by reference to Exhibit 3.3 to Form 10-Q for the quarter ended October 27, 2012)
(3.4)		La-Z-Boy Incorporated Amendment to Restated Articles of Incorporation effective August 24, 2012 (Incorporated by reference to Exhibit 3.4 to Form 10-Q for the quarter ended October 27, 2012)
(3.5)		La-Z-Boy Incorporated Amended and Restated Bylaws effective August 30, 2022 (Incorporated by reference to Exhibit 3.1 Form 8-K filed August 31, 2022)
(4.1)		Credit Agreement dated as of October 15, 2021, among La-Z-Boy Incorporated, the lenders party thereto, and Wells Fargo Bank, National Association, as administrative agent (Incorporated by reference to Exhibit 4.1 to Form 8-K filed October 15, 2021)
(4.2)		First Amendment to Credit Agreement dated as of December 20, 2022, among La-Z-Boy Incorporated, the lenders party thereto, and Wells Fargo Bank, National Association, as administrative agent (Incorporated by reference to Exhibit 4.1 to Form 10-Q for the quarter ended January 28, 2023)
(4.3)		Description of Securities (Incorporated by reference to Exhibit 4.2 to Form 10-K for the year ended April 27, 2019)
(10.1)	*	La-Z-Boy Incorporated Restricted Stock Plan for Non-Employee Directors, amended and restated through August 12, 2003 (Incorporated by reference to Exhibit B to Definitive Proxy Statement filed July 8, 2003)
(10.2)	*	La-Z-Boy Incorporated Deferred Stock Unit Plan for Non-Employee Directors (Incorporated by reference to Exhibit 10.1 to Form 10-Q for the quarter ended October 25, 2008)
(10.3)	*	Form of Change in Control Agreement in effect for: Melinda D. Whittington. Similar agreements are in effect for each of our other executive officers except the severance period in those agreements is 24 months rather than 36 months
(10.4)	*	Form of Indemnification Agreement (covering all directors, including employee-directors) (Incorporated by reference to Exhibit 10.1 to Form 8-K, filed January 22, 2009)
(10.5)	*	2005 La-Z-Boy Incorporated Executive Deferred Compensation Plan, amended and restated as of November 18, 2008 (Incorporated by reference to Exhibit 10.1 to Form 10-Q for the quarter ended October 24, 2009)
(10.6)	*	Amended and Restated La-Z-Boy Incorporated 2010 Omnibus Incentive Plan (Incorporated by reference to Annex A to Definitive Proxy Statement filed July 9, 2013)
(10.7)	*	La-Z-Boy Incorporated 2010 Omnibus Incentive Plan Sample Award Agreement (Incorporated by reference to Exhibit 10.2 to Form 10-Q for the quarter ended October 23, 2010)
(10.8)	*	La-Z-Boy Incorporated 2010 Omnibus Incentive Plan Revised Sample Award Agreement effective July 9, 2012 (Incorporated by reference to Exhibit 10.1 to Form 8-K filed July 9, 2012)
(10.9)	*	La-Z-Boy Incorporated Severance Plan for Executive Officers
(10.10)	*	La-Z-Boy Incorporated Performance Compensation Retirement Plan effective April 27, 2013 (Incorporated by reference to Exhibit 10.16 to Form 10-K for the fiscal year ended April 27, 2013)
(10.11)	*	2014 Amendment to La-Z-Boy Incorporated Performance Compensation Retirement Plan (Incorporated by reference to Exhibit 10.16 to Form 10-K for the fiscal year ended April 26, 2014)
(10.12)	*	La-Z-Boy Incorporated 2017 Omnibus Incentive Plan (Incorporated by reference to Annex A to Definitive Proxy Statement filed July 18, 2017)
(10.13)	*	La-Z-Boy Incorporated 2017 Omnibus Incentive Plan Sample Award Agreement (Incorporated by reference to Exhibit 10.14 to Form 10-K for the fiscal year ended April 27, 2019)

Exhibit Number		Description
(10.14)	*	La-Z-Boy Incorporated 2017 Omnibus Incentive Plan Revised Sample Award Agreement effective June 22, 2020 (Incorporated by reference to Exhibit 10.1 to Form 10-Q for the fiscal quarter ended July 25, 2020)
(10.15)	*	La-Z-Boy Incorporated 2017 Omnibus Incentive Plan Revised Sample Award Agreement effective June 21, 2021 (Incorporated by reference to Exhibit 10.16 to Form 10-K for the fiscal year ended April 30, 2022)
(10.16)	*	La-Z-Boy Incorporated 2017 Omnibus Incentive Plan Revised Sample Award Agreement effective June 28, 2022 (Incorporated by reference to Exhibit 10.1 to Form 10-Q for the quarter ended July 30, 2022)
(10.17)	*	La-Z-Boy Incorporated 2022 Omnibus Incentive Plan (Incorporated by reference to Appendix A to Definitive Proxy Statement filed July 20, 2022)
(21)		List of subsidiaries of La-Z-Boy Incorporated
(23)		Consent of PricewaterhouseCoopers LLP (EDGAR filing only)
(31.1)		Certifications of Chief Executive Officer pursuant to Rule 13a-14(a)
(31.2)		Certifications of Chief Financial Officer pursuant to Rule 13a-14(a)
(32)		Certifications pursuant to 18 U.S.C. Section 1350
(101.INS)		XBRL Instance Document
(101.SCH)		XBRL Taxonomy Extension Schema Document
(101.CAL)		XBRL Taxonomy Extension Calculation Linkbase Document
(101.LAB)		XBRL Taxonomy Extension Label Linkbase Document
(101.PRE)		XBRL Taxonomy Extension Presentation Linkbase Document
(101.DEF)		XBRL Taxonomy Extension Definition Linkbase Document
(104)		The cover page from the Company's Annual Report on Form 10-K for the year ended April 29, 2023,

* Indicates a management contract or compensatory plan or arrangement under which a director or executive officer may receive benefits.

ITEM 16. FORM 10-K SUMMARY.

None.

LA-Z-BOY INCORPORATED
SCHEDULE II VALUATION AND QUALIFYING ACCOUNTS
(Amounts in thousands)

Description	Balance at Beginning of Year	Acquisitions	Additions: Charged/ (Credited) to Costs and Expenses	Additions: Charged/ (Credited) to Other Accounts	Deductions	Balance at End of Year
Allowance for doubtful accounts, deducted from accounts receivable:						
April 29, 2023	$ 3,406	$ —	$ 1,489 (1)	$ —	$ (119) (2)	$ 4,776
April 30, 2022	4,011	51	(629) (1)	—	(27) (2)	3,406
April 24, 2021	7,541	—	(3,319) (1)	—	(211) (2)	4,011
Allowance for deferred tax assets:						
April 29, 2023	$ 3,517	$ —	$ 370	$ (419) (3)	$ —	$ 3,468
April 30, 2022	3,495	133	851	(962) (3)	—	3,517
April 24, 2021	2,137	—	2,308	(950) (3)	—	3,495

(1) Additions charged (credited) to costs and expenses includes the impact of foreign currency exchange gains (losses).
(2) Deductions represent uncollectible accounts written off less recoveries of accounts receivable written off in prior years.
(3) Represents impact of adjusting gross deferred tax assets.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DATE: June 20, 2023		LA-Z-BOY INCORPORATED
	BY	/s/ MELINDA D. WHITTINGTON
		Melinda D. Whittington *President and Chief Executive Officer*

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below, as of June 20, 2023, by the following persons on behalf of the registrant and in the capacities indicated.

/s/ M.T. LAWTON	**/s/ E.L. ALEXANDER**
M.T. Lawton *Chairman of the Board*	E.L. Alexander *Director*
/s/ S.M. GALLAGHER	**/s/ J.P. HACKETT**
S.M. Gallagher *Director*	J.P. Hackett *Director*
/s/ J.E. KERR	**/s/ M.S. LAVIGNE**
J.E. Kerr *Director*	M.S. Lavigne *Director*
/s/ R.G. LUCIAN	**/s/ W.A. MCCOLLOUGH**
R.G. Lucian *Senior Vice President and Chief Financial Officer*	W.A. McCollough *Director*
/s/ J.L. MCCURRY	**/s/ R.L. O'GRADY**
J.L. McCurry *Vice President, Corporate Controller and Chief Accounting Officer*	R.L. O'Grady *Director*
/s/ L.B. PETERS	**/s/ M.D. WHITTINGTON**
L.B. Peters *Director*	M.D. Whittington *President and Chief Executive Officer, Director*

Exhibit 10.3

Effective April 30, 2023

Melinda D. Whittington

Dear Melinda:

La-Z-Boy Incorporated (the "Company") considers the establishment and maintenance of a sound and vital management to be essential to protecting and enhancing the best interests of the Company and its shareholders. In this regard, the Company recognizes that, as is the case with many publicly held corporations, the possibility of a change in control may arise and that such possibility, and the uncertainty and questions which it may raise among management, may result in the departure or distraction of management personnel to the detriment of the Company and its shareholders. The Company further recognizes that it is absolutely vital to the Company to retain well-qualified executives and to assure itself of continuity of management in considering any actual or threatened change of control of the Company.

