

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

FORM 8-K

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

Date of Report (Date of earliest event reported): August 1, 2023

BIG 5 SPORTING GOODS CORPORATION

(Exact name of registrant as specified in charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

000-49850
(Commission
File Number)

95-4388794
(IRS Employer
Identification No.)

**2525 East El Segundo Boulevard,
El Segundo, California**
(Address of principal executive office)

90245
(Zip Code)

Registrant's telephone number, including area code: (310) 536-0611

N/A

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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 per share	BGFV	The NASDAQ Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

Item 2.02 Results of Operations and Financial Condition.

On August 1, 2023, Big 5 Sporting Goods Corporation issued a press release in which, among other things, it reported financial results for its fiscal 2023 second quarter ended July 2, 2023.

The press release is furnished as Exhibit 99.1 to this Current Report on Form 8-K.

The information in Item 2.02 of this Current Report on Form 8-K, including Exhibit 99.1, is furnished pursuant to Item 2.02, “Results of Operations and Financial Condition” and shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to liability under that Section, except as specifically incorporated by reference into a filing under the Securities Act of 1933, as amended, or the Exchange Act.

Item 9.01. Financial Statements and Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release, dated August 1, 2023, issued by Big 5 Sporting Goods Corporation.
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

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 hereunto duly authorized.

BIG 5 SPORTING GOODS CORPORATION
(Registrant)

Date: August 1, 2023

/s/ Barry D. Emerson

Barry D. Emerson
Executive Vice President, Chief Financial Officer and
Treasurer



Contact:

Big 5 Sporting Goods Corporation
Barry Emerson
Executive Vice President and Chief Financial Officer
(310) 536-0611

ICR, Inc.
Jeff Sonnek
Managing Director
(646) 277-1263

BIG 5 SPORTING GOODS CORPORATION ANNOUNCES FISCAL 2023 SECOND QUARTER RESULTS

- **Declares Quarterly Cash Dividend of \$0.25 Per Share**

EL SEGUNDO, Calif., August 1, 2023 — Big 5 Sporting Goods Corporation (Nasdaq: BGFV) (the “Company,” “we,” “our,” “us,” “Big 5”), a leading sporting goods retailer, today reported financial results for the fiscal 2023 second quarter ended July 2, 2023.

Steven G. Miller, the Company’s Chairman, President and Chief Executive Officer, said “We generated positive EBITDA and earnings results above the midpoint of our guidance range despite facing abnormally cool weather in our core geography and a difficult macroeconomic backdrop that continued to pressure consumer discretionary spending, both of which impacted our top-line performance. These results speak to our continued focus on diligently managing expenses in the face of persistent inflationary pressures, while also maintaining a healthy inventory position to support strong merchandise margin execution.”

Mr. Miller continued, “While the retail environment remains challenging, we are encouraged that our current trending through July improved significantly following the onset of warmer summer temperatures, which provided a catalyst for summer outdoor recreation, particularly in our core California market. We feel that our product assortment is well positioned for the balance of summer and the back-to-school season.”

Net sales for the fiscal 2023 second quarter were \$223.6 million compared to net sales of \$253.8 million for the second quarter of fiscal 2022. Same store sales decreased 12.0% for the second quarter of fiscal 2023 compared to the second quarter of fiscal 2022.

Gross profit for the fiscal 2023 second quarter was \$71.9 million, compared to \$88.9 million in the second quarter of the prior year. The Company’s gross profit margin was 32.2% in the fiscal 2023 second quarter versus 35.0% in the second quarter of the prior year. The decrease

in gross profit margin compared with the prior year primarily reflects higher store occupancy and distribution expense, including costs capitalized into inventory, as a percentage of net sales. The Company's merchandise margins for the second quarter of fiscal 2023 were consistent with the prior year period, and continued to run several hundred basis points ahead of pre-pandemic rates, supported by the evolution of the Company's pricing and promotional strategy.

