

FIVE BELOW, INC  
Form 10-Q  
June 07, 2018  
UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

Form 10-Q

(mark one)

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

For the quarterly period ended May 5, 2018.

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: 001-35600

Five Below, Inc.  
(Exact name of Registrant as Specified in its Charter)

Pennsylvania 75-3000378  
(State or Other Jurisdiction of (I.R.S. Employer  
Incorporation or Organization) Identification No.)

701 Market Street, Suite 300  
Philadelphia, PA 19106  
(Address of Principal Executive Offices) (Zip Code)  
(215) 546-7909  
(Registrant's Telephone Number, Including Area Code)

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes  No

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

Large accelerated filer  Accelerated filer   
Non-accelerated filer  (Do not check if a smaller reporting company) 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

The number of shares of the registrant's common stock, \$0.01 par value, outstanding as of June 6, 2018 was 55,630,133.

---

INDEX

<u>PART I - FINANCIAL INFORMATION</u>		Page
Item 1.	<u>Consolidated Financial Statements (unaudited)</u>	<u>4</u>
	<u>Unaudited Consolidated Balance Sheets as of May 5, 2018, February 3, 2018 and April 29, 2017</u>	<u>4</u>
	<u>Unaudited Consolidated Statements of Operations for the Thirteen Weeks Ended May 5, 2018 and April 29, 2017</u>	<u>5</u>
	<u>Unaudited Consolidated Statement of Shareholders' Equity for the Thirteen Weeks Ended May 5, 2018</u>	<u>6</u>
	<u>Unaudited Consolidated Statements of Cash Flows for the Thirteen Weeks Ended May 5, 2018 and April 29, 2017</u>	<u>7</u>
	<u>Notes to Unaudited Consolidated Financial Statements</u>	<u>8</u>
Item 2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>14</u>
Item 3.	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>22</u>
Item 4.	<u>Controls and Procedures</u>	<u>23</u>
 <u>PART II - OTHER INFORMATION</u>		
Item 1.	<u>Legal Proceedings</u>	<u>24</u>
Item 1A.	<u>Risk Factors</u>	<u>25</u>
Item 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>25</u>
Item 3.	<u>Defaults Upon Senior Securities</u>	<u>25</u>
Item 4.	<u>Mine Safety Disclosures</u>	<u>25</u>
Item 5.	<u>Other Information</u>	<u>25</u>
Item 6.	<u>Exhibits</u>	<u>26</u>

## PART I - FINANCIAL INFORMATION

## ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS

## FIVE BELOW, INC.

## Consolidated Balance Sheets

(Unaudited)

(in thousands, except share and per share data)

	May 5, 2018	February 3, 2018	April 29, 2017
Assets			
Current assets:			
Cash and cash equivalents	\$84,399	\$ 112,669	\$65,237
Short-term investment securities	189,804	131,958	113,775
Inventories	215,376	187,037	180,002
Prepaid income taxes	2,168	2,264	1,243
Prepaid expenses and other current assets	37,378	45,434	29,328
Total current assets	529,125	479,362	389,585
Property and equipment, net of accumulated depreciation and amortization of \$136,983, \$127,679 and \$106,950, respectively.	195,885	180,349	148,561
Deferred income taxes	5,455	6,676	10,486
Long-term investment securities	2,930	27,702	6,669
Other assets	1,645	1,619	1,628
	\$735,040	\$ 695,708	\$556,929
Liabilities and Shareholders' Equity			
Current liabilities:			
Line of credit	\$—	\$—	\$—
Accounts payable	95,081	73,033	77,987
Income taxes payable	28,146	25,275	27,653
Accrued salaries and wages	5,936	22,906	7,650
Other accrued expenses	51,500	43,246	41,690
Total current liabilities	180,663	164,460	154,980
Deferred rent and other	76,459	72,690	57,763
Total liabilities	257,122	237,150	212,743
Commitments and contingencies (note 5)			
Shareholders' equity:			
Common stock, \$0.01 par value. Authorized 120,000,000 shares; issued and outstanding 55,620,019, 55,438,089 and 55,104,131 shares, respectively.	555	554	551
Additional paid-in capital	343,369	346,300	325,991
Retained earnings	133,994	111,704	17,644
Total shareholders' equity	477,918	458,558	344,186
	\$735,040	\$ 695,708	\$556,929

See accompanying notes to consolidated financial statements.

## FIVE BELOW, INC.

## Consolidated Statements of Operations

(Unaudited)

(in thousands, except share and per share data)

	Thirteen Weeks	
	Ended	
	May 5,	April 29,
	2018	2017
Net sales	\$296,322	\$232,881
Cost of goods sold	199,084	159,095
Gross profit	97,238	73,786
Selling, general and administrative expenses	72,532	61,004
Operating income	24,706	12,782
Interest income, net	1,079	309
Income before income taxes	25,785	13,091
Income tax expense	3,981	4,700
Net income	\$21,804	\$8,391
Basic income per common share	\$0.39	\$0.15
Diluted income per common share	\$0.39	\$0.15
Weighted average shares outstanding:		
Basic shares	55,586,037	55,030,682
Diluted shares	56,001,939	55,304,742