For the above reasons, the Board of Directors of the Company (the "Board") has determined that appropriate steps should be taken to reinforce and encourage the continued attention and dedication of members of the Company's management to their assigned duties without distraction in circumstances arising from the possibility of a change in control of the Company. In particular, the Board believes that it is important, should the Company or its shareholders receive a proposal for transfer of control of the Company, that you be able to assess and advise the Company and its shareholders and to take such other action regarding such proposal as the Board might determine to be appropriate, without being influenced by the uncertainties of your own situation.

In order to induce you to remain in the employ of the Company, this letter agreement (sometimes called the "Agreement"), which has been approved by the Board, sets forth the severance benefits which the Company agrees will be provided to you in the event your employment with the Company is terminated subsequent to a "change in control" of the Company under the circumstances described below.

1. <u>Agreement to Provide Services; Right to Terminate</u>.

The Company or you may terminate your employment at any time, subject to the Company's providing the benefits hereinafter specified in accordance with the terms hereof.

2. <u>Term of Agreement</u>.

This Agreement shall commence on April 30, 2023, and shall continue in effect until December 31, 2023; provided, however, that commencing on January 1, 2024 and each January 1 thereafter, the term of this Agreement shall automatically be extended for one additional year unless at least 90 days prior to such January 1st date, the Company or you shall have given notice that this Agreement shall not be extended; and provided, further, that this Agreement shall continue in effect for a period of thirty-six (36) months beyond the term provided herein if a change in control of the Company, as defined in Section 3 hereof (a "Change in Control"), shall have occurred during such term. Notwithstanding anything in this Section 2 to the contrary, this Agreement shall terminate if you or the Company terminates your employment prior to a Change in Control.

3. Change in Control.

For purposes of this Agreement, a “Change in Control” shall mean a change in the ownership or effective control of the Company or in the ownership of a substantial portion of the assets of the Company, as more fully described in attached Exhibit A, which shall be interpreted in accordance with Code §409A(a)(2)(A)(v) and regulations and other guidance thereunder. Notwithstanding anything in the foregoing to the contrary, no Change in Control shall be deemed to have occurred for purposes of this Agreement by virtue of any transaction which results in you, or a group of Persons which includes you acquiring, directly or indirectly, 30% or more of the combined voting power of the Company's Voting Securities.

4. Termination Following Change in Control.

If any of the events described in Section 3 hereof constituting a Change in Control shall have occurred, you shall be entitled to the benefits provided in paragraphs (iii) and (iv) of Section 5 hereof upon the termination of your employment within thirty-six (36) months after such event, unless such termination is (a) because of your death, (b) by the Company for Cause or Disability, (c) by you other than for Good Reason (as all capitalized terms are hereinafter defined) or (d) such termination does not constitute a “Separation from Service” as described in attached Exhibit B.

(i) Disability. Termination by the Company of your employment based on “Disability” shall mean termination due to your absence from your duties with the Company on a full-time basis for at least 180 consecutive days as a result of your incapacity due to physical or mental illness, or under such other circumstances as the Company determines, in its sole discretion, constitute a Disability.

(ii) Cause. Termination by the Company of your employment for “Cause” shall mean termination upon (a) your habitual neglect of material duties, (b) your commission of an act materially and demonstrably detrimental to the financial condition and/or goodwill of the Company or any of its subsidiaries, which act constitutes gross negligence or material misconduct in the performance of duties to the Company or any of its subsidiaries; (c) your commission of any theft, fraud, act of dishonesty or breach of trust resulting in or intended to result in material personal gain or enrichment of you at the direct or indirect expense of the Company or any of its subsidiaries; (d) your conviction of, or plea of guilty or nolo contendere to, a felony; (e) your material violation of any restrictive covenant agreement with the Company; or (f) your serious violation of the Company’s written policies or of your statutory or common law duty of loyalty to the Company or its affiliates that in either case is materially injurious to the Company, monetarily or otherwise. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by you in good faith and in the best interests of the corporation. Notwithstanding the foregoing, you shall not be deemed to have been terminated for Cause unless and until there shall have been delivered to you a copy of a resolution duly adopted by the affirmative vote of not less than three-quarters of the entire membership of the Board at a meeting of the Board called and held for the purpose (after reasonable notice to you and an opportunity for you, together with your counsel, to be heard before the Board), finding that in the good faith opinion of the Board you were guilty of the conduct set forth above in (a) or (b) of this paragraph (ii) and specifying the particulars thereof in detail.

(iii) Good Reason. Termination by you of your employment for “Good Reason” shall mean termination based on:

(A) an adverse change in your status or position(s) as a corporate officer of the Company as in effect immediately prior to the Change in Control, including, without limitation, any adverse change in your status or position as a result of a material diminution in your duties or responsibilities (other than, if applicable, any such change directly attributable to the fact that the Company is no longer publicly-owned) or the assignment to you of any duties or responsibilities which, in your reasonable judgment, are inconsistent with such status or position(s), or any removal of you from or any failure to reappoint or reelect you to such position(s) (except in connection with the termination of your employment for Cause or Disability or as a result of your death or by you other than for Good Reason);

(B) a reduction by the Company in your monthly base salary or target bonus opportunity as in effect immediately prior to the Change in Control;

(C) the failure by the Company to continue in effect any material Plan (as hereinafter defined) in which you are participating at the time of the Change in Control (or Plans providing you with at least substantially similar benefits) other than as a result of the normal expiration of any such Plan in accordance with its terms as in effect at the time of the Change in Control, or the taking of any action, or the failure to act, by the Company which would adversely affect your continued participation in any of such Plans on at least as favorable a basis to you as is the case on the date of the Change in Control or which would materially reduce your benefits in the future under any of such Plans or deprive you of any material benefit enjoyed by you at the time of the Change in Control;

(D) the Company's requiring you to relocate your office to a location that would increase the distance of your commute by more than 50 miles as compared to immediately prior to the Change in Control except for required travel on the Company's business to an extent substantially consistent with the business travel obligations which you undertook on behalf of the Company prior to the Change in Control;

(E) the failure by the Company to obtain from any Successor (as hereinafter defined) the assent to this Agreement contemplated by Section 7 hereof; or

(F) any purported termination by the Company of your employment which is not effected pursuant to a Notice of Termination satisfying the requirements of paragraph (iv) below (and, if applicable, paragraph (ii) above); and for purposes of this Agreement, no such purported termination shall be effective.

In order for a resignation to be for Good Reason, you must provide the Company with a Notice of Termination within 30 days after you are informed by the Company that an event described above will occur. If the Company does not cure the circumstances constituting Good Reason within 30 days of receiving the Notice of Termination (the "Cure Period") then your resignation will be effective the day immediately following the last day of the Cure Period. If you fail to timely provide the Company with a Notice of Termination with respect to an event, any resignation thereafter in respect of such event shall not be for Good Reason.

For purposes of this Agreement, "Plan" shall mean any compensation plan such as an incentive, stock option or restricted stock plan or any employee benefit plan such as a savings, pension, profit sharing, medical, disability, accident, life insurance plan or a relocation plan or policy or any other plan, program or policy of the Company intended to benefit employees.

(iv) Notice of Termination. Any purported termination by the Company or by you following a Change in Control shall be communicated by written Notice of Termination to the other party hereto. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon.

(v) Date of Termination. “Date of Termination” following a Change in Control shall mean (a) if your employment is to be terminated for Disability, thirty (30) days after Notice of Termination is given (provided that you shall not have returned to the performance of your duties on a full-time basis during such thirty (30) day period), (b) if your employment is to be terminated by the Company for Cause or by you pursuant to Sections 4(iii)(F) and 6 hereof or for any other Good Reason, the date specified in the Notice of Termination, or (c) if your employment is to be terminated by the Company for any reason other than Cause, the date specified in the Notice of Termination, which is no event shall be a date earlier than ninety (90) days after the date on which a Notice of Termination is given, unless an earlier date has been expressly agreed to by you in writing either in advance of, or after, receiving such Notice of Termination. In the case of termination by the Company of your employment for Cause, if you have not previously expressly agreed in writing to the termination, then within thirty (30) days after receipt by you of the Notice of Termination with respect thereto, you may notify the Company that a dispute exists concerning the termination, in which event the Date of Termination shall be the date set either by mutual written agreement of the parties or by the arbitrators in a proceeding as provided in Section 16 hereof. During the pendency of any such dispute, the Company will continue to pay you your full compensation in effect just prior to the time the Notice of Termination is given and until the dispute is resolved in accordance with Section 16.

