

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

**FORM 10-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended October 30, 2021**

**OR**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from \_\_\_\_\_ to \_\_\_\_\_**

**Commission File Number: 001-38559**



**BJ'S WHOLESALE CLUB HOLDINGS, INC.**

**(Exact name of registrant as specified in its charter)**

**Delaware**

(State or other jurisdiction of  
incorporation or organization)

**45-2936287**

(I.R.S. Employer  
Identification No.)

**25 Research Drive**

**Westborough, Massachusetts**

(Address of principal executive offices)

**01581**

(Zip Code)

**(774) 512-7400**

(Registrant's telephone number, including area code)

**N/A**

(Former name, former address and former fiscal year, if changed since last report)

**Securities registered pursuant to Section 12(b) of the Act:**

| Title of each class            | Trading symbol(s) | Name of each exchange on which registered |
|--------------------------------|-------------------|---|
| Common Stock, par value \$0.01 | BJ                | New York Stock Exchange                   |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

Emerging growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of November 18, 2021, the registrant had 145,348,881 shares of common stock, \$0.01 par value per share, outstanding.

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## FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains forward-looking statements. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements other than statements of historical facts contained in this Quarterly Report on Form 10-Q should be considered forward-looking statements, including, without limitation, statements regarding our future results of operations and financial position, business strategy, transformation, strategic priorities and future progress, including expectations regarding deferred revenue, lease commencement dates, impact of infrastructure investments on our operating model and selling, general and administrative expenses, sales of gasoline and gross profit margin rates, and new club and gas station openings, as well as statements that include terms such as "may", "will", "should", "expect", "plan", "anticipate", "could", "intend", "project", "believe", "estimate", "predict", "continue", "forecast", "would", or the negative of these terms or other similar expressions. The forward-looking statements in this Quarterly Report on Form 10-Q are only predictions. We have based these forward-looking statements largely on our current expectations and projections about future events and financial trends that we believe may affect our business, financial condition and results of operations. These statements involve known and unknown risks, uncertainties and other important factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements, including, but not limited to:

- uncertainties in the financial markets and the effect of certain economic conditions or events on consumer and small business spending patterns and debt levels;
- risks related to our dependence on having a large and loyal membership;
- the effects of competition in, and regulation of, the retail industry;
- our dependence on vendors to supply us with quality merchandise at the right time and at the right price;
- risks related to our indebtedness;
- changes in laws related to, or the governments administration of, the Supplemental Nutrition Assistance Program or its electronic benefit transfer systems;
- the risks and uncertainties related to the impact of the novel coronavirus (COVID-19) pandemic, including the duration, scope and severity of the pandemic, federal, state and local government actions or restrictive measures implemented in response to COVID-19, the effectiveness of such measures, as well as the effect of any relaxation or revocation of current restrictions, and the direct and indirect impact of such measures;
- risks related to climate change and natural disasters;
- our ability to identify and respond effectively to consumer trends, including our ability to successfully maintain a relevant omnichannel experience for our members;
- risks related to cybersecurity, which may be heightened due to our e-commerce business, including our ability to protect the privacy of member or business information and the security of payment card information;
- our ability to attract and retain a qualified management team and other team members;
- our ability to implement our growth strategy by opening new clubs and gasoline stations; and
- the other risk factors identified in our filings with the Securities and Exchange Commission, including in particular those set forth under "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended January 30, 2021 (the "Annual Report on Form 10-K for the fiscal year 2020") and this Quarterly Report on Form 10-Q.

Given these uncertainties, you should not place undue reliance on any forward-looking statements. Except as required by applicable law, we assume no obligation to update these forward-looking statements, even if new information becomes available in the future, and you should not rely upon these forward-looking statements after the date of this Quarterly Report on Form 10-Q.

## TRADEMARKS

BJ's Wholesale Club<sup>®</sup>, BJ's<sup>®</sup>, Wellesley Farms<sup>®</sup>, Berkley Jensen<sup>®</sup>, My BJ's Perks<sup>®</sup>, BJ's Easy Renewal<sup>®</sup>, BJ's Gas<sup>®</sup>, BJ's Perks Elite<sup>®</sup>, BJ's Perks Plus<sup>®</sup>, Inner Circle<sup>®</sup> and BJ's Perks Rewards<sup>®</sup> are all registered trademarks of BJ's Wholesale Club, Inc. Other trademarks, tradenames and service marks appearing in this Quarterly Report on Form 10-Q are the property of their respective owners. We do not intend our use or display of those other parties' trademarks, trade names or service marks to imply, and such use or display should not be construed to imply, a relationship with, or endorsement or sponsorship of us by, these other parties. Solely for convenience, trademarks, trade names and service marks referred to in this Quarterly Report on Form 10-Q may appear without the <sup>®</sup>, <sup>™</sup> or <sup>SM</sup> symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the right of the applicable licensor to these trademarks, trade names and service marks.

## DEFINED TERMS

As used in this Quarterly Report on Form 10-Q, unless the context otherwise requires:

- "the Company", "BJ's", "we", "us" and "our" mean BJ's Wholesale Club Holdings, Inc. and, unless the context otherwise requires, its consolidated subsidiaries;
- "ABL Facility" means the Company's senior secured asset based revolving credit and term facility;
- "First Lien Term Loan" means the Company's senior secured first lien term loan facility;
- "fiscal year 2020" means the 52 weeks ended January 30, 2021; and
- "fiscal year 2021" means the 52 weeks ending January 29, 2022.

**PART I—FINANCIAL INFORMATION**

**Item 1. Financial Statements.**

**BJ'S WHOLESALE CLUB HOLDINGS, INC.  
CONSOLIDATED BALANCE SHEETS  
(Amounts in thousands, except par value)  
(Unaudited)**

|  | October 30, 2021 | January 30, 2021 | October 31, 2020 |
|--|------------------|------------------|------------------|
| <b>ASSETS</b>  |                  |                  |                  |
| Current assets:  |                  |                  |                  |
| Cash and cash equivalents  | \$ 84,691        | \$ 43,518        | \$ 46,116        |
| Accounts receivable, net   | 200,315          | 172,719          | 188,413          |
| Merchandise inventories  | 1,255,659        | 1,205,695        | 1,264,323        |
| Prepaid expenses and other current assets  | 58,622           | 48,649           | 97,116           |
| Total current assets   | 1,599,287        | 1,470,581        | 1,595,968        |
| Operating lease right-of-use assets, net   | 2,151,255        | 2,058,763        | 2,034,742        |
| Property and equipment:  |                  |                  |                  |
| Land and buildings   | 405,982          | 385,572          | 376,635          |
| Leasehold costs and improvements   | 254,340          | 249,073          | 221,403          |
| Furniture, fixtures and equipment  | 1,420,083        | 1,298,440        | 1,258,876        |
| Construction in progress   | 85,743           | 23,633           | 43,382           |
|  | 2,166,148        | 1,956,718        | 1,900,296        |
| Less: accumulated depreciation and amortization  | (1,285,244)      | (1,158,929)      | (1,131,038)      |
| Total property and equipment, net  | 880,904          | 797,789          | 769,258          |
| Goodwill   | 924,134          | 924,134          | 924,134          |
| Intangibles, net   | 127,260          | 135,123          | 138,088          |
| Deferred income taxes  | 5,167            | 5,737            | —                |
| Other assets   | 22,233           | 19,403           | 20,094           |
| Total assets   | \$ 5,710,240     | \$ 5,411,530     | \$ 5,482,284     |
| <b>LIABILITIES</b>   |                  |                  |                  |
| Current liabilities:   |                  |                  |                  |
| Current portion of long-term debt  | \$ —             | \$ 260,000       | \$ 260,000       |
| Current portion of operating lease liabilities   | 137,036          | 131,513          | 131,025          |
| Accounts payable   | 1,235,763        | 988,074          | 1,176,104        |
| Accrued expenses and other current liabilities   | 731,297          | 651,625          | 643,309          |
| Total current liabilities  | 2,104,096        | 2,031,212        | 2,210,438        |
| Long-term operating lease liabilities  | 2,082,287        | 1,988,840        | 1,961,321        |
| Long-term debt   | 748,149          | 846,175          | 845,696          |
| Deferred income taxes  | 33,995           | 45,096           | 47,241           |
| Other non-current liabilities  | 173,977          | 180,880          | 200,210          |
| Commitments and contingencies (see Note 6)   |                  |                  |                  |
| <b>STOCKHOLDERS' EQUITY</b>  |                  |                  |                  |
| Preferred stock; par value \$0.01; 5,000 shares authorized, and no shares issued   | —                | —                | —                |
| Common stock, par value \$0.01; 300,000 shares authorized, 145,318 shares issued and 136,075 outstanding at October 30, 2021; 143,428 shares issued and 137,192 outstanding at January 30, 2021; and 143,199 shares issued and 137,263 outstanding at October 31, 2020 | 1,453            | 1,434            | 1,432            |
| Additional paid-in capital   | 889,142          | 826,377          | 814,376          |
| Accumulated earnings (deficit)   | 23,745           | (295,339)        | (391,221)        |
| Accumulated other comprehensive loss   | (2,199)          | (20,528)         | (26,124)         |
| Treasury stock, at cost, 9,243 shares at October 30, 2021; 6,236 shares at January 30, 2021; and 5,936 shares at October 31, 2020  | (344,405)        | (192,617)        | (181,085)        |
| Total stockholders' equity   | 567,736          | 319,327          | 217,378          |
| Total liabilities and stockholders' equity   | \$ 5,710,240     | \$ 5,411,530     | \$ 5,482,284     |

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

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

|  | Thirteen Weeks Ended |                  |
|--|----------------------|------------------|
|  | October 30, 2021     | October 31, 2020 |
| Net sales  | \$ 4,172,594         | \$ 3,646,723     |
| Membership fee income  | 91,493               | 84,946           |
| Total revenues   | 4,264,087            | 3,731,669        |
| Cost of sales  | 3,472,869            | 2,988,397        |
| Selling, general and administrative expenses   | 617,991              | 552,307          |
| Pre-opening expense  | 3,071                | 610              |
| Operating income   | 170,156              | 190,355          |
| Interest expense, net  | 11,854               | 25,882           |
| Income from continuing operations before income taxes  | 158,302              | 164,473          |
| Provision for income taxes   | 31,700               | 41,590           |
| Income from continuing operations  | 126,602              | 122,883          |
| Loss from discontinued operations, net of income taxes   | (85)                 | (87)             |
| Net income   | \$ 126,517           | \$ 122,796       |
| Income per share attributable to common stockholders—basic:  |                      |                  |
| Income from continuing operations  | \$ 0.93              | \$ 0.90          |
| Loss from discontinued operations  | —                    | —                |
| Net income   | \$ 0.93              | \$ 0.90          |
| Income per share attributable to common stockholders—diluted:  |                      |                  |
| Income from continuing operations  | \$ 0.92              | \$ 0.88          |
| Loss from discontinued operations  | —                    | —                |
| Net income   | \$ 0.92              | \$ 0.88          |
| Weighted average shares of common stock outstanding:   |                      |                  |
| Basic  | 135,582              | 136,011          |
| Diluted  | 138,005              | 139,060          |
| Other comprehensive income:  |                      |                  |
| Amounts released from other comprehensive income, net of tax   | \$ 733               | \$ 3,670         |
| Unrealized gain on cash flow hedge, net of income tax provision of \$1,279 and \$2,278, respectively | 3,293                | 5,856            |
| Total other comprehensive income   | 4,026                | 9,526            |
| Total comprehensive income   | \$ 130,543           | \$ 132,322       |

