UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

Form 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the fiscal year ended January 29, 2022

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: 001-37501

Ollie's Bargain Outlet Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**80-0848819**
(State or other jurisdiction of incorporation or organization)	**(IRS Employer Identification No.)**
6295 Allentown Boulevard **Suite 1** **Harrisburg, Pennsylvania**	**17112**
(Address of principal executive offices)	**(Zip Code)**

(717) 657-2300
(Registrant's telephone number, including area code)

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

Title of Each Class	Trading Symbol	Name of each exchange on which registered
Common Stock, $0.001 par value	OLLI	The NASDAQ Stock Market LLC

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes ☐ No ☒

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. ☐

Indicated by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

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

The aggregate market value of the voting stock held by non-affiliates of the registrant as of July 30, 2021 (the last business day of the registrant's most recently completed second fiscal quarter), based on the closing sale price per share as reported by the NASDAQ Stock Market LLC on such date, was approximately $6.0 billion. For purposes of this calculation only, the registrant has excluded all shares held in the treasury or that may be deemed to be beneficially owned by executive officers and directors of the registrant. By doing so, the registrant does not concede that such persons are affiliates for purposes of federal securities laws.

The number of outstanding shares of the registrant's common stock, $0.001 par value, as of March 18, 2022 was 62,694,014.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant’s definitive proxy statement for the 2022 Annual Meeting of Stockholders (the “Proxy Statement”), to be filed pursuant to Regulation 14A within 120 days after the end of the 2021 fiscal year, are incorporated by reference into Part III of this Form 10-K.

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Cautionary note regarding forward-looking statements

This Annual Report on Form 10-K contains forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as “could,” “may,” “might,” “will,” “likely,” “anticipates,” “intends,” “plans,” “seeks,” “believes,” “estimates,” “expects,” “continues,” “projects” and similar references to future periods, prospects, financial performance and industry outlook. Examples of forward-looking statements include, but are not limited to, statements we make regarding the outlook for our future business and financial performance, such as those contained in “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations,” included elsewhere in this Annual Report on Form 10-K.

Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions. Because forward-looking statements relate to the future, by their nature, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. As a result, our actual results may differ materially from those contemplated by the forward-looking statements. Important factors that could cause actual results to differ materially from those in the forward-looking statements include regional, national or global political, economic, business, competitive, market and regulatory conditions, including, but not limited to, legislation, national trade policy, and the following:

- our failure to adequately procure and manage our inventory or anticipate consumer demand;
- changes in consumer confidence and spending;
- risks associated with our status as a “brick and mortar only” retailer;
- risks associated with intense competition;
- our failure to open new profitable stores, or successfully enter new markets, on a timely basis or at all;
- the risks associated with doing business with international manufacturers and suppliers including, but not limited to, potential increases in tariffs on imported goods;
- outbreak of viruses or widespread illness, including the continued impact of COVID-19 and continuing or renewed regulatory responses thereto;
- our inability to operate our stores due to civil unrest and related protests or disturbances;
- our failure to properly hire and to retain key personnel and other qualified personnel;
- risks associated with the timely and effective deployment, protection, and defense of computer networks and other electronic systems, including e-mail;
- our inability to obtain favorable lease terms for our properties;
- the failure to timely acquire, develop, open and operate, or the loss of, disruption or interruption in the operations of, any of our centralized distribution centers;
- fluctuations in comparable store sales and results of operations, including on a quarterly basis;
- risks associated with our lack of operations in the growing online retail marketplace;
- risks associated with litigation, the expense of defense, and potential for adverse outcomes;
- our inability to successfully develop or implement our marketing, advertising and promotional efforts;
- the seasonal nature of our business;
- risks associated with natural disasters, whether or not caused by climate change;
- changes in government regulations, procedures and requirements; and
- our ability to service indebtedness and to comply with our financial covenants.

See “Item 1A. Risk Factors” for a further description of these and other factors. For the reasons described above, we caution you against relying on any forward-looking statements, which should also be read in conjunction with the other cautionary statements that are included elsewhere in this Annual Report on Form 10-K. Any forward-looking statement made by us in this annual report speaks only as of the date on which we make it. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law. You are advised, however, to consult any further disclosures we make on related subjects in our public announcements and SEC filings.

Ollie's Bargain Outlet Holdings, Inc. operates on a fiscal year, consisting of the 52- or 53-week period ending on the Saturday nearer January 31 of the following calendar year. References to "2021," "2020" and "2019" represent the 2021 fiscal year ended January 29, 2022, the 2020 fiscal year ended January 30, 2021 and the 2019 fiscal year ended February 1, 2020, respectively. 2021, 2020 and 2019 each consisted of 52 weeks. References to "2022" refer to the 52-week fiscal year ending January 28, 2023.

In this report, the terms "Ollie's," the "Company," "we," "us" or "our" mean Ollie's Bargain Outlet Holdings, Inc. and its wholly owned subsidiaries, unless the context indicates otherwise.

PART I

Item 1. Business.

Our company

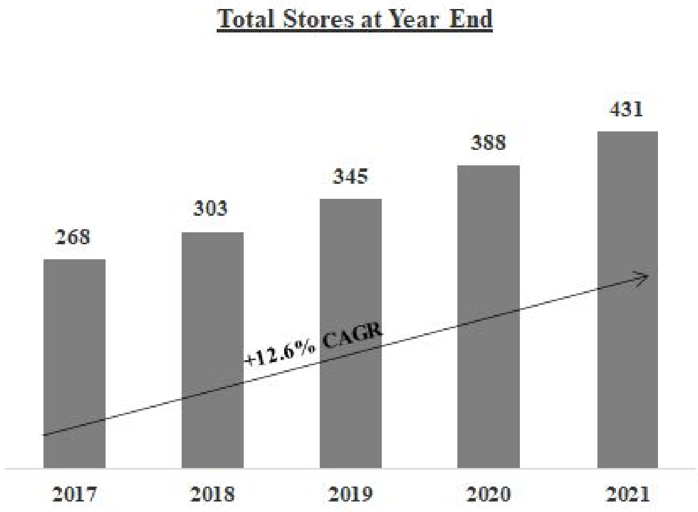
Ollie's is a highly differentiated and fast-growing, extreme value retailer of brand name merchandise at drastically reduced prices. Known for our assortment of "Good Stuff Cheap," we offer customers a broad selection of brand name products, including housewares, bed and bath, food, floor coverings, health and beauty aids, books and stationery, toys and electronics. Our differentiated go-to market strategy is characterized by a unique, fun and engaging treasure hunt shopping experience, compelling customer value proposition and witty, humorous in-store signage and advertising campaigns. These attributes have driven our rapid growth and strong and consistent store performance.

Ollie's was founded based on the idea that "everyone in America loves a bargain." Since opening our first store in Mechanicsburg, PA in 1982, we have grown organically by backfilling existing markets and leveraging our brand awareness, marketing and infrastructure to expand into new markets in contiguous states. We have grown to 431 stores in 29 states as of January 29, 2022. Our no-frills, "semi-lovely" warehouse style stores average approximately 33,000 square feet and generate consistently strong financial returns across all vintages, geographic regions, population densities, demographic groups, real estate formats and regardless of any co-tenant. Our business model has resulted in positive financial performance during strong and weak economic cycles. We believe there is opportunity for more than 1,050 Ollie's locations across the United States based on internal estimates and third party research conducted by Hoffman Strategy Group, a retail real estate feasibility consultant that provides market analysis and strategic planning and consulting services.

Our constantly changing merchandise assortment is procured by a highly experienced merchant team, who leverage deep, long-standing relationships with hundreds of major manufacturers, wholesalers, distributors, brokers and retailers. These relationships enable our merchant team to find and select only the best buys from a broad range of brand name and closeout product offerings and to pass drastically reduced prices along to our customers. As we grow, we believe our increased scale has provided and will continue to provide us with even greater access to brand name products as many large manufacturers favor large buyers capable of acquiring an entire deal. Our merchant team augments these deals with directly sourced products, including Ollie's own private label brands and other products exclusive to Ollie's.

Our business model has produced consistently strong growth and financial performance. From 2017 through 2021:

- Our store base expanded from 268 stores to 431 stores, a compound annual growth rate, or CAGR, of 12.6% and we entered nine new states;
- Comparable store sales grew at an average rate of 1.0% per year;
- Net sales increased from $1.077 billion to $1.753 billion, a CAGR of 13.0%; and
- Net income increased from $127.6 million to $157.5 million.



Our competitive strengths

We believe the following strengths differentiate us from our competitors and serve as the foundation for our current and future growth:

"***Good Stuff Cheap"—Ever changing product assortment at drastically reduced prices***. Our stores offer something for everyone across a diverse range of merchandise categories at prices up to 70% below department and fancy stores and up to 20-50% below mass market retailers. Our product assortment frequently changes based on the wide variety of deals available from the hundreds of brand name suppliers we have relationships with. We augment these opportunistic deals on brand name merchandise with directly-sourced unbranded products or those under our own private label brands and exclusively licensed recognizable brands and celebrity names. Brand name and closeout merchandise represented approximately 65% and non-closeout goods and private label products collectively represented approximately 35% of the retail value of our 2021 merchandise purchases. The percentage of non-closeout goods and private label products is higher than our historical average, reflecting higher average unit retail pricing of non-closeout direct import purchases driven by higher freight costs due to global supply chain disruptions. Our treasure hunt shopping environment and slogan "when it's gone, it's gone" help to instill a "shop now" sense of urgency that encourages frequent customer visits.

Highly experienced and disciplined merchant team. Our 22-member merchant team maintains strong, long-standing relationships with a diverse group of suppliers, allowing us to procure branded merchandise at compelling values for our customers. We have been doing business with our top 15 suppliers for an average of 17 years, and no supplier accounted for more than 5% of our purchases during 2021. Our well-established relationships with our suppliers, together with our scale, buying power, financial credibility and responsiveness, often make Ollie's the first call for available deals. Our direct relationships with our suppliers have increased as we have grown and we continuously strive to broaden our supplier network. These factors provide us with increased access to goods, which enable us to be more selective in our deal-making and, we believe, help us provide compelling value and assortment of goods to our customers and fuel our continued profitable growth.

Distinctive brand and engaging shopping experience. Our distinctive and often self-deprecating humor and highly recognizable caricatures are used in our stores, flyers, mailers, website and email campaigns. We attempt to make our customers laugh as we poke fun at ourselves and current events. We believe this approach creates a strong connection to our brand and sets us apart from other, more traditional retailers. Our "semi-lovely" stores feature these same brand attributes together with witty signage in a warehouse format that creates a fun, relaxed and engaging shopping environment. We believe that by disarming our customers by getting them to giggle a bit, they are more likely to look at and trust our products for what they are—extremely great bargains. We offer a "30-day no hard time guarantee" as a means to overcome any skepticism associated with our cheap prices and to build trust and loyalty, because if our customers are not happy, we are not happy. We welcome customers to bring back their merchandise within that timeframe for a "no hard time" full refund. We also make it easy for our customers to browse our stores by displaying our products on easily accessible fixtures and by keeping the stores clean and well-lit. We believe our humorous brand image, compelling values and welcoming stores resonate with our customers and define Ollie's as a unique and comfortable destination shopping location.

Extremely loyal "Ollie's Army" customer base. Our best customers are members of our Ollie's Army customer loyalty program, which stands at 12.6 million members as of January 29, 2022. For 2021, over 79% of our sales were from Ollie's Army members, and we grew our base of loyal members by 8.5% in 2021. Ollie's Army members spend approximately 40% more per shopping trip at Ollie's than non-members. We identify our target customer as "anyone age 25 or older with a wallet or a purse" seeking a great bargain.

Strong and consistent store model built for growth. We employ a proven new store model that generates strong cash flow, consistent financial results and attractive returns on investment. Our highly flexible real estate approach has proven successful across all vintages, geographic regions, population densities, demographic groups, real estate formats and regardless of any co-tenant. New stores opened from 2016 to 2020 have generated an average of $4.7 million in net sales in their first 12 months of operations and produced an average payback period of approximately two years. We believe that our consistent store performance, strategically-located distribution centers and disciplined approach to site selection support the portability and predictability of our new unit growth strategy.

Highly experienced and passionate management team. Our leadership team has guided our organization through its expansion and positioned us for continued growth. We have assembled a talented and dedicated team of executives. Our senior executives possess extensive experience across a broad range of disciplines, including merchandising, marketing, real estate, finance, store operations, supply chain management and information technology. We believe by encouraging equity ownership and fostering a strong team culture, we have aligned the interests of our executives with those of our stockholders. We believe these factors result in a cohesive team focused on sustainable long-term growth.

Our growth strategy

We plan to continue to drive growth in sales and profitability by executing on the following strategies:

Grow our store base. We believe our compelling value proposition and the success of our stores across a broad range of geographic regions, population densities and demographic groups create a significant opportunity to profitably increase our store count. Our internal estimates and third-party research conducted by Hoffman Strategy Group indicate the potential for more than 1,050 national locations. Our new store real estate model is flexible and focuses predominately on second generation sites ranging in size from 25,000 to 35,000 square feet. We believe there is an ample supply of suitable low-cost, second generation real estate to allow us to infill within our existing markets as well as to expand into new, contiguous geographies. This approach leverages our distribution infrastructure, field management team, store management, marketing investments and brand awareness. We expect our new store openings to be the primary driver of our continued, consistent growth in sales and profitability.

Increase our offerings of great bargains. We will continue to enhance our supplier relationships and develop additional sources to acquire brand name and closeout products for our customers. Our direct buying relationships with many major manufacturers, wholesalers, distributors, brokers and retailers provide us with significant opportunities to expand our ever-changing assortment of brand name and closeout merchandise at extreme values. As we continue to grow, we believe our increased scale will provide us with even greater access to brand name and closeout products as major manufacturers seek a single buyer to acquire an entire deal. We plan to further invest in our merchandising team in order to expand and enhance our sourcing relationships and product categories, which we expect will drive shopping frequency and increase customer spending.

Leverage and expand Ollie's Army. We intend to recruit new Ollie's Army members and increase their frequency of store visits and spending by enhancing our distinctive, fun and recognizable marketing programs, building brand awareness, further rewarding member loyalty and utilizing more sophisticated data-driven targeted marketing. We believe these strategies, coupled with a larger store base, will enable us to increase the amount of sales driven by loyal Ollie's Army customers seeking the next great deal.

Segments

We operate in one reporting segment. See Note 11, "Segment Reporting," to our audited consolidated financial statements included elsewhere in this Annual Report on Form 10-K.

Our merchandise

Strategy

We offer a highly differentiated, constantly evolving assortment of brand name merchandise across a broad range of categories at drastically reduced prices. Our ever-changing assortment of "Good Stuff Cheap" includes brand name and closeout merchandise from leading manufacturers. We augment our brand name merchandise with opportunistic purchases of unbranded goods and our own domestic and direct-import private label brands in underpenetrated categories to further enhance the assortment of products that we offer. Brand name and closeout merchandise represented approximately 65% and non-closeout goods and private label products collectively represented approximately 35% of the retail value of our 2021 merchandise purchases. The percentage of non-closeout goods and private label products is higher than our historical average, reflecting higher average unit retail pricing of non-closeout direct import purchases driven by higher freight costs due to global supply chain disruptions. We believe our compelling value proposition and the unique nature of our merchandise offerings have fostered our customer appeal across a variety of demographics and socioeconomic profiles.

Our warehouse format stores feature a broad number of categories including housewares, bed and bath, food, floor coverings, health and beauty aids, books and stationery, toys and electronics as well as other products including hardware, candy, clothing, sporting goods, pet and lawn and garden products. We focus on buying cheap to sell cheap and source products as unique buying opportunities present themselves. Our merchandise mix is designed to combine unique and brand name bargains at extremely attractive price points. This approach results in frequently changing product assortments and localized offerings which encourage shopper frequency and a "shop now" sense of urgency as customers hunt to discover the next deal.

The common element of our dynamic merchandise selection is the consistent delivery of great deals to our customers, with products offered at prices up to 70% below department stores and fancy stores and up to 20-50% below mass market retailers. Our product price tags allow customers to compare our competitor's price against Ollie's price to further highlight the savings they can realize by shopping at our stores.

Product mix

Examples of our product offerings include:

- ***Housewares:*** cooking utensils, dishes, appliances, plastic containers, cutlery, storage and garbage bags, detergents and cleaning supplies, cookware and glassware, fans and space heaters, candles, frames and giftware;

- ***Bed and bath:*** household goods including bedding, towels, curtains and associated hardware;

- ***Food:*** packaged food including coffee, bottled non-carbonated beverages, salty snacks, condiments, sauces, spices, dry pasta, canned goods, cereal and cookies;

- ***Floor coverings:*** laminate flooring, commercial and residential carpeting, area rugs and floor mats;

- ***Books and stationery:*** novels, children's, how-to, business, cooking, inspirational and coffee table books, greeting cards and various office supplies and party goods;

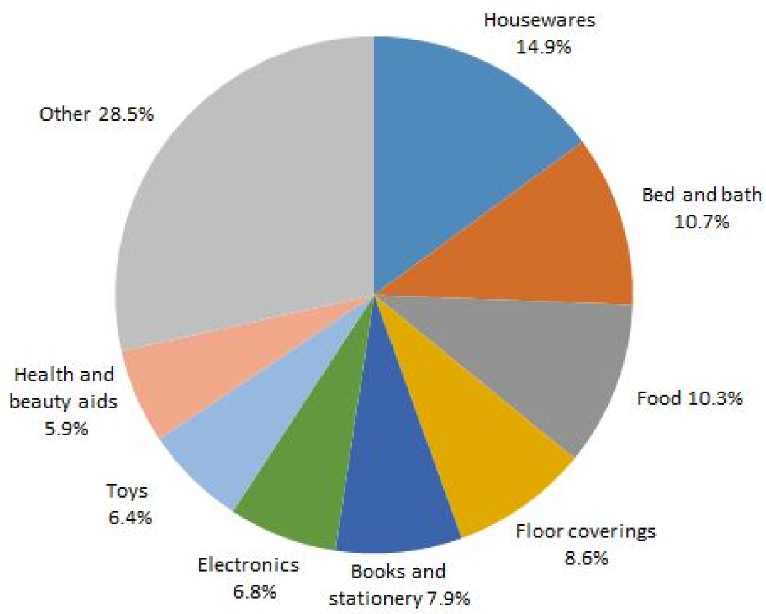
- ***Electronics:*** air conditioners, home electronics, cellular accessories and as seen on television;

- ***Toys:*** dolls, action figures, puzzles, educational toys, board games and other related items;

- ***Health and beauty aids:*** personal care, hair care, oral care, health and wellness, including PPE related to the COVID-19 pandemic, over-the-counter medicine, first aid, sun care, and personal grooming; and

- ***Other:*** hardware, candy, clothing, sporting goods, pet products, luggage, automotive, seasonal, furniture, summer furniture and lawn & garden.

The following chart shows the breakdown of our 2021 net sales by merchandise category:



Product categories

We maintain consistent average margins across our primary product categories described below.

Brand name and closeout merchandise

Brand name and closeout merchandise represented approximately 65% of the retail value of our 2021 merchandise purchases, which is lower than our historical average, reflecting higher average unit retail pricing of non-closeout direct import purchases driven by higher freight costs due to global supply chain disruptions. Our focus is to provide huge savings to our customers primarily through brand name products across a broad range of merchandise. Our experienced merchant team purchases deeply discounted, branded or closeout merchandise primarily from manufacturers, retailers, distributors and brokers. This merchandise includes overstocks, discontinued merchandise, package changes, cancelled orders, excess inventory and buybacks from retailers and major manufacturers.

Non-closeout goods/private label

Non-closeout and private label products collectively represented approximately 35% of the retail value of our 2021 merchandise purchases, which is higher than our historical average, reflecting higher average unit retail pricing of non-closeout direct import purchases driven by higher freight costs due to global supply chain disruptions. We augment the breadth of our brand name merchandise with non-closeout and private label merchandise. In categories where the consumer is not as brand conscious, such as food, home textiles, and furniture, or when we may not be offering a current brand name merchandise deal, we will buy deeply discounted unbranded merchandise. These extreme value offerings are mixed in the stores with our brand name merchandise. We also have a variety of domestic and direct-import private label merchandise and exclusive products sold under numerous brands. These high quality products are developed in key categories such as housewares and are designed to create brand-like excitement and complement our brand name merchandise. We also have licenses for private label products that use recognizable celebrity names or brand names. We routinely evaluate the quality and condition of these private label goods to ensure that we are delivering our customer a high quality product at a great price.

Merchandise procurement and distribution

Our disciplined buying strategy and strict adherence to purchasing margins support our merchandising strategy of buying cheap to sell cheap.