5. Compensation Upon Termination or During Disability; Other Agreements.

During any period following a Change in Control that you fail to perform your duties as a result of incapacity due to physical or mental illness, you shall continue to receive your salary at the rate then in effect and any benefits or awards under any Plans shall continue to accrue during such period, to the extent not inconsistent with such Plans, until your employment is terminated pursuant to and in accordance with paragraphs 4(i) and 4(v) hereof. Thereafter, your benefits shall be determined in accordance with the Plans then in effect.

(i) If your employment shall be terminated for Cause following a Change in Control, the Company shall pay you your salary through the Date of Termination at the rate in effect just prior to the time a Notice of Termination is given plus any benefits or awards (including both the cash and stock components) which pursuant to the terms of any Plans have been earned or become payable, but which have not yet been paid to you. Thereupon the Company shall have no further obligations to you under this Agreement.

(ii) Subject to the terms of this Agreement and your satisfaction of the release requirements set forth in Section 5(v), if, within thirty-six (36) months after a Change in Control shall have occurred as defined in Section 3 above, your employment by the Company shall be terminated (a) by the Company other than for Cause, Disability, or death or (b) by you for Good Reason, then, by no later than the 60th day following the Date of Termination (except as otherwise provided), you shall be entitled, without regard to any contrary provision of any Plan, to the benefits provided below:

(A) the Company shall pay your salary through the Date of Termination at the rate in effect just prior to the time a Notice of Termination is given plus any benefits or awards (including both the cash and stock components) which pursuant to the terms of any Plans have been earned or become payable, but which have not yet been paid by you; and

(B) as severance pay and in lieu of any further salary for periods subsequent to the Date of Termination, the Company shall pay to you an amount in cash equal to three (3) times the sum of (i) your annualized salary at the rate in effect at the Date of Termination and (ii) an amount equal to the average bonus paid you in the previous three (3) years; provided, however, if such termination of employment occurs more than two years following the Change in Control or as otherwise required to comply with Section 409A, the severance payable under this section shall be paid in accordance with the schedule set forth in the La-Z-Boy Incorporated Severance Plan for Named Executive Officers according to the Company's standard payroll practices until the 36-month anniversary of the Date of Termination.

(iii) Following a Change in Control and subject to the release requirements set forth in Section 5(v), unless you are terminated for Cause, Disability, or death or you terminate your employment other than for Good Reason, the Company shall maintain in full force and effect, for the continued benefit of you and your dependents for a period terminating on the earliest of (a) thirty-six (36) months after the Date of Termination, (b) the commencement date of equivalent benefits from a new employer or (c) your normal retirement date under the terms of the La-Z-Boy Incorporated Retirement Savings Plan (or any successor or substitute plan or plans of the Company put into effect prior to a Change in Control), all insured and self-insured employee medical and dental plans in which you were entitled to participate immediately prior to the Date of Termination, provided that your continued participation is possible under the general terms and provisions of such Plans (and any applicable funding media) and you continue to pay an amount equal to your regular contribution under such Plans for such participation. If permitted by applicable law, right to continuation coverage pursuant to COBRA will run concurrently with such continued participation provided by the Company. If the terms of the Company's medical and dental plans do not permit your continued participation after the termination of your employment and you elect to continue medical or dental coverage as provided for by COBRA, the Company will, for the lesser of 36 months or the period during which you maintain such COBRA continuation coverage, pay the difference between the cost of your COBRA premiums for medical and dental insurance and the normal employee contribution for such coverage. Such payments will be made by the Company in accordance with its normal schedule for premium payments in accordance with the applicable plan. (You may thereafter have the right under COBRA to continue such insurance at your expense for the remaining months of your eligibility.) You will be responsible for any tax on such benefits or payments made by the Company. If, at the end of thirty-six (36) months after the Termination Date, you have not reached your normal retirement date and you have not previously received or are not then receiving equivalent benefits from a new employer, the Company shall arrange to enable you to convert your and your dependents' coverage under such Plans to individual policies or programs upon the same terms as employees of the Company may apply for such conversions.

(iv) Except as specifically provided herein, the amount of any payment provided for in this Section 5 shall not be reduced, offset or subject to recovery by the Company by reason of any compensation earned by you as the result of employment by another employer after the Date of Termination, or otherwise.

(v) In addition to the remaining requirements of this Agreement, it shall be a condition of eligibility for benefits under this Agreement that you shall have signed a release agreement (the *"Release Agreement"*), and such Release Agreement shall have become irrevocable, within 60 days following your Date of Termination. Such Release Agreement shall be in a form acceptable to the Company that complies with applicable law and which is appropriate for your classification. The Release Agreement may include, among other items, a covenant not to compete with the Company. A Release Agreement must be signed no later than the date specified in the form Release Agreement provided to you by the Company. No amounts payable under Sections 5(ii) and (iii) of this Agreement shall be paid to you unless and until you timely sign the Release Agreement and the period of time for revoking or rescinding such agreement under applicable law has expired without you having revoked or rescinded such agreement. Notwithstanding anything herein to the contrary, to the extent any payment under this Agreement that is subject to the Release Agreement requirement described above is payable during a specified period that spans two taxable years, then to the extent such payment is deemed to constitute nonqualified deferred compensation subject to Section 409A of the Code, such payment shall be made in the second taxable year.

6. Certain Section 409A Rules.

(a) Specified Employee. Notwithstanding any provision of this Agreement to the contrary, if you are a Specified Employee, any payment or benefit under this Agreement that constitutes deferred compensation subject to Section 409A of the Code and for which the payment event is a Separation from Service shall not be made or provided before the date that is six months after the date of your Separation from Service. Any payment or benefit that is delayed pursuant to these Rules shall be made or provided on the first business day of the seventh month following the month in which your Separation from Service occurs. With respect to any cash payment delayed pursuant to these Rules, the first payment shall include interest, at the Wall Street Journal Prime Rate published in the Wall Street Journal on the Separation from Service date of (or the previous business day if such date is not a business day), for the period from the date the payment would have been made but for these Rules through the date payment is made. These Rules shall apply to the extent required to avoid your incurrence of any additional tax or interest under Section 409A of the Code.

(b) Reimbursement and In-Kind Benefits. Notwithstanding any provision of this Agreement to the contrary, with respect to in-kind benefits provided or expenses eligible for reimbursement under this Agreement which are subject to Section 409A of the Code, (i) the benefits provided or the amount of expenses eligible for reimbursement during any calendar year shall not affect the benefits provided or expenses eligible for reimbursement in any other calendar year, except as otherwise provided in Treas. Reg. §1.409A-3(i)(1)(iv)(B), (ii) such in-kind benefits or reimbursements are not subject to liquidation or exchange for another benefit, and (iii) the reimbursement of an eligible expense shall be made as soon as practicable after your request for such reimbursement (subject to (a), above), but not later than the December 31 following the calendar year in which the expense was incurred.

(c) “Specified Employee” shall mean a specified employee as defined in Section 409A of the Code as of the date of a Separation from Service.

(d) Interpretation and Construction. This Agreement is intended to comply with Section 409A of the Code and shall be administered, interpreted and construed in accordance therewith to avoid the imposition of additional tax under Section 409A of the Code.

7. Successors; Binding Agreement.

(i) Upon your written request, the Company will seek to have any Successor (as hereinafter defined), by agreement in form and substance satisfactory to you, assent to the fulfillment by the Company of its obligations under this Agreement. Failure of the Company to obtain such assent at least three (3) business days prior to the time a Person becomes a Successor (or where the Company does not have at least three (3) business days advance notice that a Person may become a Successor, within one (1) business day after having notice that such Person may become or has become a Successor) shall constitute Good Reason for termination by you of your employment and, if a Change in Control has occurred, shall entitle you immediately to the applicable benefits provided in Section 5 hereof upon delivery by you of a Notice of Termination. For purposes of this Agreement, "Successor" shall mean any Person that succeeds to, or has the practical ability to control (either immediately or with the passage of time), the Company's business directly, by merger or consolidation, or indirectly, by purchase of the Company's Voting Securities, all or substantially all of its assets or otherwise.

