



NEWS RELEASE

# Boot Barn Holdings, Inc. Announces Second Quarter Fiscal Year 2022 Financial Results and Appoints Jim Watkins Chief Financial Officer

10/27/2021

IRVINE, Calif.--(BUSINESS WIRE)-- Boot Barn Holdings, Inc. (NYSE:BOOT) today announced its financial results for the second fiscal quarter ended September 25, 2021.

Due to the impact of COVID-19 on the Company's results in its second fiscal quarter ended September 26, 2020, it has provided the below quarterly highlights in comparison to its second fiscal quarter ended September 28, 2019, two years ago.

For the quarter ended September 25, 2021:

- Net sales increased 67.1% to \$312.7 million, compared to the quarter ended September 28, 2019, two years ago.
- Compared to the quarter ended September 28, 2019, same store sales increased 53.6%, comprised of an increase in retail store same store sales of 53.0% and an increase in e-commerce same store sales of 57.1%.
- Net income was \$37.9 million, or \$1.25 per diluted share, compared to \$7.7 million, or \$0.26 per diluted share in the two-year ago period. Net income per diluted share in the current-year and two-year ago periods include an approximately \$0.03 and \$0.02 per share benefit, respectively, due to income tax accounting for share-based compensation. Excluding the tax benefit in both periods, net income per diluted share in the current-year period was \$1.22, compared to \$0.24 in the two-year ago period.
- The Company opened 3 new stores and closed 1 during the thirteen weeks ended September 25, 2021.

The Company has also provided the below table which includes year-over-year comparisons of retail store sales, e-commerce sales, and total net sales for each of the periods indicated below. In addition, the following table includes retail store sales and e-commerce sales as a percentage of total net sales for the periods indicated below:

	% Change Q2 FY2022 vs.	% Change Q2 FY2022 vs.

(all \$ in thousands)	Q2 FY2022	Q2 FY2021	Q2 FY2020	Q2 FY2021	Q2 FY2020
Retail Stores	\$ 268,403	\$ 152,932	\$ 158,895	76%	69%
E-commerce	\$ 44,314	\$ 31,583	\$ 28,288	40%	57%
<b>Total Net Sales</b>	<b>\$ 312,717</b>	<b>\$ 184,515</b>	<b>\$ 187,183</b>	<b>69%</b>	<b>67%</b>
Retail Stores as a % of Net Sales	86%	83%	85%		
E-commerce as a % of Net Sales	14%	17%	15%		

Jim Conroy, President and Chief Executive Officer, commented, "Our business continued to grow at an exceptional pace in the second quarter as our teams are doing an excellent job executing our strategic initiatives and capitalizing on heightened consumer demand to expand our market share. We are experiencing strong gains both in stores and online fueled by an increasing customer count, a compelling assortment and a fulfilling shopping experience. The consistency and duration of the outsized growth in sales seems to indicate that we have captured significant market share which should be sustainable. With our sales momentum continuing thus far in the third quarter and inventories in a solid position, we are optimistic about our prospects for the upcoming holiday season. Looking further ahead, we see a long runway for sustained growth and believe the Company is poised to deliver increased shareholder value for years to come."

## Operating Results for the Second Quarter Ended September 25, 2021 Compared to the Second Quarter Ended September 26, 2020