Merchandising team

Our 22-member merchant team maintains strong, long-standing relationships with a diverse group of suppliers, allowing us to procure branded merchandise at compelling values for our customers. Our merchants specialize by department in order to build category expertise, in-depth knowledge and sourcing relationships. We believe our buying approach, coupled with long-standing and newly formed relationships, enable us to find the best deals from major manufacturers and pass drastically reduced prices along to our customers. We plan to further invest in and grow our merchandising team in order to expand and enhance our sourcing relationships and product categories, which we expect will drive shopping frequency and increase customer spending.

Merchandise procurement

We believe that our strong sourcing capabilities are the result of our tenured merchant team's ability to leverage deep, long-standing relationships with hundreds of manufacturers, wholesalers, brokers, retailers and other suppliers. Our merchants maintain direct relationships with brand manufacturers, regularly attend major tradeshows and travel the world to source extreme value offerings across a broad assortment of product categories. We are an ideal partner to major manufacturers because our merchants are experienced and empowered to make quick decisions. Each opportunity is unique and our merchants negotiate directly with the supplier to lock in a particular deal. Our ability to select the most attractive opportunistic purchases from a growing number of available deals enables us to provide a wide assortment of goods to our customers at great bargain prices.

We source from over 1,100 suppliers, and no supplier accounted for more than 5% of our purchases during 2021. Our dedication to building strong relationships with suppliers is evidenced by a 17-year average relationship with our top 15 suppliers. As we continue to grow, we believe our increased scale will provide us with even greater access to brand name products since many major manufacturers seek a single buyer to acquire the entire deal.

Distribution and logistics

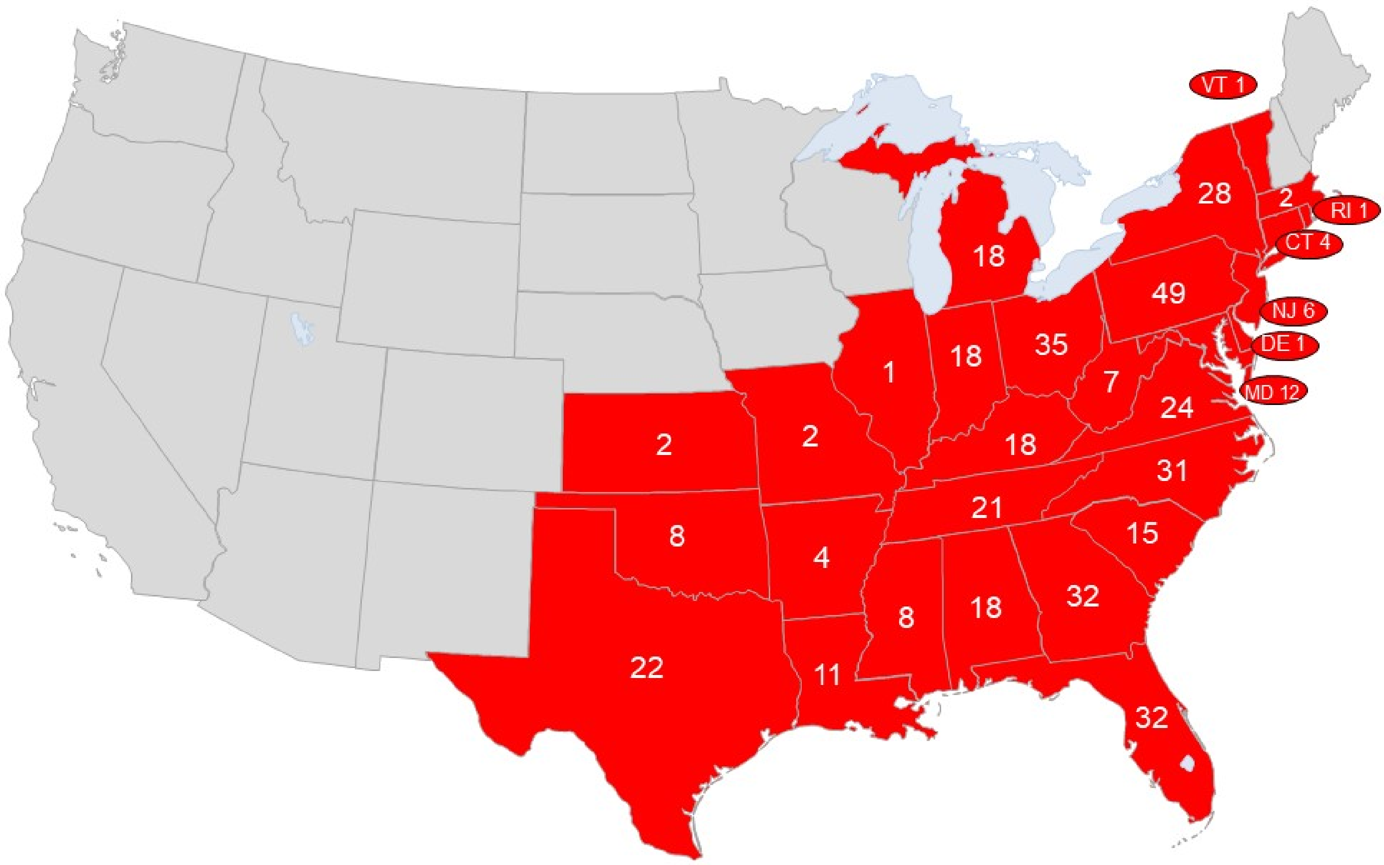
We have made significant investments in our distribution network and personnel to support our store growth plan. Currently, we distribute approximately 95% of our merchandise from our distribution centers in York, PA (603,000 square feet), Commerce, GA (962,000 square feet), and Lancaster, TX (615,000 square feet). In order to minimize the amount of time our retail stores devote to inventory management, our merchandise is seeded with price tickets and labeled with a bar code for shipping.

Our stores generally receive shipments from our distribution centers one to two times a week, depending on the season and specific store size and sales volume. We utilize independent third party freight carriers and, on average, load and ship between 85 and 95 trucks per day.

We believe our current distribution capabilities can support a range of 500 to 600 stores over the next several years.

Our stores

As of January 29, 2022, we operated 431 stores, averaging approximately 33,000 square feet, across 29 contiguous states in the eastern half of the United States. Our highly flexible real estate approach has proven successful across all vintages, geographic regions, population densities, demographic groups, real estate formats and regardless of any co-tenant. Our business model has resulted in positive financial performance during strong and weak economic cycles. We have successfully opened stores in nine new states since 2017, highlighting the portability of our new store model. The following map shows the number of stores in each of the states in which we operated as of January 29, 2022:



Store design and layout

All of our warehouse format stores incorporate the same philosophy: no-frills, bright, “semi-lovely” stores and a fun, treasure hunt shopping experience. We present our stores as “semi-lovely” to differentiate our stores from other traditional retailers, and to minimize operating and build-out costs. Our stores also welcome our customers with vibrant and colorful caricatures together with witty signage. We attempt to make our customers laugh as we poke fun at ourselves and current events. We believe that by disarming our customers by getting them to giggle a bit, they are able to look at and trust our products for what they are—extremely great bargains.

We believe the store layout and merchandising strategy help to encourage a “shop now” sense of urgency and increase frequency of customer visits as customers never know what they might come across in our stores. We make it easy for our customers to browse our stores by displaying our frequently changing assortment of products on rolling tables, pallets and other display fixtures. Our store team leaders are responsible for maintaining our treasure hunt shopping experience, keeping the stores clean and well-lit and ensuring our customers are engaged. We believe our humorous brand image, compelling values and welcoming stores resonate with our customers and define Ollie’s as a unique and comfortable destination shopping location.

Expansion opportunities and site selection

We believe we can profitably expand our store count on a national scale to more than 1,050 locations based on internal estimates and third party research conducted by Hoffman Strategy Group. Our disciplined real estate strategy focuses on infilling existing geographies as well as expanding into contiguous markets in order to leverage our distribution infrastructure, field management team, store management, marketing investments and brand awareness.

We maintain a pipeline of real estate sites that have been approved by our real estate committee. Our recent store growth is summarized in the following table:

	2021	2020	2019
Stores open at beginning of year	388	345	303
Stores opened	46	46	42
Stores closed	(3)	(4)	-
Stores re-opened	-	1	-
Stores open at end of year	431	388	345

We utilize a rigorous site selection and real estate approval process in order to leverage our infrastructure, marketing investments and brand awareness. Members of our real estate team spend considerable time evaluating prospective sites before bringing a new lease proposal to our real estate committee, which is comprised of senior management and executive officers. Our flexible store layout allows us to quickly take over a variety of low-cost, second-generation sites, including former big box retail and grocery stores.

We believe there is an ample supply of suitable low-cost, second-generation real estate allowing us to infill within our existing markets as well as to expand into new, contiguous geographies. By focusing on key characteristics such as proximity to the nearest Ollie's store, ability to leverage distribution infrastructure, visibility, traffic counts, population densities of at least 50,000 people within ten miles and low rent per square foot, we have developed a new store real estate model that has consistently delivered attractive returns on invested capital.

Our strong unit growth is supported by our predictable and compelling new store model. We target a store size between 25,000 to 35,000 square feet and an average initial cash investment of approximately $1.0 million, which includes store fixtures and equipment, store-level and distribution center inventory (net of payables) and pre-opening expenses. With our relatively low investment costs and strong new store opening performance, we target first-year annual new store sales of approximately $4.0 million. New stores opened from 2016 to 2020 have generated an average of $4.7 million in net sales in their first full year of operations and produced an average payback period of approximately two years. We believe that our consistent store performance, corporate infrastructure, including our distribution centers, and disciplined approach to site selection support the portability and predictability of our new unit growth strategy.

Store-level management and training

Our Vice President of Store Operations oversees all store activities. Our stores are grouped into four regions, divided generally along geographic lines. We employ four regional directors, who have responsibility for the day-to-day operations of the stores in their region. Reporting to the regional directors are 45 district team leaders who each manage a group of stores in their markets. At the store level, the leadership team consists of a store team leader (manager), co-team leader (first level assistant manager) and assistant team leader (second level assistant manager). Supervisors oversee specific areas within each store.

Each store team leader is responsible for the daily operations of the store, including the processing of merchandise to the sales floor and the presentation of goods throughout the store. Store team leaders are trained to maintain a clean and appealing store environment for our customers. Store team leaders and co-team leaders are also responsible for the hiring, training and development of associates.

We work tirelessly to hire talented people, to improve our ability to assess talent during the interview process and to regularly train those individuals at Ollie's who are responsible for interviewing candidates. We also devote substantial resources to training our new managers through our Team Leader Training Program. This program operates at 44 designated training stores located across our footprint. It provides an in-depth review of our operations, including merchandising, policies and procedures, asset protection and safety, and human resources. Part-time associates receive structured training as part of their onboarding throughout their first five scheduled shifts.

For additional information on store-level management training and initiatives by the Company, see the discussion of Human Capital below.

Marketing and advertising

Our marketing and advertising campaigns feature colorful caricatures and witty sayings in order to make our customers laugh. We believe that by disarming our customers by getting them to giggle a bit, they are able to look at and trust our products for what they are—extremely great bargains. Our distinctive and often self-deprecating humor and highly recognizable caricatures are used in all of our stores, flyers and advertising campaigns.

We tailor our marketing mix and strategy for each market, deal or promotion. We primarily use the following forms of marketing and advertising:

- *Print and direct mail*: During 2021, we distributed over 677 million highly recognizable flyers. Our flyers are distributed 22 times per year and serve as the foundation of our marketing strategy. They highlight current deals to create shopping urgency and drive traffic and increase frequency of store visits;

- *Television and radio*: We selectively utilize creative television and radio advertising campaigns in targeted markets at certain times of the year, particularly during the holiday sales season, to create brand awareness and support new store openings;

- *Charity and community events*: We are dedicated to maintaining a visible presence in the communities in which our stores are located through the sponsorship of charitable organizations such as Feeding America, Toys for Tots, Children's Miracle Network, Cal Ripken, Sr. Foundation and the Kevin Harvick Foundation. We believe supporting these organizations promotes our brand, underscores our values and builds a sense of community; and

- *Digital marketing and social media*: We maintain an active online presence and promote our brand through our website, our mobile app and social media channels. We also utilize targeted email marketing to highlight our latest brand name offerings and drive traffic to our stores. In addition, we invest in digital marketing where we target both our current and prospective customers.

We have entered into an agreement with Valassis Communications, Inc. ("Valassis") for marketing services. This agreement has a guaranteed spend commitment of $23.0 million over a two-year period ending May 28, 2022. As of January 29, 2022, the Company has met its guaranteed spend commitment with Valassis.

Ollie's Army

Our customer loyalty program, Ollie's Army, stands at 12.6 million members as of January 29, 2022, an increase of 8.5% from 2020. In 2021, Ollie's Army members accounted for over 79% of net sales and spent approximately 40% more per shopping trip, on average, than non-members. Consistent with our marketing strategy, we engage new and existing Ollie's Army members through the use of witty phrases and signage; examples include "Enlist in Ollie's Army today," "become one of the few, the cheap, the proud" and "Ollie's Army Boot Camp…all enlistees will receive 15% off their next purchase." Throughout the year, for every $250 Ollie's Army members spend, they receive a coupon for 10% off their next entire purchase. Ollie's Army 'ranks' are another savings opportunity for members. For the first $250 and $500 members spend in a calendar year, they receive a coupon for 20% and 30% off of one item, respectively. Historically, Ollie's Army members have demonstrated high redemption rates for promotional activities exclusive to Ollie's Army members, such as our Valentine's, Boot Camp and 15% off holiday mailers. In addition, Ollie's Army members have historically enthusiastically responded to Ollie's Army Night, an annual one-day after-hours sale in December exclusively for members. We expect to continue leveraging the data gathered from our proprietary database of Ollie's Army members to better segment and target our marketing initiatives and increase shopping frequency.

Competition

We compete with a diverse group of retailers, including discount, closeout, mass merchant, department, grocery, drug, convenience, hardware, variety, online and other specialty stores.

The principal basis on which we compete against other retailers is by offering an ever-changing selection of brand name products at compelling price points in an exciting shopping environment. Accordingly, we compete against a fragmented group of retailers, wholesalers and jobbers to acquire merchandise for sale in our stores.

Our established relationships with our suppliers, coupled with our scale, associated buying power, financial credibility and responsiveness, often makes Ollie's the first call for available deals. Our direct relationships with suppliers have increased as we have grown, and we continuously strive to broaden our supplier network.

Trademarks and other intellectual property

We own multiple state and federally registered trademarks related to our brand, including "Ollie's," "Ollie's Bargain Outlet," "Good Stuff Cheap," "Ollie's Army," "Real Brands Real Cheap!" and "Real Brands! Real Bargains!," among others. In addition, we maintain a federal trademark for the image of Ollie, the face of our company. We also own registered trademarks for many of our private labels such as "Sarasota Breeze," "Steelton Tools," "American Way" and "Middleton Home," among others. We routinely prosecute trademarks where appropriate, both for private label goods and to further identify our goods and services. We enter into trademark license agreements as necessary, which may include our private label offerings, such as the Magnavox products available in our stores. Our trademark registrations have various expiration dates; however, assuming that the trademark registrations are properly renewed, they have a perpetual duration. We also own several domain names, including www.ollies.us, www.ollies.com, www.olliesbargainoutlet.com, www.olliesarmy.com, www.ollies.cheap, www.sarasotabreeze.com and www.olliesmail.com, and unregistered copyrights in our website content. We attempt to obtain registration of our trademarks and other intellectual property as practical and pursue infringement of those marks when appropriate.

Technology

Our management information systems provide a full range of business process assistance and timely information to support our merchandising team and strategy, management of multiple distribution centers, stores and operations, and financial reporting. We believe our current systems provide us with operational efficiencies, scalability, management control and timely reporting that allow us to identify and respond to merchandising and operating trends in our business. We use a combination of internal and external resources to support store point-of-sale, merchandise acquisition and distribution, inventory management, financial reporting, real estate and administrative functions. We continuously assess ways to maximize productivity and efficiency, as well as evaluate opportunities to further enhance our existing systems. Our existing systems are scalable to support future growth.

Government regulation

We are subject to state and federal laws including labor and employment laws, including minimum wage requirements and wage and hour laws, laws governing advertising, privacy laws, safety regulations, environmental laws and regulations, and other laws, including consumer protection regulations that regulate retailers and/or govern product standards, the promotion and sale of merchandise and the operation of stores and warehouse facilities. We monitor changes in these laws and believe that we are in material compliance with all applicable laws.

We source a portion of our products from outside the United States. The U.S. Foreign Corrupt Practices Act and other similar anti-bribery and anti-kickback laws and regulations generally prohibit companies and their intermediaries from making improper payments to non-U.S. officials for the purpose of obtaining or retaining business. Our policies and our vendor code of conduct mandate compliance with applicable law, including these laws and regulations.

Insurance

We maintain third-party insurance for a number of risk management activities, including workers' compensation, general liability, commercial property, ocean marine, cyber, director and officer and employee benefit related insurance policies. We evaluate our insurance requirements on an ongoing basis to ensure we maintain adequate levels of coverage.

Human Capital

Attracting, developing, and retaining quality talent is key to our growth, and our success depends on cultivating an engaged and motivated workforce. We work hard to create an environment where Ollie's team members can build fulfilling careers and we take pride in providing opportunities for growth and development.

We seek to build a diverse and inclusive workplace where we can leverage our collective talents, striving to ensure that all associates are treated with dignity and respect. We believe that a workforce with a diversity of viewpoints, background, experience and industry knowledge, as well as more traditional characteristics of diversity, such as race and gender, are key to our culture and long-term success. We are committed to providing equal employment opportunities and advancement consideration to all individuals based on job-related qualifications and ability to perform the job as well as maintaining an environment that is free of intimidation or harassment. We value the talents and contributions of our associates and by focusing on our team members we know that the entire Ollie's community will be well served.

Oversight and Management

Our Human Resources department manages all associate matters, including recruiting, hiring, compensation and benefits, performance management and associate training. In addition, our management team works closely with the Human Resources department to evaluate associate management issues such as retention and workplace safety. As we strive to retain and engage talent at all levels of our business, our Human Resources department also reviews our retention and turnover rates and administers our talent and training programs and review process to support the development of our talent pipeline.

Associates

As of January 29, 2022, we employed over 9,900 associates, approximately 4,700 of whom were full-time and approximately 5,200 of whom were part-time. Of our total associate base, approximately 180 were based at our store support center, approximately 800 were employed at our distribution centers, and the remaining were store and field associates. The number of associates in a fiscal year fluctuates depending on the business needs at different times of the year. In 2021, we employed approximately 2,600 additional seasonal associates during our peak holiday sales season. As of January 29, 2022, approximately 60% of our workforce is self-identified female and approximately 40% is self-identified male. Over 35% of our workforce has self-identified as having a racial or ethnic minority background. None of our associates belong to a union or are party to any collective bargaining or similar agreement.

Associate Training and Development Programs

We offer a compelling work environment with meaningful growth and career-development opportunities. This starts with the opportunity to do challenging work and learn on the job and is supplemented by programs and continuous learning that help our team build skills to advance. We encourage a promote-from-within environment when internal resources permit. We also provide internal leadership development programs designed to prepare our high-potential team members for greater responsibility. Our current team of district managers and store managers have an average tenure of approximately six and four years, respectively. We believe internal promotions, coupled with the hiring of individuals with previous retail experience, will provide the management structure necessary to support our long-term strategic growth initiatives.

Our Ollie's Leadership Institute ("OLI") is a program that is used to equip field associates with the ability to advance their career. Each OLI participant receives an individual development plan, designed to prepare them for their next level position. Reflecting our belief in our "home grown" talent, OLI is our preferred source for new supervisors and team leaders. In 2021, over 45% of our current district team leaders were internally promoted to their position. Company-wide, over 65% of our field positions were filled by internal promotions. We believe our training and development programs help create a positive work environment and result in stores that operate at a high level.

Compensation and Benefits

We are committed to providing market-competitive compensation for all positions. Eligible team members participate in one of our various bonus incentive programs, which provide the opportunity to receive additional compensation based upon store and/or Company performance. In addition, we provide our eligible team members the opportunity to participate in a 401(k) retirement savings plan with a Company-sponsored match. We also share in the cost of health insurance provided to eligible team members, and team members receive a discount on merchandise purchased from the Company. We additionally provide our team members with paid time off.

Workplace Health and Safety

Maintaining a safe and secure work environment is very important to us and we conduct our business in an environmentally sound manner based on customer needs and local requirements. To that end, we have introduced safety protocols in response to the COVID-19 pandemic to ensure our stores, distribution centers and support center facilities are safe for both our customers and team members (see below). To further promote a safe work environment, we have established safety training programs. This includes administering an occupational injury- and illness-prevention program, together with an employee assistance program for team members.