(ii) This Agreement shall inure to the benefit of and be enforceable by your personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If you should die while any amount would still be payable to you hereunder if you had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to your devisee, legatee or other designee or, if there be no such designee, to your estate.

(iii) For purposes of this Agreement, the “Company” shall include any corporation or other entity which is the surviving or continuing entity in respect of any merger, consolidation or form of business combination in which the Company ceases to exist.

8. Fees and Expenses; Mitigation.

(i) The Company shall pay all reasonable legal fees and related expenses incurred by you in connection with this Agreement following a Change in Control, including, without limitation, (a) all such fees and expenses, if any, incurred in contesting or disputing any such termination or incurred by you in seeking advice with respect to the matters set forth in Section 9 hereof or (b) your seeking to obtain or enforce any right or benefit provided by this Agreement.

(ii) You shall not be required to mitigate the amount of any payment the Company becomes obligated to make to you in connection with this Agreement, by seeking other employment or otherwise.

9. Taxes.

(i) All payments to be made to you under this Agreement will be subject to required withholding of federal, state and local income and employment taxes.

(ii) Notwithstanding any other provision of this Agreement, if any of the payments or benefits received or to be received by you pursuant to this Agreement, when taken together with payments and benefits provided to you under any other plans, contracts, or arrangements with the Company or its subsidiaries (the “Total Payments”), will be subject to any excise tax imposed under Code Section 4999 (together with any interest or penalties, the “Excise Tax”), then such Total Payments shall be reduced to the extent necessary so that no portion thereof will be subject to the Excise Tax; provided, however, that if you would receive in the aggregate greater value (as determined under Code Section 280G and the regulations thereunder) on an after tax basis if the Total Payments were not subject to such reduction, then no such reduction shall be made. In effectuating the reduction described above, if applicable, the Company will first reduce or eliminate the payments and benefits provided under this Agreement and, if any amounts are paid in installments under this Agreement, such benefits shall be reduced in reverse chronological order and, if the amounts payable under this Agreement are not sufficient for such reduction, the Company shall next reduce equity-based payments and acceleration not subject to Section 409A of the Code and then equity-based payments and acceleration subject to Section 409A of the Code in reverse chronological order. All calculations required to be made under this Section will be made by the Company's independent public accountants, subject to the right of your representative to review the same. If the Company's independent public accountants refuse to make the required determinations, then such determinations will be made by an independent accounting firm with national reputation reasonably selected by the Company. As a result of the uncertainty in the application of the Internal Revenue Code, it is possible that the Company will in good faith make payments to you that it should not make. In the event of such overpayment, the Company shall have no further liability or obligation to you for any resulting excise taxes, interest, or penalty that you are required to pay.

10. Survival.

The respective obligations of, and benefits afforded to, the Company and you as provided in Sections 5, 7(ii), 8, 9, 14, and 16 of this Agreement shall survive termination of this Agreement.

11. Notice.

For the purposes of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when sent by electronic mail or when delivered or mailed by United States registered mail, return receipt requested, postage prepaid and addressed, in the case of the Company, to the address set forth on the first page of this Agreement or, in the case of the undersigned employee, to the most current address he has provided to the Company on its records, provided that all notices to the Company shall be directed to the attention of the duly authorized representative of the Compensation Committee of the Board, with a copy to the Secretary of the Company, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.

12. Miscellaneous.

No provision of this Agreement may be modified, waived or discharged unless such modification, waiver or discharge is agreed to in a writing signed by you and the duly authorized representative of the Compensation Committee of the Board. No waiver by either party hereto at any time of any breach by the other party hereto of, or of compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not expressly set forth in this Agreement. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Michigan.

13. Full Settlement.

The Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any circumstances, including without limitation any setoff, counterclaim, recoupment, defense or other right which the Company may have against you.

14. Confidential Information.

You agree that you will hold in a fiduciary capacity for the benefit of the Company all secret or confidential information, knowledge or data relating to the Company or any of its affiliated companies, and their respective businesses, which shall have been obtained by you during your employment by the Company or any of its affiliated companies and which shall not be public knowledge. After termination of your employment with the Company you shall not, without the prior written consent of the Company, communicate or divulge any such information, knowledge or data to anyone other than the Company and those designated by it. Nothing contained in this Agreement is intended to limit your ability to (i) report possible violations of law or regulation to, or file a charge or complaint with, the Securities and Exchange Commission, the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration, the Department of Justice, the Congress, any Inspector General, or any other federal, state or local governmental agency or commission ("Government Agencies"), (ii) communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agency, including providing documents or other information, without notice to the Company or (iii) under applicable United States federal law to (A) disclose in confidence trade secrets to federal, state, and local government officials, or to an attorney, for the sole purpose of reporting or investigating a suspected violation of law or (B) disclose trade secrets in a document filed in a lawsuit or other proceeding, but only if the filing is made under seal and protected from public disclosure. In no event shall an asserted violation of the provisions of this Section 14 constitute a basis for deferring or withholding any amounts otherwise payable to you under this Agreement.

15. Validity.

The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

16. Arbitration.

You and the Company agree that final and binding arbitration is and will be the sole and exclusive remedy and forum for resolving any dispute or claim between you and the Company arising out of this Agreement, including:

(i) The Company's termination of your employment; and/or

(ii) Any dispute or claim concerning or arising out of whether your termination was for "Cause" or for "Good Reason."

You have a right to appeal your dispute to arbitration. The arbitrator will be selected by mutual agreement. If the arbitrator is not selected by mutual agreement, then the arbitrator will be selected from a panel of experienced labor and employment arbitrators supplied by the American Arbitration Association (AAA). The parties will alternatively strike names from the AAA panel until one name (the Arbitrator) remains. The arbitrator will decide the time and place of a hearing, which will be conducted according to AAA Rules. At the arbitration hearing, you will have the opportunity to rebut the evidence presented by the Company and you may present witnesses and evidence to support your case. The arbitrator will decide, in writing, the resolution of the dispute.

The Company will be responsible for its and your own costs including attorney fees. If you decide to be represented by an attorney, you must notify the Company at least one month before the arbitration hearing. If you do not choose to be represented by an attorney, then the Company will not be represented by an attorney.

This arbitration procedure and the decision of the arbitrator is your exclusive remedy in case of discharge, and is final and binding on both the Company and you and is fully enforceable in court. If this letter correctly sets forth our agreement on the subject matter hereof, kindly sign and return to the Company the enclosed copy of this letter which will then constitute our agreement on this subject.

This letter agreement replaces the letter agreement between you and La-Z-Boy Incorporated effective April 25, 2021 ("Prior Agreement"). By signing below, you acknowledge that the Prior Agreement is terminated as of the date and time this Agreement takes effect.

Sincerely,

LA-Z-BOY INCORPORATED

/s/ Uzma Ahmad

By: Uzma Ahmad
Vice President, Deputy General Counsel and Corporate Secretary
La-Z-Boy Incorporated

/s/ Melinda D. Whittington

Melinda D. Whittington
President and Chief Executive Officer

Exhibit A

Change in Control

"Change in Control" means any change required to be reported in Item 6(e) of Schedule 14A of Regulation 14A issued under the Securities Exchange Act of 1934 (the "Exchange Act") that qualifies as a Change in Control event pursuant to Code §409A. A "Change in Control event" pursuant to Code §409A includes the occurrence of a change in the ownership of the Company (as defined in Reg. §1.409A-3 (i)(5)(v)), a change in effective control of the Company (as defined in Reg. §1.409A-3(i)(5)(vi)), or a change in the ownership of a substantial portion of the assets of the Company (as defined in Reg. §1.409A-3(i)(5)(vii), and, in particular, any one or more of the following events:

a. A change in ownership of the Company in which any one person, or more than one person acting as a group acquires beneficial ownership of stock of the Company that, together with stock held by such person or group, constitutes more than 50 percent of the total fair market value or total voting power of the stock of the Company; provided, however, that for purposes of this subsection (a), the following acquisitions shall not constitute a Change in Control: (i) any acquisition by the Company, or (ii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or by any corporation controlled by the Company.

b. A change in the effective control of the Company, pursuant to which either:

(i) Any one person, or more than one person acting as a group acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) beneficial ownership of stock of the Company possessing 30 percent or more of the total voting power of the stock of the Company.

