



Lands' End Raises Fourth Quarter Fiscal 2020 Guidance and Updates Long-term Financial Targets

January 12, 2021

DODGEVILLE, Wis., Jan. 12, 2021 (GLOBE NEWSWIRE) -- Lands' End, Inc. (NASDAQ: LE) today raised its guidance for the fourth quarter ending January 30, 2021. In addition, the Company provided an update on its long-term financial targets.

Jerome Griffith, Lands' End's Chief Executive Officer and President, stated, "We are pleased with the performance of our global eCommerce channel throughout the holiday season. We continued to emphasize our Let's Get Comfy initiative in our product and marketing to address the work-from-home lifestyle and casual apparel demand. Our focus on delivering high quality product with compelling values, combined with our commitment to operating as a digitally focused company has enabled us to navigate the pandemic with resiliency and drive strong results in our consumer business, and as a result we are increasing our guidance for the fourth quarter."

Mr. Griffith continued, "Over the last three years we have made great strides in executing across our strategic pillars of getting the product right, being a digitally-led organization, operating a uni-channel strategy and driving enhancements in our business processes and infrastructure, and we continue to see ample growth opportunity in front of us. Although the COVID pandemic has impacted our business, we are encouraged by our performance and based on the progress we have made across our strategies and our strong competitive positioning, we are increasing our long-term financial targets and are confident we can achieve them in 2023."

For the Fourth Quarter of Fiscal 2020 the Company Expects:

- Net revenue to be between \$528 million and \$533 million, an increase from prior guidance of \$500 million to \$520 million.
- Net income to be between \$17.5 million and \$19.0 million and diluted earnings per share to be between \$0.54 and \$0.58, an increase from prior guidance of Net income between \$13.5 million and \$17.5 million and diluted earnings per share between \$0.41 and \$0.53.
- Adjusted EBITDA to be between \$43 million and \$45 million, an increase from prior guidance of \$38 million to \$43 million.

Long-Term Financial Targets:

- Revenue of \$1.9 billion to \$2.1 billion, representing a CAGR of 10% to 14% over the next three years, assuming and driven by:
 - Organic growth in both U.S. and international eCommerce businesses
 - Extended recovery in Outfitters business post-pandemic
 - Third-party channel expansion
- Adjusted EBITDA margin in high-single-digit range, assuming and as a result of:
 - Stable to slightly higher gross margin
 - Improved SG&A rate

ICR Conference Participation

The Company will be participating in the 23rd Annual ICR Conference, held virtually, on Tuesday, January 12, 2021 with a fireside chat presentation at 3:30 PM Eastern Time.

The audio portion of the fireside chat presentation will be webcast live over the internet and can be accessed at the investor relations section of its website at <http://investors.landsend.com>. An online archive will be available for a period of 90 days following the presentation. In addition, the Company plans to post an investor presentation to the investor relations section of its website prior to the webcast.

About Lands' End, Inc.

Lands' End, Inc. (NASDAQ:LE) is a leading uni-channel retailer of casual clothing, accessories, footwear and home products. We offer products online at www.landsend.com, on third party online marketplaces and through retail locations. We are a classic American lifestyle brand with a passion for quality, legendary service and real value, and seek to deliver timeless style for women, men, kids and the home.

Forward-Looking Statements

This press release contains forward-looking statements that involve risks and uncertainties, including statements regarding the Company's assessment of its ability to execute its long-term growth strategies and the expected benefits of those strategies; the Company's belief and assessment of future growth opportunities; the Company's outlook and expectations as to net revenue, net income, earnings per share and Adjusted EBITDA for the fourth quarter of fiscal 2020; and the Company's long-term financial targets for revenue and Adjusted EBITDA margin, the assumptions and drivers of such targets, including organic growth in US and international eCommerce businesses, an extended recovery in the Outfitters business post-pandemic, expansion of the third-party channel, stable to slightly higher gross margin and improved SG&A rate, and the expected timing of the achievement of the long-term financial targets. The following important factors and uncertainties, among others, could cause