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

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

|   | Thirty-Nine Weeks Ended |                   |
|---|-------------------------|-------------------|
|   | October 30, 2021        | October 31, 2020  |
| Net sales   | \$ 12,042,830           | \$ 11,236,403     |
| Membership fee income   | 266,634                 | 247,001           |
| Total revenues  | 12,309,464              | 11,483,404        |
| Cost of sales   | 10,027,991              | 9,247,042         |
| Selling, general and administrative expenses  | 1,816,014               | 1,733,482         |
| Pre-opening expense   | 5,265                   | 5,180             |
| Operating income  | 460,194                 | 497,700           |
| Interest expense, net   | 47,567                  | 68,467            |
| Income from continuing operations before income taxes   | 412,627                 | 429,233           |
| Provision for income taxes  | 93,442                  | 103,940           |
| Income from continuing operations   | 319,185                 | 325,293           |
| Loss from discontinued operations, net of income taxes  | (101)                   | (145)             |
| Net income  | <u>\$ 319,084</u>       | <u>\$ 325,148</u> |
| Income per share attributable to common stockholders—basic:   |                         |                   |
| Income from continuing operations   | \$ 2.35                 | \$ 2.39           |
| Loss from discontinued operations   | —                       | —                 |
| Net income  | <u>\$ 2.35</u>          | <u>\$ 2.39</u>    |
| Income per share attributable to common stockholders—diluted:   |                         |                   |
| Income from continuing operations   | \$ 2.31                 | \$ 2.34           |
| Loss from discontinued operations   | —                       | —                 |
| Net income  | <u>\$ 2.31</u>          | <u>\$ 2.34</u>    |
| Weighted average shares of common stock outstanding:  |                         |                   |
| Basic   | 135,604                 | 136,269           |
| Diluted   | 138,288                 | 139,003           |
| Other comprehensive income:   |                         |                   |
| Amounts released from other comprehensive income, net of tax  | \$ 8,909                | \$ 3,670          |
| Unrealized gain (loss) on cash flow hedge, net of income tax provision of \$3,662 and income tax benefit of \$1,246, respectively | 9,420                   | (3,208)           |
| Total other comprehensive income  | 18,329                  | 462               |
| Total comprehensive income  | <u>\$ 337,413</u>       | <u>\$ 325,610</u> |

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

**BJ'S WHOLESALE CLUB HOLDINGS, INC.**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)**  
(Amounts in thousands)  
(Unaudited)

|   | Common Stock |          | Additional<br>Paid-in<br>Capital | Accumulated<br>Earnings<br>(Deficit) | Accumulated<br>Other<br>Comprehensive<br>Loss | Treasury Stock |              | Total<br>Stockholders'<br>Equity |
|---|--------------|----------|----------------------------------|--------------------------------------|---|----------------|--------------|----------------------------------|
|   | Shares       | Amount   |                                  |                                      |   | Shares         | Amount       |                                  |
| <b>Balance, January 30, 2021</b>                              | 143,428      | \$ 1,434 | \$ 826,377                       | \$ (295,339)                         | \$ (20,528)                                   | (6,236)        | \$ (192,617) | \$ 319,327                       |
| Net income  | —            | —        | —                                | 81,579                               | —   | —              | —            | 81,579                           |
| Amounts released from other comprehensive income, net of tax  | —            | —        | —                                | —                                    | 4,665   | —              | —            | 4,665                            |
| Unrealized gain on cash flow hedge, net of tax                | —            | —        | —                                | —                                    | 3,187   | —              | —            | 3,187                            |
| Common stock issued under stock incentive plans               | 590          | 6        | (6)                              | —                                    | —   | —              | —            | —                                |
| Stock compensation expense                                    | —            | —        | 27,300                           | —                                    | —   | —              | —            | 27,300                           |
| Net cash received on option exercises                         | —            | —        | 1,497                            | —                                    | —   | —              | —            | 1,497                            |
| Treasury stock purchases                                      | —            | —        | —                                | —                                    | —   | (542)          | (24,031)     | (24,031)                         |
| <b>Balance, May 1, 2021</b>                                   | 144,018      | \$ 1,440 | \$ 855,168                       | \$ (213,760)                         | \$ (12,676)                                   | (6,778)        | \$ (216,648) | \$ 413,524                       |
| Net income  | —            | —        | —                                | 110,988                              | —   | —              | —            | 110,988                          |
| Amounts released from other comprehensive income, net of tax  | —            | —        | —                                | —                                    | 3,511   | —              | —            | 3,511                            |
| Unrealized gain on cash flow hedge, net of tax                | —            | —        | —                                | —                                    | 2,940   | —              | —            | 2,940                            |
| Common stock issued under stock incentive plans               | 223          | 2        | (2)                              | —                                    | —   | —              | —            | —                                |
| Common stock issued under Employee Stock Purchase Plan (ESPP) | 59           | 1        | 1,876                            | —                                    | —   | —              | —            | 1,877                            |
| Stock compensation expense                                    | —            | —        | 7,334                            | —                                    | —   | —              | —            | 7,334                            |
| Net cash received on option exercises                         | —            | —        | 3,416                            | —                                    | —   | —              | —            | 3,416                            |
| Treasury stock purchases                                      | —            | —        | —                                | —                                    | —   | (1,175)        | (55,238)     | (55,238)                         |
| <b>Balance, July 31, 2021</b>                                 | 144,300      | \$ 1,443 | \$ 867,792                       | \$ (102,772)                         | \$ (6,225)                                    | (7,953)        | \$ (271,886) | \$ 488,352                       |
| Net income  | —            | —        | —                                | 126,517                              | —   | —              | —            | 126,517                          |
| Amounts released from other comprehensive income, net of tax  | —            | —        | —                                | —                                    | 733   | —              | —            | 733                              |
| Unrealized gain on cash flow hedge, net of tax                | —            | —        | —                                | —                                    | 3,293   | —              | —            | 3,293                            |
| Common stock issued under stock incentive plans               | 1,018        | 10       | (10)                             | —                                    | —   | —              | —            | —                                |
| Stock compensation expense                                    | —            | —        | 7,794                            | —                                    | —   | —              | —            | 7,794                            |
| Net cash received on option exercises                         | —            | —        | 13,566                           | —                                    | —   | —              | —            | 13,566                           |
| Treasury stock purchases                                      | —            | —        | —                                | —                                    | —   | (1,290)        | (72,519)     | (72,519)                         |
| <b>Balance, October 30, 2021</b>                              | 145,318      | \$ 1,453 | \$ 889,142                       | \$ 23,745                            | \$ (2,199)                                    | (9,243)        | \$ (344,405) | \$ 567,736                       |

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

**BJ'S WHOLESALE CLUB HOLDINGS, INC.**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)**  
(Amounts in thousands)  
(Unaudited)

|   | Common Stock |          | Additional<br>Paid-in<br>Capital | Accumulated<br>(Deficit) | Accumulated<br>Other<br>Comprehensive<br>Loss | Treasury Stock |              | Total<br>Stockholders'<br>Equity<br>(Deficit) |
|---|--------------|----------|----------------------------------|--------------------------|---|----------------|--------------|---|
|   | Shares       | Amount   |                                  |                          |   | Shares         | Amount       |   |
| <b>Balance, February 1, 2020</b>                              | 140,723      | \$ 1,407 | \$ 773,618                       | \$ (716,369)             | \$ (26,586)                                   | (3,425)        | \$ (86,414)  | \$ (54,344)                                   |
| Net income  | —            | —        | —                                | 95,734                   | —   | —              | —            | 95,734  |
| Unrealized loss on cash flow, net of tax                      | —            | —        | —                                | —                        | (13,942)                                      | —              | —            | (13,942)                                      |
| Common stock issued under stock incentive plans               | 1,626        | 16       | (16)                             | —                        | —   | —              | —            | —   |
| Stock compensation expense                                    | —            | —        | 5,514                            | —                        | —   | —              | —            | 5,514   |
| Net cash received on option exercises                         | —            | —        | 5,608                            | —                        | —   | —              | —            | 5,608   |
| Treasury stock purchases                                      | —            | —        | —                                | —                        | —   | (258)          | (6,073)      | (6,073)                                       |
| <b>Balance, May 2, 2020</b>                                   | 142,349      | \$ 1,423 | \$ 784,724                       | \$ (620,635)             | \$ (40,528)                                   | (3,683)        | \$ (92,487)  | \$ 32,497                                     |
| Net income  | —            | —        | —                                | 106,618                  | —   | —              | —            | 106,618                                       |
| Unrealized gain on cash flow hedge, net of tax                | —            | —        | —                                | —                        | 4,878   | —              | —            | 4,878   |
| Common stock issued under stock incentive plans               | 246          | 3        | (3)                              | —                        | —   | —              | —            | —   |
| Common stock issued under Employee Stock Purchase Plan (ESPP) | 58           | 1        | 1,106                            | —                        | —   | —              | —            | 1,107   |
| Stock compensation expense                                    | —            | —        | 9,064                            | —                        | —   | —              | —            | 9,064   |
| Net cash received on option exercises                         | —            | —        | 3,397                            | —                        | —   | —              | —            | 3,397   |
| Treasury stock purchases                                      | —            | —        | —                                | —                        | —   | (1,047)        | (38,460)     | (38,460)                                      |
| <b>Balance, August 1, 2020</b>                                | 142,653      | \$ 1,427 | \$ 798,288                       | \$ (514,017)             | \$ (35,650)                                   | (4,730)        | \$ (130,947) | \$ 119,101                                    |
| Net income  | —            | —        | —                                | 122,796                  | —   | —              | —            | 122,796                                       |
| Amounts released from other comprehensive income, net of tax  | —            | —        | —                                | —                        | 3,670   | —              | —            | 3,670   |
| Unrealized gain on cash flow hedge, net of tax                | —            | —        | —                                | —                        | 5,856   | —              | —            | 5,856   |
| Common stock issued under stock incentive plans               | 546          | 5        | (5)                              | —                        | —   | —              | —            | —   |
| Stock compensation expense                                    | —            | —        | 8,667                            | —                        | —   | —              | —            | 8,667   |
| Net cash received on option exercises                         | —            | —        | 7,426                            | —                        | —   | —              | —            | 7,426   |
| Treasury stock purchases                                      | —            | —        | —                                | —                        | —   | (1,206)        | (50,138)     | (50,138)                                      |
| <b>Balance, October 31, 2020</b>                              | 143,199      | \$ 1,432 | \$ 814,376                       | \$ (391,221)             | \$ (26,124)                                   | (5,936)        | \$ (181,085) | \$ 217,378                                    |

