NUS INVESTMENT SOCIETY

BOOT BARN HOLDINGS (NYSE: BOOT)

BUY: US$142.60 (+39.69%)

Equity Research – Consumer Discretionary

Date: 8th May 2022

Analysts

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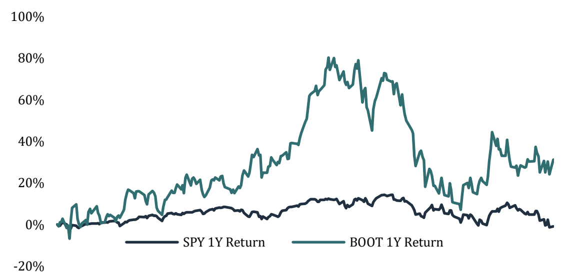
Company Description

Ticker	BOOT
Last close (181121)	US$96.53
12M Target Price	US$142.60
+/- Potential	+39.7%
GICS Sector	Consumer Discretionary
GICS Subindustry	Apparel Retail

1Y Price Change vs. Relative Index (SPX)



Company Description

Boot Barn Holdings, Inc. is a lifestyle retailer of western and work-related footwear, apparel, and accessories in the United States. The Company operates through two segments: retail stores and e-commerce. The Company carries an assortment of denim, western shirts, cowboy hats, belts and belt buckles, western-style jewellery, and accessories.

Key Financials

Market Cap	US$2.82b
Basic Shares O/S	29.67m
Free Float	99.47%
52-Wk High-Low	US$66.58 – US$134.50
Fiscal Year End	31-Mar-2023

(US$ m)	FY20A	FY21A	FY22E	FY23E
Store Count	259	273	300	330
Same-store sales	2.788	2.656	4.333	4.473
Revenue	845.6	893.5	1,487.9	1,726.8
Gr Rate (%)	8.8%	5.7%	66.5%	16.1%
EBIT Margin (%)	8.7%	9.7%	17.5%	15.8%

Key Executives

Jim Conroy	Chief Executive Officer
Jim Watkins	Chief Financial Officer

We are initiating coverage of **Boot Barn Holdings ("BOOT)** with a BUY rating and a **US$142.60** 12M price target.

3Q22 Earnings Highlights

- Net sales and operating income increased 60.7% and 5.2% YoY.
- Retail Stores generated third quarter net sales of $397m, implying YoY growth of 64%.
- E-commerce generated record net sales of $90m, implying YoY growth of 49%.
- Same store sales increased 54.2% YoY, comprising an increase in retail same store sales of 55.7% and an increase in e-commerce same store sales of 48.4%

Investment Thesis

- **BOOT's unique defensive growth business model and extensive supply chain is less susceptible to market shocks** – unique product mix of western and work wear and supply chain advantages relative to "mom-and-pop" competitors suggests that share price drag from negative sentiment on consumer discretionary sector is unjustified

- **BOOT's position as the largest western wear retailer is a competitive advantage** - enable BOOT to continue preferentially consolidating brand loyalty, drive its premium multi-brand development strategy, thus contributing to a stellar margin expansion story.

- **BOOT's growth potential in the future is likely to be underestimated by the market** – better same store economics alongside supportive macroeconomic conditions will enable BOOT's acquisition strategy to result in a sustainable competitive advantage, hedging against competition and new entry

Catalysts

- Worsening macroeconomic pressures from supply chain bottle neck and inflationary pressures may boost BOOT expansion opportunities as "mom-and-pop" shops are unable to resist
- BOOT exceeding expatiations for same-store sales growth in spite of negative market sentiment towards the tough macroeconomic environment may counter existing overhang over BOOT share price
- Increased recognition of western fashion and its subcategories into mainstream fashion will augment future expansion into currently underpenetrated regions

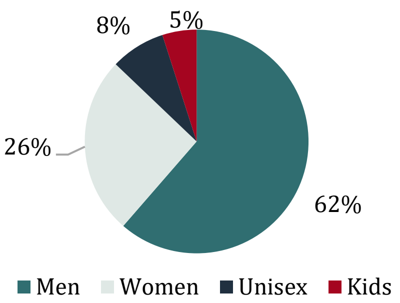
Valuations

Our 12M price target at the date of coverage is **US$142.60**, which was derived from a bottom-up DCF valuation approach.

Investment Risks

- Increase in cost pressures from tight labour market and sustained supply chain shortage may prevent aggressive store expansion
- Failure in BOOT geographical expansion arising from poorer new store economics might hamper store expansion strategy
- Inability to continuously capture consumer apparel preferences might erode existing comparative advantage in Western market

Figure 1: Customer Mix

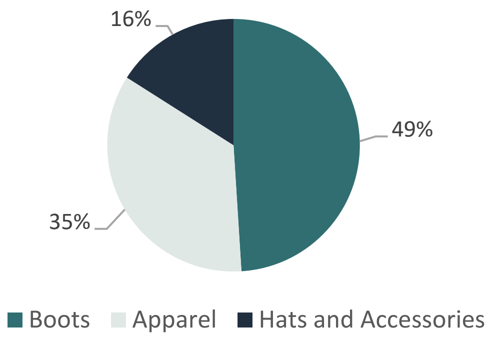


Source: BOOT

Figure 2: Brands Carried

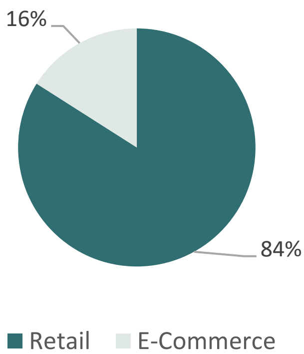
Source: BOOT

Figure 3: Product Mix



Source: BOOT

Figure 4: Sales Channel Mix



Source: BOOT

Company Overview

Founded in 1978, and based in Irvine, California, Boot Barn Holdings Inc ("BOOT") engages in the operation of retail stores of western and work-related footwear, apparel, and accessories for men, women, and children (Figure 1).

BOOT is the largest lifestyle retail chain, offering its loyal customer base a wide selection of work and lifestyle brands through 293 physical stores in 37 states. BOOT store environment, product offering, and marketing materials represent the aesthetics of the true American West, country music and rugged, outdoor work. The retail stores are typically freestanding or located in strip centres, averaging 10,500 selling square feet and feature a comprehensive assortment of brand and styles. BOOT carries both internal label and third-party western wear brands (Figure 2), offering a large selection of boots, shirts, jackets, hats, belts and belt buckles, handbags, western-style jewellery, rugged footwear, outerwear, overalls, denim, and flame-resistant and high-visibility clothing (Figure 3).

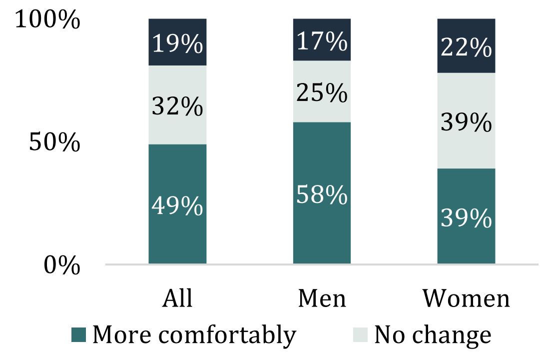
BOOT has expanded its distribution channel beyond brick-and-mortar retail by providing e-commerce channels for its loyal customer base (Figure 4), most notable via www.bootbarn.com. BOOT has furthered its e-commerce capabilities through its strategic acquisitions of Sherplers, the nation's leading pure play online western and Country Outfitter, an e-commerce site selling to customers who live a country lifestyle.

BOOT majority shareholder are institutional investors that hold 88.74% of the outstanding shares ownership of BOOT. Out of the institutional investors, BlackRock holds the greatest number of shares at approximately 14% followed by 8.43% held by The Vanguard Group. The shareholder structure can be further broken down into 50.27% mutual fund holders, 38.47% other institutional holders and 24.49% held by individual stakeholders. Insider ownings account for 0.40% of the shares.

3Q22 Earnings Review

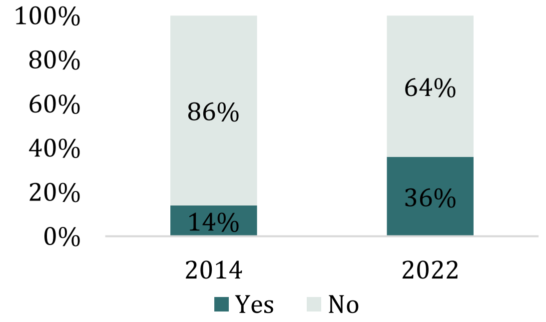
- Net sales increased from $302m to $486m, implying YoY growth of 61%
- Operating income increased from $50.6m to $92.2m, implying YoY growth of 4.2%
- Retail Stores generated third quarter net sales of $90m, implying YoY growth of 64%
- E-commerce generated third quarter net sales of $18.3m, implying YoY growth of 49%
- Same store sale sales increased 54.2% YoY, retail same store sales increased 55.7% YoY, E-commerce same store sales increased 48.4% YoY
- Merchandise margin increased 2.7% YoY
- GAAP Earnings Per Share was $2.27, implying YoY growth of 127%, representing a 4 year 42% CAGR

Figure 5: Casualization Trend



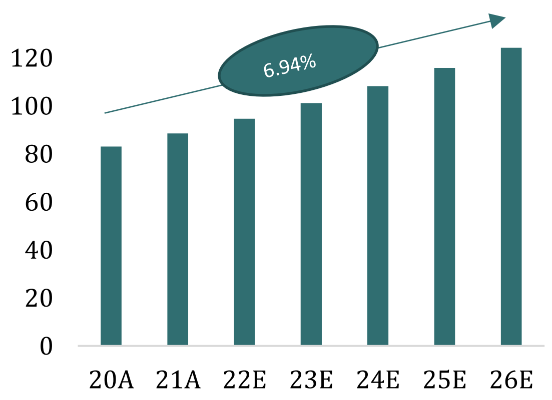
Source: Wall Street Journal

Figure 6: Companies Relaxing Work Wear



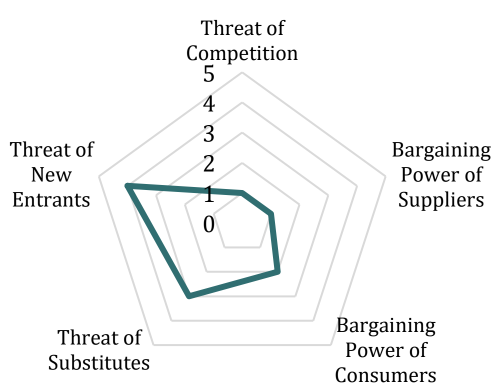
Source: GrapeVineLeaders

Figure 7: Global Luxury Apparel Mkt (USD Bn)



Source: Fortune Business Insights

Figure 8: Porter's 5 Forces



Source: Team Estimates

Industry Outlook

COVID-19 accelerated casualization of work wear

Casualization of office wear was a growing trend since the 1990s, with casual wear evolving more of a daily occurrence rather than a mere "Casual Friday" occasion. However, the COVID-19 pandemic has accelerated such trends. With majority of working professionals working from home for more than 2 years, the pandemic has caused how workers consider their working clothing choices, with many indicating their intentions to dress more comfortably (Figure 5).

Companies have responded to such shifting preferences; with more companies intending to relax their dress code (Figure 6), with 40% of all companies expanding casual dress options in the last 3 years. Such a move is likely to be driven by the numerous benefits from casualization of workwear, enhancing employee morale, fostering camaraderie within the office, and ultimately increasing productivity.

However, companies are still concerned with maintaining professionalism and pristine company image. To strike a balance between formal and casual wear, companies have opted for a "presentable, not preppy" approach. The luxury wear market is poised to benefit from such a trend (Figure 7), whereby employees remain comfortable yet appear fashionable and professional.

Porter's Five Forces

Threat of competition – Low

There are "mom-and-pop" retailers in the western wear market that individually have insignificant market share. Additionally, BOOT has differentiated itself from adopting a premium positioning, making it resistant to competitor's price competition strategies.

Threat of new entrants – Moderate to High

While there are little to no barriers to entry in the western wear industry, as seen in the high number of "mom-and-pop" retailers, new entrants will incur significant costs to achieve a comparable offline and online presence to truly compete with BOOT as a major retailer.

Threat of substitutes – Low to Moderate

BOOT's in-house brands are sold exclusively via its internal distribution channels. BOOT's house of brand strategy also enables it to be a one-stop shop, an advantage that cannot be quickly replicated by competitors.