actual results to differ materially from those described in these forward-looking statements: the impact of COVID-19 on operations, customer demand and the Company's supply chain, as well as its consolidated results of operation, financial position and cash flows; the Company may be unsuccessful in implementing its strategic initiatives, or its initiatives may not have their desired impact on its business; the Company's ability to offer merchandise and services that customers want to purchase; changes in customer preference from the Company's branded merchandise; the Company's results may be materially impacted if tariffs on imports to the United States increase and it is unable to offset the increased costs from current or future tariffs through pricing negotiations with its vendor base, moving production out of countries impacted by the tariffs, passing through a portion of the cost increases to the customer, or other savings opportunities; customers' use of the Company's digital platform, including customer acceptance of its efforts to enhance its eCommerce websites, including the Outfitters website; customer response to the Company's marketing efforts across all types of media; the Company's maintenance of a robust customer list; the Company's retail store strategy may be unsuccessful; the Company's relationship with Kohl's may not develop as planned or have its desired impact; the Company's dependence on information technology and a failure of information technology systems, including with respect to its eCommerce operations, or an inability to upgrade or adapt its systems; fluctuations and increases in costs of raw materials; impairment of the Company's relationships with its vendors; the Company's failure to maintain the security of customer, employee or company information; the Company's failure to compete effectively in the apparel industry; legal, regulatory, economic and political risks associated with international trade and those markets in which the Company conducts business and sources its merchandise; the Company's failure to protect or preserve the image of its brands and its intellectual property rights; increases in postage, paper and printing costs; failure by third parties who provide the Company with services in connection with certain aspects of its business to perform their obligations; the Company's failure to timely and effectively obtain shipments of products from its vendors and deliver merchandise to its customers; reliance on promotions and markdowns to encourage customer purchases; the Company's failure to efficiently manage inventory levels; unseasonal or severe weather conditions; the adverse effect on the Company's reputation if its independent vendors do not use ethical business practices or comply with applicable laws and regulations; assessments for additional state taxes; incurrence of charges due to impairment of goodwill, other intangible assets and long-lived assets; the impact on the Company's business of adverse worldwide economic and market conditions, including economic factors that negatively impact consumer spending on discretionary items; potential indemnification liabilities to Sears Holdings pursuant to the separation and distribution agreement in connection with the Company's separation from Sears Holdings; the ability of the Company's principal shareholders to exert substantial influence over the Company; potential liabilities under fraudulent conveyance and transfer laws and legal capital requirements; and other risks, uncertainties and factors discussed in the "Risk Factors" section of the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 2020, and subsequent Quarterly Reports on Form 10-Q, as well as in the Company's Current Report on Form 8-K dated June 2, 2020. The Company intends the forward-looking statements to speak only as of the time made and does not undertake to update or revise them as more information becomes available, except as required by law.

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Use and Definition of Non-GAAP Financial Measures in Relation to Guidance

Adjusted EBITDA - In addition to our Net income, for purposes of evaluating operating performance, we use an Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA"), which is adjusted to exclude certain significant items as set forth below. Our management uses Adjusted EBITDA to evaluate the operating performance of our business, as well as for executive compensation metrics, for comparable periods. Adjusted EBITDA should not be used by investors or other third parties as the sole basis for formulating investment decisions as it excludes several important cash and non-cash recurring items.

The methods used by the Company to calculate its non-GAAP financial measures may differ significantly from methods used by other companies to compute similar measures. As a result, any non-GAAP financial measures presented herein may not be comparable to similar measures provided by other companies.

While Adjusted EBITDA is a non-GAAP measurement, management believes that it is an important indicator of operating performance, and useful to investors, because:

- EBITDA excludes the effects of financings, investing activities and tax structure by eliminating the effects of interest, depreciation and income tax.
- Other significant items, while periodically affecting our results, may vary significantly from period to period and have a disproportionate effect in a given period, which affects comparability of results.

Reconciliation of Non-GAAP Financial Information to GAAP

Fiscal 2020 Fourth Quarter Guidance

(in millions)

| | 13 Weeks Ended | |
|-------------------------------------------------------------------|------------------|----------|
| | January 29, 2021 | |
| Net income | \$ 17.5 | -\$ 19.0 |
| Depreciation, interest, other income, taxes and other adjustments | 25.5 | - 26.0 |
| Adjusted EBITDA | \$ 43.0 | -\$ 45.0 |



Source: Lands' End