(ii) A majority of members of the Company's board of directors is replaced during any 12-month period by directors whose appointment or election is not endorsed by a majority of the members of the Company's board of directors before the date of the appointment or election.

c. A change in the ownership of a substantial portion of the Company's assets pursuant to which any one person, or more than one person acting as a group acquires (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than 40 percent of the total gross fair market value of all of the assets of the Company immediately before such acquisition or acquisitions. As used herein, gross fair market value means the value of the assets of the Company, or the value of the assets being disposed of, determined without regard to any liabilities associated with such assets. However, there is no Change in Control event under this paragraph when there is a transfer to a related person as described in Reg. §1.409A-3(i)(5)(vii)(B)

However, a Change in Control shall not include a merger of the Company with another entity, a consolidation involving the Company, or the sale of all or substantially all of the assets or equity interests of the Company to another entity if, in any such case, (a) the holders of equity securities of the Company immediately prior to such event beneficially own immediately after such event equity securities of the resulting entity entitled to more than fifty percent of the votes then eligible to be cast in the election of directors (or comparable governing body) of the resulting entity in substantially the same proportions that they owned the equity securities of the Company immediately prior to such event or (b) the persons who were members of the Board immediately prior to such event constitute at least a majority of the board of directors of the resulting entity immediately after such event.

For purposes of this definition:

(A) “Beneficial owner” (or “beneficial ownership”) includes ownership by attribution as provided in Reg. §1.409A.

(B) Where applicable, “person” means a person as defined in Section 3(a)(9) of Securities Exchange Act of 1934, as amended (the “Exchange Act”);

(C) “Acting as a group” means so acting within the meaning of the applicable portion of Reg. §1.409A-3(i)(5). Persons will be considered to be acting as a group if they are owners of a corporation that enters into a merger, consolidation, purchase or acquisition of stock, or similar business transaction with the Company. If a person, including an entity, owns stock in both corporations that enter into a merger, consolidation, purchase or acquisition of stock, or similar transaction, such shareholder is considered to be acting as a group with other shareholders only with respect to the ownership in that corporation before the transaction giving rise to the change and not with respect to the ownership interest in the other corporation. Where applicable, “group” means a group as described in Rule 13d-5 promulgated under the Exchange Act or any successor regulation.

Exhibit B

Separation From Service

A Separation From Service occurs on the date upon which a Participant is no longer an employee of the Company, as determined in accordance with Code §409A and Treasury Regulations promulgated thereunder.

For purposes of this Agreement, an employee separates from service with the Company if the employee dies, retires or otherwise has a termination of employment with the Company. However, the employment relationship is treated as continuing intact while the employee is on military leave, sick leave, or other bona fide leave of absence (such as temporary employment by the government) if the period of such leave does not exceed six months, or if longer, so long as the employee’s right to reemployment with the Company is provided either by statute or by contract. If the period of leave exceeds six months and the employee’s right to reemployment is not provided either by statute or by contract, the employment relationship is deemed to terminate on the first date immediately following such six-month period.

Whether a termination of employment has occurred is determined based on the facts and circumstances. Where an employee either actually or purportedly continues in the capacity as an employee, such as through the execution of an employment agreement under which the employee agrees to be available to perform services if requested, but the facts and circumstances indicate that neither the Company nor the employee intended for the employee to provide more than insignificant services to the Company, an employee will be treated as having a Separation From Service. For purposes of the preceding sentence, the Company and employee will not be treated as having intended for the employee to provide insignificant services where the employee continues to provide services at an annual rate that is at least equal to 20 percent of the services rendered, on average, during the immediately preceding three full calendar years of employment (or, if employed less than three years, such lesser period) and the annual remuneration for such services is at least equal to 20 percent of the average annual remuneration earned during the final three full calendar years of employment (or, if less, such lesser period). Where an employee continues to provide services to the Company in a capacity other than as an employee, a Separation From Service will not be deemed to have occurred if such former employee is providing services at an annual rate that is 50 percent or more of the services rendered, on average, during the immediately preceding three full calendar years of employment (or if employed less than three years, such lesser period) and the annual remuneration for such services is 50 percent or more of the annual remuneration earned during the final three full calendar years of employment (or if less, such lesser period). For purposes of this paragraph, the annual rate of providing services is determined based upon the measurement used to determine the Company’s base compensation (for example, amounts of time required to earn salary, hourly wages, or payments for specific projects).

Amended and Restated Effective February 27, 2023

LA-Z-BOY INCORPORATED
<u>SEVERANCE PLAN FOR EXECUTIVE OFFICERS</u>

LA-Z-BOY INCORPORATED
<u>SEVERANCE PLAN FOR EXECUTIVE OFFICERS</u>

ARTICLE I

Statement of Purpose

La-Z-Boy Incorporated hereby establishes the La-Z-Boy Incorporated Severance Plan for Executive Officers to provide financial assistance through certain Severance Benefits to Participants whose employment with an Employer hereunder is terminated in a Covered Termination.

The Plan is intended to be an unfunded welfare benefit plan for purposes of the Employee Retirement Income Security Act of 1974, as amended, and a severance pay plan within the meaning of the United States Department of Labor Regulation Section 2510.3-2(b). The Plan is intended to be a "top hat" plan for purposes of ERISA and shall be construed accordingly. This document applies to Participants whose Covered Termination occurs on or after the Effective Date.

ARTICLE II

Definitions

For purposes of this Plan, the following terms shall have the meanings ascribed to them below:

"*Cause*" means an Employee's commission of any act or acts involving dishonesty, fraud, illegality or moral turpitude, Employee's material misconduct in the performance of Employee's duties, Employee's habitual neglect of material duties, or Employee's serious violation of written Employer policies.

"*COBRA*" means the provisions regarding healthcare continuation coverage set forth in Section 601 *et seq*. of ERISA and Section 4980B of the Code, and shall apply to health and welfare benefits offered by an Employer as required by law.

"*COBRA Premium*" means the monthly cost of providing healthcare continuation coverage for a qualified beneficiary under COBRA, as adjusted from time to time.

"*Code*" means the Internal Revenue Code of 1986, as amended.

"*Controlled Group*" means La-Z-Boy Incorporated and its Related Entities, or any of them, as currently or hereafter organized.

"*Covered Termination*" means the involuntary termination of Employee's employment by an Employer without Cause or the Employee's Separation from Service for Good Reason. Notwithstanding the foregoing, a Covered Termination does not include a Separation from Service for Cause or a Separation from Service for any reason if the Participant fails to return all property of the Employer's within 10 days after the date of the Separation from Service.

"*Effective Date*" means the date that this Plan became effective, which is June 11, 2010.

"*Employee*" means a common-law employee (including an officer) of an Employer who is on the Employer's payroll.

"*Employer*" includes La-Z-Boy Incorporated, its Related Entities, and the respective successors and assigns of each. When used in the plural, "Employers" means La-Z-Boy Incorporated and all of its Related Entities.

"*ERISA*" means the Employee Retirement Income Security Act of 1974, as amended.

"Good Reason" means the occurrence of any of the following events, without a Participant's consent, that would entitle the Participant to resign within the time parameters set forth below, after being informed of the occurrence of such event, and become eligible to receive the Severance Benefits: (i) a reduction in Participant's Monthly Base Pay or target bonus opportunity (other than in connection with a general decrease in compensation elements of similarly situated employees); or (ii) being required to relocate Participant's office to a location that would increase the distance of Participant's commute by more than 50 miles. In order for a resignation to be for Good Reason, Participant must provide Employer with a "Notice of Resignation for Good Reason and Demand for Cure" ("*Notice of Resignation*") within 30 days after Participant is informed by Employer that an event described above will occur. If Employer does not cure the circumstances constituting Good Reason within 30 days of receiving Participant's Notice of Resignation (the "*Cure Period*") then Participant's resignation will be effective the day immediately following the last day of the Cure Period. If a Participant fails to timely provide Employer with a Notice of Resignation with respect to an event, any resignation thereafter in respect of such event shall not be for Good Reason.

"Key Employee" means a *"specified employee"* as determined in accordance with (including measurement of the applicable effective time periods) the Treasury Regulations promulgated under Code Section 409A.

"*La-Z-Boy Incorporated"* means La-Z-Boy Incorporated and its successors and assigns.

"*Length of Service"* means the amount of employment service credited to a Participant for purposes of determining the Participant's Severance Benefit Period as described in Article IV.

"*Monthly Base Pay"* means the base salary or base wages that a Participant earns during a calendar month, based on the rate of pay in effect for the Participant immediately before the Participant's Separation from Service, excluding overtime or any special payments, and which is used to compute the amount of Severance Pay under Article IV of the Plan.