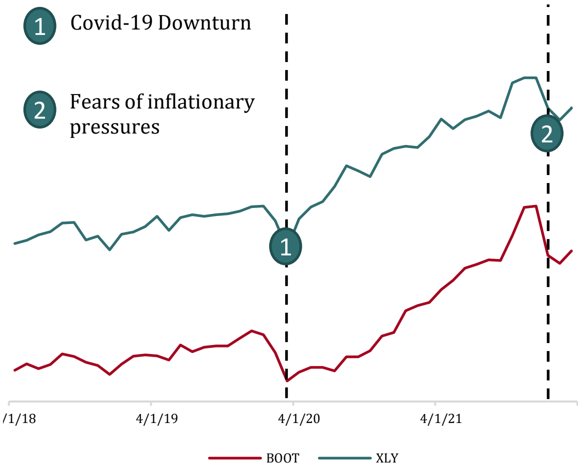
Bargaining power of customers / payers – Low to Moderate

BOOT largely targets retail western wear enthusiasts that have limited bargaining power, especially when considering the niche market segments that BOOT solely addresses.

Bargaining power of suppliers – Low

BOOT has the strongest offline and online presence in the western wear industry. BOOT also deals with numerous suppliers due to the homogenous nature of apparel goods.

Figure 9: BOOT's share price moves in tandem with consumer discretionary trends

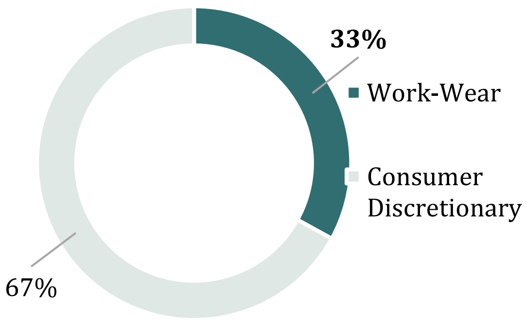


Source: Refinitiv

Figure 10: BOOT's product line characteristics that allow it to benefit from both discretionary seasonality and defensiveness

Source: Refinitiv

Figure 11: BOOT's product mix



Source: BOOT

Investment Thesis

1. BOOT has been dragged down by broader economic sentiment on consumer discretionary, but its unique defensive growth model and dominance over western retail wear suggests that sentiments are unjustified

<u>Economic crises have proven to be periods of weakness, but BOOT's unique product mix allows them to hedge against such pressures while benefiting from discretionary growth</u>

BOOT'S stock price movement has been consistently in line with the overall consumer discretionary index (XLY) (Figure 9). The fall in BOOT and the index were all attributable to similar negative macroeconomic factors such as the 1) Covid-19 lockdown, 2) inflationary pressures and supply chain bottlenecks.

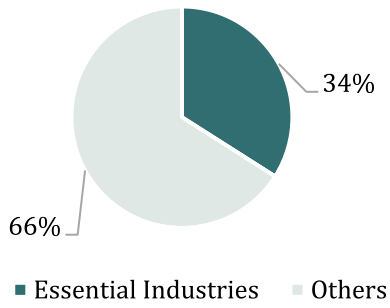
However, we believe the market is underestimating BOOT's defensive nature and recovery potential significantly when compared to the overall consumer discretionary industry. BOOT has shown resilience even during periods of general economic weakness. While BOOT suffers the same seasonality as its peers as a result of its discretionary product mix during normal economic periods, its ability to defensively sell essential work wear allows it to hedge against downturns and periods of general retail weakness. During seasonal sale declines, BOOT's sales were generally on par with competitors at around -20% quarter on quarter. However, while retail sales plunged 53% at around Q1 2020 due to the emergence of the pandemic, BOOT's sales were affected less at a decline of 33.6%. BOOT recovers slower than peers as a result of this, however, as we can observe with sustained declines in Q2 as well while general retail optimism recovered in that period, but these recoveries were typically accompanied by outsized revenue growth in the following quarter (Figure 10). This is testament to BOOT's ability to demonstrate both defensive and discretionary characteristics, that we believe will be a key advantage in outperforming during periods of economic weakness.

We can attribute this to the nature of the product mix that has approximately 33% of BOOT's revenue generated from work wear related products (Figure 11). These work wears are expected to remain in demand even during periods of economic weakness because they are often tied with industries that remain necessities.

Additionally, BOOT's stores are also highly concentrated in California with 53 stores and another 58 stores in Texas. For Texas, most of the payroll belongs to the trade, transportation and utilities industry (Figure 12). As for California, a majority belongs to trade, transportation and utilities, education and health services and government (Figure 13). Due to these industries being classified as essentials and less cyclical in nature, we expect these states to be more resilient in periods of economic hardness. As a result, we believe that not only BOOT's business being more resilient, but the major areas it operates in are also less discretionary. This ultimately allows BOOT business to be relatively less discretionary despite operating in the retail industry.

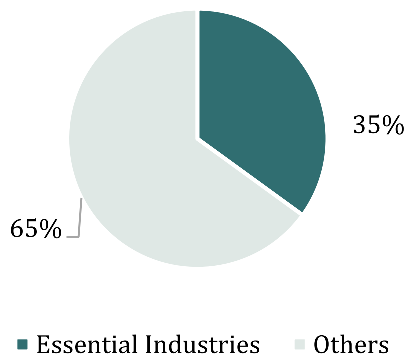
Furthermore, they have still enjoyed significant growth after periods of retail weakness because their remaining product mix is discretionary fashion, which they are poised to shift to once the

Figure 12: BOOT's concentration in Texas tilts towards economically resilient industries, enabling its defensive characteristics



Source: US Bureau of Labor Statistics

Figure 13: BOOT's concentration in California also enables its defensiveness at times



Source: US Bureau of Labor Statistics

recovery is seen. This is unlike retail players in the broader retail that have less of an ability to exhibit this hybrid defensive/discretionary nature. For example, Abercrombie and fitch which owns brands such as Hollister and Social Tourist that are focused on lifestyle wear with a carefree style. Likewise, company like Gap that owns brands such as Banana Republic and Athleta also focuses more on similar fashion styles and have no segments that are dedicated to work wear. As such, this provides BOOT a competitive advantage of being able to pivot their product mix to suit the current economic status to either cushion the drop in demand or to ride on the recovery.

<u>Within the specialty retail western wear segment, BOOT's positioning as the largest western wear retailer gives them the ability to be nimbler in supply chain distribution vs competitors</u>

BOOT main competitors are mom-and-pops, that has a much lesser presence in the United States. BOOT currently has 299 stores, more than 3x the stores of its closest competitor Cavender with 91 stores attributable to its strong track records of acquisitions. With a larger retail presence, we expect that BOOT has a much larger bargaining power as compared to the rest of its competitors. This allows BOOT to be in a better position to form exclusive direct to store partnerships with their suppliers that their competitors will have less of due to their smaller size. This is evident whereby 75% of BOOT inventory are kept in stock through automated replenishment programs with the suppliers. This allows suppliers to deliver goods every day to ensure in-stock merchandise availability and a steady flow of new inventory for BOOT's customers. This competitive advantage that BOOT has is further reinforced in Q3 earnings call whereby management highlighted how BOOT can move their product through a supply chain at perhaps a better rate than the third-party brands in totality.

Moving forward, due to BOOT's unique product mix of having work wear, it allows BOOT to be less discretionary in nature reducing the negative implications during periods of retail weakness. Furthermore, with its relatively extensive supply chain, we expect BOOT to be less susceptible to supply chain shocks than its competitors.

2. BOOT's position as the largest western wear retailer is a competitive advantage that will enable them to continue preferentially consolidating brand loyalty, drive its premium multi-brand development strategy, thus contributing to a stellar margin expansion story.

A core lack of differentiability between product features in retail apparel suggest that there are limited dimensions that producers can compete on. With actual product features such as quality level, designs and packaging commoditizing among western retailers, traditional marketing theory points us to only core customer value and post-sales experience as a possible area to add value in. In these two aspects, BOOT has largely been able to cater towards the needs of customers.

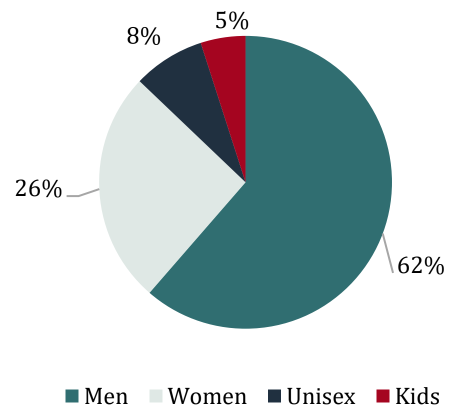
<u>There has been significant growth in previously underserved western wear markets, particularly in fashion-conscious women and in casual categories, which have been recognized by BOOT</u>

Aside from serving its core demographic of men, BOOT has also expanded its exclusive labels targeting niche and growing demographics that remain underserved in larger markets. For example. BOOT has expanded beyond generalist and work wear into

Figure 14: BOOT's house of brands strategy

Source: BOOT

Figure 15: Core demographic of men, but women categories remain a rising star

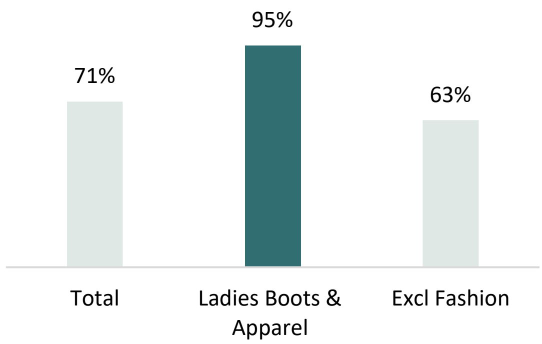


Source: BOOT

Figure 16: Examples of BOOT's women-oriented SKUs under Shyanne and Idyllwind

Source: BOOT

Figure 17: Two-year sales growth as of Q3'21 show a bright spot in growth for women apparel



Source: BOOT ICR Conference Jan 2022

artist inspired, country and rodeo subsegments (Figure 14). More recently, there has been a recent trend that suggest growth in younger and more fashion-conscious female customers. While men's boots, clothing and work wear makes up nearly two-thirds of the company sales, women's fashion, with less than one-fourth of sales, represents a strong potential category that has recently emerged (Figure 15).

To address this, BOOT has created more fashion-forward and aspirational women fashion under the Wonderwest umbrella catering to the fast-growing women's fashion industry (Figure 16). Specifically, Shyanne offers SKUs of higher fashion, mixing in western and bohemian influences with a flair of fashion that speaks to aspirational country girl values. We can contrast this with Idyllwind, which is a lifestyle brand that targets young and casual "girl-next-door" female consumer in a fusion between modern and traditional western wear.

This rising segmentation comes at the intersection of the two crossroads of casualization and women fashion – evidenced by stellar metrics reported by BOOT. In BOOT's SKU mix, two years sales growth for ladies' boots and apparel at 95% CAGR have outpaced total growth at 71% and other non-fashion SKUs at 63% (Figure 17). The significantly lower growth without fashion SKUs highlights the importance of this category.

<u>BOOT has been ahead of its peers in recognizing these needs and expanding on its exclusive label driven house of brand strategy.</u>

BOOT has specifically expanded its private in-house brands to cater to women under the Wonderwest umbrella. Its promotion strategy clearly highlights a clear intention to target the underlying aspirational and fashion-forward looking women – BOOT utilizes of elaborate poses and facial expression and imagery more common in high fashion luxury products, augmented with fashion shows showing off their luxury and women range. This falls in line with the previously identified need to target this higher growth segment.

The decoupling from the rugged "ranch girl" image is also clear, as evident in deliberate utilization of backgrounds that are distant from traditional "western badlands". (Figure 18)

For peers, female-targeted SKUs still use simple and relaxed poses, and even supposed fashion labels still appear to edge more towards casual than high fashion. For instance, Ariat's (one of top 5 brands that are not BOOT's) women western Spring 2022 collection supposedly targets fashion, but marketing collaterals only highlight (1) bachelorettes in (2) casual urban environments with (3) girl-next-door vibes. This is similar to Idyllwind's casual female consumer that have promotional strategies that are portray the same image, suggesting that Ariat has not truly targeted true female fashion. (Figure 19)

Note the contrast between the individualistic/ aspirational looks that BOOT's promotion strategy projects versus that of other peers. This seems to suggest that even though product lines do exist targeting the female consumer, they have not sufficiently recognized the rise of this new segmentation, and neither have they targeted it.