COVID-19 Response

The COVID-19 pandemic has significantly impacted the U.S. and global economies, resulting in, among other things, changes in the mindset and availability of the labor force. We are experiencing labor pressures at both our stores and distribution centers, higher import and trucking costs, and supply chain disruptions due to the impacts of COVID-19 and related measures. We are increasing our hiring efforts in certain impacted markets and working closely with our suppliers and transportation partners to mitigate the impact of the supply chain challenges. We continue to monitor the impact of the pandemic on our business, including on our associates, customers, business partners and supply chain.

Our top priorities in responding to the pandemic have been and continue to be the safety and well-being of our associates and customers. We are committed to maintaining a safe work and shopping environment. In response to COVID-19, we have taken several actions, including the following:

- implemented procedures for social distancing, cleaning, sanitation, and use of personal protective equipment in our stores, distribution centers, and store support center to adhere to the appropriate CDC and local guidelines;
- supported our team members with COVID-19 paid medical leave and 100% coverage of COVID-19 testing and treatment under our medical plan; and
- supported our communities by raising money to provide much needed funding to local food banks through a partnership with Feeding America.

Seasonality

Our business is seasonal in nature and demand is generally the highest in our fourth fiscal quarter due to the holiday sales season. To prepare for the holiday sales season, we must order and keep in stock more merchandise than we carry during other times of the year and generally engage in additional marketing efforts. We expect inventory levels, along with accounts payable and accrued expenses, to reach their highest levels in our third and fourth fiscal quarters in anticipation of increased net sales during the holiday sales season. As a result of this seasonality, and generally because of variation in consumer spending habits, we experience fluctuations in net sales and working capital requirements during the year. Because we offer a broad selection of merchandise at extreme values, we believe we are generally less impacted than other retailers by economic cycles which correspond with declines in general consumer spending habits and we believe we still benefit from periods of increased consumer spending.

Available Information

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities and Exchange Act are available free of charge on our website, www.ollies.us, as soon as reasonably practicable after the electronic filing of such reports with the Securities and Exchange Commission ("SEC"). The SEC maintains a website (www.sec.gov) that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC.

ITEM 1A. RISK FACTORS

Investing in our common stock involves a high degree of risk. You should carefully consider the following risk factors, as well as other information in this Annual Report on Form 10-K, before deciding whether to invest in the shares of our common stock. The occurrence of any of the events described below could have a material adverse effect on our business, financial condition or results of operations. In the case of such an event, the trading price of our common stock may decline and you may lose all or part of your investment.

RISK FACTOR SUMMARY

We are providing the following summary of the risk factors contained in our Form 10-K to enhance the readability and accessibility of our risk factor disclosures. We encourage our stockholders to carefully review the full risk factors contained in this Form 10-K in their entirety for additional information regarding the risks and uncertainties that could cause our actual results to vary materially from recent results or from our anticipated future results.

Risks Related to Business and Operations

- The impact of COVID-19 on our business, operating results, cash flows, year-over-year performance and/or financial condition is significant and uncertain, and the impact could be material and adverse;

- Vaccine mandates and other governmental regulations relating to the ongoing COVID-19 pandemic could have a material adverse impact on our business, financial conditions, results of operations, and prospects;

- The impact of COVID-19 and the related testing and vaccination may result in us not being able to accurately forecast health care and other benefit costs, and we are uncertain whether future health care and other benefit costs could exceed our projections;

- We may not be able to execute our opportunistic buying strategy;

- Consumer confidence and spending may be reduced in light of factors beyond our control and our financial results may suffer;

- Competition may increase in our segment of the retail market, which could put negative pressure on our results of operations and financial condition;

- Identification of potential store locations and lease negotiations may not keep pace with our growth strategy;

- We are a “brick and mortar only” retailer. Our lack of an online shopping option may mean that we face challenges to grow and retain customers. Our customers, including our loyalty program members, may determine to shop at other stores or through web-enabled services and therefore not be as likely to shop at our stores;

- We may not be able to develop and operate our multiple distribution centers in an efficient or effective manner and that could mean that we do not have sufficient inventory in our store locations. The loss or disruption of one or more of our distribution centers or disruption of our supply chain or third-party shipping carriers could also make it difficult for us to timely receive or distribute goods to our stores;

- External economic pressures over which we have no or limited control, including inflation, occupancy costs, and transportation costs may reduce our profitability;

- Inventory management and/or shrinkage or the loss or theft of inventory can result in material negative impacts on our results of operations;

- We need to be able to hire and retain the right people to run our stores and our distribution centers. We also need to hire and retain managerial personnel, a merchant team and executive officers. If we are not effective in these areas, our results may suffer; and

- Comparable store sales and results of operations have fluctuated in the past and may do so again in the future.

Risks Related to Legal and Regulatory Issues

- We are subject to governmental regulations, procedures and requirements that can lead to substantial penalties if we fail to achieve compliance;

- We are subject to risks associated with laws and regulations generally applicable to retailers;

- From time to time we are involved in legal proceedings from customers, suppliers, employees, governments or competitors; and

- From time to time we are involved in legal proceedings from stockholders.

Risks Related to Technology and Cybersecurity

- We may fail to maintain the security of information we hold relating to personal information or payment card data of our customers, employees and suppliers;
- We may not adequately prepare for or respond to existing and future privacy legislation; and
- We may not be able to timely or adequately maintain or upgrade our technology systems needed for operations.

Risks Related to Accounting and Financial Matters

- If our estimates or judgments relating to significant accounting policies prove to be incorrect, we could suffer negative financial results; and
- Changes to the accounting rules or regulations could have material adverse effects on our results of operations.

Risks Related to Ownership of Our Common Stock and Corporate Governance

- There is risk associated with our fluctuating quarterly operating results and we may fall short of prior periods, our projections or the expectations of securities analysts or investors;
- We may not declare dividends on our common stock in the foreseeable future; and
- There are provisions in our organizational documents that could delay or prevent a change of control.

Risks Related to Our Indebtedness and Capitalization

- Our credit facility can limit our ability to find other sources of financing;
- There are covenants contained in our credit facility that we must meet in order to be able to use it;
- If we are unable to generate sufficient cash flow to meet debt service it could negatively impact our liquidity; and
- We cannot guarantee that our share repurchase program will be fully consummated or that it will enhance long-term stockholder value.

For a more complete discussion of the material risks facing our business, see below.

BUSINESS AND OPERATIONS

The COVID-19 pandemic has disrupted and is expected to continue to disrupt our business, which could have a material adverse impact on our business, results of operations, liquidity and financial condition for an extended period of time.

During March 2020, the World Health Organization declared the COVID-19 outbreak to be a global pandemic. The COVID-19 pandemic has significantly impacted health and economic conditions throughout the United States, as public concern about becoming ill with the virus has led to the issuance of recommendations and/or mandates from federal, state and local authorities to practice social distancing or self-quarantine. Over the course of 2021, we continued to operate our stores as we qualified under definitions of an “essential” business. In response to the challenges of COVID-19, at times we have had to implement reduced store hours, limit the number of customers in our stores at any one time and implement social-distancing guidelines throughout our store operating space.

If the classification of what is an “essential” business changes in jurisdictions where our stores are located, or the restrictions on retail operations in our markets are reinstituted, or other government regulations are adopted pertaining to how we may operate our stores, we may be required to temporarily close or restrict operations at one or more, if not all, of our stores, which would significantly impact our sales and results of operations. Also, if we do not respond appropriately to the pandemic, or if customers do not perceive our response to be adequate for a particular region or our company as a whole, we could suffer damage to our reputation and our brand, which could adversely affect our business in the future, and subject us to costly litigation, enforcement actions and penalties.

COVID-19 has also impacted our supply chain for products we sell, particularly those products that are sourced internationally. To the extent one or more of our vendors is negatively impacted by COVID-19, including due to the closure of its distribution centers or manufacturing facilities, we may be unable to maintain delivery schedules or adequate inventory in our stores.

The impacts of the uncertainties surrounding the outbreak of COVID-19 also make it more challenging for us to estimate future performance of the business, predict customer acceptance of new products and offerings, and to develop growth strategies for the future. We are continuing to monitor the spread of COVID-19 and the related risks to our business and operations. The magnitude and duration of the pandemic and its impact on our business, results of operations, cash flows, financial position, employees, and customers are uncertain as this situation continues to evolve globally.

The extent to which the COVID-19 outbreak impacts our business, results of operations, and financial condition will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to the duration, spread, severity and impact of the COVID-19 outbreak, the effects of the outbreak on our customers, employees and vendors, the regulatory response and impact of stimulus measures adopted by local, state and federal governments, and to what extent normal economic and operating conditions can resume. Even after the COVID-19 outbreak has subsided, we could experience materially adverse impacts to our business as a result of any economic disruption that has occurred or may occur in the future due to a continued erosion in consumer sentiment or the effect of unemployment on our consumer base. Additionally, the consumer preferences for certain product categories that have driven positive sales during the height of the COVID-19 outbreak may not continue after the outbreak has subsided, and any change in consumer preferences could negatively impact our results of operations. Furthermore, the financial condition of our customers and vendors may be adversely impacted by the pandemic, which may result in a decrease in discretionary consumer spending and our store traffic and sales, and an increase in bankruptcies or insolvencies with respect to our vendors. These events may, in turn, have a material adverse impact on our business, results of operations, liquidity and financial condition. In the event of a prolonged material economic downturn, including circumstances that require us to close a large portion of our stores or cause us to experience a further reduction in store traffic, we may not be able to comply with the financial covenants in our credit facility, which could negatively impact our ability to borrow under that facility or with other lenders and negatively impact our liquidity position.

We may not be able to execute our opportunistic buying strategy, adequately manage our supply of inventory or anticipate customer demand, which could have a material adverse effect on our business, financial condition and results of operations.

Our business is dependent on our ability to strategically source a sufficient volume and variety of brand name merchandise at opportunistic pricing. We do not have significant control over the supply, design, function, cost or availability of many of the products that we offer for sale in our stores. Additionally, because a substantial amount of our store products are sourced by us from suppliers on a closeout basis or with significantly reduced prices for specific reasons, we are not always able to purchase specific merchandise on a recurring basis. We do not have long-term contracts with our suppliers and, therefore, we have no contractual assurances of pricing or access to products and any supplier could discontinue sales to us at any time or offer us less favorable terms on future transactions. We generally make individual purchase decisions for products that become available, and these purchases may be for large quantities that we may not be able to sell on a timely or cost-effective basis. To the extent that certain of our suppliers are better able to manage their inventory levels and reduce the amount of their excess inventory, the amount of discount or closeout merchandise available to us could also be materially reduced, potentially compromising profit margin goals for procured merchandise. Due to economic uncertainties, governmental orders, or other challenges relating to the ongoing COVID-19 pandemic, one or more of our suppliers could become unable to continue supplying discounted or closeout merchandise on terms or in quantities acceptable or desirable to us. We also compete with other retailers, wholesalers and jobbers for discounted or closeout merchandise to sell in our stores. Those businesses may be better able to anticipate customer demand or procure desirable goods. Shortages or disruptions in the availability of brand name or unbranded products of a quality acceptable to our customers and us could have a material adverse effect on our business, financial condition and results of operations and also may result in customer dissatisfaction. In addition, we may significantly overstock products that prove to be undesirable and be forced to take significant markdowns. We cannot ensure that our merchant team will continue to identify the appropriate customer demand and take advantage of appropriate buying opportunities, which could have a material adverse effect on our business, financial condition and results of operations.

Risks associated with or faced by our suppliers could adversely affect our financial performance.

We source our merchandise from a variety of suppliers, and we depend on them to supply merchandise in a timely and efficient manner. If one or more of our current suppliers became unable to supply goods, we believe we generally would be able to obtain alternative sources, but it could increase our merchandise costs and supply chain lead time, potentially resulting in temporary reduction in store inventory levels, and reduce the selection and quality of our merchandise. An inability to obtain alternative sources could materially decrease our sales. Additionally, if a supplier fails to deliver on its commitments, we could experience merchandise out-of-stocks that could lead to lost sales and reputational harm. Further, failure of suppliers to meet our compliance protocols could prolong our procurement lead time, resulting in lost sales and adverse margin impact. Changes to the prices and flow of certain goods are, at times, for reasons beyond our control, such as political or civil unrest, acts of war, currency fluctuations, disruptions in maritime lanes, port labor disputes, economic conditions and instability in countries in which foreign suppliers are located, the financial instability of suppliers, failure to meet our terms and conditions or our standards, issues with our suppliers' labor practices or labor disruptions they may experience (such as strikes, stoppages or slowdowns, which could also increase labor costs during and following the disruption), the availability and cost of raw materials, pandemic outbreaks, merchandise quality or safety issues, transport availability and cost, increases in wage rates and taxes, transport security, inflation, and other factors relating to suppliers. Such changes could adversely affect our operations and profitability.

We rely on third parties to move goods through ports and transport them from ports to our centralized distribution centers.

Our ability to timely and effectively deliver goods to our stores relies in part on shipping and transportation partners to timely and safely move our goods from manufacturing facilities to ports and then onto oceangoing carriers. The demand for space onboard oceangoing vessels can vary and costs to secure space can vary greatly. We may be subject to higher transportation costs or be unable to secure space for containers on economically reasonable terms. In addition, there may be labor or other disputes at either ports of departure or at ports of entry that may delay or otherwise hinder the flow of goods. Additional factors, such as customs or border control policies, may further delay or hinder transportation of goods or the costs to obtain them. There are multiple factors in the transportation of goods from the manufacturer that are both outside of our control and which may negatively impact the cost of the goods or the timeframes in which we receive them.

In addition to the many and varied costs that are associated with COVID-19, our ability to predict healthcare and other benefit costs may be limited.

COVID-19 and the related testing and vaccination costs are inherently uncertain and therefore very difficult to predict. These costs, and the costs associated with other healthcare impacts of COVID-19, may significantly impair our ability to timely and accurately forecast health care and other benefit costs for this or further periods. As a result, we may have difficulty establishing accurate budgetary reserves or estimates for these and other costs, which could in turn, negatively impact our results of operations and expenses.

Factors such as inflation, cost increases and energy prices could have a material adverse effect on our business, financial condition and results of operations.

Future increases in costs, such as the cost of merchandise, shipping rates, freight costs (including import costs) and store occupancy costs, may reduce our profitability, given our pricing model. These cost increases may be the result of inflationary pressures, geopolitical factors or public policies, which could further reduce our sales or profitability. Increases in other operating costs, including changes in energy prices, wage rates and lease and utility costs, may increase our cost of goods sold or selling, general and administrative expenses. Our low-price model and competitive pressures in our industry may have the effect of inhibiting our ability to reflect these increased costs in the prices of our products and, therefore, reduce our profitability and have a material adverse effect on our business, financial condition and results of operations.

Vaccine mandates and other governmental regulations relating to the ongoing COVID-19 pandemic could have a material adverse impact on our business, financial conditions, results of operations, and prospects.

On November 4, 2021, the U.S. Department of Labor's Occupational Safety and Health Administration ("OSHA") issued an emergency temporary standard ("ETS") regulation requiring all employers with at least 100 employees have their employees be vaccinated or tested weekly. On January 13, 2022, the United States Supreme Court ("Court") granted emergency relief and stayed implementation of the ETS. The Court held that the challengers were likely to succeed on their argument that OSHA lacked the authority to promulgate the ETS and enforcement of the ETS should be stayed pending further review. On January 26, 2022, OSHA withdrew the ETS as an enforceable emergency temporary standard but stated that the ETS will continue to serve as a proposed rule for a permanent standard under the Occupational Safety and Health Act of 1970.

As a company with about 10,000 employees, it is anticipated that, should the ETS or similar regulations go into effect, we could be subject to COVID-19 vaccination and/or testing mandates. Should the mandates apply to us, we may be required to implement a requirement that all of our employees get vaccinated or be frequently tested, subject to limited exceptions. At this time, it is not possible to predict the impact that a vaccine and testing mandate, or a vaccine requirement should we adopt one, will have on us or on our workforce. Any vaccine requirement or vaccine mandate, if implemented, may result in disruptions to our retail store operations, distribution operations, employee attrition and increased labor costs, which could materially and adversely affect our business and results of operations.

Our ability to generate revenues is dependent on consumer confidence and spending, which may be subject to factors beyond our control, including changes in economic and political conditions, and health concerns.

The success of our business depends, to a significant extent, on the level of consumer confidence and spending. A number of factors beyond our control affect the level of customer confidence and spending on merchandise that we offer, including, among other things:

- energy and gasoline prices;
- disposable income of our customers, which may be impacted by unemployment levels, personal debt levels and minimum wages;
- discounts, promotions and merchandise offered by our competitors;
- negative reports and publicity about the discount retail industry;

- outbreak of viruses or widespread illness, including COVID-19, and behavioral changes from a fear of contracting such viruses or illness;
- general economic and industry conditions;
- food prices;
- interest rates and inflation;
- the state of the housing market;
- customer confidence in future economic conditions;
- fluctuations in the financial markets;
- tax rates and policies; and
- natural disasters, war, terrorism and other hostilities.

Reduced customer confidence and spending cutbacks may result in reduced demand for our merchandise, including discretionary items, and may force us to take inventory markdowns. Reduced demand also may require increased selling and promotional expenses. Adverse economic conditions and any related decrease in customer demand for our merchandise could have a material adverse effect on our business, financial condition and results of operations. For example, recent fears of contagion or disease related to the widespread outbreak of COVID-19 may cause customers to avoid shopping at brick and mortar retailers or reduce the number of trips they will make to our stores. Similarly, negative economic conditions related to this outbreak may limit the amount of disposable income available to our customers, which may limit our consumer demand.

Many of the factors identified above also affect commodity rates, transportation costs, costs of labor, insurance and healthcare, the strength of the U.S. dollar, lease costs, measures that create barriers to or increase the costs associated with international trade, changes in other laws and regulations and other economic factors, all of which may impact our cost of goods sold and our selling, general and administrative expenses, which could have a material adverse effect on our business, financial condition and results of operations.

We do not compete in the growing online retail marketplace, which could have a material adverse effect on our business, financial condition and results of operations.

Our long-term business strategy does not presently include the development of online retailing capabilities. To the extent that we implement online operations, we would incur substantial expenses related to such activities and would be exposed to additional cybersecurity risks. Furthermore, any development of an online retail marketplace is a complex undertaking, and there is no guarantee that any resources we apply to this effort will result in increased revenues or operating performance. However, with the growing acceptance of online shopping, which may have accelerated as a result of the COVID-19 pandemic, both among consumers who previously shopped online and consumers who did not previously do so, or did not do so as frequently, we may continue to face challenges related to customers shopping in brick and mortar stores. In addition, the increased proliferation of mobile devices, enhanced and robust connections to mobile networks, competition from other retailers in the online retail marketplace is expected to continue to increase and may negatively impact our results of operations. Certain of our competitors and a number of pure online retailers have established robust online operations. Increased competition from online retailers and our lack of an online retail presence may reduce our customers' desire to purchase goods from us and could have a material adverse effect on our business, financial condition and results of operations. If consumers determine to shop more online due to cultural or health concerns, they may be less likely to return to brick and mortar retailers in the future.

Labor shortages and increased turnover or increases in employee and employee-related costs could have adverse effects on our profitability.

We have recently experienced increased labor shortages at some of our locations. While we have historically experienced some level of ordinary course turnover of employees, the COVID-19 pandemic and resulting actions and impacts have exacerbated labor shortages and increased turnover. A number of factors have had and may continue to have adverse effects on the labor force available to us, including reduced employment pools, federal unemployment subsidies, including unemployment benefits offered in response to the COVID-19 pandemic, and other government regulations, which include laws and regulations related to workers' health and safety, wage and hour practices and immigration. Labor shortages and increased turnover rates within our team members have led to and could in the future lead to increased costs, such as increased overtime to meet demand and increased wage rates to attract and retain employees and could negatively affect our ability to efficiently operate our production facilities or otherwise operate at full capacity. An overall or prolonged labor shortage, lack of skilled labor, increased turnover or labor inflation could have a material adverse impact on our operations, results of operations, liquidity or cash flows.

We face intense competition, which could limit our growth opportunities and adversely impact our financial performance.

We compete with a highly fragmented group of competitors, including discount, closeout, mass merchant, department, grocery, drug, convenience, hardware, variety, online and other specialty stores. We compete with these retailers with respect to product price, store location, supply and quality of merchandise, assortment and presentation and customer service. This competitive environment subjects us to the risk of an adverse impact to our financial performance because of the lower prices, and thus the lower margins, that are required to maintain our competitive position. A number of different competitive factors outside of our control could impact our ability to compete effectively, including:

- entry of new competitors in our markets;
- increased operational efficiencies of competitors;
- online retail capabilities of our competitors;
- competitive pricing strategies, including deep discount pricing by a broad range of retailers during periods of poor customer confidence, low discretionary income or economic uncertainty;
- continued and prolonged promotional activity by our competitors;
- liquidation sales by our competitors that have filed or may file in the future for bankruptcy;
- geographic expansion by competitors into markets in which we currently operate; and
- adoption by existing competitors of innovative store formats or retail sales methods, including online.