Overall selling and administrative expense for the quarter decreased by \$4.2 million from the prior year, primarily reflecting lower employee labor and benefit-related expense and performance-based incentive accruals. As a percentage of net sales, selling and administrative expense increased to 32.4% in the fiscal 2023 second quarter, compared to 30.2% in the fiscal 2022 second quarter due to the lower sales base.

Net loss for the second quarter of fiscal 2023 was \$0.3 million, or \$0.01 per basic share. This compares to net income of \$8.9 million, or \$0.41 per diluted share in the second quarter of fiscal 2022.

For the 26-week period ended July 2, 2023, net sales were \$448.5 million compared to net sales of \$495.8 million in the first 26 weeks of last year. Same store sales decreased 9.6% in the first half of fiscal 2023 versus the comparable period last year. Net loss for the first 26 weeks of fiscal 2023 was \$0.1 million, or \$0.00 per basic share. This compares to net income for the first 26 weeks of fiscal 2022 of \$18.0 million or \$0.81 per diluted share.

EBITDA was \$4.2 million for the second quarter of fiscal 2023 compared to Adjusted EBITDA of \$17.7 million in the prior year period. For the 26-week period ended July 2, 2023, EBITDA was \$8.6 million, compared to Adjusted EBITDA of \$32.7 million in the prior year period. EBITDA and Adjusted EBITDA are non-GAAP financial measures. See "Non-GAAP Financial Measures" below for more details and a reconciliation of non-GAAP EBITDA and Adjusted EBITDA to the most comparable GAAP measure, net income.

Balance Sheet

The Company ended the 2023 fiscal second quarter with no borrowings under its credit facility and with a cash balance of \$5.9 million. This compares to no borrowings under the Company's credit facility and \$25.6 million of cash as of the end of fiscal 2022. Merchandise inventories as of the end of the second quarter decreased by 2.2% compared to the prior year period, reflecting more normalized inventory levels related to sales.

Quarterly Cash Dividend

The Company's Board of Directors has declared a quarterly cash dividend of \$0.25 per share of outstanding common stock, which will be paid on September 15, 2023 to stockholders of record as of September 1, 2023.

Third Quarter Guidance

For the fiscal 2023 third quarter, the Company expects same store sales to decrease in the mid single-digit range compared to the fiscal 2022 third quarter. The Company's same store sales guidance reflects an expectation that macroeconomic headwinds will continue to impact discretionary consumer spending over the balance of the third quarter. Fiscal 2023 third quarter earnings per share is expected in the range of \$0.10 to \$0.20, which compares to fiscal 2022 third quarter earnings per diluted share of \$0.29.

Store Openings

The Company currently has 430 stores in operation, which reflects zero store closures or openings during the fiscal 2023 second quarter. During the remainder of fiscal 2023, the Company expects to open approximately two new stores and close approximately four stores, including relocating one store.

Conference Call Information

The Company will host a conference call to discuss these results and provide additional comments and details. The conference call is scheduled to begin at 2:00 p.m. Pacific Time on Tuesday, August 1, 2023. To access the conference call, participants in North America may dial (877) 407-9039 and international participants may dial (201) 689-8470. Participants are encouraged to dial in to the conference call ten minutes prior to the scheduled start time.

In addition, the call will be broadcast live over the Internet and accessible through the Company's website at www.big5sportinggoods.com. Visitors to the website should select the "Investor Relations" link to access the webcast. The webcast will be archived and accessible on the same website for 30 days following the call. A telephonic replay will be available through Tuesday, August 8, 2023 by calling (844) 512-2921 to access the playback; the passcode is 13740196.

About Big 5 Sporting Goods Corporation

Big 5 is a leading sporting goods retailer in the western United States, currently operating 430 stores under the "Big 5 Sporting Goods" name. Big 5 provides a full-line product offering in a traditional sporting goods store format that averages 12,000 square feet. Big 5's product mix includes athletic shoes, apparel and accessories, as well as a broad selection of outdoor and athletic equipment for team sports, fitness, camping, hunting, fishing, home recreation, tennis, golf, and winter and summer recreation.