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

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

|   | Thirty-Nine Weeks Ended |                  |
|---|-------------------------|------------------|
|   | October 30, 2021        | October 31, 2020 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                       |                         |                  |
| Net income  | \$ 319,084              | \$ 325,148       |
| Adjustments to reconcile net income to net cash provided by operating activities: |                         |                  |
| Depreciation and amortization   | 135,664                 | 124,331          |
| Amortization of debt issuance costs and accretion of original issue discount      | 2,555                   | 3,470            |
| Debt extinguishment charges   | 657                     | 4,077            |
| Stock-based compensation expense  | 42,428                  | 23,245           |
| Deferred income tax (benefit) provision   | (17,659)                | 2,289            |
| Changes in operating leases and other non-cash items                              | 6,112                   | 5,441            |
| Increase (decrease) in cash due to changes in:                                    |                         |                  |
| Accounts receivable   | (27,596)                | 17,940           |
| Merchandise inventories   | (49,964)                | (182,821)        |
| Prepaid expenses and other current assets   | (13,841)                | (16,964)         |
| Other assets  | (2,882)                 | (1,959)          |
| Accounts payable  | 247,689                 | 389,692          |
| Accrued expenses and other current liabilities                                    | 72,525                  | 61,829           |
| Other non-current liabilities   | 18,403                  | 46,254           |
| Net cash provided by operating activities   | 733,175                 | 801,972          |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                       |                         |                  |
| Additions to property and equipment, net of disposals                             | (222,498)               | (152,800)        |
| Proceeds from sale leaseback transactions   | 19,080                  | 25,893           |
| Net cash used in investing activities   | (203,418)               | (126,907)        |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                                       |                         |                  |
| Payments on First Lien Term Loan  | (100,000)               | (513,297)        |
| Proceeds from ABL Facility  | —                       | 996,000          |
| Payments on ABL Facility  | (260,000)               | (1,064,000)      |
| Net cash received from stock option exercises                                     | 18,479                  | 16,431           |
| Net cash received from ESPP   | 1,877                   | 1,107            |
| Acquisition of treasury stock   | (149,449)               | (94,671)         |
| Proceeds from financing obligations   | 1,333                   | —                |
| Other financing activities  | (824)                   | (723)            |
| Net cash used in financing activities   | (488,584)               | (659,153)        |
| Net increase in cash and cash equivalents   | 41,173                  | 15,912           |
| Cash and cash equivalents at beginning of period                                  | 43,518                  | 30,204           |
| Cash and cash equivalents at end of period  | \$ 84,691               | \$ 46,116        |
| Supplemental cash flow information:   |                         |                  |
| Interest paid   | \$ 34,189               | \$ 52,306        |
| Income taxes paid   | 100,753                 | 111,105          |
| Non-cash financing and investing activities:                                      |                         |                  |
| Lease liabilities arising from obtaining right-of-use assets                      | 213,642                 | 90,320           |
| Property additions included in accrued expenses                                   | 25,445                  | 10,760           |

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

## NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

### 1. Description of Business

BJ's Wholesale Club Holdings, Inc. and its wholly-owned subsidiaries is a leading warehouse club operator primarily on the east coast of the United States. As of October 30, 2021, the Company operated 222 warehouse clubs and 151 gas stations in 17 states.

The Company follows and reports based on the National Retail Federation's fiscal calendar. The thirteen week periods ended October 30, 2021 and October 31, 2020 are referred to as the "third quarter of fiscal year 2021" and the "third quarter of fiscal year 2020," respectively.

The novel coronavirus ("COVID-19") pandemic has severely impacted the economies of the U.S. and other countries around the world. In the preparation of these financial statements and related disclosures we have assessed the impact that COVID-19 has had on our estimates, assumptions and accounting policies and made additional disclosures, as necessary.

### 2. Summary of Significant Accounting Policies

#### *Basis of Presentation*

The accompanying interim financial statements of BJ's Wholesale Club Holdings, Inc. are unaudited and, in the opinion of management, reflect all normal recurring adjustments considered necessary for a fair statement of the Company's financial statements in accordance with generally accepted accounting principles in the United States of America ("GAAP").

The consolidated balance sheet as of January 30, 2021 is derived from the audited consolidated balance sheet as of that date. The unaudited results of operations through the third quarter of fiscal year 2021 are not necessarily indicative of future results or results to be expected for fiscal year 2021. The Company's business, in common with the business of retailers generally, is subject to seasonal influences. The Company's sales and operating income have typically been highest in the fourth quarter holiday season and lowest in the first quarter of each fiscal year.

These unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements and footnotes thereto included in our Annual Report on Form 10-K for the fiscal year 2020, as filed with the Securities and Exchange Commission on March 19, 2021.

#### **Recently Adopted Accounting Pronouncements**

The accounting policies the Company follows are set forth in its audited financial statements for fiscal year 2020. There have been no material changes to these accounting policies, except as noted below for a new accounting pronouncement adopted at the beginning of fiscal year 2021.

#### *Income Taxes (ASU 2019-12)*

In December 2019, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2019-12, Simplifying the Accounting for Income Taxes (Topic 740). This standard simplifies the accounting for income taxes by eliminating certain exceptions to the guidance in Accounting Standards Codification 740 related to the approach for intraperiod tax allocation, the methodology for calculating income taxes in an interim period and the recognition of deferred tax liabilities for outside basis differences. The standard also simplifies aspects of the accounting for franchise taxes and enacted changes in tax laws or rates and clarifies the accounting for transactions that result in a step-up in the tax basis of goodwill. The standard is effective for public companies for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2020. The Company adopted this standard as of January 31, 2021. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

### 3. Revenue Recognition

#### Performance Obligations

The Company identifies each distinct performance obligation to transfer goods (or bundle of goods) or services. The Company recognizes revenue as it satisfies a performance obligation by transferring control of the goods or services to the customer.

Net sales—The Company recognizes net sales at clubs and gas stations when the customer takes possession of the goods and tenders payment. Sales tax is recorded as a liability at the point of sale. Revenue is recorded at the point of sale based on the transaction price on the shelf sign, net of any applicable discounts, sales tax and expected refunds. For e-commerce sales, the Company recognizes sales when control of the merchandise is transferred to the customer, which is typically at the shipping point. The following tables summarize the Company's point of sale transactions at clubs and gas stations, excluding sales tax, as a percentage of both net sales and total revenues:

|   | Thirteen Weeks Ended |                  |
|---|----------------------|------------------|
|   | October 30, 2021     | October 31, 2020 |
| Point of sale transactions, excluding sales tax, as a percent of net sales      | 94%                  | 96%              |
| Point of sale transactions, excluding sales tax, as a percent of total revenues | 92%                  | 94%              |

  

|   | Thirty-Nine Weeks Ended |                  |
|---|-------------------------|------------------|
|   | October 30, 2021        | October 31, 2020 |
| Point of sale transactions, excluding sales tax, as a percent of net sales      | 93%                     | 96%              |
| Point of sale transactions, excluding sales tax, as a percent of total revenues | 91%                     | 94%              |

BJ's Perks Rewards and My BJ's Perks programs—The Company's BJ's Perks Rewards® membership program allows participating members to earn 2% cash back, up to a maximum of \$500 per year, on qualified purchases made at BJ's. The Company also offers a co-branded credit card program, the My BJ's Perks® program, which allows My BJ's Perks® Mastercard credit card holders to earn up to 5% cash back on eligible purchases made at BJ's and up to 2% cash back on purchases made with the card outside of BJ's. Cash back has been in the form of electronic awards issued in \$10 increments that may be used online or in-club at the register and expire six months from the date issued.

Earned awards may be redeemed on future purchases made at the Company. The Company recognizes revenue for earned awards when customers redeem such awards as part of a purchase at one of the Company's clubs or on the Company's website or app. The Company accounts for these transactions as multiple element arrangements and allocates the transaction price to separate performance obligations using their relative fair values. The Company includes the fair value of award dollars earned in deferred revenue at the time the award dollars are earned. This liability was \$29.3 million at October 30, 2021, \$25.5 million at January 30, 2021 and \$24.6 million at October 31, 2020.

Royalty revenue received in connection with the My BJ's Perks co-brand credit card program is variable consideration and is considered deferred until the card holder makes a purchase. The Company's total deferred royalty revenue related to the outstanding My BJ's Perks Rewards was \$19.1 million, \$13.5 million and \$13.5 million at October 30, 2021, January 30, 2021 and October 31, 2020, respectively. The timing of revenue recognition is driven by actual customer activities, such as redemptions and expirations. As of October 30, 2021, the Company expects to recognize \$13.4 million of the deferred revenue in fiscal year 2021 and expects the remainder to be recognized in the periods thereafter.

Membership—The Company charges a membership fee to its customers. That fee allows customers to shop in the Company's clubs, shop on the Company's website and app and purchase gasoline at the Company's gas stations for the duration of the membership, which is generally 12 months. As the Company has the obligation to provide access to its clubs, website, app and gas stations for the duration of the membership term, the Company recognizes membership fees on a straight-line basis over the life of the membership. The Company's deferred revenue related to membership fees was \$168.1 million, \$155.6 million and \$151.2 million at October 30, 2021, January 30, 2021 and October 31, 2020, respectively.

Gift Card Program—The Company sells BJ's gift cards in both physical and digital format, which allow customers to redeem the card for future purchases equal to the amount of the original purchase price of the gift card. Revenue from gift card sales is recognized in proportion to its rate of gift card redemptions as the Company's performance obligation to redeem the gift

card for merchandise is satisfied when the gift card is redeemed. The Company also recognizes breakage in proportion to its rate of gift card redemptions. Deferred revenue related to gift cards was \$10.3 million, \$10.3 million and \$9.0 million at October 30, 2021, January 30, 2021 and October 31, 2020, respectively. The Company recognized \$8.9 million and \$9.2 million of revenue from gift card redemptions in the third quarter of fiscal year 2021 and third quarter of fiscal year 2020, respectively. The Company recognized \$27.3 million and \$28.7 million of revenue from gift card redemptions in the thirty-nine weeks ended October 30, 2021 and October 31, 2020, respectively.

#### *Disaggregation of Revenue*

The Company's club retail operations, which represent substantially all of its consolidated total revenues, are the Company's only reportable segment. All the Company's identifiable assets are in the United States. The Company does not have significant sales outside the United States, nor does any customer represent more than 10% of total revenues for any period presented.

The following tables summarize the Company's percentage of net sales disaggregated by category:

|                                | <b>Thirteen Weeks Ended</b> |                         |
|--------------------------------|-----------------------------|-------------------------|
|                                | <b>October 30, 2021</b>     | <b>October 31, 2020</b> |
| Grocery                        | 72 %                        | 77 %                    |
| General Merchandise & Services | 12 %                        | 13 %                    |
| Gasoline and Other             | 16 %                        | 10 %                    |

  

|                                | <b>Thirty-Nine Weeks Ended</b> |                         |
|--------------------------------|--------------------------------|-------------------------|
|                                | <b>October 30, 2021</b>        | <b>October 31, 2020</b> |
| Grocery                        | 71 %                           | 78 %                    |
| General Merchandise & Services | 14 %                           | 13 %                    |
| Gasoline and Other             | 15 %                           | 9 %                     |

#### **4. Debt and Credit Arrangements**

The following table summarizes the Company's debt (in thousands):

|  | <b>October 30, 2021</b> | <b>January 30, 2021</b> | <b>October 31, 2020</b> |
|--|-------------------------|-------------------------|-------------------------|
| ABL Facility                                     | \$ 50,000               | \$ 310,000              | \$ 310,000              |
| First Lien Term Loan                             | 701,920                 | 801,920                 | 801,920                 |
| Unamortized debt discount and debt issuance cost | (3,771)                 | (5,745)                 | (6,224)                 |
| Less: current portion                            | —                       | (260,000)               | (260,000)               |
| Long-term debt                                   | <u>\$ 748,149</u>       | <u>\$ 846,175</u>       | <u>\$ 845,696</u>       |

#### *ABL Facility*

The ABL Facility is comprised of a \$950.0 million revolving credit facility and a \$50.0 million term loan. The ABL Facility is secured on a senior basis by certain "liquid assets" of the Company and secured on a junior basis by certain "fixed assets" of the Company. Payment terms on the \$50.0 million term loan are restricted in that the term loan cannot be repaid unless all loans outstanding under the revolving credit facility are repaid, and once repaid, cannot be re-borrowed. The availability under the \$950.0 million revolving credit facility is restricted based on eligible monthly merchandise inventories and receivables as defined in the agreement governing the ABL Facility. As amended, interest on the revolving credit facility is calculated either at LIBOR plus a range of 125 to 175 basis points or a base rate plus a range of 25 to 75 basis points; and interest on the term loan is calculated at LIBOR plus a range of 200 to 250 basis points or a base rate plus a range of 100 to 150 basis points, in all cases based on excess availability. The applicable spread of LIBOR and base rate loans at all levels of excess availability steps down by 12.5 basis points upon achieving total net leverage of 3.00 to 1.00. The ABL Facility also provides a sub-facility for issuances of letters of credit subject to certain fees defined in the agreement governing the ABL Facility. The ABL Facility is subject to various commitment fees during the term of the facility based on utilization of the revolving credit facility, which is scheduled to mature on August 17, 2023.