In contrast with legacy national brands that are slow in reacting to evolving shopper trends, BOOT is seen to be more agile in identifying

Figure 18: Marketing collaterals used in Wonderwest x Boot Barn Fall/Winter Collection

Source: BOOT

Figure 19: Marketing collaterals used in Ariat's Fall/Winter collection

Source: Ariat Autumn/Winter women's western fashion collection

Figure 20: Marketing collaterals used in Shepler's Black Friday Sales focus on discounting

Source: Cavenders

growing markets and has shifting their product mix accordingly through exclusive labels.

BOOT is thus well positioned to communicate value in line with needs and wants, allowing them to command a price premium. Swiftly addressing needs and wants is also pivotal in helping BOOT achieve greater brand loyalty, as customers are encouraged to continue purchasing products that they desire. This also explains why BOOT never offers discounts on its products and has committed to a full price selling model away from past marketing strategies that focused on price. In contrast, competing retailers and brands are more reliant on the presence of discounts and sales on the product itself. (Figure 20).

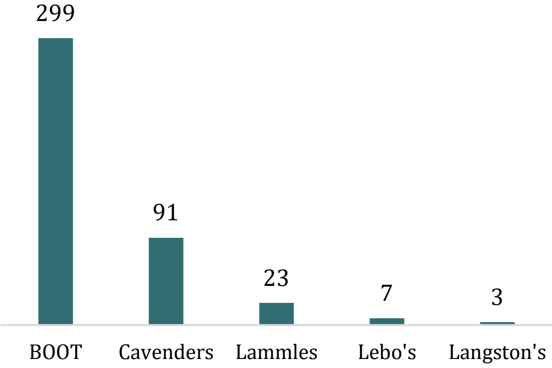
<u>BOOT's retail advantage is critical to long term customer brand loyalty</u>

BOOT's ability to segment and identify customers compounded by its strong offline presence. BOOT's traditional position as a retailer has been considered a key strength, having 299 stores in 36 states which dwarfs the competition, making BOOT the largest western retailer in the US (Figure 21). Additionally, BOOT has other offline channels such as BOOT barn hall, a 15000 sq ft music venue where BOOT conducts rodeos, stock shows and concerts (Figure 22). Such offline presence allow BOOT to become synonymous with western lifestyles and customers, enabling them to collect first party data and customer observations, deepening their understanding of the customer base as they further expand their exclusive labels into niche and underserved markets. For instance, BOOT will be able to use such data to perform segmentation analysis as certain western activities become more popular, identifying new customers segments to target before competitor brands become privy to such information.

Additionally, BOOT's retail advantage supports its omnichannel capabilities. With its acquisition of Sherplers and Country Outfitters, BOOT expanded its dominance beyond its retail advantage, becoming the leading wester e-commerce player, dwarfing its closest competitor Cavender's (Figure 23). BOOT is uniquely positioned to provide a superior omnichannel offering to its customers. BOOT's retail advantage supports its e-commerce capabilities by enhancing the feasibility of same day delivery, fulfilling online demand more efficiently. This translates into high customer satisfaction due to added convenience and delivery compared to e-commerce offerings from brands that have weaker retail presence.

Additionally, BOOT's B Rewarded Program serves as a flywheel to further consolidate brand equity by locking customers into the BOOT brand. Such loyalty programs present customers with an additional dimension of service that is associated with the broader Boot Barn brand. With value-added services such as cost savings, special birthday offers and early access to sales, customers are encouraged to continue purchasing from the BOOT, which indirectly translate to a greater opportunity to sell their own internal brands and therefore greater revenue in the long run. Note that the cost savings and discounts are separate concepts from selling at full-price – BOOT's products themselves are not discounted, and since customers attribute the decrease in price to their own repeated spend and not a decrease in base value of the product, the products are able to maintain their premium value. This loyalty program has seen significant traction in the past years and the member count has grown to be greater than

Figure 21: Number of stores of BOOT vs competitors emphasize its strong offline presence

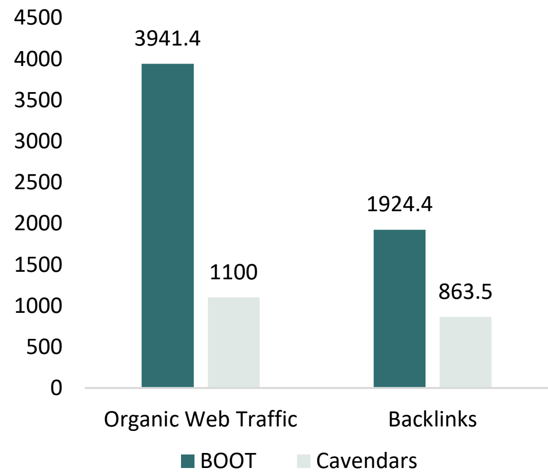


Source: Various

Figure 22: Example of marketing collateral for Boot Barn Hall which is used as a channel to promote the western lifestyle

Source: BOOT

Figure 23: BOOT's website traffic vs competitors highlights superior omnichannel capabilities



Source: Various

4million. In addition, almost half of BOOT's transaction count come from recurring customers, showing the impact such loyalty programs have on top-line growth.

Lastly, BOOT's large retail presence together gives them the opportunity to consolidate their various high-quality brands under the "Boot Barn" brand equity. In comparison to the highly fragmented western retail market, consisting of mainly "mom and pop shops", this consolidated brand image is likely to invoke stronger long term marketing response from customers. As a retailer controlling the physical real estate of products within their store, BOOT is also able to position its products better, in a way that occupies more premium in-store real estate than competitor brands can. This will be beneficial in helping BOOT to effectively project the image that they want their core customers to identify with in purchasing their products. For instance, TV screens that showcase a western fashion show using their products can be placed beside their own brands to give off the image of luxury fashion, versus competing products that are simply displayed on a rack. BOOT is also able to position their products where there is more foot traffic.

Fundamental differentiation will lead to outsized growth and margin expansion

We believe that BOOT's in house lines will see continued success because of its ability to generate brand loyalty in the long run by targeting customers effectively. This loyalty will also enable BOOT to adopt a full price selling model with greater bargaining power due to its differentiated offering, allowing BOOT to pass down costs to consumers even in an inflationary environment. Furthermore, better customer targeting and BOOT's ability to promote in-house brands preferentially will also result in both same-store sales growth and a margin expansion. This is because no commissions are paid on these in-house brands, and when a greater proportion of the per-store sales mix shifts to such internal brands, more revenue is generated per store assuming each customer spends the same. Operating costs are also spread across a larger revenue base, leading to improved margins.

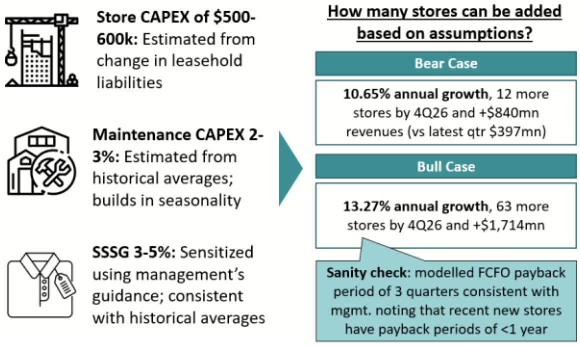
3. The market has likely underestimated BOOT's growth potential in the future

<u>Better-than-expected in-store economics suggest greater-than-expected store expansion opportunities for BOOT</u>

As a result of its stellar brand positioning in an already fragmented western work wear market, BOOT has managed to deliver robust growth metrics, even during the pandemic where there was a larger retail weakness. With the same quality of preferential brand positioning and customer loyalty expected to continue being key drivers for same-store growth.

The same qualities of preferential brand positioning and customer loyalty are expected to continue being key drivers for same-store growth, which would also catalyse further store expansions in the future. Given management's own long-standing guidance of 3-5% long term same store sales growth, and a 10% target long-term store count growth, the market has likely already recognized an investment thesis

Figure 24: Summary of assumptions used to calculate expected store growth



Source: Team estimates

Figure 25: Management-declared store economics figures are consistent with our modelled assumptions

Metrics	Current FY goal	New Stores opened after March 2020
Store Size (sq.ft)	~10,000	~10,000
Y1 Net Sales	$1.7m	$4.0m
Net Capital Investment	$0.4m	$0.5m
Net Inventory Investment	$0.4m	$0.5m
Cash on Cash Return	30%	100%
Payback period	~3 years	~1 year

Source: BOOT ICR Conference Jan 2022

from BOOT's ability to capture more market share through store expansions.

However, we believe that it is likely that the market has under-priced the true expansion potential that BOOT is able to deliver even under management guidance. More specifically, taking the 3-5% sales algorithm that management has provided us, our analysis of unit economics and CAPEX requirements suggest that there is actually significantly more room for stores to be added, such that it is likely that BOOT will still surpass the target 10% algorithm for store count growth.

Our analysis begins with an estimation of the average CAPEX investment into a new store, which can be estimated using the change in year-on-year leasehold improvements, divided by the number of stores added that year. This gives us an average CAPEX per new store of approximately $545k, which is also consistent with BOOT's 3Q comments about average investments per store at around $500k. To account for the uncertainty in range, we estimated 500-600k per store.

The estimated cost per store was multiplied by the number of stores in a particular quarter to obtain the total CAPEX on new stores. This number was subtracted from total CAPEX for that quarter to derive the "maintenance CAPEX", which represents other CAPEX used to maintain the remaining properties that BOOT owns. Next, we projected seasonal total CAPEX and seasonal maintenance CAPEX spend in line with historical averages percentages of revenue, where the difference between the two numbers would be the CAPEX amount that can be allocated to new stores ("store CAPEX"). Finally, dividing store CAPEX by the average store cost gives us the number of stores that can be added that quarter.

Our findings suggest that when assuming a target 3-5% average growth in same-store sales, the growth in the number of stores is actually closer to 11-13% rather than 10%. At the bear base low range of 3% same-store growth and $600mn per store, store count growth rate works out to be 10.65%, which accounts for 12 more stores by FY26 than the assumed 10% growth rate. 12 stores may seem minute, but the difference will translate to a net revenue difference of approximately $840mn. In comparison, 3Q22 revenues were only $397mn. In management's upper range of 5% store growth and taking the bull case of $500mn store cost, the store count growth rate is now a staggering 13.27%, implying a store count difference of 63 by 4Q26. Net revenue difference under the bull case is $1,714mn. Therefore, we believe that the street has underestimated the growth potential of BOOT by at least $840mn at the top line, which augments our buy case (Figure 24).

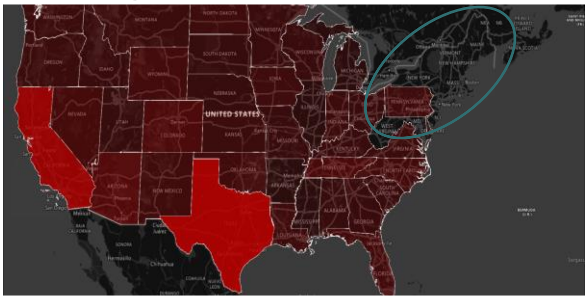
Management has maintained a target of a 3-year cash payback period for its new stores, but payback periods for new stores that have opened after March 2020 have declined to less than a year. Per our math, the average new BOOT store will also continue to payback in at least 3 quarters: net operating cash flows earned in excess of CAPEX requirements after accounting for inventory needs provide sufficient cash to have an average payback period of within a year. The findings from our model thus support the consistency of this payback period through to fiscal year 2026, which further augment our argument that store expansions will likely be overshot. (Figure 25)

Macroeconomic conditions are supportive of our findings

Our model outlined significant opportunity for BOOT to capitalize on. While the potential for unit store expansions may be in reality limited by the real estate that can be acquired, we believe near-term macroeconomic forces will present even more opportunity for BOOT to realize the 11-13% unit growth, above the guided 10%.

BOOT has reiterated in its Q3 earnings call that its main competitors are largely smaller independent retailers that few that cater to western and work wear. In fact, the next largest specialty western retailer only has a third of the total number of stores that BOOT has. As a result of their relatively small size as compared to BOOT, we believe that near-term pressures of (1) inflation, (2) persistent pandemic conditions and (3) supply chain pressures will impact business of these small local business significantly. Economic pressure on these small retailers will likely create more opportunities for BOOT to acquire either real estate from closing stores, or the brand entirely, just it had in the past.