Except for historical information contained herein, the statements in this release are forward-looking and made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements involve known and unknown risks and uncertainties and other factors that may cause Big 5's actual results in current or future periods to differ materially from forecasted results. These risks and uncertainties include, among other things, the economic impacts of COVID-19, including any potential variants, on Big 5's business operations, including as a result of regulations that may be issued in response

to COVID-19, global supply chain disruptions resulting from the ongoing conflict in Ukraine, changes in the consumer spending environment, fluctuations in consumer holiday spending patterns, increased competition from e-commerce retailers, breach of data security or other unauthorized disclosure of sensitive personal or confidential information, the competitive environment in the sporting goods industry in general and in Big 5's specific market areas, inflation, product availability and growth opportunities, changes in the current market for (or regulation of) firearm-related products, a reduction or loss of product from a key supplier, disruption in product flow, seasonal fluctuations, weather conditions, changes in cost of goods, operating expense fluctuations, increases in labor and benefit-related expense, changes in laws or regulations, including those related to tariffs and duties, as well as environmental, social and governance issues, public health issues (including those caused by COVID-19 or any potential variants), impacts from civil unrest or widespread vandalism, lower than expected profitability of Big 5's e-commerce platform or cannibalization of sales from Big 5's existing store base which could occur as a result of operating the e-commerce platform, litigation risks, stockholder campaigns and proxy contests, risks related to Big 5's historically leveraged financial condition, changes in interest rates, credit availability, higher expense associated with sources of credit resulting from uncertainty in financial markets and economic conditions in general. Those and other risks and uncertainties are more fully described in Big 5's filings with the Securities and Exchange Commission, including its Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q. Big 5 conducts its business in a highly competitive and rapidly changing environment. Accordingly, new risk factors may arise. It is not possible for management to predict all such risk factors, nor to assess the impact of all such risk factors on Big 5's business or the extent to which any individual risk factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. Big 5 undertakes no obligation to revise or update any forward-looking statement that may be made from time to time by it or on its behalf.

Non-GAAP Financial Measures

In addition to reporting our financial results in accordance with generally accepted accounting principles ("GAAP"), we are providing non-GAAP earnings before interest, income tax expense, depreciation and amortization ("EBITDA") and any other adjustments ("Adjusted EBITDA"). EBITDA and Adjusted EBITDA are not prepared in accordance with GAAP and exclude certain items presented below. We use EBITDA and Adjusted EBITDA internally for forecasting purposes and as factors to evaluate our operating performance. We believe that Adjusted EBITDA provides useful information to both management and investors by excluding certain expenses, gains and losses that may not be indicative of core operating results and business outlook. While we believe that EBITDA and Adjusted EBITDA can be useful to investors in evaluating our period-to-period operating results, this information should be considered supplemental and is not a substitute for financial information prepared in accordance with GAAP. In addition, our definition or calculation of these non-GAAP measures may differ from similarly titled measures used by other companies, limiting the usefulness of this financial measure for comparison to other companies. We believe the GAAP

measure that is most comparable to non-GAAP EBITDA and Adjusted EBITDA is net income, and a reconciliation of our non-GAAP EBITDA and Adjusted EBITDA to GAAP net income is provided below.