- Net sales increased 69.5% to \$312.7 million from \$184.5 million in the prior-year period. Consolidated same store sales increased 61.7% with retail store same store sales up 66.0% and e-commerce same store sales up 41.6%. The increase in net sales was the result of an increase of 61.7% in consolidated same store sales and the incremental sales from new stores opened over the past twelve months. Net sales in the prior-year period were adversely impacted by decreases in retail store sales resulting from decreased traffic in our stores from customers staying at home in response to the COVID-19 crisis.
- Gross profit was \$118.2 million, or 37.8% of net sales, compared to \$55.5 million, or 30.1% of net sales, in the prior-year period. Gross profit increased primarily due to increased sales. The increase in gross profit rate of 770 basis points was driven by 410 basis points of leverage in buying and occupancy costs as a result of expense leverage on higher sales and a 360-basis point increase in merchandise margin. Merchandise margin increased 360 basis points primarily as a result of better full-price selling and growth in exclusive brand penetration.
- Selling, general and administrative expenses were \$68.0 million, or 21.8% of net sales, compared to \$45.4 million, or 24.6% of net sales, in the prior-year period. The increase in selling, general and administrative expenses was primarily a result of higher store payroll, higher overhead and increased marketing expenses in the current-year period compared to the prior-year period which was impacted by COVID-19. Selling, general and administrative expenses as a percentage of net sales decreased by 290 basis points primarily as a result of expense leverage on higher sales.
- Income from operations increased \$40.1 million to \$50.1 million, or 16.0% of net sales, compared to \$10.0 million, or 5.4% of net sales, in the prior-year period. This increase represents 1,060 basis points of improvement in operating profit margin.
- Net income was \$37.9 million, or \$1.25 per diluted share, compared to a net income of \$5.8 million, or \$0.20 per diluted share in the prior-year period. Net income per diluted share in the current-year period includes an approximately \$0.03 per share benefit due to income tax accounting for share-based compensation.

Excluding the tax benefit in the current year period, net income per diluted share in the current-year period was \$1.22, compared to net income per diluted share of \$0.20 in the prior-year period.

## Operating Results for the Six Months Ended September 25, 2021 Compared to the Six Months Ended September 26, 2020

- Net sales increased 86.3% to \$619.0 million from \$332.3 million in the prior-year period. Consolidated same store sales increased 69.1% with retail store same store sales up 81.5% and e-commerce same store sales up 24.4%. The increase in net sales was the result of an increase of 69.1% in consolidated same store sales, the sales contribution from temporarily closed stores that were excluded from the comp base, and the incremental sales from new stores opened over the past twelve months. Net sales in the prior-year period were adversely impacted by decreases in retail store sales resulting from decreased traffic in our stores from customers staying at home in response to the COVID-19 crisis and temporary store closures.
- Gross profit was \$234.6 million, or 37.9% of net sales, compared to \$95.7 million, or 28.8% of net sales, in the prior-year period. Gross profit increased primarily due to increased sales. The increase in gross profit rate of 910 basis points was driven by 520 basis points of leverage in buying and occupancy costs as a result of expense leverage on higher sales and a 390 basis point increase in merchandise margin. Merchandise margin increased 390 basis points primarily as a result of better full-price selling, increased penetration of store sales compared to the prior year, and growth in exclusive brand penetration.
- Selling, general and administrative expenses were \$130.8 million, or 21.1% of net sales, compared to \$83.9 million, or 25.2% of net sales, in the prior-year period. The increase in selling, general and administrative expenses was primarily a result of higher store payroll, higher overhead and increased marketing expenses in the current-year period compared to the prior-year period which was impacted by COVID-19. Selling, general and administrative expenses as a percentage of net sales decreased by 410 basis points primarily as a result of expense leverage on higher sales.
- Income from operations increased \$92.0 million to \$103.8 million, or 16.8% of net sales, compared to \$11.8 million, or 3.6% of net sales, in the prior-year period. This increase represents 1,320 basis points of improvement in operating profit margin.
- Net income was \$78.5 million, or \$2.59 per diluted share, compared to net income of \$5.3 million, or \$0.18 per diluted share in the prior-year period. Net income per diluted share in the current-year period includes a \$0.12 per share benefit due to income tax accounting for share-based compensation. Excluding the tax benefit in the current year period, net income per diluted share in the current-year period was \$2.47, compared to net income per diluted share of \$0.18 in the prior-year period.