Figure 26: BOOT physical store penetration superimposed on a US map highlight incremental expansion opportunities in north-eastern regions



Source: Team analysis

For one, as elaborated on earlier, many competitors are unable to consistently adopt a full-price marketing strategy and are rely instead on discounts to generate sales. In the midst of an inflationary environment, their inability to pass down costs to price-sensitive consumers suggest weakening business prospects.

In addition, the persistent pandemic conditions have led to continued pressures on the supply chain, where many competitors were also unable to push required inventory onto shelves and deliver orders. Similarly, this is expected to contribute to weakening business fundamentals.

Further, our analysis of geographical penetration shows that there is indeed a very low level of penetration in the northeast region with close to 0 stores. These states, such as west Virginia and new jersey have similar workforce characteristics as north-eastern states such as Pennsylvania, which have outperformed sales expectations, but have 0 stores, further supporting expansion. Given the human density of these states, a 30-50 store count expansion by 2026 is reasonable (Figure 26).

With the small businesses unable to hedge against such pressure, we see incremental real estate acquisition opportunities for BOOT, both from unprofitable stores closing down as well as unprofitable brands ceasing operations.

Acquisition and unit growth will result in a sustainable competitive advantage, hedging against competition and new entry

BOOT's expanding geographical coverage is expected to be a key competitive advantage that allows it to hedge against competition even more effectively. Here, we see little threat of new entry or for substitutes because BOOT is still the top western wear player in the US.

Against other retailers and brands, its command over retailing space creates fulfilment capacity and logistics capability that will allow them to outcompete on delivery speed in the ecommerce front, which differentiates their service from other competitors. Having a physical storefront can also be a point of differentiation against exclusively ecommerce retailers since they are able to be closer to the end consumer and outperform through customer service, and through the provision of a more comprehensive western wear experience. BOOT's larger geographical presence also suggests a greater level of brand awareness for its in-house brands, versus competing brands that either sell via a smaller western wear retail, or through BOOT but take up less prime real estate.

Moving forward, competitors would likely find expansion to be a herculean task. Given BOOT's already deep brand penetration in the western wear space and large real estate control, significant amounts of resources have to be driven towards overcoming such barriers. This lowers the payoff for aggressive competition against BOOT, allowing it to maintain its competitive advantage.

Catalysts

- The worsening macroeconomic pressures such as supply chain bottle necks, inflationary pressures may help boost BOOT expansion opportunities due to reduced competition from "mom-and pop" shops who lack economies of scale as mentioned in thesis 3 above. BOOT's ability to ride the storm will provide it with incremental acquisition opportunities, serving to further its retail advantage versus peers.

- So far, BOOT has demonstrated excellent store economics, in terms of both sales growth and payback periods in recent quarters. However, our model still assumes that same-store-sales growth will fall between the guidance. Thus, BOOT exceeding expectations for its same-store sales growth will be a significant catalyst that will further enable store expansion especially in underpenetrated areas. In addition, stellar sales in the light of tough macroeconomic environments may serve to counter the prevailing market sentiment of challenging forward conditions for BOOT.

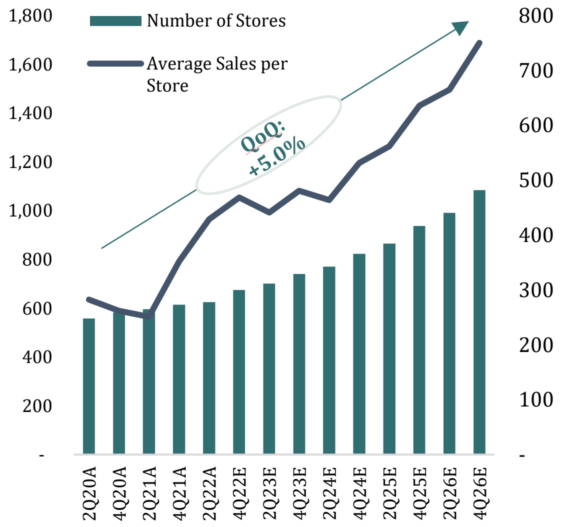
- The increased recognition of western fashion and its subcategories into mainstream fashion into the US will augment BOOT's expansion into underpenetrated regions in the US. This helps to diversify its earnings base away from traditionally western/country-associated areas, while also reducing the risk of poor in-store economics in an expansion towards unexplored territories.

Figure 27: Key Financials

USD Thousands	FY20A	FY21A	FY22E	FY23E	FY24E
Revenue	845,575	893,491	1,487,941	1,726,781	2,038,727
Revenue Growth	8.8%	5.7%	66.5%	16.1%	18.1%
Gross Margin	32.7%	33.0%cp	38.4%	36.9%	37.9%
EBIT Margin	8.7%	9.7%	17.5%	15.8%	17.7%
Profit Margin	9.2%	10.2%	23.3%	36.9%	37.9%
Store Count	259	273	300	330	363
Same-store sales	2,788	2,656	4,333	4,473	4,735

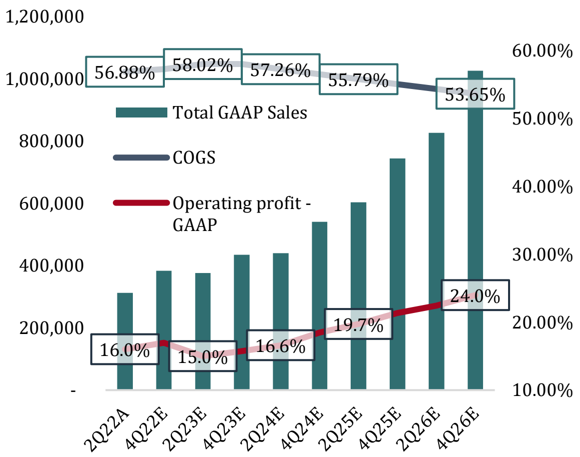
**FY22 consists of 3 quarters of actual data and 1 quarter of projected data*

Figure 28: BOOT's stellar in-store economics leads to greater-than-expected store count growth



Source: BOOT (1Q and 3Q numbers elided for brevity)

Figure 29: BOOT is forecasted for improved profitability on both top and bottom lines



Source: BOOT (1Q and 3Q numbers elided for brevity)

Financial Analysis

Strong branding reflects in stellar same-store revenue growth, which imply greater-than-expected unit store expansion opportunities

Consistent with discretionary retailers, we used a bottom-up construction of revenues that multiplied same-store sales, number of stores, and finally by an adjusting ecommerce mix factor to reconcile total retail revenues to total revenue to account for non-retail ecommerce sale figures.

As discussed above, management has currently guided for an average of 3-5% same-store-sales-growth. We believe that BOOT's preferential ability to cater towards shifting customer trends and position its product lines better than its western retail peers will allow it to achieve the upper end of management estimates towards 4Q26 at 5% same-store sales growth per quarter. In our revenue model, quarterly growth rates were calculated using historical quarterly average growths in that quarter, adjusted upwards by a constant factor. While using historical quarterly averages builds in seasonality into our revenue model, solving for the adjustment factor allows us to target the 5% growth rate as guided by management.

As discussed earlier, BOOT's management has recently guided for 10% store count growth. However, our analysis of in-store economics shows that this is likely to be a conservative estimate of the actual expansion opportunities that BOOT has. Its severe under-penetration of stores in the eastern coast of US, where there have been signs of customer receptiveness to western fashion, further supports our point. Per our base case algorithm, targeting revenue growth at 5%, and store CAPEX at 0.545mn (average of new leasehold liabilities/ new stores added) gives us QoQ store count expansion of around 12.23% instead, outperforming the 10% guidance.

Finally, the ecommerce sales mix percentage was estimated to be 17.5% (historical average quarterly ecommerce sales mix) + 0.2% growth per quarter. The slight decrease from previous quarter's ecommerce mix of 18% reflects our expectation of a temporary decline after COVID-19 reopening in the US, while the 0.2% growth builds in a gradual improvement in sales towards ecommerce in line with ongoing digital trends.

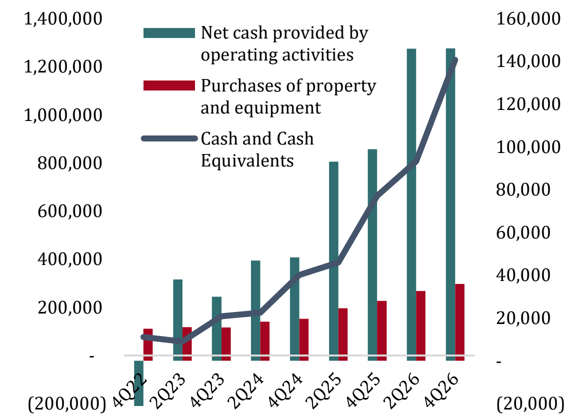
In all, we expect BOOT's stellar positioning to translate to 26.8% revenue CAGR from FY22 to FY26. (Figure 27) At the end of Q4 in the final projection year, we expect approximately 440 stores, a yearly sales total of $6.740mn per store, as well as an ecommerce sales mix of 20.7%. (Figure 28)

Improving sales mix leading to margin expansion on top and bottom lines

We expect BOOT's improving sales mix to also lead to margin expansion at the top and bottom lines.

BOOT's characteristic as both the retailer and the brand opens up opportunities to position its in-house brand names better than competing third party brands, and as a greater portion of its sales mix come from in-house brands that is inherently less costly than purchasing third-party brand apparel for sale, its gross margin is

Figure 30: Current CAPEX levels are supportive of debt-free expansion given large FCFO and cash balance



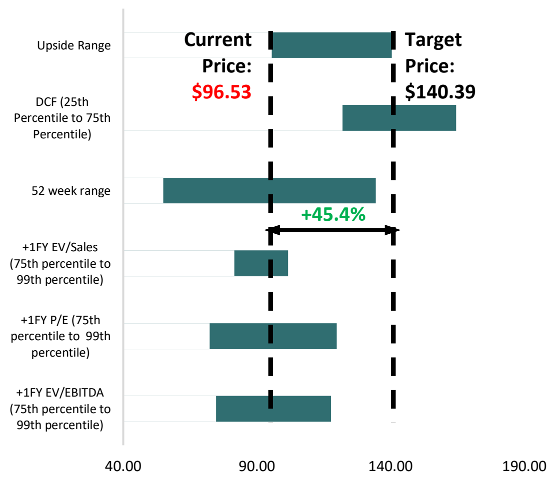
Source: BOOT (1Q and 3Q numbers elided for brevity)

Figure 31: Blended target price

Blended Target Price		
Valuation Method	Weight	Value
DCF	70%	152.11
+1FY EV/EBITDA	10%	117.71
+1FY P/E	10%	119.82
+1FY EV/Sales	10%	101.61
Target Price		**140.39**

Source: Team estimates

Figure 32: Football field valuation



Source: Team estimates

expected to increase. Moreover, its pivot towards more luxury fashion items and economies of scale in production as store count increases will further contribute to improving gross margins. Therefore, in our cost model, we expect COGS to continue decreasing gradually by a factor of -0.7% QoQ from 56.9% in the latest quarter, in line with the historical average decline since 1Q17.

In addition, greater economies of scale also suggest greater cost savings in general and administrative expenses as centralised cost functions are spread over a larger level of output. BOOT's growing online western wear presence coupled with physical brand awareness has also contributed to improved ROAS on ecommerce marketing spend, which is a sentiment that management has reiterated in its 3Q21 earnings call. As such, we forecast SG&A expenses to decrease from 20.1% of sales by a factor of -1.2% QoQ.

On a quarterly basis, we expect COGS to decrease from 56.9% to 53.65% by 4Q26, while GAAP operating profit is forecasted to increase from 16.0% towards 24.1% in the same period (Figure 29)

Current levels of CAPEX supportive of debt-free inorganic growth

In 3Q21, BOOT paid off the last remaining tranche of long-term debt. Moving forward, we also believe that its current capital structure is supportive of the growth rates discussed above, without the need to raise any additional debt, even with the prospect of significant inorganic growth from store acquisitions in the future. BOOT's increasingly profitable stores explain this phenomenon: while we are forecasting negative free cash flow from operations in 4Q22 and 1Q23 consistent with a historical Q4 and Q1 seasonal slump in revenues, growing top lines and margin expansion supports a positive FCFO inflow from 2Q23 onwards, at an average of $104mn per quarter (Figure 30). This is seen to be more than sufficient to cover for cash to be used in investing activities, particularly in purchases of property and equipment in CAPEX – the sum of CAPEX needed for maintenance and new store expansion as per our assumptions above after accounting for seasonality only averages out at $24mn per quarter, at around one quarter that of operating cash flows. With significant free cash flow remaining after deducting CAPEX, we believe that there is no real requirement to raise debt or further equity financing.