At October 30, 2021, there were \$50.0 million outstanding in loans under the ABL Facility and \$19.4 million in outstanding letters of credit. The interest rate on the revolving credit facility was 1.20%, the interest rate of the term loan was 2.08% and unused capacity was \$930.6 million.

At January 30, 2021, there were \$310.0 million outstanding in loans under the ABL Facility and \$15.0 million in outstanding letters of credit. The interest rate on the revolving credit facility was 1.25%, the interest rate of the term loan was 2.14% and unused capacity was \$641.1 million.

At October 31, 2020, there were \$310.0 million outstanding in loans under the ABL Facility and \$21.2 million in outstanding letters of credit. The interest rate on the revolving credit facility was 1.27%, the interest rate of the term loan was 2.14% and unused capacity was \$670.8 million.

#### *First Lien Term Loan*

The Company's First Lien Term Loan matures on February 3, 2024. Voluntary prepayments are permitted. Principal payments must be made on the First Lien Term Loan pursuant to an annual excess cash flow calculation when the net leverage ratio exceeds 3.50 to 1.00. The First Lien Term Loan is subject to certain affirmative and negative covenants but no financial covenants. It is secured on a senior basis by certain "fixed assets" of the Company and on a junior basis by certain "liquid" assets of the Company.

On October 30, 2020, the Company borrowed \$260.0 million from the ABL Facility. The proceeds from the Company's borrowing and \$100.0 million of the Company's cash and cash equivalents were used to pay \$360.0 million of the principal amount outstanding on the First Lien Term Loan. In connection with the payment, the Company expensed \$2.8 million of previously capitalized debt issuance costs and original issue discount.

On April 30, 2021, the Company used \$100.0 million of cash and cash equivalents to pay \$100.0 million of the principal amount outstanding on the First Lien Term Loan. In connection with the payment, the Company expensed \$0.7 million of previously capitalized debt issuance costs and original issue discount.

There were \$701.9 million, \$801.9 million and \$801.9 million outstanding on the First Lien Term Loan at October 30, 2021, January 30, 2021 and October 31, 2020, respectively. Interest rates for the First Lien Term Loan were 2.09%, 2.13% and 2.15% at October 30, 2021, January 30, 2021 and October 31, 2020, respectively.

## **5. Interest Expense, net**

The following details the components of interest expense for the periods presented (in thousands):

|   | <b>Thirteen Weeks Ended</b> |                         | <b>Thirty-Nine Weeks Ended</b> |                         |
|---|-----------------------------|-------------------------|--------------------------------|-------------------------|
|   | <b>October 30, 2021</b>     | <b>October 31, 2020</b> | <b>October 30, 2021</b>        | <b>October 31, 2020</b> |
| Interest on debt                                    | \$ 10,864                   | \$ 15,915               | \$ 34,264                      | \$ 52,860               |
| Interest on capital lease and financing obligations | 966                         | 972                     | 2,947                          | 2,971                   |
| Debt issuance costs amortization                    | 544                         | 629                     | 1,649                          | 1,934                   |
| Original issue discount amortization                | 288                         | 477                     | 906                            | 1,535                   |
| Loss on debt extinguishment                         | —                           | 2,794                   | 657                            | 4,077                   |
| Loss (gain) on cash flow hedge                      | (808)                       | 5,097                   | 7,146                          | 5,097                   |
| Capitalized interest                                | —                           | (2)                     | (2)                            | (7)                     |
| Interest expense, net                               | <u>\$ 11,854</u>            | <u>\$ 25,882</u>        | <u>\$ 47,567</u>               | <u>\$ 68,467</u>        |

Interest expense in the thirteen and thirty-nine weeks ended October 30, 2021 decreased due to lower debt balances outstanding and lower interest rates.

## 6. Commitments and Contingencies

The Company is involved in various legal proceedings that are typical of a retail business. In accordance with applicable accounting guidance, an accrual will be established for legal proceedings if and when those matters present loss contingencies that are both probable and estimable. The Company does not believe the resolution of any current proceedings will result in a material loss to the consolidated financial statements.

## 7. Stock Incentive Plans

On June 13, 2018, the Company's Board of Directors adopted, and its stockholders approved, the BJ's Wholesale Club Holdings, Inc. 2018 Incentive Award Plan (the "2018 Plan"). The 2018 Plan provides for the grant of stock options, restricted stock, dividend equivalents, stock payments, restricted stock units, performance shares, other incentive awards, stock appreciation rights, and cash awards. Prior to the adoption of the 2018 Plan, the Company granted stock-based compensation to employees and non-employee directors under the Fourth Amended and Restated 2011 Stock Option Plan of BJ's Wholesale Club, Inc. (f/k/a Beacon Holding Inc.), as amended (the "2011 Plan") and the 2012 Director Stock Option Plan of BJ's Wholesale Club Holdings, Inc. (f/k/a Beacon Holding, Inc.), as amended (the "2012 Director Plan"). No further grants will be made under the 2011 Plan or the 2012 Director Plan.

The 2018 Plan authorizes the issuance of 13,148,058 shares, including 985,369 shares that were reserved but not issued under the 2011 Plan and the 2012 Director Plan. If an award under the 2018 Plan, the 2011 Plan or the 2012 Director Plan is forfeited, expires or is settled for cash, any shares subject to such award may, to the extent of such forfeiture, expiration or cash settlement, be used again for new grants under the 2018 Plan. Additionally, shares tendered or withheld to satisfy grant or exercise price, or tax withholding obligations associated with an award under the 2018 Plan, the 2011 Plan or the 2012 Director Plan will be added to the shares authorized for grant under the 2018 Plan. The following shares may not be used again for grant under the 2018 Plan: (1) shares subject to a stock appreciation right ("SAR") that are not issued in connection with the stock settlement of the SAR upon its exercise and (2) shares purchased on the open market with the cash proceeds from the exercise of options under the 2018 Plan, 2011 Plan or 2012 Director Plan. As of October 30, 2021, there were 5,565,015 shares available for future issuance under the 2018 Plan.

On April 16, 2021, the Compensation Committee approved a modification to the equity awards agreements under the 2011 Plan, 2012 Director Plan and 2018 Plan. In the event that an employee is terminated due to death or disability, the modified equity award agreements provide for: (i) full vesting of all time-based awards, including restricted stock awards and stock options, (ii) pro-rata vesting of all performance-based awards, including performance share units, based on actual performance as of the end of the applicable performance period, pro-rated based on the period of employment during the applicable performance period, and (iii) the extension of the post-termination exercise window for vested stock options.

The following table summarizes the Company's stock award activity during the thirty-nine weeks ended October 30, 2021 (shares in thousands):

|                               | Stock Options |                                 | Restricted Stock |  | Restricted Stock Units |  | Performance Stock |  |
|-------------------------------|---------------|---------------------------------|------------------|--|------------------------|--|-------------------|--|
|                               | Shares        | Weighted Average Exercise Price | Shares           | Weighted Average Grant Date Fair Value | Shares                 | Weighted Average Grant Date Fair Value | Shares            | Weighted Average Grant Date Fair Value |
| Outstanding, January 30, 2021 | 3,673         | \$ 17.50                        | 1,575            | \$ 26.29                               | 29                     | \$ 34.54                               | 527               | \$ 23.96                               |
| Granted                       | —             | —                               | 494              | 44.59                                  | 26                     | 46.82                                  | 422               | 44.96                                  |
| Forfeited/canceled            | —             | —                               | (14)             | 39.76                                  | —                      | —                                      | (282)             | 28.98                                  |
| Exercised/vested              | (1,322)       | 13.97                           | (1,013)          | 29.52                                  | (29)                   | 34.60                                  | —                 | —                                      |
| Outstanding, October 30, 2021 | 2,350         | \$ 19.49                        | 1,042            | \$ 33.99                               | 26                     | \$ 46.82                               | 666               | \$ 39.56                               |

Stock-based compensation expense was \$7.8 million and \$8.7 million for the thirteen weeks ended October 30, 2021 and October 31, 2020, respectively. Stock-based compensation expense was \$42.4 million and \$23.2 million for the thirty-nine weeks ended October 30, 2021 and October 31, 2020, respectively. Stock-based compensation expense in the thirty-nine weeks ended October 30, 2021 included \$17.5 million of stock-based compensation expense related to the modification of stock awards for a former executive.

On June 14, 2018, the Company's Board of Directors adopted, and its stockholders approved, the BJ's Wholesale Club Holdings, Inc. Employee Stock Purchase Plan (the "ESPP"), which became effective July 1, 2018. The aggregate number of shares of common stock that were to be reserved for issuance under the ESPP was to be equal to the sum of (i) 973,014 shares and (ii) an annual increase on the first day of each calendar year beginning in 2019 and ending in 2028 equal to the lesser of (A) 486,507 shares, (B) 0.5% of the shares outstanding (on an as converted basis) on the last day of the immediately preceding fiscal year and (C) such smaller number of shares as determined by the Board of Directors. The offering under the ESPP commenced on January 1, 2019. The amount of expense recognized for both the thirteen weeks ended October 30, 2021 and October 31, 2020 was \$0.2 million. The amount of expense recognized for the thirty-nine weeks ended October 30, 2021 and October 31, 2020 was \$0.7 million and \$0.5 million, respectively. As of October 30, 2021, there were 2,177,223 shares available for issuance under the ESPP.

#### *Treasury Shares Acquired*

The Company reacquired 28,398 shares to satisfy employees' tax withholding obligations upon the vesting of restricted stock awards in the thirteen weeks ended October 30, 2021, which were recorded as \$1.0 million of treasury stock. The Company reacquired 6,727 shares in the thirteen weeks ended October 31, 2020, which were recorded as \$0.1 million of treasury stock.

The Company reacquired 375,223 shares to satisfy employees' tax withholding obligations upon the vesting of restricted stock awards in the thirty-nine weeks ended October 30, 2021, which were recorded as \$16.7 million of treasury stock. The Company reacquired 211,995 shares in the thirty-nine weeks ended October 31, 2020, which were recorded as \$6.5 million of treasury stock.

#### *Share Repurchase Program*

On December 19, 2019, the Company's Board of Directors authorized the repurchase of up to \$250.0 million of the Company's outstanding common stock from time to time as market conditions warrant (the "Program"). The Program expires at the end of fiscal year 2021. The Company initiated the Program to mitigate potentially dilutive effects of stock options and shares of restricted stock granted by the Company, in addition to enhancing shareholder value. As of October 30, 2021, \$15.3 million remained available to purchase under the Program. The Company repurchased 1,261,873 shares for \$71.6 million and 1,200,000 shares for \$50.0 million during the thirteen weeks ended October 30, 2021 and October 31, 2020, respectively. The Company repurchased 2,630,989 shares for \$135.1 million and 2,299,282 shares for \$88.1 million during the thirty-nine weeks ended October 30, 2021 and October 31, 2020, respectively.

## **8. Income Taxes**

The Company projects the estimated annual effective tax rate for fiscal year 2021 to be 26.8%, excluding the tax effect of discrete events, such as excess tax benefits from stock-based compensation, changes in tax legislation, settlements of tax audits and changes in uncertain tax positions, among others.

