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OLLIE'S BARGAIN OUTLET HOLDINGS, INC. AND SUBSIDIARIES

Consolidated Balance Sheets
(In thousands, except per share amounts)

	January 28, 2017	January 30, 2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 98,683	\$ 30,259
Inventories	210,107	190,608
Accounts receivable	301	183
Prepaid expenses and other assets	3,739	2,756
Total current assets	312,830	223,806
Property and equipment, net of accumulated depreciation of \$38,393 and \$28,270, respectively	46,333	39,292
Goodwill	444,850	444,850
Trade name and other intangible assets, net of accumulated amortization of \$1,636 and \$1,259, respectively	232,977	233,354
Other assets	2,385	2,520
Total assets	<u>\$ 1,039,375</u>	<u>\$ 943,822</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion of long-term debt	\$ 5,077	\$ 5,018
Accounts payable	50,448	52,075
Income taxes payable	4,548	4,102
Accrued expenses	44,748	35,573
Total current liabilities	104,821	96,768
Revolving credit facility	—	—
Long-term debt	188,923	193,433
Deferred income taxes	89,224	87,171
Other long-term liabilities	5,146	4,501
Total liabilities	388,114	381,873
Stockholders' equity:		
Preferred stock - 50,000 shares authorized at \$0.001 par value; no shares issued	—	—
Common stock - 500,000 shares authorized at \$0.001 par value; 60,756 and 58,807 shares issued, respectively	61	59
Additional paid-in capital	565,861	536,315
Retained earnings	85,425	25,661
Treasury - common stock, at cost; 9 shares	(86)	(86)
Total stockholders' equity	651,261	561,949
Total liabilities and stockholders' equity	<u>\$ 1,039,375</u>	<u>\$ 943,822</u>

See accompanying notes to the consolidated financial statements.

OLLIE’S BARGAIN OUTLET HOLDINGS, INC. AND SUBSIDIARIES

Consolidated Statements of Income
(In thousands, except per share amounts)

	Fiscal year ended		
	January 28, 2017	January 30, 2016	January 31, 2015
Net sales	\$ 890,315	\$ 762,370	\$ 637,975
Cost of sales	529,904	459,506	384,465
Gross profit	360,411	302,864	253,510
Selling, general and administrative expenses	242,891	209,783	178,832
Depreciation and amortization expenses	8,443	7,172	6,987
Pre-opening expenses	6,883	6,337	4,910
Operating income	102,194	79,572	62,781
Interest expense, net	5,935	15,416	18,432
Loss on extinguishment of debt	—	6,710	671
Income before income taxes	96,259	57,446	43,678
Income tax expense	36,495	21,607	16,763
Net income	<u>\$ 59,764</u>	<u>\$ 35,839</u>	<u>\$ 26,915</u>
Earnings per common share:			
Basic	\$ 0.99	\$ 0.67	\$ 0.56
Diluted	\$ 0.96	\$ 0.64	\$ 0.55
Weighted average common shares outstanding:			
Basic	60,160	53,835	48,202
Diluted	62,415	55,796	48,609

See accompanying notes to the consolidated financial statements.

OLLIE’S BARGAIN OUTLET HOLDINGS, INC. AND SUBSIDIARIES

Consolidated Statements of Stockholders’ Equity
(In thousands, except per share amounts)