### Current Business

The following table includes retail store sales, e-commerce sales, and total net sales for the periods indicated below. It also includes the year-over-year change in retail store sales, e-commerce sales, and total net sales for each of the periods indicated below:

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(all \$ in thousands)	Preliminary Four Weeks Q3 FY22 QTD	Four Weeks Q3 FY21 QTD	Four Weeks Q3 FY20 QTD	% Change Four Weeks Q3 FY22 QTD vs. Four Weeks Q3 FY21 QTD	% Change Four Weeks Q3 FY22 QTD vs. Four Weeks Q3 FY20 QTD
Retail Stores	\$ 97,166	\$ 61,311	\$ 58,233	58%	67%
E-commerce	\$ 17,804	\$ 11,262	\$ 10,542	58%	69%
Total Net Sales	\$ 114,970	\$ 72,573	\$ 68,775	58%	67%

## Balance Sheet Highlights as of September 25, 2021

- Cash of \$39.5 million.
- Average inventory per store increased 8.8% on a same store basis compared to September 26, 2020.
- Total debt of \$50.0 million, including a zero balance under the revolving credit facility. On July 26, 2021, the Company expanded its revolving credit facility to \$180.0 million.

## Fiscal Year 2022 Outlook

The Company provides the following full-year fiscal 2022 guidance:

- New unit growth of 10%.
- Exclusive brand penetration growth of 350 basis points compared to full-year fiscal 2021.
- Effective tax rate of 25.4%.
- Capital expenditures between \$36.0 to \$39.0 million.

## CFO Appointment

Boot Barn also announced the appointment of Jim Watkins as Chief Financial Officer, effective November 1, 2021. Jim has worked at Boot Barn in a variety of roles since October 2014, most recently as the Company's Senior Vice President, Finance and Investor Relations. Prior to joining Boot Barn, Jim was the Vice President, Corporate Controller and Principal Accounting Officer of Mindspeed Technologies, a publicly traded semiconductor company. Prior to Mindspeed, Jim worked as an auditor at Ernst & Young for 12 years. Jim is a Certified Public Accountant in the state of California.

Greg Hackman will continue as Boot Barn's Executive Vice President and Chief Operating Officer. Greg joined Boot Barn in 2015 as the Chief Financial Officer and has also held the role of Chief Operating Officer since August 2020.

Jim Conroy stated, "I feel fortunate to have the chance to work with both Greg and Jim as we continue to build the Boot Barn business. This new alignment will give Jim the well-deserved acknowledgment of his contributions to the Company and the finance organization. It also demonstrates the leadership capabilities of Greg as he has helped position Jim for this expanded role. Given the outsized growth we are presently experiencing, I believe we will benefit greatly from Greg's more intense focus on sales support functions to help ensure we can continue to scale the business to support the future needs of a national multi-billion-dollar retailer."

## Conference Call Information

A conference call to discuss the financial results for the second quarter of fiscal year 2022 is scheduled for today, October 27, 2021, at 4:30 p.m. ET (1:30 p.m. PT). Investors and analysts interested in participating in the call are invited to (877) 451-6152. The conference call will also be available to interested parties through a live webcast at **investor.bootbarn.com**. Please visit the website and select the "Events and Presentations" link at least 15 minutes prior to the start of the call to register and download any necessary software. A telephone replay of the call will be available until November 27, 2021, by dialing (844) 512-2921 (domestic) or (412) 317-6671 (international) and entering the conference identification number: 13724517. Please note participants must enter the conference identification number in order to access the replay.

## About Boot Barn

Boot Barn is the nation's leading lifestyle retailer of western and work-related footwear, apparel and accessories for men, women and children. The Company offers its loyal customer base a wide selection of work and lifestyle brands. As of the date of this release, Boot Barn operates 281 stores in 36 states, in addition to an e-commerce channel **www.bootbarn.com**. The Company also operates **www.sheplers.com**, the nation's leading pure play online western and work retailer and **www.countryoutfitter.com**, an e-commerce site selling to customers who live a country lifestyle. For more information, call 888-Boot-Barn or visit **www.bootbarn.com**.

