

**McRAE INDUSTRIES, INC.**  
**REPORTS EARNINGS FOR THE THIRD QUARTER AND**  
**FIRST NINE MONTHS OF FISCAL 2025**

**Mount Gilead, N.C. – June 13, 2025. McRae Industries, Inc. (Pink Sheets: MCRAA and MCRAB)** reported consolidated net revenues for the third quarter of fiscal 2025 of \$30,870,000 as compared to \$29,436,000 for the third quarter of fiscal 2024. Net earnings for the third quarter of fiscal 2025 amounted to \$3,160,000, or \$1.40 per diluted Class A common share as compared to \$2,051,000, or \$0.91 per diluted Class A common share, for the third quarter of fiscal 2024.

Consolidated net revenues for the first nine months of fiscal 2025 totaled \$87,120,000 as compared to \$88,077,000 for the first nine months of fiscal 2024. Net earnings for the first nine months of fiscal 2025 amounted to \$6,059,000, or \$2.68 per diluted Class A common share, as compared to net earnings of \$6,909,000, or \$3.06 per diluted Class A common share, for the first nine months of fiscal 2024.

**THIRD QUARTER FISCAL 2025 COMPARED TO THIRD QUARTER FISCAL 2024**

Consolidated net revenues totaled \$30.9 million for the third quarter of fiscal 2025 as compared to \$29.4 million for the third quarter of fiscal 2024. Sales related to our western/lifestyle boot products for the third quarter of fiscal 2025 totaled \$20.2 million as compared to \$18.9 million for the third quarter of fiscal 2024. This increase in net revenues was mainly driven by an increase in our Dan Post and Dingo brands. Revenues from our work boot products decreased from \$10.9 million for the third quarter of fiscal 2024 to \$8.7 million for the third quarter of fiscal 2025. This was primarily a result of decreased orders on military boots. Additionally, third quarter revenues for fiscal 2025 included \$2.0 million in land sales through our affiliate American Mortgage Investment Company (AMIC).

Consolidated gross profit for the third quarter of fiscal 2025 amounted to approximately \$9.8 million as compared to \$8.0 million for the third quarter of fiscal 2024. Gross profit, as a percentage of net revenues, increased from 27.2% for the third quarter of fiscal 2024 to 31.7% for the third quarter of fiscal 2025. Gross profit was positively affected by \$1.6 million from the land sale mentioned above.

Consolidated selling, general and administrative expenses totaled approximately \$6.3 million for the third quarter of fiscal 2025 as compared to \$5.7 million for the third quarter of fiscal 2024. This increase resulted primarily from increased commissions and marketing expenses.

As a result of the above, the consolidated operating profit for the third quarter of fiscal 2025 amounted to \$3.5 million as compared to \$2.3 million for the third quarter of fiscal 2024.

**FIRST NINE MONTHS FISCAL 2025 COMPARED TO FIRST NINE MONTHS FISCAL 2024**

Consolidated net revenues for the first nine months of fiscal 2025 totaled \$87.1 million as compared to \$88.1 million for the first nine months of fiscal 2024. Our western and lifestyle product sales totaled \$61.6 million for the first nine months of fiscal 2025 as compared to \$59.1 million for the first nine months of fiscal 2024. This increase in net revenues was mainly driven by an increase in our Dan Post and Dingo brands, offset by a decrease in our Laredo brand. Net revenues from our work boot business decreased from \$28.1 million for the first nine months of fiscal 2024 to \$24.2 million for the first nine months of fiscal 2025. This decrease was in all work brands, but especially in our military boot sales.

Consolidated gross profit totaled \$25.3 million, or 29.0%, for the first nine months of fiscal 2025 as compared to \$24.9 million, or 28.3%, for the first nine months of fiscal 2024. This increase was not only driven by the land sale mentioned above, but also by efficiencies made in our military manufacturing plant.

Consolidated selling, general and administrative expenses totaled approximately \$19.2 million for the first nine months of fiscal 2025 as compared to \$17.3 million for the first nine months of fiscal 2024. This increase resulted primarily from increased commissions, professional services, and marketing expenses.