"*Monthly Bonus Amount"* means an amount equal to the average of a Participant's three most recent annual cash incentive bonuses paid by an Employer (or, with respect to a Participant who has not been an Employee sufficiently long enough to have received three such bonuses, the average of the applicable number of annual cash incentive bonuses paid to such Participant by an Employer), divided by twelve.

"*Participant"* means an Employee who is eligible for, and is participating in, this Plan pursuant to Article III.

"*Plan"* means the La-Z-Boy Incorporated Severance Plan for Executive Officers as set forth in this document and its schedules and attachments.

"*Plan Administrator"* means the person or committee responsible for administration of the Plan as set forth in Article VIII of the Plan.

"*Plan Year"* means the calendar year for recordkeeping purposes.

"*Related Entity"* means a corporation or other entity if it and La-Z-Boy Incorporated are members of a controlled group of corporations as defined in Section 414(b) of the Code or are under common control as defined in Section 414(c) of the Code. A Related Entity may adopt this Plan by a corporate resolution and execution of a counterpart of this Plan.

"*Release Date"* means the date on which a Participant's signed Release Agreement required under Section 6.1 of the Plan becomes irrevocable and non-rescindable.

"*Separation from Service"* means an Employee's cessation of the performance of services for La- Z-Boy Incorporated and all of its Related Entities; provided, however, that a *"Separation from Service"* shall not be deemed to have occurred for purposes of this Plan unless the relevant circumstances constitute the Employee's *"Separation from Service"* within the meaning of Section 409A of the Code.

"Severance Benefit Period" means the period of time during which Severance Benefits are payable to, or on behalf of, a particular Participant (as applicable), if that Participant otherwise qualifies for Severance Benefits pursuant to the provisions of this Plan.

"*Severance Benefits"* means the *"Severance Pay"* and *"COBRA Continuation Coverage"*
benefits as defined and described in Article IV.

"Termination Date" means the date on which a Covered Termination becomes effective.

ARTICLE III

Eligibility and Participation

To be eligible for Severance Benefits under the Plan, an Employee must become a Participant in this Plan and continue to be a Participant immediately before the Participant's Termination Date. An Employee will become a Participant in this Plan on the date (but not prior to the Effective Date) that the Employee is designated as an "Executive Officer" by the Board of Directors. Each Participant shall be listed on Schedule A to this Plan, which schedule may be updated from time to time by La-Z-Boy Incorporated. Severance Benefits may only be distributed to, or on behalf of, a Participant (as applicable) if the remaining requirements of this Plan are met.

ARTICLE IV

Benefits

Section 4.1. Severance Benefits and Duration. A Participant who has a Separation from Service that constitutes a Covered Termination shall be entitled to the following Severance Benefits:

(a) Severance Pay – A Participant shall receive an amount equal to the product of (i) the Monthly Base Pay plus the Monthly Bonus Amount, and (ii) the applicable number of months in the Severance Benefit Period (the "*Severance Pay*"). The Severance Pay shall be paid in equal installments according to the applicable Employer's standard payroll practices until the expiration of the Severance Benefit Period.

(b) COBRA Continuation Coverage – In the event that a Participant is otherwise eligible for COBRA and timely complies with all elections and procedures of the applicable plan, an applicable Employer shall, during the Severance Benefit Period, pay any amount of premiums necessary for the Participant to incur no more premium cost, on a monthly basis, than the Participant incurred immediately prior to the Participant's Separation from Service; provided that the portion of the premium cost charged to the Participant subsequent to the Separation from Service may be increased or decreased on a basis consistent with the increase or decrease in premium cost charged by the applicable Employer to similarly situated Employees and Participants. The Employer's payments, as applicable, shall be made to the entity funding the applicable plan's coverage and not to the Participant; provided, however, that such payments shall be taxable to the Participant. If Employee was a Key Employee and if (in the reasonable opinion of the Plan Administrator) such payments by the Employer during the six-month period following the Key Employee's Separation from Service are not permitted under Section 409A of the Internal Revenue Code, then such payments may be postponed or suspended until the end of such six-month period.

Upon termination of the Severance Benefit Period, any further health care coverage under COBRA to which the Participant may be entitled under applicable law shall continue only if the Participant (or beneficiary, as the case may be under applicable law) pays the full cost thereof (using rates and procedures applicable, from time to time, to the Employer's standard COBRA procedures). Notwithstanding the foregoing, if COBRA continuation coverage is no longer required to be provided to a Participant by law during the Severance Benefit Period, any payments by an Employer related to COBRA on behalf of that Participant (or qualified beneficiaries) under this Plan will also terminate.

Notwithstanding anything to the contrary contained herein, a Participant must comply with the release requirements of Section 6.1 to receive Severance Benefits. The first installment of Severance Pay paid to a Participant following the effectiveness of a Release Agreement, in accordance with Section 6.1, shall include retroactive payments in respect of the time period between the Termination Date and such first installment payment date. In no event shall any Participant be entitled to receive cash or other benefits in lieu of COBRA Premiums, and the Severance Benefits (unless otherwise set forth above) shall be provided in accordance with the Severance Benefit Period set forth below:

Participant's Position with La-Z-Boy Incorporated	Severance Benefit Period
Chief Executive Officer	24 months
All other Participants	12 months

ARTICLE V

Payment

Section 5.1. Delayed Payment Date for Key Employees if Required. Notwithstanding anything to the contrary in this Plan, if a Participant is a Key Employee at the time of Participant's Separation from Service (other than due to death), then the Severance Benefits payable to Participant under this Plan, if any, and any other severance payments or separation benefits payments that may be considered deferred compensation under Section 409A (together, the "*Deferred Compensation Separation Benefits*") otherwise due to the Participant on or within the six-month period following such Separation from Service will accrue during such six-month period and will become payable in a lump sum payment (less applicable withholding taxes) on the date six months and one (1) day after such Separation from Service. All subsequent payments, if any, will be payable in accordance with the payment schedule applicable to each payment or benefit. Notwithstanding anything herein to the contrary, if a Participant dies following the Participant's Separation from Service but prior to the six month anniversary of the Participant's Separation from Service, then any payments delayed in accordance with this paragraph will be payable in a lump sum (less applicable withholding taxes) to Participant's estate as soon as administratively practicable after the date of Participant's death and all other Deferred Compensation Separation Benefits will be payable in accordance with the payment schedule applicable to each payment or benefit. Each payment of severance benefits to a Participant under this Agreement that is made by March 15 of the calendar year following the Participant's Separation From Service and is intended to not constitute a "deferral of compensation" by virtue of the "short term deferral" rule of Treasury Regulations Section 1.409A-1(b)(4) shall constitute a "separate payment" for purposes of application of that rule.

Section 5.2. Death of Participant. In the event a Participant (including a Participant who is a Key Employee) dies before receiving the Participant's Severance Pay under the Plan, the Severance Benefits shall terminate and no further Severance Benefits shall be provided by this Plan on behalf of that Participant, unless otherwise required by law. Notwithstanding the foregoing, if a Participant is entitled to receive Severance Benefits pursuant to the terms of this Plan but dies prior to receiving the entire payment of such Severance Benefits, the Participant's remaining Severance Benefits shall be paid in accordance with the Participant's beneficiary designation (or, if no such beneficiary designation has been made, to the Participant's estate) in accordance with the payment timing provisions set forth in this Plan, subject to such beneficiary's completion of a comprehensive release of claims in a form provided by the Employers.

Section 5.3. Change of Control. Notwithstanding any provision in this Plan to the contrary, a Participant who receives any payment or benefit pursuant to a change in control agreement with an Employer (the "*CIC Benefit*") shall not be entitled to any payment or benefit pursuant to this Plan except to the extent that the payment or benefit that the Participant would otherwise receive pursuant to this Plan exceeds the CIC Benefit for the same period.

ARTICLE VI

Requirement of Effective Release; Integration with Other Benefits

Section 6.1. Releases Generally. In addition to the remaining requirements of this Plan, it shall be a condition of eligibility for Severance Benefits that the Participant shall have signed a release agreement (the *"Release Agreement"*), and such Release Agreement shall have become irrevocable, within 60 days following such Participant's Termination Date. Such Release Agreement shall be in a form acceptable to the Plan Administrator that complies with applicable law and which is appropriate for the Participant's classification. The Release Agreement may include, among other items, a covenant not to compete with the Employers. A Release Agreement must be signed no later than the date specified in the form Release Agreement provided to the Participant by the Plan Administrator.