The Company's effective income tax rate from continuing operations was 20.0% and 25.3% for the thirteen weeks ended October 30, 2021 and October 31, 2020, respectively; and 22.6% and 24.2% for the thirty-nine weeks ended October 30, 2021 and October 31, 2020, respectively. The decrease in the effective tax rate for the thirteen and thirty-nine weeks ended October 30, 2021 compared to the thirteen and thirty-nine weeks ended October 31, 2020 is due primarily to higher excess tax benefits from stock-based compensation as a result of activity related to a former executive.

The Company is subject to taxation in the U.S. federal and various state taxing jurisdictions. In general, the Company's tax years from 2016 forward remain open and subject to examination by the Internal Revenue Service and various state taxing authorities; however, certain ongoing state audits and appeals relate to periods prior to 2016.

## **9. Fair Value Measurements**

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date or "exit price." The inputs used to measure fair value are generally classified into the following hierarchy:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Unadjusted quoted prices in active markets for similar assets or liabilities, or unadjusted quoted prices for identical or similar assets or liabilities in markets that are not observable for the asset or liability.

Level 3: Unobservable inputs for the asset or liability.

*Assets and Liabilities Measured at Fair Value on a Recurring Basis*

The fair values of the Company's derivative instruments are based on quotes received from third-party banks and represent the estimated amount the Company would pay to terminate the agreements taking into consideration current interest rates as well as the creditworthiness of the counterparties. These inputs are considered to be Level 2.

*Financial Assets and Liabilities*

The gross carrying amount and fair value of the Company's debt at October 30, 2021 are as follows (in thousands):

|                      | <b>Carrying Amount</b> | <b>Fair Value</b> |
|----------------------|------------------------|-------------------|
| First Lien Term Loan | \$ 701,920             | \$ 701,857        |
| ABL Facility         | 50,000                 | 50,000            |
| <b>Total Debt</b>    | <b>\$ 751,920</b>      | <b>\$ 751,857</b> |

The gross carrying amount and fair value of the Company's debt at January 30, 2021 are as follows (in thousands):

|                      | <b>Carrying Amount</b> | <b>Fair Value</b>   |
|----------------------|------------------------|---------------------|
| First Lien Term Loan | \$ 801,920             | \$ 802,256          |
| ABL Facility         | 310,000                | 310,000             |
| <b>Total Debt</b>    | <b>\$ 1,111,920</b>    | <b>\$ 1,112,256</b> |

The gross carrying amount and fair value of the Company's debt at October 31, 2020 are as follows (in thousands):

|                      | <b>Carrying Amount</b> | <b>Fair Value</b>   |
|----------------------|------------------------|---------------------|
| First Lien Term Loan | \$ 801,920             | \$ 788,800          |
| ABL Facility         | 310,000                | 310,000             |
| <b>Total Debt</b>    | <b>\$ 1,111,920</b>    | <b>\$ 1,098,800</b> |

*Assets and Liabilities Measured at Fair Value on a Non-Recurring Basis*

The Company measures certain non-financial assets and liabilities, including long-lived assets, at fair value on a non-recurring basis.

The Company believes that the carrying amounts of its other financial instruments, including cash, accounts receivable, and accounts payable, approximates their carrying value due to the short-term maturities of these instruments.

**10. Earnings Per Share**

The table below reconciles basic weighted-average shares of common stock outstanding to diluted weighted-average shares of common stock outstanding for the thirteen and thirty-nine weeks ended October 30, 2021 and October 31, 2020:

|  | <b>Thirteen Weeks Ended</b> |                         | <b>Thirty-Nine Weeks Ended</b> |                         |
|--|-----------------------------|-------------------------|--------------------------------|-------------------------|
|  | <b>October 30, 2021</b>     | <b>October 31, 2020</b> | <b>October 30, 2021</b>        | <b>October 31, 2020</b> |
| Weighted-average shares of common stock outstanding, used for basic computation                          | 135,581,539                 | 136,011,473             | 135,603,891                    | 136,269,239             |
| Plus: Incremental shares of potentially dilutive securities  | 2,423,188                   | 3,048,987               | 2,684,061                      | 2,734,180               |
| <b>Weighted-average shares of common stock and dilutive potential shares of common stock outstanding</b> | <b>138,004,727</b>          | <b>139,060,460</b>      | <b>138,287,952</b>             | <b>139,003,419</b>      |

As their inclusion would have been anti-dilutive, 1,933 restricted shares were excluded from the computation of diluted earnings for the thirteen weeks ended October 30, 2021, and 1,252 restricted shares were excluded from the computation of diluted earnings for the thirteen weeks ended October 31, 2020.

Similarly, 42,483 restricted shares were excluded from the computation of diluted earnings for the thirty-nine weeks ended October 30, 2021. A total of 368,554 stock options and 260,503 restricted shares were excluded from the computation of diluted earnings for the thirty-nine weeks ended October 31, 2020.

## 11. Derivative Financial Instruments

### *Interest Rate Swaps*

On November 13, 2018, the Company entered into three forward starting interest rate swaps (the "interest rate swaps"), which became effective on February 13, 2019. The Company fixed the LIBOR component of \$1.2 billion of its floating rate debt at a rate of approximately 3.0% from February 13, 2019 to February 13, 2022. The Company elected hedge accounting for the interest rate swap agreements, and as such, the effective portion of the gains or losses were recorded as a component of other comprehensive income and the ineffective portion of gains or losses were recorded as interest expense.

On October 30, 2020, the Company borrowed \$260.0 million from the ABL Facility. The proceeds from the Company's borrowing, as well as \$100.0 million of the Company's cash and cash equivalents, were used to pay \$360.0 million of the principal amount outstanding on the First Lien Term Loan. Due to the payment of debt principal on the First Lien Term Loan, the Company determined that certain interest payments were no longer probable and a portion of one of the interest rate swap agreements would be ineffective as a result of the payment of debt, and as such, released \$3.7 million recorded in other comprehensive income to interest expense, net of tax.

On November 10, 2020, the Company terminated one of the interest rate swaps, which fixed \$360.0 million of its floating rate debt at a rate of approximately 3.0%. An additional interest rate swap, which fixed \$240.0 million of its floating rate debt at a rate of 3.0%, was determined to be ineffective.

On April 30, 2021, the Company used \$150.0 million of its cash and cash equivalents to pay \$100.0 million of the principal amount outstanding on the First Lien Term Loan and \$50.0 million of the outstanding amounts on the ABL Facility. The Company accelerated the release of unrealized losses into earnings on the ineffective interest rate swap agreements and reclassified \$4.7 million recorded in other comprehensive income to interest expense, net of tax.

On July 30, 2021, the Company used \$210.0 million of its cash and cash equivalents to pay \$210.0 million of the principal amount outstanding on the ABL Facility. The Company accelerated the release of unrealized losses into earnings on the ineffective interest rate swap agreements and reclassified \$3.5 million recorded in other comprehensive income to interest expense, net of tax.

The interest rate swaps were recorded as a liability of \$8.3 million, \$26.4 million and \$45.3 million at October 30, 2021, January 30, 2021 and October 31, 2020, respectively. The net of tax amount for the effective and ineffective interest rate swaps were recorded in other comprehensive income and interest expense, respectively.

There were gains of \$4.6 million and \$8.1 million recorded in other comprehensive income for the thirteen weeks ended October 30, 2021 and October 31, 2020, respectively. There were \$12.9 million of gains and \$4.5 million of losses recorded in other comprehensive income for the thirty-nine weeks ended October 30, 2021 and October 31, 2020, respectively. The ineffective portion of gains in the third quarter and first nine months of fiscal year 2021 of \$1.8 million and \$5.1 million, respectively, were recorded in interest expense. In the third quarter and first nine months of fiscal year 2020, all interest rate swap agreements were effective.

The fair values of derivative instruments included on the consolidated balance sheets are as follows (in thousands):

| Accounting<br>for Cash Flow Hedges | Notional<br>Amount  | Fixed Rate | Balance Sheet Classification | Fair Value at       |                     |                     |
|------------------------------------|---------------------|------------|------------------------------|---------------------|---------------------|---------------------|
|                                    |                     |            |                              | October 30,<br>2021 | January 30,<br>2021 | October 31,<br>2020 |
| Interest rate swap                 | \$ 600,000          | 3.00 %     | Other current liabilities    | \$ (5,952)          | \$ (18,828)         | \$ (22,670)         |
| Interest rate swap                 | 360,000             | 3.00 %     | Other current liabilities    | —                   | —                   | (13,587)            |
| Interest rate swap                 | 240,000             | 3.00 %     | Other current liabilities    | (2,379)             | (7,525)             | (9,061)             |
| <b>Net carrying amount</b>         | <u>\$ 1,200,000</u> |            | <b>Total liabilities</b>     | <u>\$ (8,330)</u>   | <u>\$ (26,353)</u>  | <u>\$ (45,318)</u>  |

## 12. Subsequent Event

On November 16, 2021, the Company's Board of Directors approved a new share repurchase program (the "2021 Repurchase Program"), effective immediately. The authorization allows the Company to repurchase up to \$500.0 million of its outstanding common stock. The 2021 Repurchase Program expires in January 2025 and gives management the flexibility to determine the terms and conditions under which shares may be purchased. The amount and timing of any repurchases made under the 2021 Repurchase Program will depend on a variety of factors, including available liquidity, cash flow and market conditions. The 2021 Repurchase Program does not obligate the Company to repurchase any dollar amount or number of shares of common stock, and the program may be suspended or discontinued at any time. The Program that was approved in December 2019 was fully exhausted on November 17, 2021.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

*The following discussion and analysis should be read in conjunction with our consolidated financial statements and related notes thereto included elsewhere in this Quarterly Report on Form 10-Q, as well as the audited consolidated financial statements and the related notes thereto in our Annual Report on Form 10-K for the fiscal year 2020. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause such differences are discussed in the sections of this Quarterly Report on Form 10-Q titled "Forward-Looking Statements" and in Part I. "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the fiscal year 2020.*

*We report on the basis of a 52- or 53-week fiscal year, which ends on the Saturday closest to the last day of January. Accordingly, references herein to "fiscal year 2021" relate to the 52 weeks ending January 29, 2022, and references herein to "fiscal year 2020" relate to the 52 weeks ended January 30, 2021. The third quarter of fiscal year 2021 ended on October 30, 2021, and the third quarter of fiscal year 2020 ended on October 31, 2020, and both include thirteen weeks.*

### Overview

BJ's Wholesale Club Holdings, Inc. and its wholly-owned subsidiaries is a leading warehouse club operator primarily on the east coast of the United States. We deliver significant value to our members, consistently offering 25% or more savings on a representative basket of manufacturer-branded groceries compared to traditional supermarket competitors. We provide a curated assortment focused on perishable products, continuously refreshed general merchandise, services and gasoline to deliver a differentiated shopping experience that is further enhanced by our omnichannel capabilities.

Since pioneering the warehouse club model in New England in 1984, we have grown our footprint to 222 large-format, high volume warehouse clubs spanning 17 states. In our core New England markets, which have high population density and generate a disproportionate part of U.S. gross domestic product, we operate almost three times the number of clubs compared to the next largest warehouse club competitor. In addition to shopping in our clubs, members are able to shop when and how they want through our website, [www.bjs.com](http://www.bjs.com), and our highly rated mobile app, which allows them to use our buy-online-pickup-in-club ("BOPIC") service, curbside delivery, same day delivery to their home or traditional ship-to-home service.

Our leadership team has implemented significant cultural and operational changes to our business, including transforming how we use data to improve member experience, instilling a culture of cost discipline, adopting a more proactive approach to growing our membership base and building an omnichannel offering oriented towards making shopping at BJ's more convenient.