	<u>13 Weeks Ended</u>		<u>26 Weeks Ended</u>	
	<u>July 2, 2023</u>	<u>July 3, 2022</u>	<u>July 2, 2023</u>	<u>July 3, 2022</u>
	(In thousands)			
GAAP net (loss) income (as reported)	\$ (282)	\$ 8,934	\$ (89)	\$18,037
- Interest (income); + interest expense (as reported)	(55)	136	(170)	320
- Income tax (benefit); + income tax expense (as reported)	(126)	3,168	(233)	4,497
+ Depreciation and amortization	4,631	4,420	9,141	8,830
EBITDA	<u>\$4,168</u>	<u>\$16,658</u>	<u>\$8,649</u>	<u>\$31,684</u>
+ Revaluation of workers' compensation reserves due to change in claims assessment methodology	—	1,039	—	1,039
Adjusted EBITDA	<u>\$4,168</u>	<u>\$17,697</u>	<u>\$8,649</u>	<u>\$32,723</u>

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FINANCIAL TABLES FOLLOW

BIG 5 SPORTING GOODS CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

(In thousands, except share amounts)

	July 2, 2023	January 1, 2023
ASSETS		
Current assets:		
Cash	\$ 5,888	\$ 25,565
Accounts receivable, net of allowances of \$22 and \$44, respectively	16,219	12,270
Merchandise inventories, net	324,615	303,493
Prepaid expenses	15,518	16,632
Total current assets	<u>362,240</u>	<u>357,960</u>
Operating lease right-of-use assets, net	270,600	276,016
Property and equipment, net	54,754	58,311
Deferred income taxes	10,227	9,991
Other assets, net of accumulated amortization of \$1,581 and \$1,359, respectively	7,725	6,515
Total assets	<u>\$705,546</u>	<u>\$708,793</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 91,881	\$ 67,417
Accrued expenses	59,909	70,261
Current portion of operating lease liabilities	67,742	70,584
Current portion of finance lease liabilities	2,777	3,217
Total current liabilities	<u>222,309</u>	<u>211,479</u>
Operating lease liabilities, less current portion	211,198	214,584
Finance lease liabilities, less current portion	6,634	7,089
Other long-term liabilities	6,990	6,857
Total liabilities	<u>447,131</u>	<u>440,009</u>
Commitments and contingencies		
Stockholders' equity:		
Common stock, \$0.01 par value, authorized 50,000,000 shares; issued 26,759,247 and 26,491,750 shares, respectively; outstanding 22,451,992 and 22,184,495 shares, respectively	267	264
Additional paid-in capital	127,358	126,512
Retained earnings	185,047	196,265
Less: Treasury stock, at cost; 4,307,255 shares	(54,257)	(54,257)
Total stockholders' equity	<u>258,415</u>	<u>268,784</u>
Total liabilities and stockholders' equity	<u>\$705,546</u>	<u>\$708,793</u>

BIG 5 SPORTING GOODS CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(In thousands, except per share data)

	13 Weeks Ended		26 Weeks Ended	
	July 2, 2023	July 3, 2022	July 2, 2023	July 3, 2022
Net sales	\$223,567	\$253,800	\$448,506	\$495,781
Cost of sales	151,664	164,934	301,459	320,982
Gross profit	71,903	88,866	147,047	174,799
Selling and administrative expense	72,366	76,628	147,539	151,945
Operating (loss) income	(463)	12,238	(492)	22,854
Interest (income) expense	(55)	136	(170)	320
(Loss) income before income taxes	(408)	12,102	(322)	22,534
Income tax (benefit) expense	(126)	3,168	(233)	4,497
Net (loss) income	<u>\$ (282)</u>	<u>\$ 8,934</u>	<u>\$ (89)</u>	<u>\$ 18,037</u>
(Loss) earnings per share:				
Basic	<u>\$ (0.01)</u>	<u>\$ 0.41</u>	<u>\$ (0.00)</u>	<u>\$ 0.83</u>
Diluted	<u>\$ (0.01)</u>	<u>\$ 0.41</u>	<u>\$ (0.00)</u>	<u>\$ 0.81</u>
Weighted-average shares of common stock outstanding:				
Basic	<u>21,762</u>	<u>21,675</u>	<u>21,696</u>	<u>21,677</u>
Diluted	<u>21,762</u>	<u>22,039</u>	<u>21,696</u>	<u>22,197</u>