The above will also likely lead to an accumulation of cash on the balance sheet. While we are not forecasting any acquisitions apart from potential acquisition of real estate from smaller mom-and-pop retailers that relate to regular planned store expansions, the increase in cash balance likely poises the firm the purchase of either (1) another retailer, (2) other brand names to expand into other western fashion categories, or (3) fulfilment capacity in warehouses and transportation to further differentiate on ecommerce, again without the usage of debt.

Valuation

Valuation Price Target: **$140.39**

We issue a buy recommendation for BOOT with a blended target price of $140.39, representing a material upside of +45.4% from the closing price of $96.53 (Figure 31). This was derived from a blend of valuation

Figure 33: Comparable firms

Company Name	+1FY EV/EBITDA	+1FY P/E	+1FY EV/S
Boot Barn Holdings Inc	10.41	17.40	1.81
Ross Stores Inc	10.40	17.51	1.47
Bath & Body Works Inc	7.30	10.60	1.83
Carter's Inc	6.51	10.23	1.08
Tapestry Inc	6.38	9.57	1.44
Victoria's Secret & Co	4.35	7.56	0.72
DICK'S Sporting Goods Inc	4.12	8.53	0.65
Academy Sports and Outdoors Inc	3.96	5.72	0.52
Urban Outfitters Inc	3.95	8.36	0.41
American Eagle Outfitters Inc	3.59	8.19	0.50
Peer Average	**5.62**	**9.59**	**0.96**
25th percentile	3.96	8.19	0.52
50th percentile	4.35	8.53	0.72
75th percentile	6.51	10.23	1.44
90th percentile	7.92	11.98	1.54
99th percentile	10.15	16.95	1.80

Source: Team estimates, Refinitiv

Figure 34: WACC Inputs

WACC Inputs		
Input	Value	Source
Risk Free Rate	2.50%	US 10-YR treasury yield
Market Risk Premium	4.7%	Professor Damodaran
Beta	1.59	Re-levered peer average unlevered beta
Income Tax Rate	22.9%	Historical average
Debt-to-capital ratio	0.00%	Team estimates
Cost of Debt	0.0%	Team Estimates
Average WACC	6.04%	

Source: Team estimates, Refinitiv

Figure 35: Sensitivity analysis on Exit Multiple and WACC

		WACC					
Exit Multiple	142.9316	4.10%	4.60%	5.10%	5.60%	6.10%	6.60%	7.10%
	7.00	224.2349	213.5593	204.8804	197.5687	191.2404	185.6481	180.6249
	6.00	207.8306	197.5048	189.1668	182.1871	176.1823	170.9052	166.1892
	5.00	191.4262	181.4503	173.4532	166.8055	161.1242	156.1624	151.7536
	4.00	175.0218	165.3959	157.7396	**151.4239**	146.0661	141.4195	137.3179
	3.00	158.6174	149.3414	142.0259	136.0424	131.0080	126.6766	122.8822
	2.00	142.2131	133.2870	126.3123	120.6608	115.9500	111.9338	108.4465
	1.00	125.8087	117.2325	110.5987	105.2792	100.8919	97.1909	94.0109

Source: Team estimates, Refinitiv

methodologies: DCF (70%), +1 FY EV/EBITDA (10%), +1 FY P/E (10%) and +1FY EV/Sales (Figure 32)

DCF Valuation (70% of overall weightage)

DCF was taken to be the primary driver of target price at 70% weightage, which reflects the greater confidence that we have in using a more granular bottom-up valuation method. The terminal value was a 50/50 blend of implied terminal values from the Gordon Growth Method at 1.00% growth rate, and an exit +1FY EV/EBITDA exit multiple of 4.00x. We are of the opinion that these core assumptions are reasonable because (1) 1.00% growth rate is already a conservative estimate of perpetual growth given historical developed nation GDP growth at 2-3% and because (2) BOOT currently trades at a +1FY EV/EBITDA of 10.41x vs the peer median of 4.35x, suggesting an already outsized discount priced in.

Relative valuation (30% of overall weightage combined)

The target price derived from the DCF valuation was also blended with 10% weightage each from +1 FY EV/EBITDA, +1 FY P/E as well as +1 FY EV/Sales. The comparatively low weightage reflects a lower confidence in deriving BOOT's intrinsic valuation from peers, given that BOOT operates in a niche segment of retail with a unique hybrid sales mix that can exhibit both defensive and discretionary characteristics. For all three relative valuation metrics, the 99th percentile of the peer distribution was used to derive the intrinsic value.

Given that there were no listed direct peers in the same niche industry that BOOT operates in to compare to, comparable firms were obtained after passing the universe of stocks through certain filters that selects for firms that display similar operating characteristics as BOOT. The universe of stocks passed through the filter if they fell in the categories of (1) consumer discretionary stocks, (2) physical retailers (non-wholesale, non-commerce), (3) apparel or footwear or specialty stores, (4) firms with revenue concentration within the US and (5) firms with market cap similar to BOOT's. (Figure 33)

Discount Rates

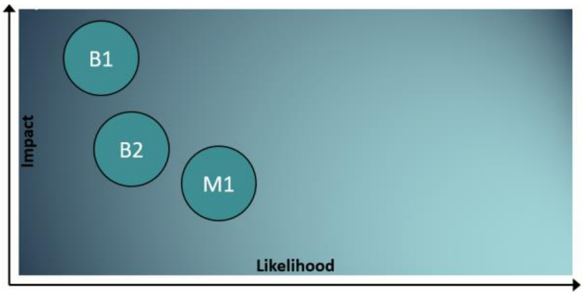
Our DCF model discounts revenues using the weighted average cost of capital through the projection period (3Q22 to 4Q26), using the capital asset pricing model to derive the discount rate (Figure 34). Under CAPM, the risk-free rate was taken to be 2.5%, which was the US 10-year T-bill yield at the time of writing; the beta used was the re-levered peer average unlevered beta; equity risk premium of 4.7% was the implied equity risk premium from sovereign debt ratings as per Professor Damodaran's research; and the corporate tax rate of 22.90% was consistent with the historical average tax rate of BOOT. The cost of equity of 6.04% derived above was also taken to be the WACC, because we expect BOOT to have no debt moving forward. In the latest quarter, BOOT paid off all of its existing long term and short-term debt. Our analysis also shows that current levels of CAPEX and assumed level of store economics are supportive of the current growth projected without the use of any debt financing.

Figure 36: Sensitivity analysis on Terminal Growth and WACC

		WACC						
	142.9316	4.10%	4.60%	5.10%	5.60%	6.10%	6.60%	7.10%
Terminal Growth	1.60%	187.3006	174.0639	164.1570	156.3474	149.9494	144.5509	139.8891
	1.40%	199.3782	182.0621	169.8139	160.5407	153.1692	147.0920	141.9392
	1.20%	207.3205	187.0596	173.2268	163.0069	155.0266	148.5357	143.0896
	1.00%	207.3205	187.0596	173.2268	**163.0069**	155.0266	148.5357	143.0896
	0.80%	199.3782	182.0621	169.8139	160.5407	153.1692	147.0920	141.9392
	0.60%	187.3006	174.0639	164.1570	156.3474	149.9494	144.5509	139.8891
	0.40%	175.0218	165.3959	157.7396	151.4239	146.0661	141.4195	137.3179

Source: Team estimates, Refinitiv

Figure 37: Investment Risks



Source: Team estimates, Refinitiv

Sensitivity Analysis

Sensitivity analysis was performed on key variables that the model was particularly sensitive to, namely the terminal growth rate and WACC as well as exit multiple. The two sensitivity tables (Figure 35 and 36) show that the model is largely resistant to parameter variance, lending strength to our recommendations. On our sensitivity analysis of exit multiple and WACC, a recommendation change would require a -3.00x in exit multiple and a +150bps change in WACC. It should also be noted that the base case exit multiple of 4.00x is already accounting for significant levels of multiple compression from current +1 FY EV/EBITDA multiples of 10.00x. On the sensitivity analysis with Gordon Growth rates, despite the low terminal growth rates assumed already, the recommendation appears consistent even under +150bps in WACC and -0.60% in terminal growth rate.

Investment Risks

Market Risk 1(M1)

Cost pressures from tight labour market conditions and sustained supply chain shortages: Many of the stores that BOOT operates are manned by part-time workers, and inflationary pressures combined with tight labour market conditions are likely to be key contributors to cost pressures moving forward. We have seen firms like Amazon likewise struggle with cost pressures on the fulfilment side as a result of worker shortages and the need to increase payrolls to retain talent. Furthermore, similar to Amazon, BOOT may need to pay in advance for many of its suppliers in order to procure sufficient inventory in the event of sustained supply chain shortages, which may stem from large COVID-induced lockdowns of ports, like what we have seen in Shanghai recently. The combination of the above reduces BOOT's working capital and cash availability to pursue store expansion.

Business Risk 1 (B1)

Failure of geographical expansion: BOOT's share price may face pressures if negative news about its geographical expansionary plans surface, especially because much of its investment thesis hinges on this idea. Factors such as poorer than expected new store economics may hinder BOOT's ambitions to expand across the region. However, BOOT's past expansion plans have all so far exceeded expectations even in the midst of the pandemic and supply chain disruptions, which we believe is testament to the management's ability to weather the storm. In addition, store expansion opportunities in some underpenetrated north-eastern parts of US are more likely to be effective than not because of the similarity in workforce demographics to BOOT's traditional consumer base in Texas and California.

Business Risk 2 (B2)

Failure to capture the right shift in customer preferences: Likewise, a failure in BOOT ability to rightly capture and ride the trend in consumer apparel preferences may drive its demand and share price down, while providing peers with the opportunity to outcompete BOOT in the long run. However, BOOT's extensive store presence, coupled with the operation of Boot Barn Hall gives it the preferential ability to accurately identify trends before peers do.

Disclaimer

Appendix A: Financial Model (Yearly consolidation)