Our goal is to offer our members significant value and a meaningful return in savings on their annual membership fee. As of the end of the third quarter of fiscal year 2021, we had more than six million members paying annual fees to gain access to savings on groceries, consumables, general merchandise, services and gasoline. The annual membership fee for our Inner Circle® membership is \$55 and the annual membership fee for our BJ's Perks Rewards® membership, which offers additional value-enhancing features, is \$110. We believe that members can save over ten times the price of their \$55 Inner Circle membership fee versus what they would otherwise pay at traditional supermarket competitors when they spend \$2,500 or more per year at BJ's on manufacturer-branded groceries. In addition to providing significant savings on a representative basket of manufacturer-branded groceries, we accept all manufacturer coupons and also carry our own exclusive brands that enable members to save on price without compromising on quality. Our two private label brands, Wellesley Farms® and Berkley Jensen®, represented over \$2.5 billion in annual sales for fiscal year 2020 and are the largest brands we sell. Our customers recognize the relevance of our value proposition across economic environments, as demonstrated by over 20 consecutive years of membership fee income growth. Our membership fee income was \$352.7 million for the trailing twelve-months ended October 30, 2021.

Our business is moderately seasonal in nature. Historically, our business has realized a slightly higher portion of net sales, operating income and cash flows from operations in the second and fourth fiscal quarters, attributable primarily to the impact of the summer and year-end holiday season, respectively.

### Factors Affecting Our Business

*COVID-19 Impact.* As the impact of the COVID-19 pandemic has evolved, we have continued to experience strong sales at a rate reflective of the national trend. The COVID-19 pandemic is unprecedented and demand may change in the future if

consumer purchasing behavior changes as the COVID-19 pandemic continues to evolve, and the long-term impacts to our financial condition and results of operations are still uncertain.

The COVID-19 pandemic may impact many of the factors discussed in this section, including, among others, overall economic trends, consumer preferences and demand, product mix, quarterly fluctuations, sourcing and labor shortages, which in turn could adversely affect our business, financial condition and results of operations.

*Overall economic trends.* The overall economic environment and related changes in consumer behavior have a significant impact on our business. In general, positive conditions in the broader economy promote customer spending in our clubs, while economic weakness, which generally results in a reduction of customer spending, may have a different or more extreme effect on spending at our clubs. Macroeconomic factors that can affect customer spending patterns, and thereby our results of operations, include employment rates, changes to the Supplemental Nutrition Assistance Program (SNAP), government stimulus programs, tax legislation, business conditions, changes in the housing market, the availability of credit, interest rates, tax rates and fuel and energy costs. In addition, unemployment rates and benefits may cause us to experience higher labor costs.

*Size and loyalty of membership base.* The membership model is a critical element of our business. Members drive our results of operations through their membership fee income and their purchases. The majority of members renew within six months following their renewal date. Therefore, our renewal rate is a trailing calculation that captures renewals during the period seven to eighteen months prior to the reporting date. We have grown our membership fee income each year for the past two decades. Our membership fee income totaled \$333.1 million in fiscal year 2020. Our membership renewal rate, a key indicator of membership engagement, satisfaction and loyalty, was 88% at the end of fiscal year 2020.

*Consumer preferences and demand.* Our ability to maintain our appeal to existing customers and attract new customers primarily depends on our ability to originate, develop and offer a compelling product assortment responsive to customer preferences. If we misjudge the market for our products, fail to adjust to changes in our member needs, or there is otherwise a decrease in consumer spending, including in response to the COVID-19 pandemic, we may be faced with excess inventories for some products and may be required to become more promotional in our selling activities, which would impact our net sales and gross profit.

*Infrastructure investment.* Our historical operating results reflect the impact of our ongoing investments to support our growth. We have made significant investments in our business that we believe have laid the foundation for continued profitable growth. We believe that strengthening our management team and enhancing our information systems, including our distribution center management and point-of-sale systems and investment in hardware and digitally enabled shopping capabilities for convenience, such as BOPIC and curbside pickup, will enable us to replicate our profitable club format and provide a differentiated shopping experience. We expect these infrastructure investments to support our successful operating model across our club operations.

*Product mix.* Changes in our product mix affect our performance. For example, we have continued to add private label products to our assortment of product offerings at our clubs, which we generally price lower than the manufacturer branded products of comparable quality that we also offer. Accordingly, a shift in our sales mix in which we sell more units of our private label products and fewer units of our manufacturer branded products would generally have a positive impact on our profit margins but an adverse impact on our overall net sales. Changes in our revenues from gasoline sales may also negatively affect our performance. Since gasoline generates lower profit margins than the remainder of our business, we could expect to see our overall gross profit margin rates decline as sales of gasoline increase.

*Effective sourcing and distribution of products.* Our net sales and gross profit are affected by our ability to purchase our products in sufficient quantities at competitive prices. Recently, we have experienced challenges in the global supply chain, which we expect to continue for the foreseeable future. As a result, our level of net sales could be adversely affected due to constraints in our supply chain, including our inability to procure and stock sufficient quantities of some merchandise in a manner that is able to match market demand from our customers.

*Gasoline prices.* The market price of gasoline impacts our net sales and comparable club sales, and large fluctuations in the price of gasoline may produce a short-term impact on our margins. Retail gasoline prices are driven by daily crude oil and wholesale commodity market changes and are volatile, as they are influenced by factors that include changes in demand and supply of oil and refined products, global geopolitical events, regional market conditions and supply interruptions caused by severe weather conditions. Typically, the change in crude oil prices impact the purchase price of wholesale petroleum fuel products, which in turn impacts retail gasoline prices at the pump. During times when prices are particularly volatile, differences in pricing and procurement strategies between the Company and its competitors may lead to temporary margin

contraction or expansion depending on whether prices are rising or falling, and this impact could affect our overall results for a fiscal quarter.

In addition, the relative level of gasoline prices from period to period may lead to differences in our net sales between those periods. Further, because we generally attempt to maintain a fairly stable gross profit per gallon, this variance in net sales, which may be substantial, may or may not have a significant impact on our operating income.

*Fluctuation in quarterly results.* Our quarterly results have historically varied depending upon a variety of factors, including our product offerings, promotional events, club openings, weather related events and shifts in the timing of holidays, among other things. As a result of these factors, our working capital requirements and demands on our product distribution and delivery network may fluctuate during the year.

*Inflation and deflation trends.* Our financial results can be directly impacted by substantial increases in product costs due to commodity cost increases or general inflation, which could lead to a reduction in our sales, as well as greater margin pressure, as costs may not be able to be passed on to consumers. Changes in commodity prices and general inflation have impacted several categories of our business. This inflationary pressure is due primarily to supply chain disruptions complicated by the COVID-19 pandemic. In response to increasing commodity prices or general inflation, we seek to minimize the impact of such events by sourcing our merchandise from different vendors, changing our product mix or increasing our pricing when necessary.

*Tariffs.* We have implemented a variety of mitigation measures in order to reduce the risk associated with our direct exposure to tariffs. We continue to work on diversifying our global supply chain to reduce our reliance on China by sourcing high-quality products from other markets in both Asia and Africa. Chinese-sourced goods represent approximately 3% of our cost of sales during the first nine months of fiscal year 2021.

## **How We Assess the Performance of Our Business**

In assessing our performance, we consider a variety of performance and financial measures. The key generally accepted accounting principles in the United States of America ("GAAP") measures include net sales, membership fee income, cost of sales, SG&A and net income. In addition, we also review other important metrics such as Adjusted EBITDA, comparable club sales and merchandise comparable club sales.

### ***Net sales***

Net sales are derived from direct retail sales to customers in our clubs and online, net of merchandise returns and discounts. Growth in net sales is impacted by opening new clubs and increases in comparable club sales.

### ***Comparable club sales***

Comparable club sales, also known as same-store sales, is an important measure throughout the retail industry. In determining comparable club sales, we include all clubs that were open for at least thirteen months at the beginning of the period and were in operation during the entirety of both periods being compared, including relocated clubs and expansions. There may be variations in the way in which some of our competitors and other retailers calculate comparable club or same store sales. As a result, data in this Quarterly Report on Form 10-Q regarding our comparable club sales may not be comparable to similar data made available by other retailers.

Comparable club sales allow us to evaluate how our club base is performing by measuring the change in period-over-period net sales in clubs that have been open for the applicable period. Various factors affect comparable club sales, including consumer preferences and trends, product sourcing, promotional offerings and pricing, customer experience and purchase amounts, weather and holiday shopping period timing and length.

### ***Merchandise comparable club sales***

Merchandise comparable club sales represents comparable club sales from all merchandise other than our gasoline operations for the applicable period.

### ***Membership fee income***

Membership fee income reflects the amount collected from our customers to be a member of our clubs. Membership fee income is recognized in revenue on a straight-line basis over the life of the membership, which is typically twelve months.

### ***Cost of sales***

Cost of sales consists primarily of the direct cost of merchandise and gasoline sold at our clubs, including the following:

- costs associated with operating our distribution centers, including payroll, payroll benefits, occupancy costs and depreciation;
- freight expenses associated with moving merchandise from vendors to our distribution centers and from our distribution centers to our clubs; and
- vendor allowances, rebates and cash discounts.

### ***Selling, general and administrative expenses ("SG&A")***

SG&A consists of various expenses related to supporting and facilitating the sale of merchandise in our clubs, including the following:

- payroll and payroll benefits for club and corporate employees;
- rent, depreciation and other occupancy costs for retail and corporate locations;
- advertising expenses;
- tender costs, including credit and debit card fees;
- amortization of intangible assets; and
- consulting, legal, insurance and other professional services expenses.

SG&A includes both fixed and variable components and, therefore, is not directly correlated with net sales. In addition, the components of our SG&A may not be comparable to those of other retailers. We expect that our SG&A will increase in future periods due to investments to spur comparable club sales growth and our continuing club growth. In addition, any increase in future stock option or other stock-based grants or modifications will increase our stock-based compensation expense included in SG&A.

### ***Net Income***

Net income reflects the Company's net sales, less cost of sales, SG&A, interest, taxes and other expenses.

### ***Adjusted EBITDA***

Adjusted EBITDA is defined as income from continuing operations before interest expense, net, provision for income taxes and depreciation and amortization, adjusted for the impact of certain other items, including stock-based compensation expense, pre-opening expenses, non-cash rent, severance and other adjustments. For a reconciliation of Adjusted EBITDA to income from continuing operations, the most directly comparable GAAP measure, see "Non-GAAP Financial Measures."

### **Non-GAAP Financial Measures**

#### ***Adjusted EBITDA***

We present Adjusted EBITDA, which is not a recognized financial measure under GAAP, because we believe it assists investors and analysts in comparing our operating performance across reporting periods on a consistent basis by excluding items that we do not believe are indicative of our core operating performance, including pre-opening expenses. The amount and timing of pre-opening expenses are dependent on, among other things, the size and number of new clubs opening during any given period. In evaluating Adjusted EBITDA, you should be aware that in the future we may incur expenses that are the same as or similar to some of the adjustments in our presentation of Adjusted EBITDA. Our presentation of Adjusted EBITDA should not be considered as an alternative to any other performance measures derived in accordance with GAAP and should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. There can be no assurance that we will not modify the presentation of Adjusted EBITDA in the future, and any such modification may be

material. In addition, Adjusted EBITDA may not be comparable to similarly titled measures used by other companies in our industry or across different industries. Further, Adjusted EBITDA has limitations as an analytical tool, and should not be considered in isolation or as a substitute for any analysis of our results as reported under GAAP.

Management believes Adjusted EBITDA is helpful in highlighting trends in our core operating performance compared to other measures, which can differ significantly depending on long-term strategic decisions regarding capital structure, the tax jurisdictions in which our company operates and capital investments. We use Adjusted EBITDA in connection with establishing discretionary annual incentive compensation, to supplement GAAP measures of performance in the evaluation of the effectiveness of our business strategies, to make budgeting decisions and to compare our performance against that of other peer companies using similar measures.