No Severance Pay shall be paid to a Participant unless and until the Participant timely signs the Release Agreement and the period of time for revoking or rescinding such agreement under applicable law has expired without the Participant's having revoked or rescinded such agreement.

Notwithstanding anything herein to the contrary, to the extent any payment under this Plan that is subject to the Release Agreement requirement described above is payable during a specified period that spans two taxable years, then to the extent such payment is deemed to constitute nonqualified deferred compensation subject to Section 409A of the Code, such payment shall be made in the second taxable year.

Section 6.2. Benefit Programs Generally. Severance Benefits under this Plan are in addition to all pay (including accrued vacation pay) and other benefits normally payable to a Participant as of the Participant's Termination Date according to the established applicable policies, plans, and procedures of La-Z-Boy Incorporated and its Related Entities.

ARTICLE VII

Discontinuance, Reduction, or Repayment of Benefits

Section 7.1. Discontinuance, Reduction, or Repayment.

(a) COBRA Continuation Coverage – If a Participant becomes subsequently employed by another employer during the Severance Benefit Period, the Participant shall promptly advise the Plan Administrator upon accepting such other employment. The Employer's payments for COBRA Premiums related to COBRA Continuation Coverage shall terminate (prorated if necessary) as of the date that the Participant gains health coverage upon reemployment.

(b) Discontinuance - Notwithstanding anything herein to the contrary, if, during the Severance Benefit Period, a Participant (i) is rehired as an employee by an Employer; or (ii) begins work as an employee, independent contractor, owner, or in any other capacity, with a company or proprietorship that is in competition in the United States or Canada with La-Z-Boy Incorporated or any Related Entity as such business is conducted at the time of termination; or (iii) in any fashion, form, or manner, either directly or indirectly, solicits, interferes with, or endeavors to entice away from the Controlled Group any customer, employee, supplier, person, firm, corporation, or entity who regularly deals with the Controlled Group, or directly or indirectly interferes with, entices away, or causes any other entity to employ, any employee or contractor of the Controlled Group; or (iv) discloses to anyone trade secrets, commercially sensitive information, or other confidential information of the Controlled Group except as required by law; or (v) otherwise breaches any post-employment obligation owed to any Employer (including, without limitation, any non-competition, non-solicitation, non-disparagement, confidentiality or trade secret obligation), then in each case the Severance Benefit Period shall thereupon immediately terminate, and the Participant shall thereafter not be entitled to any Severance Benefits.

(c) Repayment - The Participant shall repay to the applicable Employer all Severance Benefits paid if the Participant at any time discloses to anyone trade secrets, commercially sensitive information, or other confidential information of the Controlled Group except as required by law. The Employers shall have the right to seek enforcement of their rights to repayment in any court of competent jurisdiction. Nothing in this section shall be construed to limit any other remedy that the Employers' may have.

Section 7.2. Discontinuance or Repayment for Cause. Notwithstanding any other provision of the Plan, if the Plan Administrator determines, at any time, that a Participant committed any act or omission, while the Participant was employed by an Employer, that would constitute Cause, then (i) payment of any Severance Benefits otherwise payable to the Participant under the Plan shall cease; (ii) payments by the Employer for COBRA Premiums shall cease; and (iii) the Participant shall repay any and all Severance Pay previously paid to the Participant under the terms of this Plan and reimburse the Employer for any payments by the Employer for COBRA Premiums. The Employers shall have the right to seek enforcement of their rights under clause (iii) above in any court of competent jurisdiction.

Section 7.3. Certain Disclosures. Notwithstanding any other provision of the Plan, each Participant is hereby notified in accordance with the Defend Trade Secrets Act of 2016 that a Participant will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (a) is made (i) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. Each Participant is further notified that if a Participant files a lawsuit for retaliation by an Employer for reporting a suspected violation of law, the Participant may disclose such Employer's trade secrets to the Participant's attorney and use the trade secret information in the court proceeding if the Participant: (a) files any document containing the trade secret under seal; and (b) does not disclose the trade secret, except pursuant to court order. Nothing contained herein prohibits a Participant from: (1) reporting possible violations of federal law or regulations, including any possible securities laws violations, to any governmental agency or entity; (2) making any other disclosures that are protected under the whistleblower provisions of federal law or regulations; or (3) otherwise fully participating in any federal whistleblower programs, including but not limited to any such programs managed by the U.S. Securities and Exchange.

ARTICLE VIII

Plan Administration

Section 8.1. General Administration. La-Z-Boy Incorporated may appoint one or more individuals or a committee to serve as Plan Administrator for the Plan. In the absence of such an appointment, the Plan Administrator shall be the Compensation Committee of La-Z-Boy Incorporated. The Plan Administrator shall have the discretionary authority to determine eligibility for Severance Benefits under the Plan and to construe the terms of the Plan, including the making of factual determinations. Benefits under the Plan shall be paid only if the Plan Administrator decides in its discretion that a Claimant is entitled to such benefits. The decisions of the Plan Administrator shall be final and conclusive with respect to all questions concerning administration and interpretation of the Plan and those decisions shall be given the most deference allowed by law, including case law. The Plan Administrator may delegate to other persons responsibilities for performing certain of the duties of the Plan Administrator under the terms of the Plan and may seek such professional advice as the Plan Administrator deems reasonably necessary with respect to the Plan. The Plan Administrator shall be entitled to rely on the information and advice furnished by such delegates and professionals unless the Plan Administrator has actual knowledge that such information and advice is inaccurate or unlawful.

Section 8.2. Code Section 409A and other Compliance. Payments and benefits under the Plan are intended to be exempt from (to the maximum extent possible) or compliant with Section 409A of the Code, and the La-Z-Boy Incorporated shall interpret and administer the Plan in accordance therewith. La-Z-Boy Incorporated may make amendments to the Plan or revise the timing of any payments to be made hereunder in accordance with Section 409A of the Code. Each payment made under the Plan (including each separate installment payment in the case of a series of installment payments) shall be deemed to be a separate payment for purposes of Section 409A of the Code. To the extent that any of the payments or benefits provided for under the Plan are deemed to constitute nonqualified deferred compensation benefits subject to Section 409A of the Code, references to “termination of employment”, “termination”, or words and phrases of similar import shall be deemed to refer to “separation from service” as defined in Section 409A of the Code, and shall be interpreted and applied in a manner that is consistent with the requirements of Section 409A of the Code. To the extent that any payments or benefits provided for under the Plan are deemed to be a substitute for nonqualified deferred compensation subject to Section 409A of the Code, then the payments and benefits payable hereunder shall be paid at the same time and in the same form as such substituted benefits and payments to the extent required to comply with Section 409A of the Code. To the extent that any reimbursements under the Plan are taxable to a Participant, any such reimbursement payment due to the Participant shall be paid to the Participant as promptly as practicable consistent with the Company’s practice following the Participant’s appropriate itemization and substantiation of expenses incurred, and in all events on or before the last day of the Participant’s taxable year following the taxable year in which the related expense was incurred. The in-kind benefits and reimbursements under the Plan are not subject to liquidation or exchange for another benefit, and the amount of such benefits or reimbursements that a Participant receives in one taxable year shall not affect the amount of such benefits or reimbursements that the Participant receives in any other taxable year. The Plan Administrator shall have authority to interpret and administer the Plan to comply with Code Section 409A, Section 16 of the Securities Exchange Act of 1934 and other laws, regulations and controlling guidance to the extent applicable.

ARTICLE IX

Claims Procedure

Section 9.1. Filing a Claim. Any individual (“Claimant”) who believes he is eligible for Severance Benefits under this Plan that have not been provided may submit an application for Severance Benefits to the Plan Administrator (or to such other person who may be designated by the Plan Administrator) in writing in such form as is provided or approved by the Plan Administrator. A Claimant shall have no right to seek review of a denial of Severance Benefits, or to bring any action in any court to enforce a claim, prior to filing a claim (“Claim”) and exhausting rights under this Article IX.

When a Claim has been filed properly, it shall be evaluated and the Claimant shall be notified of the approval or the denial of the Claim within ninety (90) days after the receipt of such Claim unless special circumstances require an extension of time for processing the Claim. If such an extension of time for processing is required, written notice of the extension shall be furnished to the Claimant prior to the termination of the initial ninety (90) day period, which notice shall specify the special circumstances requiring an extension and the date by which a final decision will be reached (which date shall not be later than one hundred and eighty (180) days after the date on which the Claim was filed). A Claimant shall be given a written notice in which the Claimant shall be advised as to whether the Claim is granted or denied, in whole or in part. If a Claim is denied, in whole or in part, the notice shall contain (a) the specific reasons for the denial, (b) references to pertinent Plan provisions on which the denial is based, (c) a description of any additional material or information necessary to perfect the Claim and an explanation of why such material or information is necessary, and (d) the Claimant's right to seek review of the denial.