Boot Barn	Annual >								
FYE Mar 31	2018	2019	2020	2021	2022	2023	2024	2025	2026
	31-Dec-18	31-Dec-19	31-Dec-20	31-Dec-21	31-Dec-22	31-Dec-23	31-Dec-24	31-Dec-25	31-Dec-26
	2018	2019	2020	2021	2022	2023	2024	2025	2026
Income Statement									
Total GAAP Sales	677,949	776,854	845,575	893,491	1,487,941	1,726,781	2,038,727	2,790,789	3,841,893
COGS	(470,034)	(525,420)	(569,084)	(598,612)	(916,904)	(1,089,732)	(1,266,840)	(1,677,092)	(2,240,584)
of which SBC	(400)	(400)	(900)	(1,300)	(1,549)	(1,572)	(1,855)	(2,540)	(3,496)
of which Depreciation	16,000	18,256	21,211	24,059	27,300	34,811	41,456	50,100	63,602
of which Amortization									
% of sales	-69.3%	-67.6%	-67.3%	-67.0%	-61.6%	-63.1%	-62.1%	-60.1%	-58.3%
COGS excl. SBC and D&A	(451,307)	(504,883)	(514,764)	(538,049)	(846,470)	(1,002,538)	(1,162,441)	(1,550,228)	(2,079,142)
% of sales	-66.6%	-65.0%	-60.9%	-60.2%	-56.9%	-58.1%	-57.0%	-55.5%	-54.1%
GAAP GP	**207,915**	**251,434**	**276,491**	**294,879**	**571,037**	**637,049**	**771,886**	**1,113,697**	**1,601,309**
Non-GAAP GP	226,642	271,971	330,811	355,442	641,471	724,243	876,285	1,240,562	1,762,751
GAAP GP margin	30.7%	32.4%	32.7%	33.0%	38.4%	36.9%	37.9%	39.9%	41.7%
Non-GAAP GP margin	33.4%	35.0%	39.1%	39.8%	43.1%	41.9%	43.0%	44.5%	45.9%
Opex items with SBC:									
Selling, General and Administrative Expenses	(161,659)	(187,112)	(202,823)	(208,553)	(310,109)	(363,992)	(411,472)	(536,922)	(704,665)
% of sales	-23.8%	-24.1%	-24.0%	-23.3%	-20.8%	-21.1%	-20.2%	-19.2%	-18.3%
Total Opex with SBC	**(161,660)**	**(187,113)**	**(202,824)**	**(208,554)**	**(310,110)**	**(363,993)**	**(411,472)**	**(536,923)**	**(704,666)**
QoQ Growth									
YoY Growth			8%	3%	49%	17%	13%	30%	31%
Opex items excl SBC:									
SGA SBC									
Selling, General and Administrative Expenses	(159,659)	(184,812)	(198,723)	(203,653)	(301,696)	(355,994)	(402,029)	(523,995)	(686,871)
%total sales	-23.6%	-23.8%	-23.5%	-22.8%	-20.3%	-20.6%	-19.7%	-18.8%	-17.9%
Total Opex excl SBC	**(159,659)**	**(184,812)**	**(198,723)**	**(203,653)**	**(223,649)**	**-**	**-**	**-**	**-**
Operating profit - GAAP	**46,255**	**64,321**	**73,667**	**86,325**	**260,927**	**273,055**	**360,414**	**576,774**	**896,643**
Margin	6.8%	8.3%	8.7%	9.7%	17.5%	15.8%	17.7%	20.7%	23.3%
QoQ Growth									
YoY Growth		39.1%	14.5%	17.2%	202.3%	4.6%	32.0%	60.0%	55.5%
Operating profit - Non-GAAP	**48,256**	**66,622**	**77,768**	**91,226**	**347,388**	**637,049**	**771,886**	**1,113,697**	**1,601,309**
Margin	7.1%	8.6%	9.2%	10.2%	23.3%	36.9%	37.9%	39.9%	41.7%
QoQ Growth									
YoY Growth		38.1%	16.7%	17.3%	280.8%	83.4%	21.2%	44.3%	43.8%
EBITDA	64,582	84,458	127,087	145,588	329,813	358,678	462,957	701,099	1,054,588
Other Income (expense),net									
Interest Expense	(15,076)	(16,331)	(12,521)	(8,647)	(4,805)	-	-	-	-
Interest Expense on Finance Lease Liabilities	-	-	(789)	(795)	(760)	(677)	(642)	(606)	(569)
Other Income, net	-	5	(45)	366	161	-	-	-	-
Total other income (expense)	(15,076)	(16,326)	(13,355)	(9,076)	(5,404)	(677)	(642)	(606)	(569)
%total sales	(2.2)%	(2.1)%	(1.6)%	(1.0)%	(0.4)%	(0.0)%	(0.0)%	(0.0)%	(0.0)%
Income before income tax	**31,179**	**47,995**	**60,312**	**77,249**	**255,523**	**272,378**	**359,772**	**576,168**	**896,074**
EBT Margin	4.6%	6.2%	7.1%	8.6%	17.2%	15.8%	17.6%	20.6%	23.3%
QoQ Growth									
YoY Growth		53.9%	25.7%	28.1%	230.8%	6.6%	32.1%	60.1%	55.5%
Income Tax Expenses	(2,301)	(8,974)	(12,364)	(17,864)	(57,795)	(58,142)	(69,410)	(126,716)	(197,995)
Effective tax rate	-7.4%	-18.7%	-20.5%	-23.1%	-22.6%	-21.3%	-19.3%	-22.0%	-22.1%
Net Income After Tax	**28,878**	**39,021**	**47,948**	**59,385**	**197,728**	**214,236**	**290,362**	**449,452**	**698,078**

Balance sheet									
Assets									
Cash and Cash Equivalents	9,016	16,614	69,563	73,148	76,250	162,530	334,421	662,530	1,228,160
Accounts Receivable	4,389	8,095	12,087	12,771	17,934	22,038	28,283	37,555	51,509
Inventories	211,472	240,734	288,717	275,760	434,647	508,154	618,536	796,082	1,098,528
Prepaid Expenses and Other Assets	16,250	11,900	14,284	12,777	33,519	38,084	47,344	65,148	89,808
Total Current Assets	**241,127**	**277,343**	**384,651**	**374,456**	**562,351**	**730,805**	**1,028,584**	**1,561,315**	**2,468,003**
PPE, net	89,208	98,663	109,603	110,444	144,093	172,450	205,540	258,474	331,305
ROU Assets, net	-	-	170,243	186,827	239,733	290,102	348,392	439,115	563,169
of which Capital Finance Lease ROU Assets	-	-	10,444	8,036	10,142	8,881	7,996	7,606	7,668
of which Operating Lease ROU Assets	-	-	159,799	178,791	229,592	281,221	340,396	431,509	555,501
Goodwill	193,095	195,858	197,502	197,502	197,502	197,502	197,502	197,502	197,502
Intangible Assets, net	63,383	62,845	60,974	60,885	60,813	60,751	60,706	60,691	60,691
Other Assets	1,128	1,366	1,738	3,467	3,152	3,581	4,451	6,125	8,444
Total Noncurrent Assets	**346,814**	**358,732**	**540,060**	**559,125**	**645,292**	**724,385**	**816,591**	**961,907**	**1,161,110**
Total Assets	**587,941**	**636,075**	**924,711**	**933,581**	**1,207,643**	**1,455,190**	**1,845,175**	**2,523,222**	**3,629,114**
Liabilities									
Line of Credit	21,006	-	129,900	-	-	-	-	-	-
Accounts Payable	89,958	104,955	95,334	104,641	190,708	216,355	254,430	333,667	465,429
Accrued Expenses and Other Current Liabilities	40,034	46,988	52,612	77,615	108,635	130,988	162,975	217,699	286,836
Short term lease liabilities	-	-	34,779	39,400	45,707	49,655	58,540	82,467	87,446
of which Capital Finance Lease Liabilities	-	-	1,019	1,164	896	915	925	1,007	505
of which Operating Lease Liabilities	-	-	33,760	38,236	44,811	48,740	57,615	81,460	86,942
Current Portion of Notes Payable	-	-	-	-	-	-	-	-	-
Total Current Liabilities	**150,998**	**151,943**	**312,625**	**221,656**	**345,050**	**396,998**	**475,945**	**633,833**	**839,711**
LT Deferred Taxes	13,030	17,202	19,801	21,993	17,878	20,313	25,252	34,748	47,900
Long term portion of notes payable	183,200	174,264	109,022	109,781	-	-	-	-	-
Capital Lease Obligation	7,303	6,746	-	-	-	-	-	-	-
Long Term Lease Liabilities	-	-	160,935	181,836	235,541	204,155	207,284	250,666	414,889
of which Capital Finance Lease Liabilities	-	-	12,954	13,507	16,270	15,368	14,456	13,466	12,985
of which Operating Lease Liabilities	-	-	147,981	168,329	219,270	188,787	192,828	237,200	401,903
Other Liabilities									
Total Non-current Liabilities	**222,337**	**219,968**	**290,393**	**317,034**	**257,147**	**228,704**	**237,802**	**292,660**	**472,778**
Total Liabilities	**373,335**	**371,911**	**603,018**	**538,690**	**602,197**	**625,701**	**713,747**	**926,493**	**1,312,489**
Equity									
Shareholder's Equity:	3	3	3	3	3	3	3	3	3
Common Stock	148,127	159,137	169,249	183,815	199,351	209,157	220,735	236,583	258,401
Additional paid-in capital	66,670	105,692	153,641	213,027	410,756	624,992	915,354	1,364,807	2,062,885
Retained Earnings	(194)	(668)	(1,200)	(1,954)	(4,664)	(4,664)	(4,664)	(4,664)	(4,664)
Common Stock held at treasury	**214,606**	**264,164**	**321,693**	**394,891**	**605,446**	**829,488**	**1,131,428**	**1,596,729**	**2,316,625**
Total Shareholders' Equity - Total									
	587,941	**636,075**	**924,711**	**933,581**	**1,207,643**	**1,455,190**	**1,845,175**	**2,523,222**	**3,629,114**

Cash Flow (Yearly Consolidation)									
Cash From Operations									
Net Income	28,878	39,021	47,948	59,385	197,728	214,236	290,362	449,452	698,078
Depreciation	16,000	18,256	21,211	24,059	27,300	34,811	41,456	50,100	63,602
Amortization of Intangible Assets	1,128	646	172	89	72	62	46	15	-
Amortization of ROU Assets	-	-	31,091	34,231	39,680	50,749	61,041	74,210	94,343
Amortization and write-off of debt issance fees and debt discou	1,199	1,235	946	884	1,834	-	-	-	-
Stock Based Compensation	2,248	2,873	4,908	7,158	9,982	9,806	11,578	15,849	21,818
	-	-	-	-	-	-	-	-	-
Excess Tax Benefit	-	-	-	-	-	-	-	-	-
Loss on disposal of assets	252	35	447	214	-	-	-	-	948
(Gain)/Loss on adjustment of right-of-use assets and lease liabilit	-	(193)	302	(258)	-	-	-	-	(149)
Damaged asset write-off	2,357	312	-	-	-	-	-	-	2,669
Insurance recovery receivable	-	-	-	-	-	-	-	-	-
Accretion of Above Market Leases	(2)	(28)	-	-	-	-	-	-	(30)
Store impairment charge	83	242	575	-	-	-	-	-	900
Deferred Taxes	1,860	2,731	3,184	4,031	2,434	6,535	10,399	(10,591)	11,806
Insurance settlement	-	-	-	-	-	-	-	-	-
Amortization of inventory fair value adjustment	-	-	-	-	-	-	-	-	-
Accounts Receivable	(35)	(1,043)	7,537	9,605	(4,103)	(8,386)	(6,931)	(14,597)	16,064
Inventories	(24,598)	(49,773)	40,797	(139,634)	(73,507)	(167,508)	(213,908)	(142,004)	(173,208)
Inventories purchased in asset acquisitions	-	-	-	-	-	-	-	-	-
Prepaid Expenses and Other Current Assets	(3,281)	4,179	(2,351)	1,382	(20,857)	(4,564)	(9,260)	(17,804)	(24,659)
Other Assets	(167)	(254)	(548)	(1,729)	(235)	(429)	(871)	(1,674)	(2,318)
Accounts Payable	13,062	14,191	(13,810)	12,360	85,890	25,647	38,075	79,237	131,762
Accrued expenses and other current liabilities	3,977	6,882	6,310	25,003	24,724	22,353	31,987	54,723	69,137
Other Liabilities	1,238	2,704	(3,611)	2,789	304	508	1,030	1,980	2,743
Cash paid for operating lease assets	-	-	-	-	(23,637)	(100,367)	(118,446)	(163,708)	(216,775)
Operating leases	-	-	(30,070)	(33,655)	(8,232)	(26,555)	12,916	68,218	170,184
Finance leases	-	-	-	-	(53)	(883)	(902)	(909)	(983)
Net cash provided by operating activities	**44,199**	**63,259**	**25,316**	**155,921**	**167,145**	**150,199**	**247,325**	**432,368**	**703,684**
Cash From Investing									
Purchases of property and equipment	(24,418)	(27,525)	(37,195)	(28,424)	(54,802)	(63,919)	(75,433)	(104,259)	(138,055)
Insurance recoveries for property and equipment	865	184	717	-	-	-	-	-	-
Acquisition of business, net of cash acquired	-	(4,424)	(3,688)	-	-	-	-	-	-
Net cash used in investing activities	**(23,553)**	**(31,765)**	**(40,166)**	**(28,424)**	**(54,802)**	**(63,919)**	**(75,433)**	**(104,259)**	**(138,055)**
Cash from Financing									
Payments on line of credit - net	(12,268)	(21,006)	129,900	(129,900)	-	-	-	-	-
New Equity Financing									
Proceeds from loan borrowings	-	-	-	-	-	-	-	-	-
Repayments on debt and finance lease obligations	(10,448)	(10,554)	(65,553)	(667)	(112,085)	-	-	-	-
Debt issuance fees paid	(520)	-	(1,221)	-	-	-	-	-	-
Tax withholding payments for net share settlement	(125)	(474)	(532)	(754)	(2,710)	-	-	-	-
Excess tax benefits from stock options	-	-	-	-	-	-	-	-	-
Proceeds from the exercise of stock options	3,695	8,137	5,204	7,408	5,554	-	-	-	-
Net cash provided by financing activities	**(19,666)**	**(23,897)**	**67,798**	**(123,913)**	**(109,241)**	**-**	**-**	**-**	**-**

Appendix B: Pro-forma income projections (quarterly)