A number of our competitors also have greater financial and operational resources, greater brand recognition, longer operating histories and a broader geographic presence than us. We remain vulnerable to the marketing power and high level of customer recognition of these larger competitors and to the risk that these or other competitors could attract our customer base, including, but not limited to, the members of Ollie's Army.

In addition, if any of our competitors were to consolidate their operations, such consolidation may result in competitors with greatly improved financial resources, improved access to merchandise, greater market penetration and other improvements in their competitive positions, as well as result in the provision of a wider variety of products and services at competitive prices by these consolidated companies, which could adversely affect our financial performance.

We cannot guarantee that we will continue to be able to successfully compete against either existing or future competitors. Our inability to respond effectively to competitive pressures, improved performance by our competitors and changes in the retail markets could result in lost market share and have a material adverse effect on our business, financial condition and results of operations.

If we fail to open new profitable stores on a timely basis, successfully enter new markets or implement other elements of our long-term growth strategy, our financial performance could be materially adversely affected.

Our primary growth strategy is to open new profitable stores and expand our operations into new geographic regions. We opened 46 new stores in each of 2021 and 2020 as we continue to backfill in existing markets and expand into contiguous geographies. Our ability to timely open new stores depends in part on several factors, including the availability of attractive rents and store locations; the absence of occupancy delays; the ability to negotiate and enter into leases with acceptable terms; our ability to obtain and retain permits and licenses; our ability to hire and train new personnel, especially store managers, in a cost effective manner; our ability to adapt and grow our distribution and other operational and management systems to a changing network of stores; the availability of capital funding for expansion; our ability to respond to demographic shifts in areas where our stores are located and general economic conditions.

We may not anticipate all of the challenges imposed by the expansion of our operations into new geographic markets. Some new stores may be located in areas with different competitive and market conditions, customer tastes and discretionary spending patterns than our existing markets. We may face a higher cost of entry, difficulties attracting labor, alternative customer demands, reduced brand recognition and minimal operating experience in these areas. Although we are extremely sensitive to cannibalizing existing stores, opening new stores in our established markets may also result in inadvertent oversaturation, sales volume transfer from existing stores to new stores and reduced comparable store sales, thus adversely affecting our overall financial performance. We may not manage our expansion effectively, and our failure to achieve or properly execute our expansion plans could limit our growth or have a material adverse effect on our business, financial condition and results of operations.

We may not be able to retain the loyalty of our customers, particularly Ollie's Army members, which could have a material adverse effect on our business, financial condition and results of operations.

We depend on our loyal customer base, particularly members of Ollie's Army, for our consistent sales and sales growth. Competition for customers has intensified as competitors have moved into, or increased their presence in, our geographic markets and from the use of mobile and web-based technology that facilitates online shopping and real-time product and price comparisons. We expect this competition to continue to increase. Our competitors may be able to offer consumers promotions or loyalty program incentives that could attract Ollie's Army members or divide their loyalty among several retailers. If we are unable to retain the loyalty of our customers, our net sales could decrease and we may not be able to grow our store base as planned, which could have a material adverse effect on our business, financial condition and results of operations.

The failure to timely acquire, develop, open and operate, or the loss of, disruption or interruption in the operations of, our centralized distribution centers could materially adversely affect our business and operations.

With few exceptions, inventory is shipped directly from suppliers to our distribution centers in York, PA, Commerce, GA, and Lancaster, TX, where the inventory is then processed, sorted and shipped to our stores. We depend in large part on the orderly operation of this receiving and distribution process, which depends, in turn, on adherence to shipping schedules and effective management of our distribution centers. Increases in transportation costs (including increases in fuel costs), supplier-side delays, reductions in the capacity of carriers, changes in shipping companies, the impact of COVID-19 on our workforce, labor strikes or shortages in the transportation industry and unexpected delivery interruptions also have the potential to derail our orderly distribution process. We also may not anticipate changing demands on our distribution system or timely develop and open any necessary additional facilities. In addition, events beyond our control, such as disruptions in operations due to fire or other catastrophic events or labor disagreements, may result in delays in the delivery of merchandise to our stores. While we maintain business interruption insurance, in the event our distribution centers are shut down for any reason, such insurance may not be sufficient, and any related insurance proceeds may not be timely paid to us. In addition, our new store locations receiving shipments may be further away from our distribution centers, which may increase transportation costs and may create transportation scheduling strains. Any repeated, intermittent, or long-term disruption in the operations of our distribution centers would hinder our ability to provide merchandise to our stores and could have a material adverse effect on our business, financial condition and results of operations.

Our new store growth is dependent on our ability to successfully expand our distribution network capacity, and failure to achieve or sustain these plans could adversely affect our performance.

We maintain distribution centers in York, PA, Commerce, GA and Lancaster, TX to support our existing stores and our growth objectives. We continuously assess ways to maximize the productivity and efficiency of our existing distribution facilities and evaluate opportunities for additional distribution centers. Processing delays or difficulties in operations at our existing distribution centers or any future new distribution centers could adversely affect our current operations by causing existing stores to have insufficient inventory, and affect future operations by slowing store growth, which could, in turn, reduce sales growth. In addition, any distribution-related construction or expansion projects entail risks which could cause delays and cost overruns, such as shortages of materials, shortages of skilled labor or work stoppages, unforeseen construction, scheduling, engineering, environmental or geological problems, COVID-19 or other strains or types of contagion, weather interference, fires or other casualty losses and unanticipated cost increases. The completion date and ultimate cost of future projects could differ significantly from initial expectations due to construction-related or other reasons. We cannot guarantee that any project will be completed on time or within established budgets.

If we are not successful in managing our inventory balances, it could have a material adverse effect on our business, financial condition and results of operations.

Our inventory balance represented 53.3% of our total assets exclusive of operating lease right-of-use assets, goodwill and trade name as of January 29, 2022. Efficient inventory management is a key component of our profitability and ability to generate revenue. To be successful, we must maintain sufficient inventory levels and an appropriate product mix to meet our customers' demands without allowing those levels to increase to such an extent that the costs to store and hold the goods adversely impact our results of operations. If our buying decisions do not accurately correspond to customer preferences, if we inappropriately price products or if our expectations about customer spending levels are inaccurate, we may have to take unanticipated markdowns to dispose of any excess inventory, which could have a material adverse effect on our business, financial condition and results of operations. We continue to focus on ways to reduce these risks, but we cannot ensure that we will be successful in our inventory management. If we are not successful in managing our inventory balances, it could have a material adverse effect on our business, financial condition and results of operations.

Inventory shrinkage could have a material adverse effect on our business, financial condition and results of operations.

We are subject to the risk of inventory loss and theft. We cannot ensure that actual rates of inventory loss and theft in the future will be within our estimates or that the measures we are taking will effectively reduce the problem of inventory shrinkage. Although some level of inventory shrinkage is an unavoidable cost of doing business, if we were to experience higher rates of inventory shrinkage or incur increased security costs and other costs to combat inventory theft, it could have a material adverse effect on our business, financial condition and results of operations.

Epidemic or pandemic outbreaks such as COVID-19, natural disasters, whether or not caused by climate change, unusual weather conditions, terrorist acts and political events could disrupt business and result in lower sales and otherwise adversely affect our financial performance.

The occurrence of one or more natural disasters, such as tornadoes, hurricanes, fires, floods and earthquakes, unusual weather conditions, epidemic outbreaks, terrorist attacks or disruptive political events in certain regions where our stores are located could adversely affect our business and result in lower sales. Epidemic or pandemic outbreaks, such as COVID-19, could impact our management and sales associates, our inventory supply, delivery schedules, our ability to keep our stores open due to mandatory governmental restrictions or may cause our customers to avoid shopping at brick and mortar retailers or reduce the number of trips they will make to our stores. To the extent these events also impact one or more of our key suppliers or result in the closure of one or more of our centralized distribution centers or our corporate headquarters, we may be unable to maintain delivery schedules or provide other support functions to our stores. This could have a sustained material adverse effect on our business, financial condition and results of operations.

In addition, severe weather, such as heavy snowfall or extreme temperatures, may discourage or restrict customers in a particular region from traveling to our stores, thereby reducing our sales and profitability. If severe weather conditions occur during the second or fourth quarter of our fiscal year, the adverse impact to our sales and profitability could be even greater than at other times during the year because we generate a larger portion of our sales and profits during these periods. Natural disasters, which may include tornadoes, hurricanes, floods and earthquakes, may impact our store locations or other operations. In addition, climate change may have an impact on the frequency and/or severity of such natural disasters. We have a growing number of store locations in areas that may be impacted by weather events and natural disasters such as the types listed above. To the extent that such weather events or natural disasters may damage our stores or other operations, we may be unable to operate stores or other facilitates and our consolidated financial results may be materially adversely affected.

Fluctuations in comparable store sales and results of operations, including fluctuations on a quarterly basis, could cause our business performance to decline substantially.

Our results of operations have fluctuated in the past, including on a quarterly basis, and can be expected to continue to fluctuate in the future.

Our comparable store sales and results of operations are affected by a variety of factors, including:

- national and regional economic trends in the United States;
- challenges and the impact of COVID-19 and related regulations;
- changes in gasoline prices;
- changes in our merchandise mix;
- the weather;
- changes in pricing;
- changes in the timing of promotional and advertising efforts; and
- holidays or seasonal periods.

If our future comparable store sales fail to meet expectations, then our cash flow and profitability could decline substantially, which could have a material adverse effect on our business, financial condition and results of operations.

Our success depends on our executive officers, our merchant team and other key personnel. If we lose key personnel or are unable to hire additional qualified personnel, it could have a material adverse effect on our business, financial condition and results of operations.

Our future success depends to a significant degree on the skills, experience and efforts of our executive officers, our merchant team and other key personnel. The unexpected loss of services of any of our executive officers or senior members of our merchant team could materially adversely affect our business and operations. Competition for skilled and experienced management in the retail industry is intense, and our future success will also depend on our ability to attract and retain qualified personnel, including our merchant team, which is responsible for purchasing and negotiating the terms of our merchandise. Failure to attract and retain new qualified personnel could have a material adverse effect on our business, financial condition and results of operations.

If we are unable to attract, train and retain highly qualified managerial personnel and sales associates in our stores and our distribution centers, our sales, financial performance and business operations may be materially adversely affected.

We focus on providing our customers with a memorable and engaging shopping experience. To grow our operations and meet the needs and expectations of our customers, we must attract, train and retain a large number of highly qualified store management personnel and sales associates, while controlling labor costs. Our ability to control labor costs is subject to numerous external factors and compliance with regulatory structures, including competition for and availability of qualified personnel in a given market, unemployment levels within those markets, governmental regulatory bodies such as the Equal Employment Opportunity Commission and the National Labor Relations Board, prevailing wage rates and wage and hour laws, minimum wage laws, the impact of legislation governing labor and employee relations or benefits, such as the Affordable Care Act, health insurance costs and our ability to maintain good relations with our associates. We compete with other retail businesses for many of our store management personnel and sales associates in hourly and part-time positions. These positions have had historically high turnover rates, which can lead to increased training and retention costs. We also rely on associates in our distribution centers to ensure the efficient processing and delivery of products from our suppliers to our stores. If we are unable to attract and retain quality associates, and other management personnel, or fail to comply with the regulations and laws impacting personnel, it could have a material adverse effect on our business, financial condition and results of operations.

Our success depends on our marketing, advertising and promotional efforts. If we are unable to implement them successfully, or if our competitors are more effective than we are, it could have a material adverse effect on our business, financial condition and results of operations.

We use marketing and promotional programs to attract customers to our stores and to encourage purchases by our customers. Although we use various media for our promotional efforts, including regular and Ollie’s Army mailers, email campaigns, radio and television advertisements and sports marketing, we primarily advertise our in-store offerings through printed flyers. In 2021, approximately 63% of our advertising spend was for the printing and distribution of flyers. If the efficacy of printed flyers as an advertising medium declines, or if we fail to successfully develop and implement new marketing, advertising and promotional strategies, such as an effective social media strategy, our competitors may be able to attract the interest of our customers, which could reduce customer traffic in our stores. Changes in the amount and degree of promotional intensity or merchandising strategy by our competitors could cause us to have difficulties in retaining existing customers and attracting new customers. If the efficacy of our marketing or promotional activities declines or if such activities of our competitors are more effective than ours, or if for any other reason we lose the loyalty of our customers, including our Ollie’s Army members, it could have a material adverse effect on our business, financial condition and results of operations.

Because our business is seasonal, with the highest volume of net sales during the holiday season, adverse events during our fourth fiscal quarter could materially adversely affect our business, operations, cash flows and financial condition.

We generally recognize our highest volume of net sales in connection with the holiday sales season, which occurs in the fourth quarter of our fiscal year. In anticipation of the holiday sales season, we purchase substantial amounts of seasonal inventory and hire many part-time associates. Because a significant percentage of our net sales and operating income are generated in our fourth fiscal quarter, we have limited ability to compensate for shortfalls in our fourth fiscal quarter sales or earnings by changing our operations or strategies in other fiscal quarters. Adverse events, such as deteriorating economic conditions, higher unemployment, higher gas prices, public transportation disruptions, errors in anticipating consumer demand for our products, or unanticipated adverse or unseasonable weather conditions could result in lower than planned sales during the holiday sales season. If our fourth fiscal quarter sales results were substantially below expectations, we would realize less cash flows from operations, and may be forced to mark down our merchandise, especially our seasonal merchandise, which could have a material adverse effect on our business, financial condition and results of operations.

Our business requires that we lease substantial amounts of space and there can be no assurance that we will be able to continue to lease space on terms as favorable as the leases negotiated in the past.

We lease the majority of our store locations, our corporate headquarters and our distribution facilities in York, PA and Commerce, GA. Our stores are leased from third parties, with typical initial lease terms of approximately seven years with options to renew for three to five successive five-year periods. We believe that we have been able to negotiate favorable rental rates over the last few years due in large part to the general state of the economy, the increased availability of vacant big box retail sites and our careful identification of favorable lease opportunities. While we will continue to seek out advantageous lease opportunities, there is no guarantee that we will continue to be able to find low-cost second generation sites or obtain favorable lease terms. Many of our lease agreements have defined escalating rent provisions over the initial term and any extensions. Increases in our occupancy costs and difficulty in identifying economically suitable new store locations could have significant negative consequences, which include:

- requiring that a greater portion of our available cash be applied to pay our rental obligations, thus reducing cash available for other purposes and reducing profitability;

- increasing our vulnerability to general adverse economic and industry conditions; and

- limiting our flexibility in planning for, or reacting to changes in, our business or in the industry in which we compete.

We depend on cash flows from operations to pay our lease expenses and to fulfill our other cash needs. If our business does not generate sufficient cash flows from operating activities to fund these expenses and needs and sufficient funds are not otherwise available to us, we may not be able to service our lease expenses, grow our business, respond to competitive challenges or fund our other liquidity and capital needs, which could harm our business. Additional sites that we lease may be subject to long-term non-cancelable leases if we are unable to negotiate our current standard lease terms. If an existing or future store is not profitable, and we decide to close it, we may nonetheless be committed to perform our obligations under the applicable lease including, among other things, paying the base rent for the balance of the lease term. Moreover, even if a lease has an early cancellation clause, we may not satisfy the contractual requirements for early cancellation under that lease. In addition, if we are not able to enter into new leases or renew existing leases on terms acceptable to us, this could have a material adverse effect on our business, financial condition and results of operations.

Risks associated with the current geopolitical climate could adversely affect our business, financial condition, and results of operations.

Our business, financial condition and results of operations may differ materially as we cannot predict the impact of the Russian invasion of Ukraine that has occurred and any heightened geopolitical instability or results that may follow. Risks associated with heightened geopolitical instability as a result of the Russia/Ukraine conflict include, among others, reductions in consumer confidence, heightened inflation, production disruptions, cyber disruptions or attacks, higher natural gas costs, higher manufacturing costs and higher supply chain costs.

Climate change may have a long-term impact on our business.

There are inherent climate-related risks wherever our business is conducted. Changes in market dynamics, shareholder expectations, local, national and international climate change policies, and the frequency and intensity of extreme weather events on critical infrastructure in the United States and abroad, all have the potential to disrupt our business and operations. Global climate change is resulting, and may continue to result, in certain natural disasters and adverse weather, such as drought, wildfires, storms, sea-level rise, and flooding, occurring more frequently or with greater intensity. These events and their impacts could otherwise disrupt and adversely affect our business and could materially affect our financial condition and results of operations.

LEGAL AND REGULATORY

We are subject to governmental regulations, procedures and requirements. A significant change in, or noncompliance with, these regulations could have a material adverse effect on our business, financial condition and results of operations.

We routinely incur significant costs in complying with federal, state and local laws and regulations. The complexity of the regulatory environment in which we operate, and the related cost of compliance are increasing due to expanding and additional legal and regulatory requirements and increased enforcement efforts. New laws or regulations, including those dealing with healthcare reform, product safety, consumer credit, privacy and information security and labor and employment, among others, or changes in existing federal, state and local laws and regulations, particularly those governing the sale of products and food safety and quality (including changes in labeling or disclosure requirements), federal or state wage requirements, employee rights, health care, social welfare or entitlement programs such as health insurance, paid leave programs, other changes in workplace regulation, and compliance with laws regarding public access to our stores, may result in significant added expenses or may require extensive system and operating changes that may be difficult to implement and/or could materially increase our cost of doing business. Untimely compliance or noncompliance with applicable laws or regulations or untimely or incomplete execution of a required product recall can result in the imposition of penalties, including loss of licenses or significant fines or monetary penalties, class action litigation or other litigation, in addition to reputational damage. Additionally, changes in tax laws, the interpretation of existing laws, or our failure to sustain our reporting positions on examination could materially adversely affect our effective tax rate and could have a material adverse effect on our business, financial condition and results of operations.

If we fail to protect our brand names, competitors may adopt trade names that dilute the value of these assets.

We may be unable or unwilling to strictly enforce our trademarks in each jurisdiction in which we do business. Also, we may not always be able to successfully enforce our trademarks against competitors or against challenges by others. Our failure to successfully protect our trademarks could diminish the value and efficacy of our brand recognition and could cause customer confusion, which could have a material adverse effect on our business, financial condition and results of operations.

We rely on manufacturers in foreign countries for merchandise and a significant amount of our domestically-purchased merchandise is manufactured abroad. Our business may be materially adversely affected by risks associated with international trade.

We purchase merchandise directly from suppliers outside of the United States. In 2021, substantially all of our private label inventory purchases were direct imports. Additionally, a significant amount of our domestically-purchased merchandise is manufactured abroad. Our ability to identify qualified suppliers and to access products in a timely and efficient manner is a significant challenge, especially with respect to goods sourced outside of North America. Global sourcing and foreign trade involve numerous factors and uncertainties beyond our control, including possible changes to U.S. trade policy, including potential changes in response to the widespread outbreak of COVID-19 (coronavirus), increased shipping costs, the timing of shipments, increased import duties, more restrictive quotas, loss of most favored nation trading status, currency, work stoppages, transportation delays, port of entry issues, economic uncertainties such as inflation, foreign government regulations, political unrest, natural disasters, war, terrorism, trade restrictions, political instability, the financial stability of vendors, merchandise quality issues, unexpected contagion, existing viruses or illnesses, and tariffs. Moreover, negative press or reports about internationally manufactured products may sway public opinion, and thus customer confidence, away from the products sold in our stores. These and other issues affecting our international vendors could have a material adverse effect on our business, financial condition and results of operations.

The cost of compliance with product safety regulations and risks related to product liability claims and product recalls could damage our reputation, increase our cost of doing business and could have a material adverse effect on our business, financial condition and results of operations.

New federal or state legislation, including new product safety laws and regulations, may negatively impact our operations. Future changes in product safety legislation or regulations may lead to product recalls and the disposal or write-off of merchandise. While we work to comply in all material respects with applicable legislation and regulations, and to execute product recalls in a timely manner, if our merchandise, including food and consumable products and flooring, does not meet applicable governmental safety standards or our customers' expectations regarding quality or safety, we could experience lost sales and increased costs, be exposed to legal and reputational risk and face fines or penalties which could materially adversely affect our financial results. We also purchase a material portion of our products on a closeout basis. Some of these products are obtained through brokers or intermediaries rather than through manufacturers. The closeout nature of a portion of our products sometimes makes it more difficult for us to investigate all aspects of these products. Furthermore, customers have asserted claims, and may in the future assert claims, that they have sustained injuries from merchandise offered by us, and we may be subject to lawsuits relating to these claims. There is a risk that these claims may exceed, or fall outside the scope of, our insurance coverage. Even with adequate insurance and indemnification from third-party suppliers, such claims, even if unsuccessful or not fully pursued, could significantly damage our reputation and customer confidence in our products. If this occurs, it may be difficult for us to regain lost sales, which could have a material adverse effect on our business, financial condition and results of operations.