## Forward-Looking Statements

This press release contains forward-looking statements that are subject to risks and uncertainties. All statements other than statements of historical fact included in this press release are forward-looking statements. Forward-looking statements refer to our current expectations and projections relating to, by way of example and without limitation, our financial condition, liquidity, profitability, results of operations, margins, plans, objectives, strategies, future performance, business and industry. You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. These statements may include words such as "anticipate", "estimate", "expect", "project", "plan", "intend", "believe", "may", "might", "will", "could", "should", "can have", "likely", "outlook" and other words and terms of similar meaning in connection with any discussion of the timing or nature of future operating or financial performance or other events, but not all forward-looking statements contain these identifying words. These forward-looking statements are based on assumptions that the Company's management has made in light of their industry experience and on their perceptions of historical trends, current conditions, expected future developments and other factors they believe are appropriate under the circumstances. As you consider this press release, you should understand that these statements are not guarantees of performance or results. They involve risks, uncertainties (some of which are beyond the Company's control) and assumptions. These risks, uncertainties and assumptions include, but are not limited to, the following: the effect of COVID-19 on our business operations, growth strategies, store traffic, employee availability, financial condition, liquidity and cash flow; decreases in consumer spending due to declines in consumer confidence, local economic conditions or changes in consumer preferences; the Company's ability to effectively execute on its growth strategy; and the Company's failure to maintain and enhance its strong brand image, to compete effectively, to maintain good relationships with its key suppliers, and to improve and expand its exclusive product offerings. The Company discusses the foregoing risks and other risks in greater detail under the heading "Risk factors" in the periodic reports filed by the Company with

the Securities and Exchange Commission. Although the Company believes that these forward-looking statements are based on reasonable assumptions, you should be aware that many factors could affect the Company's actual financial results and cause them to differ materially from those anticipated in the forward-looking statements. Because of these factors, the Company cautions that you should not place undue reliance on any of these forward-looking statements. New risks and uncertainties arise from time to time, and it is impossible for the Company to predict those events or how they may affect the Company. Further, any forward-looking statement speaks only as of the date on which it is made. Except as required by law, the Company does not intend to update or revise the forward-looking statements in this press release after the date of this press release.

Boot Barn Holdings, Inc.  
Consolidated Balance Sheets  
(In thousands, except per share data)  
(Unaudited)

	<u>September 25,</u>	<u>March 27,</u>
	<u>2021</u>	<u>2021</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 39,545	\$ 73,148
Accounts receivable, net	13,202	12,771
Inventories	350,274	275,760
Prepaid expenses and other current assets	38,072	12,777
Total current assets	441,093	374,456
Property and equipment, net	124,021	110,444
Right-of-use assets, net	209,964	186,827
Goodwill	197,502	197,502
Intangible assets, net	60,849	60,885
Other assets	3,990	3,467
Total assets	\$ 1,037,419	\$ 933,581
<b>Liabilities and stockholders' equity</b>		
Current liabilities:		
Accounts payable	140,530	104,641
Accrued expenses and other current liabilities	96,959	77,615
Short-term lease liabilities	42,992	39,400
Total current liabilities	280,481	221,656
Deferred taxes	15,363	21,993
Long-term portion of notes payable, net	49,399	109,781
Long-term lease liabilities	206,988	181,836
Other liabilities	3,931	3,424
Total liabilities	556,162	538,690
Stockholders' equity:		
Common stock, \$0.0001 par value; September 25, 2021 - 100,000 shares authorized, 29,734 shares issued; March 27, 2021 - 100,000 shares authorized, 29,348 shares issued	3	3
Preferred stock, \$0.0001 par value; 10,000 shares authorized, no shares issued or outstanding	—	—
Additional paid-in capital	194,323	183,815
Retained earnings	291,533	213,027
Less: Common stock held in treasury, at cost, 132 and 96 shares at September 25, 2021 and March 27, 2021, respectively	(4,602)	(1,954)
Total stockholders' equity	481,257	394,891
Total liabilities and stockholders' equity	\$ 1,037,419	\$ 933,581