Boot Barn FYE Mar 31	4Q22 31-Mar-22 2022	1Q23 30-Jun-22 2023	2Q23 30-Sep-22 2023	3Q23 31-Dec-22 2023	4Q23 31-Mar-23 2023	1Q24 30-Jun-23 2024	2Q24 30-Sep-23 2024	3Q24 31-Dec-23 2024	4Q24 31-Mar-24 2024	1Q25 30-Jun-24 2025	2Q25 30-Sep-24 2025	3Q25 31-Dec-24 2025	4Q25 31-Mar-25 2025	1Q26 30-Jun-25 2026	2Q26 30-Sep-25 2026	3Q26 31-Dec-25 2026	4Q26 31-Mar-26 2026
Pro-forma Income Projections																	
Key Operating Metrics																	
Average Sales per Store	1,054	991	992	1,408	1,081	951	1,044	1,543	1,196	1,147	1,264	1,851	1,431	1,369	1,496	2,186	1,688
Same store sales growth QoQ	(23.2)%	(5.9)%	0.1%	41.9%	(23.2)%	(12.0)%	9.7%	47.9%	(22.5)%	(4.1)%	10.2%	46.4%	(22.7)%	(4.4)%	9.3%	46.1%	(22.8)%
Same store sales growth YoY	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Yearly																	
Number of Stores	300	306	312	318	329	335	343	350	366	374	384	395	417	430	440	456	482
Net Store Additions	11	6	6	7	11	7	7	8	16	8	11	11	21	13	10	15	26
Store count growth QoQ	3.8%	1.9%	2.0%	2.2%	3.3%	2.0%	2.2%	2.2%	4.5%	2.2%	2.8%	2.9%	5.4%	3.2%	2.4%	3.5%	5.8%
Store count growth YoY	9.9%	10.7%	12.1%	10.2%	9.6%	9.8%	10.0%	10.0%	11.3%	11.5%	12.2%	12.9%	13.9%	15.0%	14.5%	15.2%	15.7%
	5.59%																
Period	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40
Exepected Store Additions forecasted	**300**	**307**	**315**	**322**	**330**	**338**	**346**	**355**	**363**	**372**	**381**	**390**	**400**	**409**	**419**	**429**	**440**
Total Selling Space	3,179,100	3,237,980	3,302,150	3,374,268	3,485,579	3,554,799	3,631,748	3,711,997	3,878,049	3,963,000	4,074,478	4,190,967	4,416,056	4,557,295	4,665,595	4,829,737	5,109,846
Average Selling Space per store	10,597	10,597	10,597	10,597	10,597	10,597	10,597	10,597	10,597	10,597	10,597	10,597	10,597	10,597	10,597	10,597	10,597
Total Retail Revenue	**316,076**	**302,942**	**309,166**	**448,325**	**355,636**	**319,177**	**357,752**	**540,629**	**437,781**	**429,060**	**486,035**	**732,073**	**596,458**	**588,568**	**658,825**	**996,512**	**814,017**
Net new stores added	11	6	6	7	11	7	7	8	16	8	11	11	21	13	10	15	26
Estimated CAPEX per store	(545)	(545)	(545)	(545)	(545)	(545)	(545)	(545)	(545)	(545)	(545)	(545)	(545)	(545)	(545)	(545)	(545)
PPE	**144,093**	**151,210**	**158,279**	**166,347**	**172,450**	**179,185**	**187,235**	**197,159**	**205,540**	**216,225**	**228,364**	**244,324**	**258,474**	**275,689**	**292,650**	**313,203**	**331,305**
Total CAPEX	(15,053)	(15,376)	(15,748)	(17,172)	(15,624)	(16,677)	(18,380)	(20,707)	(19,669)	(22,532)	(24,560)	(29,090)	(28,077)	(32,054)	(32,710)	(37,339)	(35,952)
CAPEX allocated to new stores	(5,990)	**(3,026)**	**(3,297)**	**(3,706)**	**(5,720)**	**(3,557)**	**(3,954)**	**(4,124)**	**(8,533)**	**(4,365)**	**(5,728)**	**(5,986)**	**(11,567)**	**(7,258)**	**(5,565)**	**(8,435)**	**(14,394)**
Maintenance CAPEX	(9,063)	(12,350)	(12,451)	(13,466)	(9,904)	(13,120)	(14,426)	(16,583)	(11,136)	(18,167)	(18,831)	(23,103)	(16,511)	(24,796)	(27,145)	(28,905)	(21,558)
Maintenance CAPEX % sales	(2.4)%	(3.4)%	(3.3)%	(2.5)%	(2.3)%	(3.4)%	(3.3)%	(2.5)%	(2.1)%	(3.4)%	(3.1)%	(2.5)%	(2.2)%	(3.4)%	(3.3)%	(2.3)%	(2.1)%

Appendix C: Other schedules (quarterly)

Boot Barn FYE Mar 31	4Q22 31-Mar-22 2022	1Q23 30-Jun-22 2022	2Q23 30-Sep-22 2022	3Q23 31-Dec-22 2022	4Q23 31-Mar-23 2023	1Q24 30-Jun-23 2023	2Q24 30-Sep-23 2023	3Q24 31-Dec-23 2023	4Q24 31-Mar-24 2024	1Q25 30-Jun-24 2024	2Q25 30-Sep-24 2024	3Q25 31-Dec-24 2024	4Q25 31-Mar-25 2025	1Q26 30-Jun-25 2025	2Q26 30-Sep-25 2025	3Q26 31-Dec-25 2025	4Q26 31-Mar-26 2026
D&A Schedule																	
Property and Equipment																	
CAPEX	**(15,053)**	**(15,376)**	**(15,748)**	**(17,172)**	**(15,624)**	**(16,677)**	**(18,380)**	**(20,707)**	**(19,669)**	**(22,532)**	**(24,560)**	**(29,090)**	**(28,077)**	**(32,054)**	**(32,710)**	**(37,339)**	**(35,952)**
Sales	382,993	367,970	376,445	547,220	435,146	391,494	439,889	666,392	540,952	531,489	603,561	911,356	744,383	736,374	826,342	1,253,035	1,026,142
CAPEX % sales	(3.5)%	(4.2)%	(4.2)%	(3.1)%	(3.6)%	(4.3)%	(4.2)%	(3.1)%	(3.6)%	(4.2)%	(4.1)%	(3.2)%	(3.8)%	(4.4)%	(4.0)%	(3.0)%	(3.5)%
CAPEX to PPE	(14,876)	(15,195)	(15,563)	(16,970)	(15,440)	(16,481)	(18,164)	(20,464)	(19,438)	(22,268)	(24,271)	(28,748)	(27,747)	(31,677)	(32,326)	(36,901)	(35,530)
CAPEX to Finance Leases	(177)	(181)	(185)	(202)	(184)	(196)	(216)	(243)	(231)	(265)	(288)	(342)	(330)	(377)	(384)	(439)	(422)
PPE Beginning Balance	136,716	144,093	151,210	158,279	166,347	172,450	179,185	187,235	197,159	205,540	216,225	228,364	244,324	258,474	275,689	292,650	313,203
(+) CAPEX	14,876	15,195	15,563	16,970	15,440	16,481	18,164	20,464	19,438	22,268	24,271	28,748	27,747	31,677	32,326	36,901	35,530
(-) Depreciation	(7,500)	(8,077)	(8,494)	(8,902)	(9,338)	(9,745)	(10,115)	(10,540)	(11,057)	(11,583)	(12,132)	(12,788)	(13,596)	(14,463)	(15,365)	(16,348)	(17,427)
(+/-) Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PPE Ending Balance	**144,093**	**151,210**	**158,279**	**166,347**	**172,450**	**179,185**	**187,235**	**197,159**	**205,540**	**216,225**	**228,364**	**244,324**	**258,474**	**275,689**	**292,650**	**313,203**	**331,305**
Implied Useful Life	4.80	4.68	4.66	4.67	4.62	4.60	4.63	4.68	4.65	4.67	4.71	4.78	4.75	4.77	4.76	4.79	4.75
Depreciation % Average Balance	-5.75%	-5.75%	-5.75%	-5.75%	-5.75%	-5.75%	-5.75%	-5.75%	-5.75%	-5.75%	-5.75%	-5.75%	-5.75%	-5.75%	-5.75%	-5.75%	-5.75%
Depreciation waterfall																	
Existing	(4,703)	(4,703)	(4,703)	(4,703)	(4,703)	(4,703)	(4,703)	(4,703)	(4,703)	(4,703)	(4,703)	(4,703)	(4,703)	(4,703)	(4,703)	(4,703)	(4,703)
4Q22	(736)	(736)	(736)	(736)	(736)	(736)	(736)	(736)	(736)	(736)	(736)	(736)	(736)	(736)	(736)	(736)	(736)
1Q23	-	(752)	(752)	(752)	(752)	(752)	(752)	(752)	(752)	(752)	(752)	(752)	(752)	(752)	(752)	(752)	(752)
2Q23	-	-	(770)	(770)	(770)	(770)	(770)	(770)	(770)	(770)	(770)	(770)	(770)	(770)	(770)	(770)	(770)
3Q23	-	-	-	(840)	(840)	(840)	(840)	(840)	(840)	(840)	(840)	(840)	(840)	(840)	(840)	(840)	(840)
4Q23	-	-	-	-	(764)	(764)	(764)	(764)	(764)	(764)	(764)	(764)	(764)	(764)	(764)	(764)	(764)
1Q24	-	-	-	-	-	(816)	(816)	(816)	(816)	(816)	(816)	(816)	(816)	(816)	(816)	(816)	(816)
2Q24	-	-	-	-	-	-	(899)	(899)	(899)	(899)	(899)	(899)	(899)	(899)	(899)	(899)	(899)
3Q24	-	-	-	-	-	-	-	(1,013)	(1,013)	(1,013)	(1,013)	(1,013)	(1,013)	(1,013)	(1,013)	(1,013)	(1,013)
4Q24	-	-	-	-	-	-	-	-	(962)	(962)	(962)	(962)	(962)	(962)	(962)	(962)	(962)
1Q25	-	-	-	-	-	-	-	-	-	(1,102)	(1,102)	(1,102)	(1,102)	(1,102)	(1,102)	(1,102)	(1,102)
2Q25	-	-	-	-	-	-	-	-	-	-	(1,201)	(1,201)	(1,201)	(1,201)	(1,201)	(1,201)	(1,201)
3Q25	-	-	-	-	-	-	-	-	-	-	-	(1,423)	(1,423)	(1,423)	(1,423)	(1,423)	(1,423)
4Q25	-	-	-	-	-	-	-	-	-	-	-	-	(1,373)	(1,373)	(1,373)	(1,373)	(1,373)
1Q26	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,568)	(1,568)	(1,568)	(1,568)
2Q26	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,600)	(1,600)	(1,600)
3Q26	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,827)	(1,827)
4Q26	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,759)
Total Depreciation	(5,440)	(6,192)	(6,962)	(7,802)	(8,566)	(9,382)	(10,281)	(11,294)	(12,256)	(13,359)	(14,560)	(15,983)	(17,357)	(18,925)	(20,525)	(22,351)	(24,110)
Intangible Assets																	
Beginning Intangible Assets	60,831	60,813	60,798	60,782	60,767	60,751	60,738	60,724	60,711	60,706	60,701	60,696	60,691	60,691	60,691	60,691	60,691
(+) Purchase of Intangibles	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(-) Amortization	(18)	(16)	(16)	(16)	(16)	(14)	(14)	(14)	(5)	(5)	(5)	(5)	-	-	-	-	-
(+/-) Others, acquisitions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Intangible Assets	**60,813**	**60,798**	**60,782**	**60,767**	**60,751**	**60,738**	**60,724**	**60,711**	**60,706**	**60,701**	**60,696**	**60,691**	**60,691**	**60,691**	**60,691**	**60,691**	**60,691**
Declared intangible asset schedule																	
Beginning year																	
FY22	18	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FY23	-	16	16	16	16	-	-	-	-	-	-	-	-	-	-	-	-
FY24	-	-	-	-	-	14	14	14	-	-	-	-	-	-	-	-	-
FY25	-	-	-	-	-	-	-	-	5	5	5	5	-	-	-	-	-
FY26	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Leases																	
Summary																	
Operating lease assets																	
Beginning Operating Lease Assets	216,388	229,592	242,538	255,413	269,876	281,221	293,571	308,002	325,414	340,396	359,062	380,065	407,186	431,509	460,785	489,745	524,512
(+) Additions under operating leases	23,637	24,143	24,728	26,964	24,532	26,186	28,861	32,514	30,884	35,381	38,564	45,677	44,087	50,331	51,361	58,631	56,452
(-) Amortization	(10,433)	(11,196)	(11,853)	(12,501)	(13,187)	(13,835)	(14,430)	(15,103)	(15,902)	(16,715)	(17,560)	(18,556)	(19,764)	(21,056)	(22,401)	(23,863)	(25,463)
Ending Operating Lease Assets	**229,592**	**242,538**	**255,413**	**269,876**	**281,221**	**293,571**	**308,002**	**325,414**	**340,396**	**359,062**	**380,065**	**407,186**	**431,509**	**460,785**	**489,745**	**524,512**	**555,501**
Average op lease term	5.50	5.42	5.39	5.40	5.33	5.30	5.34	5.39	5.35	5.37	5.41	5.49	5.46	5.47	5.47	5.49	5.45
Additions of ROU Op leases % capex	(157.0)%	(157.0)%	(157.0)%	(157.0)%	(157.0)%	(157.0)%	(157.0)%	(157.0)%	(157.0)%	(157.0)%	(157.0)%	(157.0)%	(157.0)%	(157.0)%	(157.0)%	(157.0)%	(157.0)%
Amortization % of Average Balances	(5.0)%	(5.0)%	(5.0)%	(5.0)%	(5.0)%	(5.0)%	(5.0)%	(5.0)%	(5.0)%	(5.0)%	(5.0)%	(5.0)%	(5.0)%	(5.0)%	(5.0)%	(5.0)%	(5.0)%
Finance lease assets																	
Beginning Finance Lease Assets	10,510	10,142	9,793	9,467	9,175	8,881	8,614	8,382	8,189	7,996	7,846	7,728	7,671	7,606	7,591	7,586	7,635
(+) Additions under capex	177	181	185	202	184	196	216	243	231	265	288	342	330	377	384	439	422
(-) Amortization	(545)	(529)	(511)	(494)	(478)	(463)	(448)	(436)	(425)	(415)	(406)	(399)	(395)	(391)	(389)	(389)	(390)
Ending Finance Lease Assets	**10,142**	**9,793**	**9,467**	**9,175**	**8,881**	**8,614**	**8,382**	**8,189**	**7,996**	**7,846**	**7,728**	**7,671**	**7,606**	**7,591**	**7,586**	**7,635**	**7,668**
Addition of finance leases % CAPEX	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%
Amortization % of Average Balances	(5.1)%	(5.1)%	(5.1)%	(5.1)%	(5.1)%	(5.1)%	(5.1)%	(5.1)%	(5.1)%	(5.1)%	(5.1)%	(5.1)%	(5.1)%	(5.1)%	(5.1)%	(5.1)%	(5.1)%
Average finance lease term	4.65	4.63	4.63	4.65	4.65	4.65	4.67	4.70	4.71	4.73	4.76	4.80	4.82	4.85	4.87	4.91	4.91
Operating lease liabilities																	
New+existing lease liabilities																	
Op leases - current portion	44,811	45,028	45,297	46,442	48,740	50,543	52,285	54,476	57,615	63,013	67,597	73,560	81,460	124,317	117,715	106,399	86,942
Op leases - noncurrent portion	219,270	209,134	198,850	191,943	188,787	189,824	189,737	190,283	192,828	204,944	212,868	223,331	237,200	233,852	275,175	329,724	401,903
Total op lease liabilities	**264,081**	**254,162**	**244,147**	**238,385**	**237,527**	**240,367**	**242,022**	**244,759**	**250,443**	**267,956**	**280,464**	**296,890**	**318,661**	**358,169**	**392,890**	**436,124**	**488,845**
Existing operating leases																	
Op leases - current portion	40,333	40,353	40,400	40,449	40,497	39,409	38,315	37,207	36,086	34,806	33,511	32,201	30,874	39,292	31,618	23,851	15,989
Op leases - noncurrent portion	197,359	187,419	177,356	167,171	156,861	148,010	139,041	129,964	120,775	113,204	105,530	97,763	89,901	73,912	73,912	73,912	73,912
Total op lease liabilities	237,691	227,772	217,757	207,619	197,359	187,419	177,356	167,171	156,861	148,010	139,041	129,964	120,775	113,204	105,530	97,763	89,901
Cash paid for existing op leases	8,661	12,866	12,866	12,866	12,866	12,420	12,420	12,420	12,420	10,836	10,836	10,836	10,836	9,107	9,107	9,107	9,107
Beginning balance op lease liabilities	243,437	237,691	227,772	217,757	207,619	197,359	187,419	177,356	167,171	156,861	148,010	139,041	129,964	120,775	113,204	105,530	97,763
Interest paid on op lease liabilities	2,915	2,947	2,851	2,729	2,605	2,480	2,357	2,234	2,110	1,985	1,867	1,758	1,648	1,536	1,433	1,340	1,245
(-) Principal repayment	(5,746)	(9,919)	(10,015)	(10,137)	(10,261)	(9,939)	(10,063)	(10,185)	(10,310)	(8,851)	(8,969)	(9,078)	(9,188)	(7,571)	(7,674)	(7,767)	(7,862)
Ending balance op lease liabilities	237,691	227,772	217,757	207,619	197,359	187,419	177,356	167,171	156,861	148,010	139,041	129,964	120,775	113,204	105,530	97,763	89,901
Weighted average discount rate yearly -> interest rate	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%
Weighted average remaining lease term	10.34	5.74	5.44	5.12	4.81	4.71	4.41	4.10	3.80	4.18	3.88	3.58	3.29	3.74	3.44	3.15	2.86
Declared op lease repayment schedule																	
Beginning year																	
FY22	8,661	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FY23	-	12,866	12,866	12,866	12,866	-	-	-	-	-	-	-	-	-	-	-	-
FY24	-	-	-	-	-	12,420	12,420	12,420	12,420	-	-	-	-	-	-	-	-
FY25	-	-	-	-	-	-	-	-	-	10,836	10,836	10,836	10,836	-	-	-	-
FY26	-	-	-	-	-	-	-	-	-	-	-	-	-	9,107	9,107	9,107	9,107