The following is a reconciliation of our income from continuing operations to Adjusted EBITDA and Adjusted EBITDA as a percentage of net sales for the periods presented:

|  | Thirteen Weeks Ended |                  | Thirty-Nine Weeks Ended |                  |
|--|----------------------|------------------|-------------------------|------------------|
|  | October 30, 2021     | October 31, 2020 | October 30, 2021        | October 31, 2020 |
| <b>(dollars in thousands)</b>                |                      |                  |                         |                  |
| Income from continuing operations            | \$ 126,602           | \$ 122,883       | \$ 319,185              | \$ 325,293       |
| Interest expense, net                        | 11,854               | 25,882           | 47,567                  | 68,467           |
| Provision for income taxes                   | 31,700               | 41,590           | 93,442                  | 103,940          |
| Depreciation and amortization                | 45,830               | 42,160           | 135,664                 | 124,331          |
| Stock-based compensation expense             | 7,794                | 8,667            | 42,428                  | 23,245           |
| Pre-opening expenses <sup>(a)</sup>          | 3,071                | 610              | 5,265                   | 5,180            |
| Non-cash rent <sup>(b)</sup>                 | 1,387                | 274              | 4,569                   | 2,289            |
| Severance charges <sup>(c)</sup>             | —                    | —                | 2,300                   | —                |
| Other adjustments <sup>(d)</sup>             | 161                  | 143              | 529                     | 229              |
| Adjusted EBITDA                              | \$ 228,399           | \$ 242,209       | \$ 650,949              | \$ 652,974       |
| Adjusted EBITDA as a percentage of net sales | 5.5 %                | 6.6 %            | 5.4 %                   | 5.8 %            |

(a) Represents direct incremental costs of opening or relocating a facility that are charged to operations as incurred.

(b) Consists of an adjustment to remove the non-cash portion of rent expense.

(c) Represents severance charges associated with labor reductions that resulted from the realignment of our field operations.

(d) Other non-cash items, including non-cash accretion on asset retirement obligations and obligations associated with our post-retirement medical plan.

### **Free cash flow**

We present free cash flow, which is not a recognized financial measure under GAAP, as we believe it assists investors and analysts in evaluating our liquidity. Free cash flow should not be considered as an alternative to cash flows from operations as a liquidity measure. We define free cash flow as net cash provided by operating activities less additions to property and equipment, net of disposals, plus proceeds from sale leaseback transactions.

Our presentation of free cash flow should not be considered as an alternative to any other measure derived in accordance with GAAP and should not be construed as an inference that the Company's future results will be unaffected by unusual or non-recurring items. In addition, free cash flow may not be comparable to similarly titled measures used by other companies in our industry or across different industries. Further, free cash flow has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP.

The following is a reconciliation of our net cash provided by operating activities to free cash flow for the periods presented:

| (in thousands)  | Thirteen Weeks Ended |                  | Thirty-Nine Weeks Ended |                  |
|---|----------------------|------------------|-------------------------|------------------|
|   | October 30, 2021     | October 31, 2020 | October 30, 2021        | October 31, 2020 |
| Net cash provided by operating activities                   | \$ 173,862           | \$ 68,280        | \$ 733,175              | \$ 801,972       |
| Less: Additions to property and equipment, net of disposals | 74,690               | 69,838           | 222,498                 | 152,800          |
| Plus: Proceeds from sale leaseback transactions             | —                    | 21,832           | 19,080                  | 25,893           |
| Free cash flow  | \$ 99,172            | \$ 20,274        | \$ 529,757              | \$ 675,065       |

## Results of Operations

The following table summarizes key components of our results of operations for the periods indicated:

| Statement of Operations Data<br>(dollars in thousands) | Thirteen Weeks Ended |                  | Thirty-Nine Weeks Ended |                  |
|--|----------------------|------------------|-------------------------|------------------|
|  | October 30, 2021     | October 31, 2020 | October 30, 2021        | October 31, 2020 |
| Net sales  | \$ 4,172,594         | \$ 3,646,723     | \$ 12,042,830           | \$ 11,236,403    |
| Membership fee income                                  | 91,493               | 84,946           | 266,634                 | 247,001          |
| Total revenues   | 4,264,087            | 3,731,669        | 12,309,464              | 11,483,404       |
| Cost of sales  | 3,472,869            | 2,988,397        | 10,027,991              | 9,247,042        |
| Selling, general and administrative expenses           | 617,991              | 552,307          | 1,816,014               | 1,733,482        |
| Pre-opening expenses                                   | 3,071                | 610              | 5,265                   | 5,180            |
| Operating income                                       | 170,156              | 190,355          | 460,194                 | 497,700          |
| Interest expense, net                                  | 11,854               | 25,882           | 47,567                  | 68,467           |
| Income from continuing operations before income taxes  | 158,302              | 164,473          | 412,627                 | 429,233          |
| Provision for income taxes                             | 31,700               | 41,590           | 93,442                  | 103,940          |
| Income from continuing operations                      | 126,602              | 122,883          | 319,185                 | 325,293          |
| Loss from discontinued operations, net of income taxes | (85)                 | (87)             | (101)                   | (145)            |
| Net income   | \$ 126,517           | \$ 122,796       | \$ 319,084              | \$ 325,148       |
| <b>Operational Data:</b>                               |                      |                  |                         |                  |
| Total clubs at end of period                           | 222                  | 219              | 222                     | 219              |
| Comparable club sales                                  | 13.1%                | 14.1%            | 5.7%                    | 17.0%            |
| Merchandise comparable club sales                      | 5.7%                 | 18.5%            | (1.0)%                  | 23.2%            |
| Adjusted EBITDA  | \$ 228,399           | \$ 242,209       | \$ 650,949              | \$ 652,974       |
| Free cash flow   | 99,172               | 20,274           | 529,757                 | 675,065          |

**Thirteen Weeks Ended October 30, 2021 (Third Quarter of Fiscal Year 2021) Compared to Thirteen Weeks Ended October 31, 2020 (Third Quarter of Fiscal Year 2020)**

***Net Sales***

Net sales for the third quarter of fiscal year 2021 were \$4,172.6 million, a 14.4% increase from net sales reported for the third quarter of fiscal year 2020 of \$3,646.7 million. The increase was due primarily to a 13.1% increase in comparable club sales.

***Comparable club sales***

|  | <b>Thirteen Weeks Ended<br/>October 30, 2021</b> |
|--|--|
| Comparable club sales                  | 13.1%  |
| Less: contribution from gasoline sales | 7.4%   |
| Merchandise comparable club sales      | <u>5.7 %</u>                                     |

Merchandise comparable club sales increased by 5.7% in the third quarter of fiscal year 2021 driven by a 6% increase in our grocery division and a 4% increase in our general merchandise and services division. In grocery, sales increased as demand for beverages, candy and active nutrition categories have increased compared to the third quarter of fiscal year 2020. In the general merchandise and services division, the sales increased within home and seasonal categories.

***Membership fee income***

Membership fee income was \$91.5 million in the third quarter of fiscal year 2021 compared to \$84.9 million in the third quarter of fiscal year 2020, reflecting a 7.7% increase. The increase in membership fee income was primarily driven by membership renewals and increased penetration of higher-tier membership levels.

***Cost of sales***

Cost of sales was \$3,472.9 million, or 83.2% of net sales, in the third quarter of fiscal year 2021 compared to \$2,988.4 million, or 81.9% of net sales, in the third quarter of fiscal year 2020. The increase as a percentage of net sales was driven by a 20 basis point decrease in merchandise margin due to increased freight costs and price investments in inflationary categories.

***Selling, general and administrative expenses***

SG&A increased by 11.9% to \$618.0 million in the third quarter of fiscal year 2021 from \$552.3 million in the third quarter of fiscal year 2020. The year-over-year increase in SG&A was primarily driven by investments in team member wages, timing of management incentive compensation and other expenses related to volume and continued investments to drive strategic priorities.

***Pre-opening expenses***

Pre-opening expenses were \$3.1 million in the third quarter of fiscal year 2021 compared to \$0.6 million in the third quarter of fiscal year 2020. Pre-opening expenses increased due to timing of spend for club and gas station openings year-over-year.

***Interest expense***

Interest expense was \$11.9 million for the third quarter of fiscal year 2021 compared to \$25.9 million for the third quarter of fiscal year 2020. The decrease is due to lower debt balances outstanding and lower interest rates.

***Provision for income taxes***

The Company's effective income tax rate from continuing operations was 20.0% and 25.3% for the thirteen weeks ended October 30, 2021 and October 31, 2020, respectively. The decrease in the effective tax rate for the third quarter of fiscal year

2021, compared to the third quarter of fiscal year 2020, is due primarily to higher excess tax benefits from stock-based compensation in the current year period as a result of activity related to a former executive.

**Thirty-Nine Weeks Ended October 30, 2021 (First Nine Months of Fiscal Year 2021) Compared to Thirty-Nine Weeks Ended October 31, 2020 (First Nine Months of Fiscal Year 2020)**

***Net Sales***

Net sales for the first nine months of fiscal year 2021 were \$12,042.8 million, a 7.2% increase from net sales reported for the first nine months of fiscal year 2020 of \$11,236.4 million. The increase was due primarily to a 5.7% increase in comparable club sales.

***Comparable club sales***

|  | <b>Thirty-Nine Weeks Ended<br/>October 30, 2021</b> |
|--|---|
| Comparable club sales                  | 5.7%  |
| Less: contribution from gasoline sales | 6.7%  |
| Merchandise comparable club sales      | <u>(1.0) %</u>                                      |

Merchandise comparable club sales decreased by 1.0% in the first nine months of fiscal year 2021 driven by a 3% decline in our grocery division partially offset by a 9% increase in our general merchandise and services division. In grocery, sales declined as demand for paper products, personal protective equipment, and fresh food items normalized compared to the first nine months of fiscal year 2020. In general merchandise and services, sales were strongest in seasonal categories such as patio sets, apparel, and pool equipment.

***Membership fee income***

Membership fee income was \$266.6 million in the first nine months of fiscal year 2021 compared to \$247.0 million in the first nine months of fiscal year 2020, reflecting a 7.9% increase. The increase in membership fee income was primarily driven by membership renewals and increased penetration of higher-tier membership levels.

***Cost of sales***

Cost of sales was \$10,028.0 million, or 83.3% of net sales, in the first nine months of fiscal year 2021 compared to \$9,247.0 million, or 82.3% of net sales, in the first nine months of fiscal year 2020. The increase as a percentage of net sales was driven by the increase in gasoline sales, which contributed at a higher cost per gallon, and increased freight costs and price investment in inflationary categories, partially offset by a 30 basis point increase in merchandise margin due to mix of general merchandise sales and private label penetration.

***Selling, general and administrative expenses***

SG&A increased 4.8% to \$1,816.0 million in the first nine months of fiscal year 2021 from \$1,733.5 million in the first nine months of fiscal year 2020. The increase in SG&A was primarily driven by \$24.3 million in investments in club team member wages, \$15.1 million in occupancy costs, \$12.4 million in depreciation and amortization expense, \$17.5 million of accelerated stock-based compensation expense related to a former executive, and \$13.2 million of other operating costs.

***Pre-opening expenses***

Pre-opening expenses were \$5.3 million in the first nine months of fiscal year 2021 compared to \$5.2 million in the first nine months of fiscal year 2020. Pre-opening expenses reflect the timing of spend for club and gas station openings year-over-year.

***Interest expense***

Interest expense was \$47.6 million for the first nine months of fiscal year 2021 compared to \$68.5 million for the first nine months of fiscal year 2020. The decrease is due to lower debt balances outstanding and lower interest rates.