Boot Barn Holdings, Inc.  
Consolidated Statements of Operations  
(In thousands, except per share data)  
(Unaudited)

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	September 25, 2021	September 26, 2020	September 25, 2021	September 26, 2020
Net sales	\$ 312,717	\$ 184,515	\$ 619,044	\$ 332,281
Cost of goods sold	194,566	129,025	384,466	236,590
Gross profit	118,151	55,490	234,578	95,691
Selling, general and administrative expenses	68,037	45,448	130,821	83,851
Income from operations	50,114	10,042	103,757	11,840
Interest expense	1,162	2,383	3,725	5,024
Other income, net	14	78	118	142
	\$ 118,058	\$ 67,439	\$ 113,172	\$ 11,840

Income before income taxes	48,966	7,737	100,150	6,958
Income tax expense	11,105	1,979	21,644	1,690
Net income	<u>\$ 37,861</u>	<u>\$ 5,758</u>	<u>\$ 78,506</u>	<u>\$ 5,268</u>
Earnings per share:				
Basic shares	\$ 1.28	\$ 0.20	\$ 2.67	\$ 0.18
Diluted shares	\$ 1.25	\$ 0.20	\$ 2.59	\$ 0.18
Weighted average shares outstanding:				
Basic shares	29,555	28,860	29,458	28,843
Diluted shares	30,356	29,223	30,312	29,165

Boot Barn Holdings, Inc.  
Consolidated Statements of Cash Flows  
(In thousands)  
(Unaudited)

	Twenty-Six Weeks Ended	
	September 25, 2021	September 26, 2020
<b>Cash flows from operating activities</b>		
Net income	\$ 78,506	\$ 5,268
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	12,871	11,948
Stock-based compensation	5,968	3,529
Amortization of intangible assets	36	44
Noncash lease expense	18,737	16,757
Amortization and write-off of debt issuance fees and debt discount	1,189	442
Loss on disposal of assets	90	42
(Gain)/Loss on adjustment of right-of-use assets and lease liabilities	(247)	295
Store impairment charge	—	384
Deferred taxes	(6,630)	(250)
Changes in operating assets and liabilities:		
Accounts receivable, net	5,852	3,681
Inventories	(74,514)	27,777
Prepaid expenses and other current assets	(25,366)	(206)
Other assets	(523)	(450)
Accounts payable	36,312	(9,985)
Accrued expenses and other current liabilities	14,634	568
Other liabilities	507	554
Operating leases	(18,794)	(16,507)
Net cash provided by operating activities	<u>\$ 48,628</u>	<u>\$ 43,891</u>
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	\$ (22,251)	\$ (14,881)
Net cash used in investing activities	<u>\$ (22,251)</u>	<u>\$ (14,881)</u>
<b>Cash flows from financing activities</b>		
Payments on line of credit - net	\$ —	\$ (62,137)
Repayments on debt and finance lease obligations	(61,872)	(308)
Tax withholding payments for net share settlement	(2,648)	(517)
Proceeds from the exercise of stock options	4,540	61
Net cash used in financing activities	<u>\$ (59,980)</u>	<u>\$ (62,901)</u>
Net decrease in cash and cash equivalents	(33,603)	(33,891)
Cash and cash equivalents, beginning of period	73,148	69,563
Cash and cash equivalents, end of period	<u>\$ 39,545</u>	<u>\$ 35,672</u>
<b>Supplemental disclosures of cash flow information:</b>		
Cash paid for income taxes	\$ 26,005	\$ 1,182
Cash paid for interest	\$ 2,495	\$ 4,905
<b>Supplemental disclosure of non-cash activities:</b>		
Unpaid purchases of property and equipment	\$ 7,195	\$ 1,349

