Lands' End Raises Second Quarter and Fiscal 2021 Guidance

July 20, 2021

DODGEVILLE, Wis., July 20, 2021 (GLOBE NEWSWIRE) -- Lands' End, Inc. (NASDAQ: LE) today raised its guidance for both the second quarter ending July 30, 2021 and fiscal year ending January 28, 2022.

Jerome Griffith, Lands' End's Chief Executive Officer, stated, "Following our strong financial results in the first quarter, we are very pleased with our performance in the second quarter-to-date, with results tracking ahead of our expectations. Our strong topline momentum continues, driven by our global eCommerce business, as well as a faster than anticipated recovery in our Outfitters business, primarily in National Accounts and school uniforms. Our gross margin continues to benefit from our improved promotional strategies and enhanced data analytics capabilities contributing to exceptional growth in adjusted EBITDA compared to both last year and pre-pandemic 2019 levels. Given the strength in our business, we are increasing our guidance for both the second quarter and the full year, as we expect this momentum to continue into the back half of 2021."

For the Second Quarter of Fiscal 2021 the Company Now Expects:

- Net revenue to be between $380.0 million and $385.0 million, representing growth of between 21.8% and 23.4% compared to the Second Quarter of fiscal 2020. This is an increase from prior guidance of $345.0 million to $355.0 million.
- Net income to be between $13.0 million and $14.5 million and diluted earnings per share to be between $0.39 and $0.43, an increase from prior guidance of Net income between $1.5 million and $4.0 million and diluted earnings per share between $0.05 and $0.12.
- Adjusted EBITDA to be between $36.0 million and $38.0 million, representing growth of between 50.6% and 59.0% compared to the Second Quarter of fiscal 2020. This is an increase from prior guidance of $20.0 million to $23.0 million.

For Full Year Fiscal 2021 the Company Now Expects:

- Net revenue to be between $1.67 billion and $1.71 billion, representing growth of between 17.0% and 19.8% compared to fiscal 2020. This is an increase from prior guidance of $1.61 billion to $1.65 billion.
- Net income to be between $43.0 million and $49.5 million and diluted earnings per share to be between $1.27 and $1.47, an increase from prior guidance of Net income between $27.5 million and $34.0 million and diluted earnings per share between $0.84 and $1.04.
- Adjusted EBITDA to be between $132.0 million and $140.0 million, representing growth of between 51.7% and 60.9% compared to fiscal 2020. This is an increase from prior guidance of $114.0 million to 122.0 million.
- Capital Expenditures of approximately $26.0 million

About Lands' End, Inc.

Lands' End, Inc. (NASDAQ:LE) is a leading uni-channel retailer of casual clothing, accessories, footwear and home products. Operating out of America's heartland, we believe our vision and values make a strong connection with our core customers. We offer products online at www.landsend.com, on third party online marketplaces and through our own Company Operated stores, as well as, third-party 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, momentum in and drivers of its business; the pace of recovery of the Outfitters business; the drivers of gross margin improvements, and the Company's outlook and expectations as to net revenue, net income, earnings per share and Adjusted EBITDA for the second quarter of fiscal 2021 and for the full year of fiscal 2021 and capital expenditures for fiscal 2021. 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 29, 2021. 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.

Use and Definition of Non-GAAP Financial Measures

Adjusted EBITDA - In addition to our Net income (loss) determined in accordance with GAAP, for purposes of evaluating operating performance, the Company uses an Adjusted EBITDA metric. Adjusted EBITDA is computed as Net income (loss) appearing on the Condensed Consolidated Statements of Operations net of Income tax expense/(benefit), Interest expense, Depreciation and amortization and certain significant items as set forth below. Our management uses Adjusted EBITDA to evaluate the operating performance of our business for comparable periods, as well as the basis for an executive compensation metric. 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. 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.

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. We adjust our results for these items to make our statements more comparable and therefore more useful to investors as the items are not representative of our ongoing operations.

Reconciliation of Non-GAAP Financial Information to GAAP
(Unaudited)

Second Quarter Fiscal 2021 Guidance	**13 Weeks Ended**				
(in millions)	**July 30, 2021**				
Net income	$	13.0	—	$	14.5
Depreciation, interest, other income, taxes and other adjustments		23.0	—		23.5
Adjusted EBITDA	$	36.0	—	$	38.0

Fiscal 2021 Guidance	**52 Weeks Ended**				
(in millions)	**January 28, 2022**				
Net income	$	43.0	—	$	49.5
Depreciation, interest, other income, taxes and other adjustments		89.0	—		90.5
Adjusted EBITDA	$	132.0	—	$	140.0

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