

BJ'S WHOLESALE CLUB HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS
(Amounts in thousands)

	February 1, 2020	February 2, 2019
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 30,204	\$ 27,146
Accounts receivable, net	206,353	194,300
Merchandise inventories	1,081,502	1,052,306
Prepaid expenses and other current assets	41,961	63,454
Total current assets	1,360,020	1,337,206
Operating lease right-of-use assets, net	2,060,059	—
Property and equipment:		
Land and buildings	375,375	390,243
Leasehold costs and improvements	214,209	203,394
Furniture, fixtures and equipment	1,135,892	1,039,360
Construction in progress	51,741	23,749
	1,777,217	1,656,746
Less: accumulated depreciation and amortization	(1,017,009)	(907,968)
Total property and equipment, net	760,208	748,778
Goodwill	924,134	924,134
Intangibles, net	146,985	200,870
Other assets	18,374	28,297
Total assets	\$ 5,269,780	\$ 3,239,285
LIABILITIES		
Current liabilities:		
Current portion of long-term debt	\$ 343,377	\$ 254,377
Current portion of operating lease liabilities	123,751	—
Accounts payable	786,412	816,880
Accrued expenses and other current liabilities	547,876	506,431
Total current liabilities	1,801,416	1,577,688
Long-term operating lease liabilities	1,986,790	—
Long-term debt	1,337,308	1,546,471
Deferred income taxes	46,200	36,937
Other non-current liabilities	152,410	280,273
Commitments and contingencies (see Note 9)		
STOCKHOLDERS' DEFICIT		
Preferred stock; \$0.01 par value; 5,000 shares authorized, and no shares issued or outstanding	—	—
Common stock; par value \$0.01; 300,000 shares authorized, 140,723 shares issued and 137,298 shares outstanding at February 1, 2020; 300,000 shares authorized, 138,099 shares issued and 137,317 shares outstanding at February 2, 2019	1,407	1,381
Additional paid-in capital	773,618	742,072
Accumulated deficit	(716,369)	(915,113)
Accumulated other comprehensive loss	(26,586)	(11,315)
Treasury stock, at cost, 3,425 shares at February 1, 2020 and 782 shares at February 2, 2019	(86,414)	(19,109)
Total stockholders' deficit	(54,344)	(202,084)
Total liabilities and stockholders' deficit	\$ 5,269,780	\$ 3,239,285

The accompanying notes are an integral part of the consolidated financial statements.

BJ'S WHOLESALE CLUB HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Amounts in thousands, except per share amounts)

	Fiscal Year Ended February 1, 2020	Fiscal Year Ended February 2, 2019	Fiscal Year Ended February 3, 2018
Net sales	\$ 12,888,556	\$ 12,724,454	\$ 12,495,995
Membership fee income	302,151	282,893	258,594
Total revenues	13,190,707	13,007,347	12,754,589
Cost of sales	10,763,926	10,646,452	10,513,492
Selling, general and administrative expenses	2,059,430	2,051,324	2,017,821
Pre-opening expense	15,152	6,118	3,004
Operating income	352,199	303,453	220,272
Interest expense, net	108,230	164,535	196,724
Income from continuing operations before income taxes	243,969	138,918	23,548
Provision (benefit) for income taxes	56,212	11,826	(28,427)
Income from continuing operations	187,757	127,092	51,975
Income (loss) from discontinued operations, net of income taxes	(581)	169	(1,674)
Net income	<u>\$ 187,176</u>	<u>\$ 127,261</u>	<u>\$ 50,301</u>
Income per share attributable to common stockholders — basic:			
Income from continuing operations	\$ 1.38	\$ 1.09	\$ 0.59
Loss from discontinued operations	(0.01)	—	(0.02)
Net income	<u>\$ 1.37</u>	<u>\$ 1.09</u>	<u>\$ 0.57</u>
Income per share attributable to common stockholders — diluted:			
Income from continuing operations	\$ 1.35	\$ 1.05	\$ 0.56
Loss from discontinued operations	—	—	(0.02)
Net income	<u>\$ 1.35</u>	<u>\$ 1.05</u>	<u>\$ 0.54</u>
Weighted-average number of common shares outstanding:			
Basic	136,174	116,599	88,386
Diluted	139,109	121,135	92,264
Other comprehensive income:			
Postretirement medical plan adjustment, net of income tax of \$385, \$94 and \$204, respectively	\$ (990)	\$ 240	\$ (312)
Unrealized loss on cash flow hedge, net of income tax of \$5,554, \$5,454 and \$0, respectively	(14,281)	(13,956)	—
Total other comprehensive loss	(15,271)	(13,716)	(312)
Total comprehensive income	<u>\$ 171,905</u>	<u>\$ 113,545</u>	<u>\$ 49,989</u>