As a result of the above, the consolidated operating profit amounted to \$6.1 million for the first nine months of fiscal 2025 as compared to \$7.6 million for the first nine months of fiscal 2024.

At this time, our income has not been materially affected by tariffs. We are sourcing boots primarily from Mexico and India, with a small amount of production coming from Vietnam. Future tariffs are uncertain, as well as the impact they will have on our income and supply chain.

### **Financial Condition and Liquidity**

Our financial condition remained strong at May 3, 2025 as cash and cash equivalents totaled \$29.1 million as compared to \$20.7 million at August 3, 2024. Our working capital increased from \$75.0 million at August 3, 2024 to \$82.5 million at May 3, 2025.

We currently have two lines of credit totaling \$6.75 million, all of which was fully available at May 3, 2025. One credit line totaling \$1.75 million (which is restricted to one hundred percent of the outstanding receivables due from the Government) expires in January 2026. Our \$5.0 million line of credit, which also expires in January 2026, is secured by the inventory and accounts receivable of our Dan Post Boot Company subsidiary.

For the first nine months of fiscal 2025, operating activities provided approximately \$2.2 million of cash. Net earnings, as adjusted for depreciation and other non-cash items, contributed approximately \$4.6 million of cash. Increased inventory, prepaid expenses, and other payables used approximately \$5.3 million of cash. Decreased accounts receivable provided approximately \$2.9 million of cash.

Net cash provided by investing activities totaled approximately \$8.9 million, primarily due to the sale of land and securities, offset by the purchase of securities.

Net cash used in financing activities totaled \$2.7 million, which was used primarily for dividend payments.

We believe that our current cash and cash equivalents, cash generated from operations, and available credit lines will be sufficient to meet our capital requirements for the remainder of fiscal 2025.

## **Forward-Looking Statements**

This press release includes certain forward-looking statements. Important factors that could cause actual results or events to differ materially from those projected, estimated, assumed or anticipated in any such forward-looking statements include: the effect of competitive products and pricing, the potential impact of tariffs on our business, risks unique to selling goods to the Government (including variation in the Government's requirements for our products and the Government's ability to terminate its contracts with vendors), changes in fashion cycles and trends in the western boot business, loss of key customers, acquisitions, supply interruptions, additional financing requirements, our expectations about future Government orders for military boots, loss of key management personnel, our ability to successfully develop new products and services, and the effect of general economic conditions in our markets.

### **Contact:**

D. Gary McRae  
(910) 439-6147

**McRae Industries, Inc. and Subsidiaries**  
**CONSOLIDATED BALANCE SHEETS**  
(In thousands, except share data)  
(Unaudited)

	<b>May 3, 2025</b>	<b>August 3, 2024</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$29,121	\$20,723
Equity investments	8,350	8,112
Debt securities	5,727	9,232
Accounts receivable, net	17,243	20,179
Inventories, net	26,689	23,788
Income tax receivable	483	268
Prepaid expenses and other current assets	1,222	226
Total current assets	88,835	82,528
Property and equipment, net	5,266	5,171
Other assets:		
Deposits	14	14
Right to Use Asset	1,726	2,137
Real estate held for investment	2,311	2,793
Debt securities	7,291	11,075
Trademarks	2,824	2,824
Total other assets	14,166	18,843
Total assets	\$108,267	\$106,542

**McRae Industries, Inc. and Subsidiaries**  
**CONSOLIDATED BALANCE SHEETS**  
(In thousands, except share data)  
(Unaudited)

	<u>May 3, 2025</u>	<u>August 3, 2024</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$2,937	\$3,692
Accrued employee benefits	769	1,399
Accrued payroll and payroll taxes	987	866
Lease liability	548	548
Other	<u>1,064</u>	<u>976</u>
Total current liabilities	<u>6,305</u>	<u>7,481</u>
Lease liability	1,178	1,589
Deferred tax liabilities	<u>407</u>	<u>407</u>
Total liabilities	<u>7,890</u>	<u>9,477</u>
Shareholders' equity:		
Common Stock:		
Class A, \$1 par value; authorized 5,000,000 shares issued and outstanding, 1,892,793 and 1,896,334 shares, respectively	1,893	1,896
Class B, \$1 par value; authorized 2,500,000 shares; issued and outstanding, 362,977 and 363,826 shares, respectively	363	364
Retained earnings	<u>98,121</u>	<u>94,805</u>
Total shareholders' equity	<u>100,377</u>	<u>97,065</u>
Total liabilities and shareholders' equity	<u><u>\$108,267</u></u>	<u><u>\$106,542</u></u>