### ***Provision for income taxes***

The Company's effective income tax rate from continuing operations was 22.6% and 24.2% for the thirty-nine weeks ended October 30, 2021 and October 31, 2020, respectively. The decrease in the effective tax rate for the first nine months of fiscal year 2021, compared to the first nine months of fiscal year 2020, is due primarily to higher excess tax benefits from stock-based compensation in the current year period for activity related to a former executive.

### **Liquidity and Capital Resources**

Historically, the strength and stability of our operations, supplemented with our debt borrowings under the ABL Facility, have been sufficient to fund our operations while allowing us to invest in activities that support the long-term growth of our operations. In the first nine months of fiscal year 2021, \$135.1 million of available cash flow was used to repurchase shares under our share repurchase program. As of October 30, 2021, cash and cash equivalents totaled \$84.7 million and we had \$930.6 million of unused capacity under our ABL Facility. In the current environment, we believe our sources of liquidity will continue to be adequate to fund operations, meet our current debt obligations and finance investment and expansion activities for the foreseeable future.

### ***Summary of Cash Flows***

A summary of our cash flows from operating, investing and financing activities is presented in the following table:

|   | Thirty-Nine Weeks Ended |                  |
|---|-------------------------|------------------|
|   | October 30, 2021        | October 31, 2020 |
| (in thousands)                            |                         |                  |
| Net cash provided by operating activities | \$ 733,175              | \$ 801,972       |
| Net cash used in investing activities     | (203,418)               | (126,907)        |
| Net cash used in financing activities     | (488,584)               | (659,153)        |
| Net increase in cash and cash equivalents | \$ 41,173               | \$ 15,912        |

#### ***Net Cash from Operating Activities***

Net cash provided by operating activities was \$733.2 million for the first nine months of fiscal year 2021 compared to \$802.0 million for the first nine months of fiscal year 2020. The decrease in operating cash flow was primarily due to the timing of our accounts receivable collections and accounts payable payments as well as improvements in our merchandise inventory.

#### ***Net Cash from Investing Activities***

Cash used for capital expenditures was \$203.4 million for the first nine months of fiscal year 2021, compared to \$126.9 million for the first nine months of fiscal year 2020. The increase is primarily due to the timing, volume and cost of property, plant and equipment additions as we continue to invest in our strategic priorities.

#### ***Net Cash from Financing Activities***

Net cash used in financing activities for the first nine months of fiscal year 2021 was \$488.6 million compared to \$659.2 million for the first nine months of fiscal year 2020. The decrease is due primarily to lower repayments of outstanding borrowings on our First Lien Term Loan and ABL Facility partially offset by higher payments to acquire treasury shares.

### ***Debt and Borrowing Capacity***

On October 30, 2020, the Company borrowed \$260.0 million from the ABL Facility. The proceeds from the Company's borrowing and \$100.0 million of the Company's cash and cash equivalents were used to pay \$360.0 million of the principal amount outstanding on the First Lien Term Loan. In connection with the payment, the Company expensed \$2.8 million of previously capitalized debt issuance costs and original issue discount.

On April 30, 2021, the Company used \$150.0 million of cash and cash equivalents to pay \$100.0 million of the principal amount outstanding on the First Lien Term Loan and \$50.0 million of the principal amount outstanding on the ABL Facility. In

connection with the payment, the Company expensed \$0.7 million of previously capitalized debt issuance costs and original issue discount.

At October 30, 2021, the interest rate for the First Lien Term Loan before the effect of interest rate swaps was 2.09% and there were \$701.9 million outstanding. See Note 4, "Debt and Credit Arrangements" of our consolidated financial statements included in this Quarterly Report on Form 10-Q for additional information.

### ***Share Repurchase***

On November 16, 2021, the Company's Board of Directors approved a new share repurchase program (the "2021 Repurchase Program"), effective immediately. The authorization allows the Company to repurchase up to \$500.0 million of its outstanding common stock. See Note 12, "Subsequent Event" of our consolidated financial statements included in this Quarterly Report on Form 10-Q for additional information. As of November 17, 2021, there was no capacity remaining under the Company's existing share repurchase program that was approved in December 2019.

### ***Contractual Obligations***

Our contractual obligations consist primarily of long-term debt obligations, interest payments, operating leases and purchase orders for merchandise inventory. These contractual obligations impact our short-term and long-term liquidity and capital needs. As of October 30, 2021, other than those items related to the ordinary course of operations of our business such as inventory purchases and lease amendments, there were no material changes to our contractual obligations from those described in our Annual Report on Form 10-K for the fiscal year 2020. We expect to take possession and account for our new home office lease in the fourth quarter of fiscal year 2021.

### ***Off-Balance Sheet Arrangements***

We have not entered into off-balance sheet arrangements. We do enter into operating lease commitments, letters of credit and purchase obligations in the ordinary course of our operations.

### ***Critical Accounting Policies and Use of Estimates***

This discussion and analysis of our financial condition and results of operations is based on our consolidated financial statements, which we have prepared in accordance with GAAP. The preparation of our financial statements and related disclosures requires us to make estimates, assumptions and judgments that affect the reported amount of assets, liabilities, revenue, costs and expenses, and related disclosures. Our critical accounting policies are described under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations— Critical Accounting Policies and Estimates" in our Annual Report on Form 10-K for the fiscal year 2020. For a full discussion of our significant accounting policies, see Note 2 to our unaudited consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

### ***Recent Accounting Pronouncements***

For a listing of recent account pronouncements, see Note 2 to our unaudited consolidated financial statements included elsewhere in this Quarterly Report on Form 10-Q.

### ***Item 3. Quantitative and Qualitative Disclosures About Market Risk.***

We are exposed to changes in market interest rates and these changes in rates will impact our net interest expense and our cash flow from operations. Substantially all of our borrowings carry variable interest rates. There have been no material changes in our market risk from the disclosure included in Part II, "Item 7A. Quantitative and Qualitative Disclosures of Market Risk" in the Annual Report on Form 10-K for the fiscal year 2020.

### ***Item 4. Controls and Procedures.***

#### ***Limitations on Effectiveness of Controls and Procedures***

In designing and evaluating our disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints

and that management is required to apply judgment in evaluating the benefits of possible controls and procedures relative to their costs.

***Evaluation of Disclosure Controls and Procedures***

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated, as of the end of the period covered by this Quarterly Report on Form 10-Q, the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective at the reasonable assurance level as of October 30, 2021.

***Changes in Internal Control***

There were no changes in our internal control over financial reporting identified in management's evaluation pursuant to Rules 13a-15(d) or 15d-15(d) of the Exchange Act during the most recently completed fiscal quarter that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II—OTHER INFORMATION

### Item 1. Legal Proceedings.

We are subject to various litigation, claims and other proceedings that arise from time to time in the ordinary course of business. We believe these actions are routine and incidental to the business. While the outcome of these actions cannot be predicted with certainty, we do not believe that any will have a material adverse impact on our business, financial condition or results of operations.

### Item 1A. Risk Factors.

There have been no material changes to the risk factors relating to the Company set forth under the caption "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the fiscal year 2020.

### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

The following table sets forth information regarding our purchases of shares of our common stock during the third quarter of fiscal year 2021.

| Period                              | Total Number of Shares Purchased <sup>(2)</sup> | Average Price Paid per Share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs | Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs <sup>(1)</sup> |
|-------------------------------------|---|------------------------------|--|---|
| August 1, 2021 to August 28, 2021   | 81,229  | \$55.49                      | 80,600   | \$82,304,554  |
| August 29, 2021 to October 2, 2021  | 574,516   | \$57.35                      | 560,000  | \$50,210,412  |
| October 3, 2021 to October 30, 2021 | 634,526   | \$55.25                      | 621,273  | \$15,232,251  |
| <b>Total</b>                        | <b>1,290,271</b>                                | <b>\$56.20</b>               | <b>1,261,873</b>   | <b>\$15,232,251</b>   |

(1) On December 19, 2019, our Board of Directors authorized the repurchase of up to \$250.0 million of our outstanding common stock from time to time as market conditions warrant. The share repurchase program expires at the end of fiscal year 2021 and was fully exhausted on November 17, 2021.

(2) Includes 629 shares of common stock for the period August 1, 2021 to August 28, 2021, 14,516 shares of common stock for the period August 29, 2021 to October 2, 2021 and 13,253 shares of common stock for the period October 3, 2021 to October 30, 2021 surrendered to the Company by employees to satisfy their tax withholding obligations in connection with the vesting of restricted stock awards. See Note 7 "Stock Incentive Plans" in the Notes to Unaudited Consolidated Financial Statements included in this report.

### Item 3. Defaults Upon Senior Securities.

None.

### Item 4. Mine Safety Disclosures.

Not applicable

### Item 5. Other Information.

None.

**Item 6. Exhibits.**

| <b>Exhibit Number</b> | <b>Exhibit Description</b>  |
|-----------------------|---|
| 31.1                  | <a href="#"><u>Certification of Principal Executive Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).</u></a> |
| 31.2                  | <a href="#"><u>Certification of Principal Financial Officer Pursuant to Rules 13a-14(a) and 15d-14(a) under the Securities Exchange Act of 1934, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).</u></a> |
| 32.1                  | <a href="#"><u>Certification of Principal Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).</u></a>  |
| 32.2                  | <a href="#"><u>Certification of Principal Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (filed herewith).</u></a>  |
| 101.INS               | Inline XBRL Instance Document (filed herewith)  |
| 101.SCH               | Inline XBRL Taxonomy Extension Schema Document (filed herewith)   |
| 101.CAL               | Inline XBRL Taxonomy Extension Calculation Linkbase Document (filed herewith)   |
| 101.DEF               | Inline XBRL Taxonomy Extension Definition Linkbase Document (filed herewith)  |
| 101.LAB               | Inline XBRL Taxonomy Extension Label Linkbase Document (filed herewith)   |
| 101.PRE               | Inline XBRL Taxonomy Extension Linkbase Document (filed herewith)   |
| 104                   | Cover Page Interactive Data File (formatted as inline XBRL with applicable taxonomy extension information contained in Exhibits 101.*) (filed herewith)   |

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**BJ'S WHOLESALE CLUB HOLDINGS, INC.**

Date: November 24, 2021

By: /s/ Laura L. Felice

Laura L. Felice

Executive Vice President, Chief Financial Officer  
(Principal Financial Officer and  
Authorized Signatory)

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER**

I, Robert W. Eddy, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of BJ's Wholesale Club Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 24, 2021

By: /s/ Robert W. Eddy  
Robert W. Eddy  
President and Chief Executive Officer  
(Principal Executive Officer)

**CERTIFICATION OF CHIEF FINANCIAL OFFICER**

I, Laura L. Felice, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of BJ's Wholesale Club Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 24, 2021

By: /s/ Laura L. Felice  
Laura L. Felice  
Executive Vice President, Chief Financial Officer  
(Principal Financial Officer)

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of BJ's Wholesale Club Holdings, Inc. (the "Company"), hereby certifies, to his knowledge, that:

1. The Company's Quarterly Report on Form 10-Q for the fiscal quarter ended October 30, 2021 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 24, 2021

By: /s/ Robert W. Eddy

Robert W. Eddy  
President and Chief Executive Officer  
(Principal Executive Officer)

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of BJ's Wholesale Club Holdings, Inc. (the "Company"), hereby certifies, to her knowledge, that:

1. The Company's Quarterly Report on Form 10-Q for the fiscal quarter ended October 30, 2021 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 24, 2021

By: /s/ Laura L. Felice  
Laura L. Felice  
Executive Vice President, Chief Financial Officer  
(Principal Financial Officer)