Section 9.2. Review of Claim Denial. If a Claim is denied, in whole or in part, the Claimant shall have the right to (a) request that the Plan Administrator review the denial, (b) review pertinent documents, and (c) submit issues and comments in writing, provided that the Claimant files a written request for review with the Plan Administrator within sixty (60) days after the date on which the Claimant received written notification of the denial. Within sixty (60) days after a request for review is received, the review shall be made and the Claimant shall be advised in writing of the decision on review, unless special circumstances require an extension of time for processing the review, in which case the Claimant shall be given a written notification within such initial sixty (60) day period specifying the reasons for the extension and when such review will be completed (provided that such review will be completed within one hundred and twenty (120) days after the date on which the request for review was filed). The decision on review by the Plan Administrator shall be forwarded to the Claimant in writing and shall include specific reasons for the decision and reference to Plan provisions on which the decision is based. A decision on review shall be final and binding on all persons for all purposes.

ARTICLE X

Amendment and Termination

La-Z-Boy Incorporated reserves the right to modify or amend the Plan from time to time in writing or to terminate the Plan; provided, however, that no such amendment or termination shall reduce the amount of Severance Benefits payable to any Participant whose Termination Date has already occurred, who has signed and not revoked or rescinded a Release Agreement required by Section 6.1, and who has completed all other applicable paperwork on or before the effective date of such amendment or termination. Notwithstanding the foregoing, the Plan may be amended or modified (i) to the extent necessary or advisable to comply with or obtain the benefits or advantages under the provisions of applicable law, regulations or rulings or requirements of the Internal Revenue Service or other governmental agency or of changes in such law, regulations, ruling or requirements (including, without limitation, any amendment necessary to comply with or secure an exemption from Section 409A of the Code) or (ii) to adopt any other procedural or cosmetic amendment that does not materially change the benefits to Participants whose Severance Benefits have previously become payable pursuant to the terms of the Plan or materially increase the cost of the benefits provided hereunder. No oral or written representations contrary to the terms of the Plan shall be binding.

ARTICLE XI

Miscellaneous

Section 11.1. Participant Information. Each Participant shall notify the Plan Administrator of the Participant's current contact information and changes thereto. In addition, each Participant shall be required to furnish the Plan Administrator with any other information and data that the Plan Administrator considers necessary for the proper administration of the Plan. The information provided by the Participant under this provision shall be binding on the Participant and the Participant's dependents, beneficiaries, and similar parties (to the extent applicable, if any) for all purposes of the Plan, unless such representations are known to be false. The receipt of Severance Benefits under the Plan by each Participant is conditioned on the Participant's furnishing true and complete data, evidence, or other information, and the Participant's timely signing of any document related to the Plan and otherwise requested by the Plan Administrator.

Section 11.2. Successors and Assigns. The obligations of the Employers under the Plan shall be assumed by their successors and assigns, including, but not limited to, any person or entity receiving the transfer of stock or assets of an Employer.

Section 11.3. Employment Rights. The existence of the Plan shall not confer any legal or other rights on any Employee to continue employment, and, absent any other agreement to the contrary, the Employers reserve the right to terminate any Employee with or without cause at any time, notwithstanding the provisions of this Plan.

Section 11.4. Controlling Law. The provisions of this Plan shall be governed, construed, and administered in accordance with the laws of the State of Michigan unless otherwise preempted by ERISA or other federal law.

Section 11.5. Notices. Any notice, request, election, or other communication under this Plan shall be in writing and shall be considered given when delivered personally, electronically mailed, or mailed by first-class mail properly addressed (which, in the case of a Participant, shall include mailing to the last address provided to the Plan Administrator by such Participant). Notice to the Plan Administrator shall be acceptable if to the following: Compensation Committee of La-Z-Boy Incorporated, 1284 North Telegraph Road, Monroe, Michigan 48162.

Section 11.6. Interests Not Transferable. The interest of any Participant entitled to Severance Benefits under the Plan is not subject to sale, transferability, alienation, assignment, or encumbrance except as otherwise provided herein or as provided by ERISA or other controlling law.

Section 11.7. Mistake of Fact or Law. Any mistake of fact or law shall be corrected when it becomes known and proper adjustment made by reason thereof. A Participant shall be required to return any payment, or portion thereof, made by mistake of fact or law to the applicable Employer that made such payment.

Section 11.8. Plan Funding. No person shall acquire by reason of the Plan any right in or title to any assets, funds, or property of any Employer. Any Severance Benefits that become payable under the Plan are unfunded obligations of the Participant's Employer and shall be paid from the general assets of such Employer.

Section 11.9. Headings. The headings in this Plan are for convenience of reference and shall not be given substantive effect.

Section 11.10. Severability. If any provision of this Plan is held illegal or invalid for any reason, the remaining provisions of this Plan shall not be affected.

Section 11.11. Withholding. Notwithstanding any other provision of this Plan, the Employers may withhold from any and all Severance Benefits federal, state, or local or foreign taxes as may be required to be withheld pursuant to any applicable law or regulation.

Section 11.12. Indemnification. Any individual serving as Plan Administrator without compensation, and each and every Employee to whom are delegated duties, responsibilities, and authority with respect to the Plan, shall be indemnified to the fullest extent permitted by applicable law and the bylaws or other corporate documents of the Employers.

EXHIBIT 21

LA-Z-BOY INCORPORATED LIST OF SUBSIDIARIES

Subsidiary	Jurisdictions of Incorporation
ELK Air Partners III, LLC (60%)	Michigan
England, Inc.	Michigan
Gavco 188 Limited	United Kingdom
La-Z-Boy Asia Co., Ltd. (57.2%)	Thailand
La-Z-Boy Canada Limited	Ontario, Canada
La-Z-Boy Canada Retail, Ltd.	Alberta, Canada
La-Z-Boy Casegoods, Inc.	North Carolina
La-Z-Boy Global Limited	Michigan
La-Z-Boy Hong Kong, Limited	Hong Kong
La-Z-Boy Logistics, Inc.	Michigan
La-Z-Boy Manufacturing UK, Ltd.	United Kingdom
La-Z-Boy Muebles, S. de R.L. de C.V.	Mexico
La-Z-Boy (Thailand) Ltd. (51.05%)	Thailand
La-Z-Boy Trading (Dongguan) Company, Limited	People's Republic of China
La-Z-Boy UK, Ltd.	United Kingdom
LZB Finance, Inc.	Michigan
LZB Investments, Inc.	Michigan
LZB Manufacturing, Inc.	Michigan
LZB Retail, Inc.	Michigan
Nest Industries, S.A. de C.V.	Mexico
Stitch Industries Inc.	Delaware

All other subsidiaries, when considered in the aggregate as a single subsidiary, would not constitute a significant subsidiary and therefore have been omitted from this exhibit

EXHIBIT 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-168940, 333-192435, 333-223358, and 333-267204) of La-Z-Boy Incorporated of our report dated June 20, 2023 relating to the financial statements, financial statement schedule, and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP
Detroit, Michigan
June 20, 2023

Exhibit 31.1

CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13a-14(a)

I, Melinda D. Whittington, certify that:

1. I have reviewed this annual report on Form 10-K of La-Z-Boy Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: June 20, 2023	/s/ Melinda D. Whittington
	Melinda D. Whittington
	President and Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13a-14(a)

I, Robert G. Lucian, certify that:

1. I have reviewed this annual report on Form 10-K of La-Z-Boy Incorporated;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: June 20, 2023	/s/ Robert G. Lucian
	Robert G. Lucian
	Senior Vice President and Chief Financial Officer

EXHIBIT 32

CERTIFICATION OF EXECUTIVE OFFICERS*

Pursuant to 18 U.S.C. section 1350, each of the undersigned officers of La-Z-Boy Incorporated (the "Company") hereby certifies, to such officer's knowledge, that the Company's Annual Report on Form 10-K for the period ended April 29, 2023 (the "Report") fully complies with the requirements of section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Melinda D. Whittington

Melinda D. Whittington
President and Chief Executive Officer
June 20, 2023

/s/ Robert G. Lucian

Robert G. Lucian
Senior Vice President and Chief Financial Officer
June 20, 2023

*The foregoing certification is being furnished solely pursuant to 18 U.S.C. section 1350 and is not being filed as part of the Report or as a separate disclosure document.