**McRae Industries, Inc. and Subsidiaries**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(In thousands, except share data)  
(Unaudited)

	Three Months Ended		Nine Months Ended	
	May 3, 2025	April 27, 2024	May 3, 2025	April 27, 2024
Net revenues	\$30,870	\$29,436	\$87,120	\$88,077
Cost of revenues	21,077	21,427	61,859	63,160
Gross profit	9,793	8,009	25,261	24,917
Selling, general and administrative expenses	6,279	5,729	19,190	17,313
Operating profit	3,514	2,280	6,071	7,604
Other income	271	533	1,733	1,450
Earnings before income taxes	3,785	2,813	7,804	9,054
Provision for income taxes	625	762	1,745	2,145
Net earnings	<u>\$3,160</u>	<u>\$2,051</u>	<u>\$6,059</u>	<u>\$6,909</u>
Earnings per common share:				
Diluted earnings per share:				
Class A	1.40	0.91	2.68	3.06
Class B	NA	NA	NA	NA
Weighted average number of common shares outstanding:				
Class A	1,895,011	1,896,334	1,895,893	1,896,296
Class B	363,509	363,826	363,720	363,864
Total	<u>2,258,520</u>	<u>2,260,160</u>	<u>2,259,613</u>	<u>2,260,160</u>

**McRae Industries, Inc. and Subsidiaries**  
**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**  
(In thousands, except share data)  
(Unaudited)

	Common Stock, \$1 par value				Accumulated Other Comprehensive Income (Loss)	Retained Earnings
	Class A		Class B			
	Shares	Amount	Shares	Amount		
Balance, July 29, 2023	1,895,949	\$1,896	364,211	\$364	\$0	\$84,657
Conversion of Class B to Class A Stock	385	-	(385)	-		
Cash Dividend (\$0.14 per Class A common stock)						(265)
Cash Dividend (\$0.14 per Class B common stock)						(51)
Net earnings						3,222
Balance, October 28, 2023	1,896,334	\$1,896	363,826	\$364	\$0	\$87,563
Cash Dividend (\$0.64 per Class A common stock)						(1,421)
Cash Dividend (\$0.64 per Class B common stock)						(272)
Net earnings						1,636
Balance, January 27, 2024	1,896,334	\$1,896	363,826	\$364	\$0	\$87,506
Cash Dividend (\$0.14 per Class A common stock)						(265)
Cash Dividend (\$0.14 per Class B common stock)						(51)
Net earnings						2,051
Balance, April 27, 2024	1,896,334	\$1,896	363,826	\$364	\$0	\$89,241

**McRae Industries, Inc. and Subsidiaries**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(In thousands)  
(Unaudited)

	Nine Months Ended	
	May 3, 2025	April 27, 2024
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Cash Flows from Operating Activities:		
Net earnings	\$6,059	\$6,909
Adjustments to reconcile net earnings to net cash used in operating activities	(3,810)	1,509
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Net cash used in operating activities	2,249	8,418
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Cash Flows from Investing Activities:		
Proceeds from sale of land	2,010	1,985
Proceeds from sale of fixed assets	263	-
Capital expenditures	(669)	(937)
Purchase of securities	(2,216)	(21,519)
Proceeds from sale of securities	9,509	15,681
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Net cash provided by investing activities	8,897	(4,790)
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Cash Flows from Financing Activities:		
Repurchase company stock	(219)	-
Dividends paid	(2,529)	(2,325)
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Net cash used in financing activities	(2,748)	(2,325)
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Net (Decrease) Increase in Cash and Cash equivalents	8,398	1,303
Cash and Cash Equivalents at Beginning of Year	20,723	18,329
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Cash and Cash Equivalents at End of Period	\$29,121	\$19,632
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