Our current insurance program may expose us to unexpected costs and negatively affect our financial performance.

Our insurance coverage reflects deductibles, self-insured retentions, limits of liability and similar provisions that we believe are prudent based on the nature of our operations. However, there are types of losses we may incur but against which we cannot be insured or which we believe are not economically reasonable to insure, such as losses due to acts of war, employee and certain other crime, wage and hour, and certain other employment-related claims, public accommodation claims, class actions, and some natural disasters. If we incur these losses and they are material, our business could suffer. Certain material events may result in sizable losses for the insurance industry and adversely impact the availability of adequate insurance coverage or result in excessive premium increases. To offset negative insurance market trends, we may elect to self-insure, accept higher deductibles or reduce the amount of coverage in response to these market changes. In addition, we self-insure a significant portion of expected losses under our workers' compensation, general liability and group health insurance programs. Unanticipated changes in any applicable actuarial assumptions and management estimates underlying our recorded liabilities for these losses, including expected increases in medical and indemnity costs, could result in materially different expenses than expected under these programs, which could have a material adverse effect on our results of operations and financial condition. We continue to maintain property insurance for catastrophic events at our store support center, distribution centers, and stores. In addition, because of ongoing changes in healthcare law, among other things, we may experience an increase in participation in our group health insurance programs, which may lead to a greater number of medical and related claims. While we have coverage for some cyber-related incidents, the nature and scope of any potential attack or breach may result in substantial costs that would exceed the scope of coverage or limits of coverage. If we experience a greater number of these losses than we anticipate, it could have a material adverse effect on our business, financial condition and results of operations.

We face litigation risks from customers, associates, suppliers, stockholders and other third parties in the ordinary course of business.

Our business is subject to the risk of litigation by customers, current and former associates, suppliers, stockholders, intellectual property rights holders, government agencies and others through private actions, class actions, collective actions, administrative proceedings, regulatory actions, or other litigation. From time to time, such lawsuits are filed against us and the outcome of any litigation, particularly class or collective action lawsuits and regulatory actions, is difficult to assess or quantify. Plaintiffs in these types of lawsuits may seek recovery of very large or indeterminate amounts, and the magnitude of the potential loss relating to such lawsuits may remain unknown for substantial periods of time. The cost to defend any such lawsuits may be significant and may negatively affect our operating results if changes to our business operations are required. There may also be negative publicity associated with litigation that could decrease customer acceptance of merchandise offerings, regardless of whether the allegations are valid or whether we are ultimately found liable. As a result, litigation may adversely affect our business, financial condition, results of operations or liquidity.

TECHNOLOGY AND CYBERSECURITY

Any disruptions to our information technology systems or breaches of our network security could disrupt or interrupt our operations, compromise our reputation, expose us to litigation, government enforcement actions and costly response measures and could have a material adverse effect on our business, financial condition and results of operations.

We rely on the integrity, security and successful functioning of our information technology systems and network infrastructure across our operations, including point-of-sale processing at our stores. In connection with sales, we transmit encrypted confidential credit and debit card information.

As of the end of 2021, we are compliant with the Payment Card Industry Data Security Standard ("PCI") issued by the Payment Card Industry Security Standards Council. However, there can be no assurance that in the future we will be able to operate our facilities and our customer service and sales operations in accordance with PCI or other industry recommended or contractually required practices. We expect to incur additional expenses, and the time and effort of our information technology staff, to maintain PCI compliance. Even though we are compliant with such standards, we still may not be able to prevent or timely detect security breaches.

An increasingly significant portion of our sales depends on the continuing operation of our information technology and communications systems, including, but not limited to, our point-of-sale system and our credit card processing systems. Our information technology, communications systems and electronic data may be vulnerable to damage or interruption from computer viruses, ransomware attacks, loss of data, unauthorized data breaches, usage errors by our associates or our contractors or other attempts to harm our systems, including cyber-security attacks or other breaches of cardholder data, earthquakes, acts of war or terrorist attacks, floods, fires, tornadoes, hurricanes, power loss and outages, computer and telecommunications failures. Some of our systems are not fully redundant, and our disaster recovery planning cannot account for all eventualities. The occurrence of intentional sabotage, unauthorized access, natural disaster, or other unanticipated problems could result in lengthy interruptions in our service. Any errors or vulnerabilities in our systems, or damage to or failure of our systems, could result in interruptions in our services, non-compliance with certain regulations, substantial remediation costs, and liability for lost or stolen information, any of which could have a material adverse effect on our business, financial condition and results of operations.

Data protection requirements increase our operating costs and a breach in information privacy or other related risks could negatively impact our operations.

We have access to, collect or maintain private or confidential information regarding our customers, associates and suppliers, as well as our business. The protection of our customer, associate, supplier and company data is critical to us. In recent years, there has been increasing regulation, enforcement and litigation activity in the area of privacy, data protection and information security in the United States and in various other countries, with the frequent imposition of new and changing requirements across the many states in which we conduct our business. For example, the European Union's General Data Protection Regulation ("GDPR") expands the scope of EU data protection law to all foreign companies processing personal data of EU residents and imposes a strict data protection compliance regime with significant monetary penalties. The state of California passed the California Consumer Privacy Act of 2018 ("CCPA"), which went into effect on January 1, 2020. The CCPA and other state privacy acts have imposed and likely will impose additional data protection obligations on companies considered to be doing business in California and provides for substantial fines for non-compliance and, in some cases, a private right of action to consumers who are victims of data breaches. Complying with the GDPR, the CCPA and similar emerging and changing privacy, data protection and information security requirements may cause us to incur substantial costs or compliance risks due to, among other things, system changes and the development of new processes and business initiatives. Our failure to comply with privacy, data protection and information security laws could result in potentially significant regulatory and/or governmental investigations and/or actions, litigation, fines, sanctions, ongoing regulatory monitoring and customer attrition.

In addition, our customers have a high expectation that we will adequately protect their personal information from cyber-attack or other security breaches. We have procedures in place to evaluate the integrity of our systems, and to safeguard such data and information. However, the landscape is evolving at a rapid pace, and we may be unable to effectively anticipate or respond to attacks to or breaches of our security systems or implement adequate preventative measures. A breach of customer, employee, supplier, or company data could attract a substantial amount of negative media attention, damage our customer and supplier relationships and our reputation, and result in lost sales, costly fines, other expenses and/or lawsuits, any of which could have a material adverse effect on our business, financial condition and results of operations.

If we are unable to maintain or upgrade our information technology systems or if we are unable to convert to alternate systems in an efficient and timely manner, our operations may be disrupted or become less efficient.

We depend on a variety of information technology systems for the efficient functioning of our business. We rely on certain hardware, telecommunications and software vendors to maintain and periodically upgrade many of these systems so that we can continue to support our business. Various components of our information technology systems, including hardware, networks and software, are licensed to us by third party vendors. We rely extensively on our information technology systems to process transactions, summarize results and manage our business. We are in compliance with PCI as of the end of 2021, and compliance with PCI and implementing related procedures, technology and information security measures requires significant resources and ongoing attention. Costs and potential problems and interruptions associated with the implementation of new or upgraded systems and technology such as those necessary to achieve compliance with PCI or with maintenance or adequate support of existing systems could also disrupt or reduce the efficiency of our operations. Any material interruptions or failures in our payment-related systems could have a material adverse effect on our business, financial condition and results of operations.

If our information technology systems are damaged or cease to function properly, we may have to make a significant investment to fix or replace them. If there are amendments to PCI, the cost of re-compliance could also be substantial and we may suffer loss of critical data and interruptions or delays in our operations as a result. In addition, we may have to upgrade our existing information technology systems from time to time in order for such systems to withstand the increasing needs of our expanding business. Any material interruption experienced by our information technology systems could have a material adverse effect on our business, financial condition and results of operations. Costs and potential interruptions associated with the implementation of new or upgraded systems and technology or with maintenance or adequate support of our existing systems could disrupt or reduce the efficiency of our business.

ACCOUNTING AND FINANCIAL

If our estimates or judgments relating to our significant accounting policies prove to be incorrect, our operating results could be adversely affected.

The preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles ("GAAP") requires management to make estimates and assumptions that affect the amounts reported in the accompanying consolidated financial statements and notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. The results of these estimates form the basis for making judgments about the carrying values of assets, liabilities and equity, and the amount of revenue and expenses that are not readily apparent from other sources. Our operating results may be adversely affected if our assumptions change or if actual circumstances differ from those in our assumptions, which could cause our operating results to fall below the expectations of securities analysts and investors, resulting in a decline in our stock price.

Changes to accounting rules or regulations could have a material adverse effect on our business, financial condition and results of operations.

Changes to existing accounting rules or regulations may impact our future results of operations or cause the perception that we are more highly leveraged. Other new accounting rules or regulations and varying interpretations of existing accounting rules or regulations have occurred and may occur in the future. Future changes to accounting rules or regulations could have a material adverse effect on our business, financial condition and results of operations.

RISKS RELATED TO COMMON STOCK AND CORPORATE GOVERNANCE

As a public company, our management is required to devote substantial time to compliance initiatives.

The Sarbanes-Oxley Act and rules implemented by the SEC and the NASDAQ Stock Market LLC ("NASDAQ") have imposed various requirements on public companies, including establishment and maintenance of effective disclosure and financial controls and corporate governance practices. Implementing and maintaining internal controls is time consuming and costly. If we fail to maintain an effective internal control environment or to comply with the numerous legal and regulatory requirements imposed on public companies, we could make material errors in, and be required to restate, our financial statements. Any such restatement could result in a loss of public confidence in the reliability of our financial statements and sanctions imposed on us by the SEC. If we are unable to satisfy our obligations as a public company, we could be subject to delisting of our common stock, fines, sanctions and other regulatory action and potentially civil litigation.

Anti-takeover provisions in our third amended and restated certificate of incorporation and fourth amended and restated bylaws and under Delaware law could make an acquisition of us more difficult, limit attempts by our stockholders to replace or remove our current management and limit the market price of our common stock.

Provisions in our third amended and restated certificate of incorporation and fourth amended and restated bylaws may have the effect of delaying or preventing a change of control or changes in our management. Our third amended and restated certificate of incorporation and fourth amended and restated bylaws include provisions that:

- authorize our Board to issue, without further action by the stockholders, up to 50,000,000 shares of undesignated preferred stock;

- subject to certain exceptions, require that any action to be taken by our stockholders be effected at a duly called annual or special meeting and not by written consent;

- specify that special meetings of our stockholders can be called only by a majority of our Board or upon the request of the Chairperson of the Board or the Chief Executive Officer;

- establish an advance notice procedure for stockholder proposals to be brought before an annual meeting, including proposed nominations of persons for election to our Board;

- establish that our Board is divided into three classes until the annual meeting of the stockholders to be held in 2022, with each director serving a one-year term;

- prohibit cumulative voting in the election of directors; and

- provide that vacancies on our Board may be filled only by a majority of directors then in office, even though less than a quorum.

These provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our Board, which is responsible for appointing the members of our management.

Our third amended and restated certificate of incorporation designates the Court of Chancery of the State of Delaware as the exclusive forum for certain litigation that may be initiated by our stockholders, which could increase costs of bringing a claim, discourage claims, or limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers, or employees.

Specifically, the certificate of incorporation provides that, unless we consent in writing in advance to the selection of an alternative forum, the Court of Chancery of the State of Delaware is the sole and exclusive forum, to the fullest extent provided by law, for the following types of actions or proceedings:

- any derivative action or proceeding brought on behalf of the Company;

- any action asserting a claim of breach of a fiduciary duty owed by, or any wrongdoing by, any director, officer or employee of the Company to the Company or the Company's stockholders;

- any action asserting a claim arising pursuant to any provision of the Delaware General Corporate Law, the certification of incorporation (including as it may be amended from time to time), or the fourth amended and restated bylaws;

- any action to interpret, apply, enforce or determine the validity of our certificate of incorporation or the fourth amended and restated bylaws; or

- any action asserting a claim governed by the internal affairs doctrine.

Application of the choice of forum provision may be limited in some instances by law. Section 27 of the Securities Exchange Act of 1934 ("Exchange Act") provides for exclusive federal court jurisdiction over Exchange Act claims. Accordingly, to the extent the exclusive forum provision is held to cover a shareholder derivative action asserting claims under the Exchange Act, such claims could not be brought in the Delaware Court of Chancery and would instead be within the jurisdiction of the federal district court for the District of Delaware. Section 22 of the Securities Act of 1933 ("Securities Act") creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. Moreover, our stockholders will not be deemed by operation of our choice of forum provision to have waived our compliance with the federal securities laws and the regulations promulgated thereunder. It is also possible that, notwithstanding the forum selection clause, a court could rule that such a provision is inapplicable or unenforceable, which could adversely impact our results of operations, financial position and cash flows.

If securities analysts or industry analysts downgrade our shares, publish negative research or reports or do not publish reports about our business, our share price and trading volume could decline.

The trading market for our common stock is to some extent influenced by the research and reports that industry or securities analysts publish about us, our business and our industry. If no or few analysts commence coverage of us, the trading price of our stock could decrease. Even if we do obtain analyst coverage, if one or more analysts adversely change their recommendation regarding our shares or our competitors' stock, our share price might decline. If one or more analysts cease coverage of us or fail to regularly publish reports on us, we might lose visibility in the financial markets, which, in turn, could cause our share price or trading volume to decline.

Future sales of our common stock in the public market could cause the market price of our common stock to decrease significantly.

Sales of substantial amounts of our common stock in the public market by our existing stockholders or upon the exercise of outstanding stock options or grant of stock options or restricted stock units in the future may cause the market price of our common stock to decrease significantly. As of January 29, 2022, we have an aggregate of 1,234,798 shares of common stock issuable upon exercise of outstanding options and the vesting of restricted stock units under the 2015 Equity Incentive Plan (the "2015 Plan" and together with the 2012 Equity Incentive Plan, the "Equity Plans") (400,996 of which are fully vested).

The perception that such sales could occur could also depress the market price of our common stock. Any such sales could also create public perception of difficulties or problems with our business and might also make it more difficult for us to raise capital through the sale of equity securities in the future at a time and price that we deem appropriate.

Ollie's Bargain Outlet Holdings, Inc. ("Holdings") is a holding company and relies on dividends and other payments, advances and transfers of funds from its subsidiaries to meet its obligations and pay any dividends.

Holdings has no direct operations and no significant assets other than ownership of 100% of the capital stock of its subsidiaries. Because Holdings conducts operations through subsidiaries, it depends on those entities for dividends and other payments to generate the funds necessary to meet financial obligations and to pay any dividends with respect to its common stock. Legal and contractual restrictions in the Credit Facility (defined below) and other agreements which may govern future indebtedness of subsidiaries, as well as the financial condition and operating requirements of subsidiaries, may limit its ability to obtain cash from subsidiaries. The earnings from, or other available assets of, subsidiaries might not be sufficient to pay dividends or make distributions or loans to enable Holdings to pay any dividends on its common stock or other obligations. Any of the foregoing could materially and adversely affect our business, financial condition, results of operations and cash flows.

We do not expect to pay any cash dividends for the foreseeable future.

The continued operation and expansion of our business will require substantial funding. We do not anticipate that we will pay any dividends to holders of our common stock for the foreseeable future. Any payment of cash dividends will be at the discretion of our Board and will depend on our financial condition, capital requirements, legal requirements, earnings and other factors. Our ability to pay dividends is restricted by the terms of our Credit Facility and might be restricted by the terms of any indebtedness that we incur in the future. Accordingly, realization of any gain on our common stock will depend on the appreciation of the price of the shares of our common stock, which may never occur.

INDEBTEDNESS AND CAPITALIZATION

Indebtedness may limit our ability to invest in the ongoing needs of our business and if we are unable to comply with our financial covenants, it could have a material adverse effect on our liquidity and our business, financial condition and results of operations.

On May 22, 2019, the Company completed a transaction in which it refinanced its credit facility (the “Credit Facility”) which includes a revolving credit facility (the “Revolving Credit Facility”). As of January 29, 2022, we had no outstanding borrowings on the Revolving Credit Facility, with $84.7 million of borrowing availability. We may, from time to time, incur additional indebtedness.

The agreements governing our Credit Facility place certain conditions on us, including that they:

- increase our vulnerability to adverse general economic or industry conditions;
- limit our flexibility in planning for, or reacting to, changes in our business or the industries in which we operate;
- make us more vulnerable to increases in interest rates, as borrowings under our Credit Facility are at variable rates;
- limit our ability to obtain additional financing in the future for working capital or other purposes;
- require us to utilize our cash flows from operations to make payments on indebtedness, reducing the availability of our cash flows to fund working capital, capital expenditures, development activity and other general corporate purposes; and
- place us at a competitive disadvantage compared to our competitors that have less indebtedness.

Our Credit Facility places certain limitations on our ability to incur additional indebtedness. However, subject to the qualifications and exceptions in our Credit Facility, we may be permitted to incur substantial additional indebtedness and may incur obligations that do not constitute indebtedness under the terms of the Credit Facility. Our Credit Facility also places certain limitations on, among other things, our ability to enter into certain types of transactions, financing arrangements and investments, to make certain changes to our capital structure and to guarantee certain indebtedness. Our Credit Facility also places certain restrictions on the payment of dividends and distributions and certain management fees. These restrictions limit or prohibit, among other things, our ability to:

- pay dividends on, redeem or repurchase our stock or make other distributions;
- incur or guarantee additional indebtedness;
- sell stock in our subsidiaries;
- create or incur liens;
- make acquisitions or investments;
- transfer or sell certain assets or merge or consolidate with or into other companies;
- make certain payments or prepayments of indebtedness subordinated to our obligations under our Credit Facility; and
- enter into certain transactions with our affiliates.

Failure to comply with certain covenants or the occurrence of a change of control under our Credit Facility could result in the acceleration of our obligations under the Credit Facility, which would materially adversely affect our liquidity, capital resources and results of operations.

Under certain circumstances, our Credit Facility requires us to comply with certain financial covenants regarding our fixed charge coverage ratio. Failure to comply could result in a default and an acceleration of our obligations under the Credit Facility, which could have a material adverse effect on our liquidity and our business, financial condition and results of operations. See “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations – Liquidity and Capital Resources – Credit Facilities.”

We may be unable to generate sufficient cash flows to satisfy debt service obligations, which could have a material adverse effect on our business, financial condition and results of operations.

Our ability to make principal and interest payments on and to refinance indebtedness will depend on our ability to generate cash in the future and is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. If our business does not generate sufficient cash flows from operations, in the amounts projected or at all, or if future borrowings are not available to us in amounts sufficient to fund our other liquidity needs, our business, financial condition and results of operations could be materially adversely affected. If we cannot generate sufficient cash flows from operations to make scheduled principal and interest payments in the future, we may need to refinance all or a portion of indebtedness on or before maturity, sell assets, delay capital expenditures or seek additional equity. The terms of future debt agreements, including our Credit Facility, may also restrict us from affecting any of these alternatives. Further, changes in the credit and capital markets, including market disruptions and interest rate fluctuations, may increase the cost of financing, make it more difficult to obtain favorable terms, or restrict our access to these sources of future liquidity. If we are unable to refinance indebtedness on commercially reasonable terms or at all or to effect any other action relating to indebtedness on satisfactory terms or at all, it could have a material adverse effect on our business, financial condition and results of operations.

We cannot guarantee that our share repurchase program will be fully consummated or that it will enhance long-term stockholder value.

We have adopted a share repurchase program under which we are currently authorized to repurchase up to $200.0 million of shares of our common stock through December 2023. While the authorization of the repurchase program has an expiration date, the authorizations are subject to extension or earlier termination by the Board of Directors at any time and we are not obligated to repurchase a specified number or dollar value of shares under our share repurchase program. Even if our share repurchase program is fully implemented, it may not enhance long-term stockholder value. Also, the amount, timing, and execution of our share repurchase program may fluctuate based on our priorities for the use of cash for other purposes and because of changes in cash flows, tax laws, and the market price of our common stock

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

We lease the majority of our retail stores, often in second generation sites ranging in size from 23,000 to 50,000 square feet. Our corporate headquarters, located in Harrisburg, PA, is 58,200 square feet and is leased under an agreement that expires in February 2033, with options to renew for three successive five-year periods. Our corporate data center and additional office space is 19,800 square feet. We exercised our purchase option and acquired the space on August 31, 2021 for $1.2 million. Our 603,000 square foot distribution center located in York, PA is leased under an agreement that expires in March 2028 with options to renew for two successive five-year periods. Our 962,000 square foot distribution center in Commerce, GA is leased under an agreement that expires in April 2024 with options to renew for three successive five-year periods. In 2019, we constructed our 615,000 square foot distribution center in Lancaster, TX. The distribution center became fully operational during the first quarter of 2020. As of January 29, 2022, there were 431 Ollie’s Bargain Outlet locations across 29 contiguous states in the eastern half of the United States.