Boot Barn Holdings, Inc.  
Store Count

	Quarter Ended September 25, 2021	Quarter Ended June 26, 2021	Quarter Ended March 27, 2021	Quarter Ended December 26, 2020	Quarter Ended September 26, 2020	Quarter Ended June 27, 2020	Quarter Ended March 28, 2020	Quarter Ended December 28, 2019
Store Count (BOP)	276	273	266	265	264	259	251	248
Opened/Acquired	3	3	8	1	1	5	8	3
Closed	(1)	—	(1)	—	—	—	—	—
Store Count (EOP)	<u>278</u>	<u>276</u>	<u>273</u>	<u>266</u>	<u>265</u>	<u>264</u>	<u>259</u>	<u>251</u>

Boot Barn Holdings, Inc.  
Selected Store Data

Selected Store Data:	Thirteen Weeks Ended							
	September 25, 2021	June 26, 2021	March 27, 2021	December 26, 2020	September 26, 2020	June 27, 2020	March 28, 2020	December 28, 2019
Same Store Sales growth/(decline) Stores operating at end of period	61.7%	78.9%	26.9%	4.6%	(5.1)%	(14.9)%	(4.7)%	6.7%
Total retail store square footage, end of period (in thousands)	2,940	2,915	2,854	2,787	2,779	2,770	2,722	2,639
Average store square footage, end of period	10,575	10,563	10,455	10,477	10,486	10,491	10,508	10,514
Average net sales per store (in thousands) \$	965 \$	942 \$	792 \$	889 \$	565 \$	410 \$	590 \$	903

Debt Covenant EBITDA Reconciliation  
(Unaudited)

	Thirteen Weeks Ended					
	September 25, 2021	June 26, 2021	March 27, 2021	December 26, 2020	September 26, 2020	September 28, 2019
Boot Barn's Net Income	\$ 37,861	\$ 40,645	\$ 24,552	\$ 29,566	\$ 5,758	\$ 7,680
Income tax expense	11,105	10,539	6,264	9,909	1,979	1,947
Interest expense	1,162	2,563	2,115	2,303	2,383	3,310
Depreciation and intangible asset amortization	6,737	6,170	6,162	5,994	6,282	5,027
Boot Barn's EBITDA	\$ 56,865	\$ 59,917	\$ 39,093	\$ 47,772	\$ 16,402	\$ 17,964
Non-cash stock-based compensation (a)	\$ 2,767	\$ 3,201	\$ 2,147	\$ 1,482	\$ 1,705	\$ 1,180
Non-cash accrual for future award redemptions (b)	303	339	(255)	697	372	(11)
Loss/(Gain) on disposal of assets (c)	94	(4)	64	(19)	46	-
(Gain)/loss on adjustment of right-of-use assets and lease liabilities (d)	(214)	(33)	-	-	295	-
Store impairment charge (e)	-	-	-	-	384	-
Boot Barn's Adjusted EBITDA	\$ 59,815	\$ 63,420	\$ 41,049	\$ 49,932	\$ 19,204	\$ 19,133
Additional adjustments (f)	1,569	1,046	673	165	1,115	1,442
Consolidated EBITDA per Loan Agreements	\$ 61,384	\$ 64,466	\$ 41,722	\$ 50,097	\$ 20,319	\$ 20,575

- (a) Represents non-cash compensation expenses related to stock options, restricted stock units and performance share units granted to certain of our employees and directors.  
(b) Represents the non-cash accrual for future award redemptions in connection with our customer loyalty program.  
(c) Represents loss/(gain) on disposal of assets.  
(d) Represents (gain)/loss on adjustment of right-of-use assets and lease liabilities.  
(e) Represents store impairment charges recorded in order to reduce the carrying amount of the assets to their estimated fair values.  
(f) Adjustments to Boot Barn's Adjusted EBITDA as provided in the 2015 Golub Term Loan and June 2015 Wells Fargo Revolver include pre-opening costs, franchise and state taxes, and other miscellaneous adjustments.

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