	Common stock – Class A		Common stock		Treasury stock		Additional paid-in capital	Retained earnings	Total stockholders’ equity
	Shares	Amount	Shares	Amount	Shares	Amount			
Balance as of February 1, 2014	48,203	\$ 48	—	\$ —	—	\$ —	\$ 423,668	\$ 20,423	\$ 444,139
Stock-based compensation expense	—	—	—	—	—	—	3,761	—	3,761
Dividend paid (\$1.20 per share)	—	—	—	—	—	—	(34,351)	(23,600)	(57,951)
Purchase of treasury stock	—	—	—	—	(3)	(29)	—	—	(29)
Net income	—	—	—	—	—	—	—	26,915	26,915
Balance as of January 31, 2015	48,203	48	—	—	(3)	(29)	393,078	23,738	416,835
Stock-based compensation expense	—	—	—	—	—	—	5,035	—	5,035
Proceeds from stock options exercised	5	—	335	1	—	—	2,270	—	2,271
Excess tax benefit related to exercises of stock options	—	—	—	—	—	—	1,068	—	1,068
Conversion of Class A and Class B common stock to a single class of common stock	(48,208)	(48)	48,208	48	—	—	—	—	—
Proceeds from issuance of common stock, net of expenses	—	—	10,264	10	—	—	149,796	—	149,806
Dividend paid (\$1.01 per share)	—	—	—	—	—	—	(14,932)	(33,916)	(48,848)
Purchase of treasury stock	—	—	—	—	(6)	(57)	—	—	(57)
Net income	—	—	—	—	—	—	—	35,839	35,839
Balance as of January 30, 2016	—	—	58,807	59	(9)	(86)	536,315	25,661	561,949
Stock-based compensation expense	—	—	—	—	—	—	6,685	—	6,685
Proceeds from stock options exercised	—	—	1,949	2	—	—	13,302	—	13,304
Excess tax benefit related to exercises of stock options	—	—	—	—	—	—	9,559	—	9,559
Net income	—	—	—	—	—	—	—	59,764	59,764
Balance as of January 28, 2017	—	—	60,756	\$ 61	(9)	\$ (86)	\$ 565,861	\$ 85,425	\$ 651,261

See accompanying notes to the consolidated financial statements.

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OLLIE'S BARGAIN OUTLET HOLDINGS, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

(In thousands)

	Fiscal year ended		
	January 28, 2017	January 30, 2016	January 31, 2015
Cash flows from operating activities:			
Net income	\$ 59,764	\$ 35,839	\$ 26,915
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization of property and equipment	10,291	8,913	8,051
Amortization of debt issuance costs	746	1,273	1,471
Amortization of original issue discount	25	436	579
Loss on extinguishment of debt	—	6,710	671
Amortization of intangibles	377	428	734
Gain on disposal of assets	(4)	—	(14)
Deferred income tax provision (benefit)	1,867	(1,731)	(3,419)
Deferred rent expense	1,369	1,873	1,144
Stock-based compensation expense	6,685	5,035	3,761
Excess tax benefit related to exercises of stock options	(9,559)	(1,068)	—
Changes in operating assets and liabilities:			
Inventories	(19,499)	(20,736)	(23,654)
Accounts receivable	(118)	135	21
Prepaid expenses and other assets	(1,264)	(730)	3,220
Accounts payable	(1,822)	1,543	13,113
Income taxes payable	10,005	468	(2,330)
Accrued expenses and other liabilities	8,225	7,460	1,579
Net cash provided by operating activities	67,088	45,848	31,842
Cash flows from investing activities:			
Purchases of property and equipment	(16,438)	(14,203)	(14,110)
Acquisition of intangible assets	—	(157)	—
Proceeds from sale of property and equipment	15	23	103
Net cash used in investing activities	(16,423)	(14,337)	(14,007)
Cash flows from financing activities:			
Borrowings on revolving credit facility	946,683	858,053	674,457
Repayments on revolving credit facility	(946,683)	(858,053)	(674,457)
Borrowings on term loan	—	200,000	59,592
Repayments on term loan and capital leases	(5,104)	(324,076)	(7,612)
Proceeds from issuance of common stock, net of expenses	—	149,806	—
Proceeds from stock option exercises	13,304	2,271	—
Excess tax benefit related to exercises of stock options	9,559	1,068	—
Payment of debt issuance costs	—	(3,368)	(2,049)
Payment of dividend	—	(48,848)	(57,951)
Purchase of treasury stock	—	(57)	(29)
Net cash provided by (used in) financing activities	17,759	(23,204)	(8,049)
Net increase in cash and cash equivalents	68,424	8,307	9,786
Cash and cash equivalents at the beginning of the period	30,259	21,952	12,166
Cash and cash equivalents at the end of the period	\$ 98,683	\$ 30,259	\$ 21,952
Supplemental disclosure of cash flow information:			
Cash paid during the period for:			
Interest	\$ 5,179	\$ 13,829	\$ 19,867
Income taxes	\$ 24,859	\$ 22,824	\$ 22,703
Non-cash investing activities:			
Accrued purchases of property and equipment	\$ 1,009	\$ 402	\$ 437

See accompanying notes to the consolidated financial statements.