We maintain a focused and disciplined approach to entering into lease arrangements. All leases are approved by our real estate committee, which is comprised of senior management and executive officers. Our leases generally have an initial term of approximately seven years with options to renew for three to five successive five-year periods and generally require us to pay a proportionate share of real estate taxes, insurance and common area or other charges.

Item 3. Legal Proceedings

From time to time we are involved in claims and legal actions that arise in the ordinary course of our business. We cannot predict the outcome of any litigation or suit to which we are a party. However, we do not believe that an unfavorable decision of any of the current claims or legal actions against us, individually or in the aggregate, will have a material adverse effect on our financial position, results of operations, liquidity or capital resources.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock is traded on NASDAQ under the symbol "OLLI." The following tables set forth for the periods indicated the high and low sales prices of our common stock on NASDAQ.

	2021	
	High	Low
First Quarter	$ 98.58	$ 80.64
Second Quarter	$ 95.43	$ 75.75
Third Quarter	$ 94.68	$ 57.86
Fourth Quarter	$ 75.27	$ 42.40

	2020	
	High	Low
First Quarter	$ 72.77	$ 28.83
Second Quarter	$ 110.17	$ 64.55
Third Quarter	$ 112.58	$ 83.08
Fourth Quarter	$ 123.52	$ 76.74

As of January 29, 2022, we had approximately 400 stockholders of record.

Stock Performance Graph

The graph set forth below compares the cumulative stockholder return on our common stock between January 28, 2017 and January 29, 2022 to the cumulative return of (i) the NASDAQ Composite Total Return index and (ii) the NASDAQ US Benchmark Retail Index over the same period. This graph assumes an initial investment of $100 on January 28, 2017 in our common stock, the NASDAQ Composite Total Return index and the NASDAQ US Benchmark Retail Index and assumes the reinvestment of dividends, if any. Such returns are based on historical results and are not intended to suggest future performance.

	1/28/17	2/3/18	2/2/19	2/1/20	1/30/21	1/29/22
Ollie’s Bargain Outlet Holdings, Inc.	$ 100.00	183.13	270.36	180.72	322.76	153.08
NASDAQ Composite Total Return Index	$ 100.00	128.66	135.26	161.67	283.88	171.84
NASDAQ US Benchmark Retail Index	$ 100.00	133.02	137.90	162.10	222.50	231.26

Dividends

Our common stock began trading on July 16, 2015. Since then, we have not declared any cash dividends nor do we expect to in the foreseeable future as we intend to retain our earnings to finance the development and growth of our business and operations.

The Credit Facility contains a number of restrictive covenants that, among other things and subject to certain exceptions, restrict Ollie’s Bargain Outlet, Inc.’s and Ollie’s Holdings, Inc.’s (together the “Borrowers”) ability and the ability of their subsidiaries to pay dividends on our capital stock or redeem, repurchase or retire our capital stock.

Securities Authorized for Issuance under Equity Compensation Plans

The information required by this Item will be set forth in the Proxy Statement and is incorporated herein by reference.

Information on Share Repurchases

Information regarding shares of common stock the Company repurchased during the thirteen weeks ended January 29, 2022 is as follows:

Period	Total number of shares repurchased (1)	Average price paid per share (2)	Total number of shares purchased as part of publicly announced plans or programs (3)	Approximate dollar value of shares that may yet be purchased under the plans or programs (3)
October 31, 2021 through November 27, 2021	—	—	—	$ 32,562
November 28, 2021 through January 1, 2022	—	—	—	$ 200,032,562
January 2, 2022 through January 29, 2022	434,474	$ 46.04	434,474	$ 180,028,248
Total	434,474		434,474	

(1) Consists of shares repurchased under the publicly announced share repurchase program.

(2) Includes commissions for the shares repurchased under the share repurchase program.

(3) On March 26, 2019, the Board of Directors of the Company authorized the repurchase of up to $100.0 million of shares of the Company's common stock. This initial tranche expired on March 26, 2021. The Board authorized the repurchase of another $100.0 million of the Company's common stock on December 15, 2020 and a $100.0 million increase on March 16, 2021, resulting in $200.0 million approved for share repurchases through January 13, 2023. On November 30, 2021, the Board authorized an additional $200.0 million to repurchase stock pursuant to the Company's share repurchase program, expiring on December 15, 2023. Shares to be repurchased are subject to the same considerations regarding timing and amount of repurchases as the initial authorization. As of January 29, 2022, the Company had approximately $180.0 million remaining under its share repurchase program. For further discussion on the share repurchase program, see "Part II, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, Liquidity and Capital Resources, Share Repurchase Program."

Item 6. [Reserved]

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion together with the financial statements and related notes included elsewhere in this Annual Report on Form 10-K. The statements in this discussion regarding expectations of our future performance, liquidity and capital resources and other non-historical statements are forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties, including, but not limited to, the risks and uncertainties described in "Item 1A, Risk Factors" and "Cautionary note regarding forward-looking statements." Our actual results may differ materially from those contained in or implied by any forward-looking statements.

We operate on a fiscal calendar widely used by the retail industry that results in a given fiscal year consisting of a 52- or 53-week period ending on the Saturday nearer January 31 of the following year. References to "2021" refer to the fiscal year ended January 29, 2022 and references to"2020" refer to the fiscal year ended January 30, 2021. 2021 and 2020 each consisted of 52 weeks. References to "2022" refer to the 52-week fiscal year ending January 28, 2023.

Overview

Ollie's is a highly differentiated and fast-growing, extreme value retailer of brand name merchandise at drastically reduced prices. Known for our assortment of "Good Stuff Cheap®," we offer customers a broad selection of brand name products, including housewares, bed and bath, food, floor coverings, health and beauty aids, books and stationery, toys and electronics. Our differentiated go-to market strategy is characterized by a unique, fun and engaging treasure hunt shopping experience, compelling customer value proposition and witty, humorous in-store signage and advertising campaigns. These attributes have driven our rapid growth and strong store performance as evidenced by our store base expansion from 268 stores to 431 stores and net sales growth from $1.077 billion to $1.753 billion from 2017 to 2021 and average annual net sales per store of $4.4 million for the five-year period.

COVID-19 Update

The COVID-19 pandemic has significantly impacted the U.S. and global economies, resulting in business slowdowns or shutdowns, reduced economic activity, changes in consumer behavior, and changes in the mindset and availability of the labor force. We continue to monitor the impact of the pandemic on our business, including on our associates, customers, business partners and supply chain.

We continue to take measures to protect the health and safety of our associates and customers, a primary concern of our management team. We have also taken measures to support the communities that we serve to address the challenges posed by the pandemic.

Following the onset of the pandemic through the first quarter of 2021, our net sales benefited from increased consumer spending associated with federal stimulus funds for said pandemic. At this point, there is uncertainty with regard to any additional stimulus measures and, as a result, there may be potential changes in consumer spending behavior or demand. In addition, we are experiencing labor pressures at both our stores and distribution centers, higher import and trucking costs, and supply chain disruptions due to the impacts of COVID-19 and related measures. We are increasing our hiring efforts in certain impacted markets and working closely with our suppliers and transportation partners to mitigate the impact of the supply chain challenges. The potential significance and duration of these elevated costs is uncertain, and we will continue to assess and respond to current and evolving conditions.

As we continue to monitor the COVID-19 pandemic and potentially take actions based on the requirements and recommendations of federal, state and local authorities, we intend to focus on managing the business for future, long-term growth. In certain circumstances, there may be developments outside our control, including resurgences of COVID-19 and, in particular, new and more contagious or vaccine resistant variants, requiring us to refine our operations. As such, given the evolving nature of the pandemic, we cannot reasonably estimate its impact on our financial condition, results of operations or cash flows in the future.

For further discussion of the risks and uncertainties associated with the COVID-19 pandemic, see "Part 1. Item 1A. Risk Factors."

Our Growth Strategy

Since the founding of Ollie's in 1982, we have grown organically by backfilling existing markets and leveraging our brand awareness, marketing and infrastructure to expand into new markets in contiguous states. We have expanded to 431 stores located in 29 states as of January 29, 2022.

Our stores are supported by three distribution centers, one each in York, PA, Commerce, GA, and Lancaster, TX. We believe our current distribution capabilities can support a range of 500 to 600 stores over the next several years.

We have invested in our associates, infrastructure, distribution network and information systems to allow us to continue to rapidly grow our store footprint, including:

- growing our merchant buying team to increase our access to brand name/closeout merchandise;
- adding members to our senior management team;
- expanding the capacity of our distribution centers to their current 2.2 million square feet; and
- investing in information technology, accounting and warehouse management systems.

Our business model has produced consistent and predictable store growth over the past several years, during both strong and weaker economic cycles. We plan to continue to enhance our competitive positioning and drive growth in sales and profitability by executing on the following strategies:

- growing our store base;
- increasing our offerings of great bargains; and
- leveraging and expanding Ollie's Army.

We have a proven portable, flexible, and highly profitable store model that has produced consistent financial results and returns. Our new store model targets a store size between 25,000 to 35,000 square feet and an average initial cash investment of approximately $1.0 million, which includes store fixtures and equipment, store-level and distribution center inventory (net of payables) and pre-opening expenses. We target new store sales of approximately $4.0 million in their first full year of operations.

While we are focused on driving comparable store sales and managing our expenses, our revenue and profitability growth will primarily come from opening new stores. The core elements of our business model are procuring great deals, offering extreme values to our customers and creating consistent, predictable store growth and margins. In addition, our new stores generally open strong, contributing to the growth in net sales and profitability of our business. From 2017 to 2021, net sales grew at a CAGR of 13.0%. We plan to achieve continued net sales growth, including comparable stores sales, by adding stores to our store base and by continuing to provide quality merchandise at a value for our customers as we scale and gain more access to purchase directly from major manufacturers. We also plan to leverage and expand our Ollie's Army database marketing strategies. In addition, we plan to continue to manage our selling, general and administrative expenses ("SG&A") by continuing to make process improvements and by maintaining our standard policy of reviewing our operating costs.

Our ability to grow and our results of operations may be impacted by additional factors and uncertainties, such as consumer spending habits, which are subject to macroeconomic conditions and changes in discretionary income. Our customers' discretionary income is primarily impacted by gas prices, wages and consumer trends and preferences, which fluctuate depending on the environment. The potential consolidation of our competitors or other changes in our competitive landscape could also impact our results of operations or our ability to grow, even though we compete with a broad range of retailers.

Our key competitive advantage is our direct buying relationships with many major manufacturers, wholesalers, distributors, brokers and retailers for our brand name and closeout products and unbranded goods. We also augment our product mix with private label brands. As we continue to grow, we believe our increased scale will provide us with even greater access to brand name and closeout products as major manufacturers seek a single buyer to acquire an entire deal.

How We Assess the Performance of Our Business and Key Line Items

We consider a variety of financial and operating measures in assessing the performance of our business. The key measures we use are number of new stores, net sales, comparable store sales, gross profit and gross margin, SG&A, pre-opening expenses, operating income, EBITDA and Adjusted EBITDA.

Number of New Stores

The number of new stores reflects the number of stores opened during a particular reporting period. Before we open new stores, we incur pre-opening expenses described below under "Pre-Opening Expenses" and we make an initial investment in inventory. We also make initial capital investments in fixtures and equipment, which we amortize over time.

We opened 46 new stores in 2021. We expect new store growth to be the primary driver of our sales growth. Our initial lease terms are approximately seven years with options to renew for three to five successive five-year periods. Our portable and predictable real estate model focuses on backfilling existing markets and entering new markets in contiguous states. Our new stores often open with higher sales levels as a result of greater advertising and promotional spend in connection with grand opening events, but decline shortly thereafter to our new store model levels.

Net Sales

We recognize retail sales in our stores when merchandise is sold and the customer takes possession of the merchandise. Also included in net sales is revenue allocated to certain redeemed discounts earned via the Ollie's Army loyalty program and gift card breakage. Net sales are presented net of returns and sales tax. Net sales consist of sales from comparable stores and non-comparable stores, described below under "Comparable Store Sales." Growth of our net sales is primarily driven by the expansion of our store base in existing and new markets. As we continue to grow, we believe we will have greater access to brand name and closeout merchandise and an increased deal selection, resulting in more potential offerings for our customers. Net sales are impacted by product mix, merchandise mix and availability, as well as promotional activities and the spending habits of our customers. Our broad selection of offerings across diverse product categories supports growth in net sales by attracting new customers, which results in higher spending levels and frequency of shopping visits from our customers, including Ollie's Army members.

The spending habits of our customers are subject to macroeconomic conditions and changes in discretionary income. Our customers' discretionary income is primarily impacted by gas prices, wages and consumer trends and preferences, which fluctuate depending on the environment. However, because we offer a broad selection of merchandise at extreme values, we believe we are generally less impacted than other retailers by economic cycles that correspond with declines in general consumer spending habits. We believe we also benefit from periods of increased consumer spending.

Comparable Store Sales

Comparable store sales measure performance of a store during the current reporting period against the performance of the same store in the corresponding period of the previous year. Comparable store sales consist of net sales from our stores beginning on the first day of the sixteenth full fiscal month following the store's opening, which is when we believe comparability is achieved. Comparable store sales are impacted by the same factors that impact net sales.

We define comparable stores to be stores that:

- have been remodeled while remaining open;
- are closed for five or fewer days in any fiscal month;
- are closed temporarily and relocated within their respective trade areas; and
- have expanded, but are not significantly different in size, within their current locations.

Non-comparable store sales consist of new store sales and sales for stores not open for a full 15 months. Stores which are closed temporarily, but for more than five days in any fiscal month, are included in non-comparable store sales beginning in the fiscal month in which the temporary closure begins until the first full month of operation once the store re-opens, at which time they are included in comparable store sales.

Opening new stores is the primary component of our growth strategy and as we continue to execute on our growth strategy, we expect a significant portion of our sales growth will be attributable to non-comparable store sales. Accordingly, comparable store sales are only one measure we use to assess the success of our growth strategy.

Gross Profit and Gross Margin

Gross profit is equal to our net sales less our cost of sales. Cost of sales includes merchandise costs, inventory markdowns, shrinkage and transportation, distribution and warehousing costs, including depreciation and amortization. Gross margin is gross profit as a percentage of our net sales. Gross margin is a measure used by management to indicate whether we are selling merchandise at an appropriate gross profit.

In addition, our gross margin is impacted by product mix, as some products generally provide higher gross margins, by our merchandise mix and availability, and by our merchandise cost, which can vary.

Our gross profit is variable in nature and generally follows changes in net sales. We regularly analyze the components of gross profit, as well as gross margin. Specifically, our product margin and merchandise mix is reviewed by our merchant team and senior management, ensuring strict adherence to internal margin goals. Our disciplined buying approach has produced consistent gross margins and we believe helps to mitigate adverse impacts on gross profit and results of operations.

The components of our cost of sales may not be comparable to the components of cost of sales or similar measures of our competitors and other retailers. As a result, our gross profit and gross margin may not be comparable to similar data made available by our competitors and other retailers.

Selling, General and Administrative Expenses

SG&A are comprised of payroll and benefits for store, field support and support center associates. SG&A also include marketing and advertising expense, occupancy costs for stores and the store support center, insurance, corporate infrastructure and other general expenses. The components of our SG&A remain relatively consistent per store and for each new store opening. Consolidated SG&A generally increase as we grow our store base and as our net sales increase. A significant portion of our expenses is primarily fixed in nature, and we expect to continue to maintain strict discipline while carefully monitoring SG&A as a percentage of net sales. We expect that our SG&A will continue to increase in future periods with future growth.

The components of our SG&A may not be comparable to the components of SG&A or similar measures of our competitors and other retailers. As a result, our SG&A may not be comparable to similar data made available by our competitors and other retailers.

Depreciation and Amortization Expenses

Property and equipment are stated at original cost less accumulated depreciation and amortization. Depreciation and amortization expenses are calculated over the estimated useful lives of the related assets, or in the case of leasehold improvements, the lesser of the useful lives or the remaining term of the lease. Expenditures for additions, renewals, and betterments are capitalized; expenditures for maintenance and repairs are charged to expense as incurred. Depreciation and amortization are computed on the straight-line method for financial reporting purposes. Depreciation and amortization as it relates to our distribution centers is included within cost of sales on the consolidated statements of income.

Pre-Opening Expenses

Pre-opening expenses consist of expenses of opening new stores and distribution centers, as well as store closing costs. For opening new stores, pre-opening expenses include grand opening advertising costs, payroll expenses, travel expenses, employee training costs, rent expenses and store setup costs. Pre-opening expenses for new stores are expensed as they are incurred, which is typically within 30 to 45 days of opening a new store. For opening distribution centers, pre-opening expenses primarily include inventory transportation costs, employee travel expenses and occupancy costs. Store closing costs primarily consist of insurance deductibles, rent and store payroll.

Operating Income

Operating income is gross profit less SG&A, depreciation and amortization and pre-opening expenses. Operating income excludes net interest expense or income and income tax expense. We use operating income as an indicator of the productivity of our business and our ability to manage expenses.

EBITDA and Adjusted EBITDA

EBITDA and Adjusted EBITDA are key metrics used by management and our Board to assess our financial performance. EBITDA and Adjusted EBITDA are also frequently used by analysts, investors and other interested parties to evaluate companies in our industry. We use Adjusted EBITDA to supplement U.S. Generally Accepted Accounting Principles ("GAAP") measures of performance to evaluate the effectiveness of our business strategies, to make budgeting decisions, to evaluate our performance in connection with compensation decisions and to compare our performance against that of other peer companies using similar measures. Management believes it is useful to investors and analysts to evaluate these non-GAAP measures on the same basis as management uses to evaluate the Company's operating results. We believe that excluding items from operating income, net income and net income per diluted share that may not be indicative of, or are unrelated to, our core operating results, and that may vary in frequency or magnitude, enhances the comparability of our results and provides a better baseline for analyzing trends in our business.

We define EBITDA as net income before net interest expense or income, depreciation and amortization expenses and income taxes. Adjusted EBITDA represents EBITDA as further adjusted for non-cash stock-based compensation expense and gains on insurance settlements. EBITDA and Adjusted EBITDA are non-GAAP measures and may not be comparable to similar measures reported by other companies. EBITDA and Adjusted EBITDA have limitations as analytical tools, and you should not consider them in isolation or as a substitute for analysis of our results as reported under GAAP. In the future we may incur expenses or charges such as those added back to calculate Adjusted EBITDA. Our presentation of Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by these items. For further discussion of EBITDA and Adjusted EBITDA and for reconciliations of net income, the most directly comparable GAAP measure, to EBITDA and Adjusted EBITDA, see "Results of Operations."

Results of Operations

This section includes comparisons of certain 2021 financial information to the same information for 2020. Year-to-year comparisons of the 2020 financial information to the same information for fiscal 2019, the 52-week period ended February 1, 2020 ("2019"), are contained in Item 7 of our Form 10-K for 2020 filed with the SEC on March 24, 2021 and available through the SEC's website at https://www.sec.gov/edgar/searchedgar/companysearch.html.

The following tables summarize key components of our results of operations for 2021 and 2020, both in dollars and as a percentage of our net sales.

We derived the consolidated statements of income for 2021 and 2020 from our consolidated financial statements and related notes. Our historical results are not necessarily indicative of the results that may be expected in the future.

	2021	2020
	(dollars in thousands)	
Net sales	$ 1,752,995	$ 1,808,821
Cost of sales	1,071,749	1,085,455
Gross profit	681,246	723,366
Selling, general and administrative expenses	447,615	418,889
Depreciation and amortization expenses	19,364	16,705
Pre-opening expenses	9,675	10,272
Operating income	204,592	277,500
Interest expense (income), net	209	(278)
Income before income taxes	204,383	277,778
Income tax expense	46,928	35,082
Net income	$ 157,455	$ 242,696
Percentage of net sales[(1)]:		
Net sales	100.0%	100.0%
Cost of sales	61.1	60.0
Gross profit	38.9	40.0
Selling, general and administrative expenses	25.5	23.2
Depreciation and amortization expenses	1.1	0.9
Pre-opening expenses	0.6	0.6
Operating income	11.7	15.3
Interest expense (income), net	0.0	(0.0)
Income before income taxes	11.7	15.4
Income tax expense	2.7	1.9
Net income	9.0%	13.4%
Select operating data:		
Number of new stores	46	46
Number of store closings	(3)	(4)
Number of stores re-opened	-	1
Number of stores open at end of period	431	388
Average net sales per store [(2)]	$ 4,254	$ 4,866
Comparable stores sales change	(11.1)%	15.6%

(1) Components may not add to totals due to rounding.