The accompanying notes are an integral part of the consolidated financial statements.

BJ'S WHOLESALE CLUB HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CONTINGENTLY REDEEMABLE COMMON STOCK AND
STOCKHOLDERS' DEFICIT
(Amount in thousands)

	Contingently Redeemable Common Stock		Common Stock		Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Treasury Stock		Total Stockholders' Deficit
	Shares	Amount	Shares	Amount				Shares	Amount	
Balance, January 28, 2017	1,043	\$ 8,145	87,073	\$ 871	\$ 6,397	\$ (356,760)	\$ 2,281	—	\$ —	\$ (347,211)
Net income	—	—	—	—	—	50,301	—	—	—	50,301
Postretirement medical plan adjustment, net of tax	—	—	—	—	—	—	(312)	—	—	(312)
Dividends paid	—	—	—	—	(6,397)	(729,121)	—	—	—	(735,518)
Stock compensation expense	—	—	—	—	9,102	—	—	—	—	9,102
Option exercises	616	3,708	—	—	(2,850)	—	—	—	—	(2,850)
Call of shares	(203)	(1,415)	—	—	(554)	—	—	—	—	(554)
Other equity transactions	—	—	—	—	(2,815)	(432)	432	—	—	(2,815)
Balance, February 3, 2018	1,456	\$ 10,438	87,073	\$ 871	\$ 2,883	\$ (1,036,012)	\$ 2,401	—	\$ —	\$ (1,029,857)
Net income	—	—	—	—	—	127,261	—	—	—	127,261
Postretirement medical plan adjustment, net of tax	—	—	—	—	—	—	240	—	—	240
Unrealized loss on cash flow hedge, net of tax	—	—	—	—	—	—	(13,956)	—	—	(13,956)
Dividends paid	—	—	—	—	(25)	—	—	—	—	(25)
Common stock issued for public offering, net of related fees	—	—	43,125	431	685,458	—	—	—	—	685,889
Common stock issued under stock incentive plans	—	—	4,875	49	(49)	—	—	—	—	—
Stock reclassification as a result of public offering	(1,736)	(13,202)	1,736	17	13,185	—	—	—	—	13,202
Common stock issued related to follow-on offering	—	—	1,290	13	(13)	—	—	—	—	—
Common stock repurchased upon vesting of stock awards	—	—	—	—	—	—	—	(782)	(19,109)	(19,109)
Stock compensation expense	—	—	—	—	57,677	—	—	—	—	57,677
Options exercised prior to public offering	280	2,792	—	—	(2,210)	—	—	—	—	(2,210)
Call of shares prior to public offering	—	(28)	—	—	(12)	—	—	—	—	(12)
Net shares used to pay tax withholdings upon option exercise	—	—	—	—	(22,883)	—	—	—	—	(22,883)
Net cash received on option exercises	—	—	—	—	8,061	—	—	—	—	8,061
Cumulative effect of change in Accounting principle	—	—	—	—	—	(6,362)	—	—	—	(6,362)
Balance, February 2, 2019	—	\$ —	138,099	\$ 1,381	\$ 742,072	\$ (915,113)	\$ (11,315)	(782)	\$ (19,109)	\$ (202,084)
Net income	—	—	—	—	—	187,176	—	—	—	187,176
Postretirement medical plan adjustment, net of tax	—	—	—	—	—	—	(990)	—	—	(990)
Unrealized loss on cash flow hedge, net of tax	—	—	—	—	—	—	(14,281)	—	—	(14,281)
Dividend paid	—	—	—	—	(25)	—	—	—	—	(25)
Common stock issued under stock incentive plans	—	—	2,536	25	(25)	—	—	—	—	—
Common stock issued under ESPP plan	—	—	88	1	1,728	—	—	—	—	1,729
Stock compensation expense	—	—	—	—	18,796	—	—	—	—	18,796
Net cash received on option exercises	—	—	—	—	11,072	—	—	—	—	11,072
Treasury stock purchases	—	—	—	—	—	—	—	(2,643)	(67,305)	(67,305)
Cumulative effect of change in Accounting principle	—	—	—	—	—	11,568	—	—	—	11,568
Balance, February 1, 2020	—	\$ —	140,723	\$ 1,407	\$ 773,618	\$ (716,369)	\$ (26,586)	(3,425)	\$ (86,414)	\$ (54,344)