New operating leases																	
Expected quarterly lease repayments from new leases	13,747	15,219	17,059	18,795	20,607	22,623	24,881	27,372	30,454	33,951	38,090	43,005	48,971	56,314	64,484	74,313	85,988
QoQ Growth -> benchmark to net new stores added	5.0%	10.7%	12.1%	10.2%	9.6%	9.8%	10.0%	10.0%	11.3%	11.5%	12.2%	12.9%	13.9%	15.0%	14.5%	15.2%	15.7%
New lease rollovers	5,086	-	-	843	1,812	2,463	2,258	2,490	3,082	5,081	4,139	4,915	5,966	9,073	8,170	9,828	11,675
Lease rollovers																	
4Q22	(5,086)	(5,086)	(5,086)	(5,086)	(5,086)	(5,086)	(5,086)	(5,086)	(5,086)	(5,086)	(5,086)	(5,086)	(5,086)	(5,086)	(5,086)	(5,086)	(5,086)
1Q23	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2Q23	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3Q23	-	-	-	(843)	(843)	(843)	(843)	(843)	(843)	(843)	(843)	(843)	(843)	(843)	(843)	(843)	(843)
4Q23	-	-	-	-	(1,812)	(1,812)	(1,812)	(1,812)	(1,812)	(1,812)	(1,812)	(1,812)	(1,812)	(1,812)	(1,812)	(1,812)	(1,812)
1Q24	-	-	-	-	-	(2,463)	(2,463)	(2,463)	(2,463)	(2,463)	(2,463)	(2,463)	(2,463)	(2,463)	(2,463)	(2,463)	(2,463)
2Q24	-	-	-	-	-	-	(2,258)	(2,258)	(2,258)	(2,258)	(2,258)	(2,258)	(2,258)	(2,258)	(2,258)	(2,258)	(2,258)
3Q24	-	-	-	-	-	-	-	(2,490)	(2,490)	(2,490)	(2,490)	(2,490)	(2,490)	(2,490)	(2,490)	(2,490)	(2,490)
4Q24	-	-	-	-	-	-	-	-	(3,082)	(3,082)	(3,082)	(3,082)	(3,082)	(3,082)	(3,082)	(3,082)	(3,082)
1Q25	-	-	-	-	-	-	-	-	-	(5,081)	(5,081)	(5,081)	(5,081)	(5,081)	(5,081)	(5,081)	(5,081)
2Q25	-	-	-	-	-	-	-	-	-	-	(4,139)	(4,139)	(4,139)	(4,139)	(4,139)	(4,139)	(4,139)
3Q25	-	-	-	-	-	-	-	-	-	-	-	(4,915)	(4,915)	(4,915)	(4,915)	(4,915)	(4,915)
4Q25	-	-	-	-	-	-	-	-	-	-	-	-	(5,966)	(5,966)	(5,966)	(5,966)	(5,966)
1Q26	-	-	-	-	-	-	-	-	-	-	-	-	-	(9,073)	(9,073)	(9,073)	(9,073)
2Q26	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(8,170)	(8,170)	(8,170)
3Q26	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(9,828)	(9,828)
4Q26	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(11,675)
Total new lease rollovers	(5,086)	(5,086)	(5,086)	(5,929)	(7,741)	(10,204)	(12,462)	(14,952)	(18,034)	(23,115)	(27,254)	(32,169)	(38,135)	(47,207)	(55,377)	(65,206)	(76,881)
Estimated new lease rollovers	5,086	5,086	5,086	5,929	7,741	10,204	12,462	14,952	18,034	23,115	27,254	32,169	38,135	47,207	55,377	65,206	76,881
Interest rate	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%
Assumed lease term	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5
New lease liabilities	26,390	26,390	26,390	30,766	40,168	52,948	64,665	77,588	93,581	119,946	141,423	166,927	197,886	244,965	287,360	338,361	398,944
Additions to Current Portion	4,478	4,675	4,896	5,994	8,242	11,134	13,970	17,269	21,528	28,207	34,085	41,359	50,586	85,025	86,096	82,549	70,953
Additions to NC Portion	21,912	21,715	21,494	24,772	31,926	41,814	50,696	60,319	72,053	91,740	107,338	125,568	147,299	159,940	201,263	255,812	327,991

Finance lease liabilities																	
New+existing lease liabilities																	
Finance leases - current portion	896	900	905	911	915	918	921	925	925	946	966	989	1,007	1,242	998	755	505
Finance leases - nc portion	16,270	16,048	15,823	15,596	15,368	15,144	14,916	14,686	14,456	14,211	13,965	13,714	13,466	12,989	12,988	12,984	12,985
Total finance lease liabilities	**17,166**	**16,948**	**16,729**	**16,507**	**16,283**	**16,061**	**15,837**	**15,610**	**15,382**	**15,158**	**14,932**	**14,703**	**14,473**	**14,231**	**13,986**	**13,739**	**13,490**
Cash paid for existing finance leases	403	390	390	390	390	386	386	386	386	379	379	379	379	388	388	388	388
Beginning balance finance lease liabilities	17,219	17,166	16,948	16,729	16,507	16,283	16,061	15,837	15,610	15,382	15,158	14,932	14,703	14,473	14,231	13,986	13,739
capex	177	181	185	202	184	196	216	243	231	265	288	342	330	377	384	439	422
Interest paid on finance lease liabilities	173	172	171	168	166	164	162	159	157	155	153	150	148	146	144	141	139
(-) Principal repayment	(230)	(218)	(219)	(222)	(224)	(222)	(224)	(227)	(229)	(224)	(226)	(228)	(231)	(242)	(244)	(247)	(249)
Ending balance op lease liabilities	17,166	16,948	16,729	16,507	16,283	16,061	15,837	15,610	15,382	15,158	14,932	14,703	14,473	14,231	13,986	13,739	13,490
Weighted average discount rate yearly -> interest rate	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%
Weighted average remaining lease term	18.68	19.43	19.06	18.62	18.19	18.08	17.65	17.23	16.81	16.93	16.51	16.10	15.69	14.69	14.30	13.91	13.52

Declared op lease repayment schedule																	
Beginning year																	
FY22	403	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FY23	-	390	390	390	390	-	-	-	-	-	-	-	-	-	-	-	-
FY24	-	-	-	-	-	386	386	386	386	-	-	-	-	-	-	-	-
FY25	-	-	-	-	-	-	-	-	-	379	379	379	379	-	-	-	-
FY26	-	-	-	-	-	-	-	-	-	-	-	-	-	388	388	388	388

Finance lease CAPEX into current portion	13	13	13	15	13	14	16	18	17	19	21	25	24	27	28	32	31
Finance lease CAPEX into NC portion	164	167	172	187	170	182	200	226	214	245	268	317	306	349	356	407	392