(2) Average net sales per store represents the weighted average of total net weekly sales divided by the number of stores open at the end of each week for the respective periods presented.

The following table provides a reconciliation of our net income to Adjusted EBITDA for the periods presented:

	2021	2020
	(dollars in thousands)	
Net income	$ 157,455	$ 242,696
Interest expense (income), net	209	(278)
Depreciation and amortization expenses (1)	25,114	22,746
Income tax expense	46,928	35,082
EBITDA	229,706	300,246
Gains from insurance settlements	(416)	(247)
Non-cash stock-based compensation expense	8,042	6,501
Adjusted EBITDA	$ 237,332	$ 306,500

(1) Includes depreciation and amortization relating to our distribution centers, which is included within cost of sales on our consolidated statements of income.

2021 Compared with 2020

Net Sales

Net sales decreased to $1.753 billion in 2021 from $1.809 billion in 2020, a decrease of $55.8 million, or 3.1%. The decrease was the result of a comparable store sales decrease of $189.3 million, partially offset by a non-comparable store sales increase of $133.5 million. The increase in non-comparable store sales was driven by sales from new stores that have not been open for a full 15 months during 2021.

Comparable store sales decreased 11.1% in 2021 compared with a record increase of 15.6% in 2020. The decrease in comparable store sales consisted of a decrease in the number of transactions partially offset by an increase in average transaction size. Sales in our health and beauty aids, housewares and bed and bath departments significantly decreased in 2021 due to a prior-year surge of COVID-related personal protective equipment, cleaning supplies and home-related sales.

In 2020, we benefited from increased consumer spending associated with federal economic stimulus funds for the COVID-19 pandemic and having our stores open while other competitors were closed for a portion of the year.

Gross Profit and Gross Margin

Gross profit decreased to $681.2 million in 2021 from $723.4 million in 2020, a decrease of $42.1 million, or 5.8%. Gross margin decreased 110 basis points to 38.9% in 2021 from 40.0% in 2020. The decrease in gross margin in 2021 is due to increased supply chain costs, primarily the result of higher import, trucking and labor costs, partially offset by improvement in the merchandise margin.

Selling, General and Administrative Expenses

SG&A increased to $447.6 million in 2021 from $418.9 million in 2020, an increase of $28.7 million, or 6.9%. The dollar increase in SG&A was primarily driven by higher selling expenses associated with a net increase of 43 stores, partially offset by tight expense controls throughout the organization. As a percentage of net sales, SG&A increased 230 basis points to 25.5% in 2021 from 23.2% in 2020. The increase was primarily due to significant deleveraging as a result of the decrease in sales in 2021.

Included in SG&A in 2021 and 2020 is $0.4 million and $0.2 million, respectively, of income related to gains from insurance settlements. Excluding the gains in both years, SG&A increased 240 basis points as a percentage of net sales in 2021.

Depreciation and Amortization Expenses

Depreciation and amortization expenses increased to $19.4 million in 2021 from $16.7 million in 2020, an increase of $2.7 million, or 15.9%, the result of the increased asset base due to new store growth.

Pre-Opening Expenses

Pre-opening expenses decreased slightly to $9.7 million in 2021 from $10.3 million in 2020, a decrease of $0.6 million, or 5.8%. The decrease is primarily due to the timing of store openings as the new store activity was very similar year to year. We opened 46 new stores and closed three stores in 2021 compared with 46 new store openings and net three store closures in 2020. As a percentage of net sales, pre-opening expenses were 0.6% in both 2021 and 2020.

Interest Expense (Income), Net

Net interest expense was $0.2 million in 2021 compared with net interest income of $0.3 million in 2020.

Income Tax Expense

Income tax expense increased to $46.9 million in 2021 from $35.1 million in 2020, an increase of $11.8 million, or 33.8%. The effective tax rates for 2021 and 2020 were 23.0% and 12.6%, respectively. The variance in the effective tax rates between the periods was primarily due to a significant current year decrease in excess tax benefits related to stock-based compensation. The prior year effective tax rate was impacted by tax benefits due to the exercise of stock options by the estate of our former chief executive officer. Discrete tax benefits totaled $4.2 million and $34.5 million in 2021 and 2020, respectively. For further information, see Note 7 under "Notes to Consolidated Financial Statements."

Net Income

As a result of the foregoing, net income decreased to $157.5 million in 2021 from $242.7 million in 2020, a decrease of $85.2 million, or 35.1%.

Adjusted EBITDA

Adjusted EBITDA decreased to $237.3 million in 2021 from $306.5 million in 2020, a decrease of $69.2 million, or 22.6%.

Liquidity and Capital Resources

Overview

Our primary sources of liquidity are net cash flows provided by operating activities and available borrowings under our $100.0 million Revolving Credit Facility. As of January 29, 2022, we had $247.0 million of cash and cash equivalents on hand and $84.7 million available to borrow under our Revolving Credit Facility.

Our primary cash needs are for capital expenditures and working capital. Additionally, we have made and may continue to make discretionary share repurchases (see 'Share Repurchase Program' below for further discussion).

Our capital expenditures are primarily related to new store openings, store resets, which consist of improvements to stores as they are needed, expenditures related to our distribution centers, and infrastructure-related investments, including investments related to upgrading and maintaining our information technology systems. We spent $35.0 million and $30.5 million for capital expenditures in 2021 and 2020, respectively. We opened 46 new stores, including two relocated stores, and temporarily closed one additional store due to weather-related events during 2021.

Capital expenditures in 2022 are planned to be approximately $53 million to $58 million, with expenditures for the opening of 46 to 48 new stores, including two relocations, store-level initiatives at our existing stores as well as general corporate capital expenditures, including information technology. We will also be investing in our distribution center network, including material handling equipment in connection with a 200,000 square foot expansion of our York, PA distribution center, giving us the capacity for an additional 50 stores upon completion. We have experienced, and may continue to experience, delays in construction and permitting of new stores and other projects due to COVID-19.

Our primary working capital requirements are for the purchase of merchandise inventories, payroll, store rent associated with our operating leases, other store operating costs, distribution costs and general and administrative costs. Our working capital requirements fluctuate during the year, rising in our third fiscal quarter as we increase quantities of inventory in anticipation of our peak holiday sales season in our fourth fiscal quarter. Fluctuations in working capital are also driven by the timing of new store openings.

Historically, we have funded our capital expenditures and working capital requirements during the fiscal year with cash flows from operations.

We are not aware of any trends or events that would materially affect our capital requirements or liquidity. We believe our cash and cash equivalents position, net cash provided by operating activities and availability under our Revolving Credit Facility will be adequate to finance our planned capital expenditures, working capital requirements, debt service, and other financing activities over the next 12 months. If cash provided by operating activities and borrowings under our Revolving Credit Facility are not sufficient or available to meet our capital requirements, we will be required to obtain additional equity or debt financing in the future. There can be no assurance equity or debt financing will be available to us when needed or, if available, the terms will be satisfactory to us and not dilutive to our then-current stockholders.

We are not currently receiving, and do not currently intend to apply for, loans under any federal or state programs implemented as a result of the COVID-19 pandemic, including the Coronavirus Aid, Relief, and Economic Security Act.

Share Repurchase Program

On March 26, 2019, the Board of Directors of the Company authorized the repurchase of up to $100.0 million of shares of our common stock. This initial tranche expired on March 26, 2021. The Board authorized the repurchase of another $100.0 million of our common stock on December 15, 2020 and a $100.0 million increase on March 16, 2021, resulting in $200.0 million approved for share repurchases through January 13, 2023. On November 30, 2021, the Board authorized an additional $200.0 million to repurchase stock pursuant to the Company’s share repurchase program, expiring on December 15, 2023. The shares to be repurchased may be purchased from time to time in open market conditions (including blocks), privately negotiated transactions, accelerated share repurchase programs or other derivative transactions, issuer self-tender offers or any combination of the foregoing. The timing of repurchases and the actual amount purchased will depend on a variety of factors, including the market price of our shares, general market, economic and business conditions, and other corporate considerations. Repurchases may be made pursuant to plans intended to comply with Rule 10b5-1 under the Securities Exchange Act of 1934, which could allow us to purchase our shares during periods when we otherwise might be prevented from doing so under insider trading laws or because of self-imposed trading blackout periods. Repurchases are expected to be funded from cash on hand or through the utilization of our Revolving Credit Facility. The repurchase authorization does not require the purchase of a specific number of shares and is subject to suspension or termination by our Board of Directors at any time.

During 2021, we repurchased 3,113,981 shares of our common stock for $220.0 million, inclusive of transaction costs, pursuant to our share repurchase program, and during 2020, we repurchased 3,885 shares of our common stock for $0.3 million, inclusive of transaction costs. These expenditures were funded by cash generated from operations. As of January 29, 2022, we had approximately $180.0 million remaining under our share repurchase authorization. There can be no assurances that any additional repurchases will be completed, or as to the timing or amount of any repurchases.

Summary of Cash Flows

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

	2021	2020
	(in thousands)	
Net cash provided by operating activities	$ 45,033	$ 361,254
Net cash used in investing activities	(31,830)	(30,448)
Net cash (used in) provided by financing activities	(213,352)	26,370
Net (decrease) increase in cash and cash equivalents	$ (200,149)	$ 357,176

Cash Provided by Operating Activities

Net cash provided by operating activities in 2021 totaled $45.0 million compared with $361.3 million in 2020. The decrease in net cash provided by operating activities in 2021 was primarily due to increased working capital needs (largely due to a substantial increase in capitalized costs in inventory, as well as the timing of inventory receipts and payments) and a decrease from the prior year's record net income.

Cash Used in Investing Activities

Net cash used in investing activities totaled $31.8 million in 2021 compared with $30.4 million in 2020. The comparative increase in cash used in investing activities is primarily due to an increase in cash used for capital expenditures, partially offset by the proceeds from the sale of property and equipment in the current year.

Cash (Used in) Provided by Financing Activities

Net cash used in financing activities totaled $213.4 million in 2021 as compared with net cash provided by financing activities of $26.4 million in 2020. The net cash outflow in 2021 is due to $220.0 million paid for the repurchase of the Company's shares, partially offset by proceeds from stock option exercises.

Credit Facilities

On May 22, 2019, we completed a transaction in which we refinanced our Credit Facility. The Credit Facility provides for a five-year $100.0 million Revolving Credit Facility, which includes a $45.0 million sub-facility for letters of credit and a $25.0 million sub-facility for swingline loans. The loans under the Revolving Credit Facility mature on May 22, 2024. In addition, we may at any time add term loan facilities or additional revolving commitments up to $150.0 million pursuant to terms and conditions set out in the Credit Facility.

The interest rates for the Credit Facility are calculated as follows: for Base Rate Loans, the higher of the Prime Rate, the Federal Funds Effective Rate plus 0.50% or the Eurodollar Rate plus 1.0%, plus the Applicable Margin, or, for Eurodollar Loans, the Eurodollar Rate plus the Applicable Margin. The Applicable Margin will vary from 0.00% to 0.50% for a Base Rate Loan and 1.00% to 1.50% for a Eurodollar Loan, based on availability under the Credit Facility. The Eurodollar Rate is subject to a 0% floor.

Under the terms of the Revolving Credit Facility, as of January 29, 2022, we could borrow up to 90.0% of the most recent appraised value (valued at cost, discounted for the current net orderly liquidation value) of our eligible inventory, as defined, up to $100.0 million.

As of January 29, 2022, we had no outstanding borrowings under the Revolving Credit Facility, with $84.7 million of borrowing availability, outstanding letters of credit commitments of $15.1 million and $0.2 million of rent reserves. The Revolving Credit Facility also contains a variable unused line fee ranging from 0.125% to 0.250% per annum. We incurred unused line fees of $0.1 million in each of 2021 and 2020.

The Credit Facility is collateralized by the Company's assets and equity and contains a financial covenant, as well as certain business covenants, including restrictions on dividend payments, which we must comply with during the term of the agreement. The financial covenant is a consolidated fixed charge coverage ratio test of at least 1.0 to 1.0 applicable during a covenant period, based on reference to availability. We were in compliance with all terms of the Credit Facility during 2021.

The provisions of the Credit Facility restrict all of the net assets of the Company's consolidated subsidiaries, which constitutes all of the net assets on our consolidated balance sheet as of January 29, 2022 from being used to pay any dividends or make other restricted payments to the Company without prior written consent from the financial institutions that are a party to the Credit Facility, subject to material exceptions including proforma compliance with the applicable conditions described in the Credit Facility.

Contractual Obligations

We enter into long-term contractual obligations and commitments in the normal course of business, primarily operating leases. The following table summarizes our material cash requirements over the next several periods from known contractual obligations, including contractual lease obligations:

	Less than 1 year	1-3 Years	3-5 Years	Thereafter	Total
			(in thousands)		
Operating leases (1)	$ 81,360	$ 170,593	$ 111,660	$ 116,040	$ 479,653
Finance leases	607	525	-	-	1,132
Purchase obligations (2)	12,300	-	-	-	12,300
Total	$ 94,267	$ 171,118	$ 111,660	$ 116,040	$ 493,085

(1) Operating lease payments exclude $46.7 million of legally binding minimum lease payments for leases signed, but not yet commenced.

(2) Purchase obligations represent $12.3 million associated with a construction agreement for the expansion of our York, PA distribution center (entered into on March 7, 2022).

We do not have any off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that is material to investors.

Seasonality

Our business is seasonal in nature and demand is generally the highest in our fourth fiscal quarter due to the holiday sales season. To prepare for the holiday sales season, we must order and keep in stock more merchandise than we carry during other times of the year and generally engage in additional marketing efforts. We expect inventory levels, along with accounts payable and accrued expenses, to reach their highest levels in our third and fourth fiscal quarters in anticipation of increased net sales during the holiday sales season. As a result of this seasonality, and generally because of variation in consumer spending habits, we experience fluctuations in net sales and working capital requirements during the year. Because we offer a broad selection of merchandise at extreme values, we believe we are generally less impacted than other retailers by economic cycles which correspond with declines in general consumer spending habits and we believe we still benefit from periods of increased consumer spending.

Critical Accounting Estimates

Our consolidated financial statements have been prepared in accordance with GAAP. A summary of our significant accounting policies can be found in Note 1 to our audited consolidated financial statements included elsewhere in this Annual Report on Form 10-K. The preparation of these consolidated financial statements requires us to make judgments and estimates that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosures. These judgments and estimates are based on historical and other factors believed to be reasonable under the circumstances. We have identified the policies below as critical to our business operations and understanding of our results of operations.

Inventories

Inventories are stated at the lower of cost or market determined using the retail inventory method on a first-in, first-out basis. The cost of inventories includes the merchandise cost, transportation costs, and certain distribution and storage costs. Such costs are thereafter expensed as cost of sales upon the sale of the merchandise.

Under the retail inventory method, which is widely used in the retail industry, inventory is segregated into departments of merchandise having similar characteristics. The valuation of inventories and the resulting gross profit is derived by applying a calculated cost-to-retail ratio to the retail value of inventories for each department.

Inherent in the retail inventory method are certain management judgments and estimates including, among others, merchandise markups, the amount and timing of permanent markdowns, and shrinkage, which may significantly impact both the ending inventory valuation and gross profit.

Factors considered in the determination of permanent markdowns include uncertainties related to inventory obsolescence, excess inventories, current and anticipated demand, age of the merchandise and customer preferences. A significant increase in the demand for merchandise could result in a short-term increase in inventory purchases while a significant decrease in demand could result in an increase in the amount of excess inventory quantities on-hand. If our inventory is determined to be overvalued in the future, we would be required to recognize such costs in cost of sales and reduce operating income at the time of such determination. Therefore, although every effort is made to ensure the accuracy of forecasts of merchandise demand, any significant unanticipated changes in demand or in economic conditions within our markets could have a significant impact on the value of our inventory and reported operating results. Similarly, if higher than anticipated levels of shrinkage were to occur, it could have a material effect on our results of operations.

We have not made any material changes in the methodology used to recognize permanent markdowns or inventory shrinkage in the financial periods presented nor do we anticipate material changes in assumptions we use for permanent markdowns or shrinkage. As previously stated, however, if our actual experience does not accurately reflect our assumptions and forecasts, we may be exposed to losses or gains that could be material. We believe a 10% change in our assumptions as of January 29, 2022 would have impacted net income by approximately $0.7 million in 2021.

Goodwill/Intangible Assets

We amortize intangible assets over their useful lives unless we determine such lives to be indefinite. Goodwill and intangible assets having indefinite useful lives are not amortized to earnings, but instead are subject to annual impairment testing or more frequently if events or circumstances indicate that the value of goodwill or intangible assets having indefinite useful lives might be impaired.

Goodwill and intangible assets having indefinite useful lives are tested for impairment annually in the fiscal month of October. We have the option to evaluate qualitative factors to determine if it is more likely than not that the carrying amount of our sole reporting unit or our nonamortizing intangible assets (consisting of a tradename) exceed their implied respective fair value and whether it is necessary to perform a quantitative analysis to determine impairment. As part of this qualitative assessment, we weigh the relative impact of factors that are specific to our sole reporting unit or our nonamortizing intangible assets as well as industry, regulatory and macroeconomic factors that could affect the inputs used to determine the fair value of the assets.

If management determines a quantitative goodwill impairment test is required, or it elects to perform a quantitative test, the test is performed by determining the fair value of our sole reporting unit. Fair value is determined based on our public market capitalization. The carrying value of goodwill is considered impaired when the reporting unit's fair value is less than its carrying value and the Company would record an impairment loss equal to the difference, not to exceed the total amount of goodwill allocated to the reporting unit.

If management determines a quantitative analysis of intangible assets having indefinite useful lives is required, the test is performed using the discounted cash flow method based on management's projection of future revenues and an estimated royalty rate to determine the fair value of the asset, specifically, our tradename. An impairment loss is recognized for any excess of the carrying amount of the asset over the implied fair value of that asset.

Our impairment calculations contain uncertainties as they require management to make assumptions and apply judgment to qualitative factors as well as estimate future cash flows by forecasting financial performance. Our policy is to conduct impairment testing based on our most current business plans, which reflect anticipated changes in the economy and the retail industry. Should significant changes in our overall business strategy, future results or economic events cause us to adjust our projected cash flows, future estimates of fair value may not support the carrying amount of these assets. If actual results prove inconsistent with our assumptions and judgments, we could be exposed to an impairment charge.

For 2021 and 2020, we completed an impairment test of our goodwill and determined that no impairment of goodwill existed. Similarly, for 2021 and 2020, we completed an impairment test of our tradename and determined that no impairment of the asset existed.

Item 7A. Quantitative and Qualitative Disclosures about Market Risks

Interest Rate Risk

Our operating results are subject to risk from interest rate fluctuations on our Credit Facility, which carries variable interest rates. As of January 29, 2022, our Credit Facility consisted solely of a Revolving Credit Facility with advances tied to a borrowing base. Because our Credit Facility bears interest at a variable rate, we are exposed to market risks relating to changes in interest rates. As of January 29, 2022, we had no outstanding variable rate debt under our Revolving Credit Facility. We do not use derivative financial instruments for speculative or trading purposes, but this does not preclude our adoption of specific hedging strategies in the future.

Impact of Inflation

Our results of operations and financial condition are presented based on historical cost. While it is difficult to accurately measure the impact of inflation due to the imprecise nature of the estimates required, we believe the effects of inflation, if any, on our historical results of operations and financial condition have been immaterial. We cannot be assured that our results of operations and financial condition will not be materially impacted by inflation in the future.

Item 8: Financial Statements and Supplementary Data.

OLLIE'S BARGAIN OUTLET HOLDINGS, INC. AND SUBSIDIARIES

Index to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
Ollie's Bargain Outlet Holdings, Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Ollie's Bargain Outlet Holdings, Inc. and subsidiaries (the Company) as of January 29, 2022 and January 30, 2021, the related consolidated statements of income, stockholders' equity, and cash flows for each of the fiscal years in the three-year period ended January 29, 2022, and the related notes and financial statement schedule I - condensed financial information of registrant (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of January 29, 2022 and January 30, 2021 and the results of its operations and its cash flows for each of the fiscal years in the three-year period ended January 29, 2022, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of January 29, 2022, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated March 25, 2022 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Evaluation of excess inventories

As discussed in Note 1(h) to the consolidated financial statements, the Company utilizes the retail inventory method. The retail inventory method involves the use of judgments and estimates, such as the timing of permanent markdowns, to account for excess inventory that may impact the valuation of ending inventory. Factors considered in the determination of permanent markdowns include inventory obsolescence, excess inventories, current and anticipated demand, age of the merchandise and customer preferences. As of January 29, 2022, the Company’s inventory balance was $467.3 million.