BJ'S WHOLESALE CLUB HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands)

	Fiscal Year Ended February 1, 2020	Fiscal Year Ended February 2, 2019	Fiscal Year Ended February 3, 2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ 187,176	\$ 127,261	\$ 50,301
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	157,000	162,223	164,061
Amortization of debt issuance costs and accretion of original issues discount	5,172	6,556	8,463
Debt extinguishment and refinancing charges	2,167	23,602	9,788
Impairment charges	13,306	3,962	—
Stock-based compensation expense	18,796	57,677	9,102
Deferred income tax provision (benefit)	10,246	(12,314)	(35,623)
Other non-cash items, net	2,028	2,362	3,892
Increase (decrease) in cash due to changes in:			
Accounts receivable	(12,053)	(3,976)	(24,507)
Merchandise inventories	(29,196)	(33,168)	12,706
Prepaid expenses and other current assets	22,169	26,338	(47,867)
Other assets	1,710	874	967
Accounts payable	(20,868)	68,884	36,081
Change in book overdrafts	(12,094)	(19,770)	7,523
Accrued expenses	18,134	19,121	8,236
Other non-current liabilities	(8,550)	(2,529)	6,962
Net cash provided by operating activities	355,143	427,103	210,085
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property and equipment, net of disposals	(196,901)	(145,913)	(137,466)
Proceeds from sale leaseback transaction	21,606	—	—
Net cash used in investing activities	(175,295)	(145,913)	(137,466)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term debt	—	—	547,544
Payments on long term debt	(14,829)	(36,167)	(14,437)
Paydown of the First Lien Term Loan and extinguishment of Second Lien Term Loan	(200,000)	(975,633)	—
Proceeds from ABL facility	1,390,000	1,587,000	1,645,000
Payments on ABL facility	(1,301,000)	(1,515,000)	(1,483,000)
Debt issuance costs paid	(21)	(982)	(24,635)
Dividends paid	(25)	(25)	(735,518)
Capital lease and financing obligations payments	(612)	(691)	(657)
Net cash received (paid) from stock option exercises	11,072	(14,240)	858
Net cash received from Employee Stock Purchase Program (ESPP)	1,728	—	—
Cash paid for share repurchases	—	—	(1,969)
Acquisition of treasury stock	(67,305)	(19,109)	—
Proceeds from Initial Public Offering, net of underwriters' discount and commission	—	690,970	—
Payment of Initial Public Offering costs	—	(5,081)	—
Proceeds from financing obligations	4,202	—	—
Other financing activities	—	(40)	(2,815)
Net cash used in financing activities	(176,790)	(288,998)	(69,629)
Net increase (decrease) in cash and cash equivalents	3,058	(7,808)	2,990
Cash and cash equivalents at beginning of period	27,146	34,954	31,964
Cash and cash equivalents at end of period	\$ 30,204	\$ 27,146	\$ 34,954
Supplemental cash flow information:			

Interest paid	\$	96,861	\$	152,882	\$	152,178
Income taxes paid		40,351		15,845		14,820
Non-cash financing and investing activities:						
Conversion of contingently redeemable common stock into common stock		—		13,202		—
Property additions included in accrued expenses		11,247		13,849		19,405

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