We identified the evaluation of excess inventories as a critical audit matter. Especially challenging auditor judgement was required to evaluate the timeliness of permanent markdowns due to the subjective nature of the audit procedures applied to evaluate the time period in which the excess inventories warranted a permanent markdown.

The following are the primary procedures we performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls related to the evaluation of excess inventories. This included controls related to inventory permanent markdowns, including controls over the review of the excess inventory analysis, which provided the time period inventories have been outstanding, in order to identify excess inventories. To test the timeliness of permanent markdowns, we assessed the reliability of the excess inventory analysis, and we involved information technology professionals with specialized skills and knowledge, who assisted in evaluating the reliability of the aged inventory items by product type. In addition, we evaluated the Company’s determination of timely permanent markdowns by analyzing the Company’s excess inventory analysis.

/s/ KPMG LLP

We have served as the Company’s auditor since 2009.

Philadelphia, Pennsylvania
March 25, 2022

OLLIE'S BARGAIN OUTLET HOLDINGS, INC. AND SUBSIDIARIES
Consolidated Statements of Income
(In thousands, except per share amounts)

	Fiscal year ended		
	January 29, 2022	**January 30, 2021**	**February 1, 2020**
Net sales	$ 1,752,995	$ 1,808,821	$ 1,408,199
Cost of sales	1,071,749	1,085,455	852,610
Gross profit	681,246	723,366	555,589
Selling, general and administrative expenses	447,615	418,889	356,060
Depreciation and amortization expenses	19,364	16,705	14,582
Pre-opening expenses	9,675	10,272	13,092
Operating income	204,592	277,500	171,855
Interest expense (income), net	209	(278)	(878)
Income before income taxes	204,383	277,778	172,733
Income tax expense	46,928	35,082	31,603
Net income	$ 157,455	$ 242,696	$ 141,130
Earnings per common share:			
Basic	$ 2.44	$ 3.75	$ 2.23
Diluted	$ 2.43	$ 3.68	$ 2.14
Weighted average common shares outstanding:			
Basic	64,447	64,748	63,214
Diluted	64,878	65,873	65,874

See accompanying notes to the consolidated financial statements.

OLLIE'S BARGAIN OUTLET HOLDINGS, INC. AND SUBSIDIARIES
Consolidated Balance Sheets
(In thousands, except per share amounts)

	January 29, 2022	January 30, 2021
Assets		
Current assets:		
Cash and cash equivalents	$ 246,977	$ 447,126
Inventories	467,306	353,704
Accounts receivable	1,372	621
Prepaid expenses and other assets	11,173	7,316
Total current assets	726,828	808,767
Property and equipment, net	147,164	138,712
Operating lease right-of-use assets	420,568	380,546
Goodwill	444,850	444,850
Trade name	230,559	230,559
Other assets	2,203	2,421
Total assets	$ 1,972,172	$ 2,005,855
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion of long-term debt	$ 332	$ 328
Accounts payable	106,599	117,217
Income taxes payable	2,556	10,960
Current portion of operating lease liabilities	75,535	64,732
Accrued expenses and other	78,246	90,559
Total current liabilities	263,268	283,796
Revolving credit facility	-	-
Long-term debt	719	656
Deferred income taxes	66,179	65,064
Long-term operating lease liabilities	354,293	321,454
Other long-term liabilities	3	4
Total liabilities	684,462	670,974
Stockholders' equity:		
Preferred stock - 50,000 shares authorized at $0.001 par value; no shares issued	-	-
Common stock - 500,000 shares authorized at $0.001 par value; 66,516 and 66,165 shares issued, respectively	67	66
Additional paid-in capital	664,293	648,949
Retained earnings	883,722	726,267
Treasury - common stock, at cost; 3,816 and 702 shares, respectively	(260,372)	(40,401)
Total stockholders' equity	1,287,710	1,334,881
Total liabilities and stockholders' equity	$ 1,972,172	$ 2,005,855

See accompanying notes to the consolidated financial statements.

OLLIE'S BARGAIN OUTLET HOLDINGS, INC. AND SUBSIDIARIES
Consolidated Statements of Stockholders' Equity
(In thousands)

	Common stock		Treasury stock		Additional paid-in capital	Retained earnings	Total stockholders' equity
	Shares	Amount	Shares	Amount			
Balance as of February 2, 2019	63,015	$ 63	(9)	$ (86)	$ 600,234	$ 342,441	$ 942,652
Stock-based compensation expense	-	-	-	-	7,302	-	7,302
Proceeds from stock options exercised	653	1	-	-	9,086	-	9,087
Vesting of restricted stock	60	-	-	-	-	-	-
Common shares withheld for taxes	(16)	-	-	-	(1,272)	-	(1,272)
Shares repurchased	-	-	(689)	(40,014)	-	-	(40,014)
Net income	-	-	-	-	-	141,130	141,130
Balance as of February 1, 2020	63,712	64	(698)	(40,100)	615,350	483,571	1,058,885
Stock-based compensation expense	-	-	-	-	6,501	-	6,501
Proceeds from stock options exercised	2,403	2	-	-	28,059	-	28,061
Vesting of restricted stock	69	-	-	-	-	-	-
Common shares withheld for taxes	(19)	-	-	-	(961)	-	(961)
Shares repurchased	-	-	(4)	(301)	-	-	(301)
Net income	-	-	-	-	-	242,696	242,696
Balance as of January 30, 2021	66,165	66	(702)	(40,401)	648,949	726,267	1,334,881
Stock-based compensation expense	-	-	-	-	8,042	-	8,042
Proceeds from stock options exercised	305	1	-	-	8,634	-	8,635
Vesting of restricted stock	62	-	-	-	-	-	-
Common shares withheld for taxes	(16)	-	-	-	(1,332)	-	(1,332)
Shares repurchased	-	-	(3,114)	(219,971)	-	-	(219,971)
Net income	-	-	-	-	-	157,455	157,455
Balance as of January 29, 2022	66,516	$ 67	(3,816)	$ (260,372)	$ 664,293	$ 883,722	$ 1,287,710

See accompanying notes to the consolidated financial statements.

OLLIE'S BARGAIN OUTLET HOLDINGS, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(In thousands)

	Fiscal year ended		
	January 29, 2022	**January 30, 2021**	**February 1, 2020**
Cash flows from operating activities:			
Net income	$ 157,455	$ 242,696	$ 141,130
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization of property and equipment	24,894	22,465	17,543
Amortization of debt issuance costs	256	256	296
Gain on sale of assets	(213)	(2)	(74)
Deferred income tax provision	1,115	5,663	3,785
Stock-based compensation expense	8,042	6,501	7,302
Changes in operating assets and liabilities:			
Inventories	(113,602)	(18,523)	(38,774)
Accounts receivable	(751)	2,219	(2,270)
Prepaid expenses and other assets	(3,895)	(1,849)	(870)
Accounts payable	(11,116)	55,574	(15,513)
Income taxes payable	(8,404)	7,054	(3,487)
Accrued expenses and other liabilities	(8,748)	39,200	(3,724)
Net cash provided by operating activities	45,033	361,254	105,344
Cash flows from investing activities:			
Purchases of property and equipment	(34,989)	(30,525)	(76,979)
Proceeds from sale of property and equipment	3,159	122	42,855
Purchase of intangible asset	-	(45)	-
Net cash used in investing activities	(31,830)	(30,448)	(34,124)
Cash flows from financing activities:			
Repayments on finance leases	(684)	(429)	(460)
Payment of debt issuance costs	-	-	(552)
Proceeds from stock option exercises	8,635	28,061	9,087
Common shares withheld for taxes	(1,332)	(961)	(1,272)
Payment for shares repurchased	(219,971)	(301)	(40,014)
Net cash (used in) provided by financing activities	(213,352)	26,370	(33,211)
Net (decrease) increase in cash and cash equivalents	(200,149)	357,176	38,009
Cash and cash equivalents at the beginning of the year	447,126	89,950	51,941
Cash and cash equivalents at the end of the year	$ 246,977	$ 447,126	$ 89,950
Supplemental disclosure of cash flow information:			
Cash paid during the year for:			
Interest	$ 358	$ 324	$ 355
Income taxes	$ 54,690	$ 22,047	$ 30,857
Non-cash investing activities:			
Accrued purchases of property and equipment	$ 3,189	$ 2,636	$ 4,562

See accompanying notes to the consolidated financial statements.

(1) Organization and Summary of Significant Accounting Policies

(a) Description of Business

Ollie’s Bargain Outlet Holdings, Inc. and subsidiaries (collectively referred to as the “Company” or “Ollie’s”) principally buys overproduced, overstocked and closeout merchandise from manufacturers, wholesalers and other retailers. In addition, the Company augments its name-brand closeout deals with directly sourced private label products featuring names exclusive to Ollie’s in order to provide consistently value-priced goods in select key merchandise categories.

Since its first store opened in 1982, the Company has grown to 431 retail locations in 29 states as of January 29, 2022. Ollie’s Bargain Outlet retail locations are located in Alabama, Arkansas, Connecticut, Delaware, Florida, Georgia, Illinois, Indiana, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Mississippi, Missouri, New Jersey, New York, North Carolina, Ohio, Oklahoma, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, Vermont, Virginia and West Virginia.

(b) Fiscal Year

Ollie’s follows a 52/53-week fiscal year, which ends on the Saturday nearer January 31 of the following calendar year. References to the fiscal year ended January 29, 2022 refer to the 52-week period from January 31, 2021 to January 29, 2022 (“2021”). References to the fiscal year ended January 30, 2021 refer to the 52-week period from February 2, 2020 to January 30, 2021 (“2020”). References to the fiscal year ended February 1, 2020 refer to the 52-week period from February 3, 2019 to February 1, 2020 (“2019”).

(c) Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries. Intercompany transactions have been eliminated in consolidation.

(d) Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(e) Fair Value Disclosures

Fair value is defined as the price which the Company would receive to sell an asset or pay to transfer a liability (an exit price) in an orderly transaction between market participants on the measurement date. In determining fair value, GAAP establishes a three-level hierarchy used in measuring fair value, as follows:

- Level 1 inputs are quoted prices available for identical assets and liabilities in active markets.
- Level 2 inputs are observable for the asset or liability, either directly or indirectly, including quoted prices for similar assets and liabilities in active markets or other inputs that are observable or can be corroborated by observable market data.
- Level 3 inputs are less observable and reflect the Company’s assumptions.

Ollie’s financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and the Company’s credit facilities. The carrying amounts of cash and cash equivalents, accounts receivable and accounts payable approximate fair value because of their short maturities. The carrying amount of the Company’s credit facilities approximates its fair value because the interest rates are adjusted regularly based on current market conditions.

(f) Cash and Cash Equivalents

The Company considers cash on hand in stores, bank deposits, credit card receivables, and all highly liquid investments with remaining maturities of three months or less at the date of acquisition to be cash and cash equivalents. Amounts receivable from credit card issuers are typically converted to cash within one to two business days of the original sales transaction.

(g) Concentration of Credit Risk

A financial instrument which potentially subjects the Company to a concentration of credit risk is cash. Ollie's currently maintains its day-to-day operating cash balances with major financial institutions. The Company's operating cash balances are in excess of the Federal Deposit Insurance Corporation ("FDIC") insurance limit. From time to time, Ollie's invests temporary excess cash in overnight investments with expected minimal volatility, such as money market funds. Although the Company maintains balances which exceed the FDIC insured limit, it has not experienced any losses related to these balances, and Ollie's believes the credit risk to be minimal.

(h) Inventories

Inventories are stated at the lower of cost or market determined using the retail inventory method on a first-in, first-out basis. The cost of inventories includes the merchandise cost, transportation costs, and certain distribution and storage costs. Such costs are thereafter expensed as cost of sales upon the sale of the merchandise.

Inherent in the retail inventory method are certain management judgments and estimates including, among others, merchandise markups, the amount and timing of permanent markdowns, and shrinkage, which may significantly impact both the ending inventory valuation and gross profit.

Factors considered in the determination of permanent markdowns include inventory obsolescence, excess inventories, current and anticipated demand, age of the merchandise and customer preferences. Pursuant to the retail inventory method, permanent markdowns result in the devaluation of inventory and the resulting gross profit reduction is recognized in the period in which the markdown is recorded.

(i) Property and Equipment

Property and equipment are stated at original cost less accumulated depreciation and amortization. Depreciation and amortization are calculated over the estimated useful lives of the related assets, or in the case of leasehold improvements, the lesser of the useful lives or the remaining term of the lease. Expenditures for additions, renewals, and betterments are capitalized; expenditures for maintenance and repairs are charged to expense as incurred. Depreciation is computed on the straight-line method for financial reporting purposes.

The useful lives for the purpose of computing depreciation and amortization are as follows:

Software	3 years
Automobiles	2 - 5 years
Computer equipment	5 years
Furniture, fixtures and equipment	7 - 10 years
Buildings	40 years
Leasehold improvements	Lesser of lease term or useful life

(j) Goodwill/Intangible Assets

The Company amortizes intangible assets over their useful lives unless it determines such lives to be indefinite. Goodwill and intangible assets having indefinite useful lives are not amortized to earnings, but instead are subject to annual impairment testing or more frequently if events or circumstances indicate that the value of goodwill or intangible assets having indefinite useful lives might be impaired.

Goodwill and intangible assets having indefinite useful lives are tested for impairment annually in the fiscal month of October. The Company has the option to evaluate qualitative factors to determine if it is more likely than not that the carrying amount of its sole reporting unit or its nonamortizing intangible assets (consisting of a tradename) exceed their implied respective fair value and whether it is necessary to perform a quantitative analysis to determine impairment. As part of this qualitative assessment, the Company weighs the relative impact of factors that are specific to its sole reporting unit or its nonamortizing intangible assets as well as industry, regulatory and macroeconomic factors that could affect the inputs used to determine the fair value of the assets.

If management determines a quantitative goodwill impairment test is required, or it elects to perform a quantitative test, the test is performed by determining the fair value of the Company's sole reporting unit. Fair value is determined based on the Company's public market capitalization. The carrying value of goodwill is considered impaired when the reporting unit's fair value is less than its carrying value and the Company would record an impairment loss equal to the difference, not to exceed the total amount of goodwill allocated to the reporting unit.

For 2021, 2020 and 2019, the Company completed an impairment test of its goodwill and determined that no impairment of goodwill existed.

If management determines a quantitative analysis of intangible assets having indefinite useful lives is required, the test is performed using the discounted cash flow method based on management's projections of future revenues and an estimated royalty rate to determine the fair value of the asset, specifically, the Company's tradename. An impairment loss is recognized for any excess of the carrying amount of the asset over the implied fair value of that asset.

For 2021, 2020 and 2019, the Company completed an impairment test of its tradename and determined that no impairment of the asset existed.

(k) Impairment of Long-Lived Assets

Long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group be tested for possible impairment, the Company first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying value. If the carrying value of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques, including discounted cash flow models, quoted market values and third-party independent appraisals, as considered necessary.

(l) Stock-Based Compensation

The Company measures the cost of employee services received in exchange for stock-based compensation based on the grant date fair value of the employee stock award. For stock option awards, the Company estimates grant date fair value using the Black-Scholes option pricing model. For restricted stock unit awards, grant date fair value is determined based on the closing trading value of the Company's stock on the date of grant. In both cases, stock-based compensation is recorded on a straight-line basis over the vesting period for the entire award.

(m) Cost of Sales

Cost of sales includes merchandise costs, inventory markdowns, shrinkage and transportation, distribution and warehousing costs, including depreciation and amortization.

(n) Selling, General and Administrative Expenses

Selling, general and administrative expenses ("SG&A") are comprised of payroll and benefits for stores, field support and support center associates. SG&A also include marketing and advertising expense, occupancy costs for stores and the store support center, insurance, corporate infrastructure, and other general expenses.

(o) Advertising Costs

Advertising costs primarily consist of newspaper circulars, email campaigns, media broadcasts and prominent advertising at professional and collegiate sporting events and are generally expensed the first time the advertising occurs. Advertising expense for 2021, 2020 and 2019 was $52.2 million, $41.4 million and $42.4 million, respectively.

(p) Operating Leases

The Company generally leases its store locations, distribution centers and office facilities. Many of the lease agreements contain rent holidays, rent escalation clauses and contingent rent provisions – or some combination of these items. For leases of store locations and the store support centers, the Company recognizes rent expense in SG&A. For leases of distribution centers, the Company recognizes rent expense within cost of sales. All rent expense is recorded on a straight-line basis over the accounting lease term, which includes lease renewals determined to be reasonably certain.

The Company recognizes operating lease assets and liabilities at the lease commencement date in accordance with Accounting Standards Update 2016-02, *Leases* ("ASU 2016-02"). Operating lease liabilities represent the present value of lease payments not yet paid. Operating lease assets represent the Company's right to use an underlying asset for the lease term. The Company's lessors do not provide an implicit rate, nor is one readily available, therefore the Company uses its incremental borrowing rate based on the portfolio approach, which applies one rate to leases within a given period. The incremental borrowing rate is used to discount future cash flows and is an estimate which is determined by an analysis of the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and current market conditions.

(q) Pre-Opening Expenses

Pre-opening expenses consist of expenses of opening new stores and distribution centers, as well as store closing costs. For opening new stores, pre-opening expenses include grand opening advertising costs, payroll expenses, travel expenses, employee training costs, rent expenses and store setup costs. Pre-opening expenses for new stores are expensed as they are incurred, which is typically within 30 to 45 days of opening a new store. For opening distribution centers, pre-opening expenses primarily include inventory transportation costs, employee travel expenses and occupancy costs. Store closing costs primarily consist of insurance deductibles, rent and store payroll.

(r) Debt Issuance Costs

Debt issuance costs are amortized to interest expense using the effective interest method over the life of the related debt. As of January 29, 2022 and January 30, 2021, debt issuance costs, net of accumulated amortization, were $0.5 million and $0.8 million, respectively. The amortization expense for debt issuance costs was $0.3 million in each of 2021, 2020 and 2019.

(s) Self-Insurance Liabilities

Under a number of the Company's insurance programs, which include the Company's employee health insurance program, its workers' compensation and general liability insurance programs, the Company is liable for a portion of its losses. The Company estimates the accrued liabilities for its self-insurance programs using historical claims experience and loss reserves. To limit the Company's exposure to losses, a stop-loss coverage is maintained through third-party insurers.

(t) Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating losses and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized.

Ollie's files consolidated federal and state income tax returns. For tax years prior to 2018, the Company is no longer subject to U.S. federal income tax examinations. State income tax returns are filed in various state tax jurisdictions, as appropriate, with varying statutes of limitation and remain subject to examination for varying periods up to three to four years depending on the state.

(u) *Earnings per Common Share*

Basic earnings per common share is computed by dividing net income by the weighted average number of common shares outstanding. Diluted earnings per common share is computed by dividing net income by the weighted average number of common shares outstanding, after giving effect to the potential dilution, if applicable, from the assumed exercise of stock options into shares of common stock as if those stock options were exercised and the assumed lapse of restrictions on restricted stock units.

The following table summarizes those effects for the diluted earnings per common share calculation (in thousands, except per share amounts):

	Fiscal year ended		
	January 29, 2022	January 30, 2021	February 1, 2020
Net income	$ 157,455	$ 242,696	$ 141,130
Weighted average number of common shares outstanding – Basic	64,447	64,748	63,214
Incremental shares from the assumed exercise of outstanding stock options and vesting of restricted stock units	431	1,125	2,660
Weighted average number of common shares outstanding – Diluted	64,878	65,873	65,874
Earnings per common share – Basic	$ 2.44	$ 3.75	$ 2.23
Earnings per common share – Diluted	$ 2.43	$ 3.68	$ 2.14

The effect of the weighted average assumed exercise of stock options outstanding totaling 425,718, 322,238 and 359,801 as of January 29, 2022, January 30, 2021 and February 1, 2020, respectively, were excluded from the calculation of diluted weighted average common shares outstanding because the effect would have been antidilutive.

The effect of weighted average non-vested restricted stock units outstanding totaling 22,546, 12,047 and 34,673 as of January 29, 2022, January 30, 2021 and February 1, 2020, respectively, were excluded from the calculation of diluted weighted average common shares outstanding because the effect would have been antidilutive.

(v) *Impact of the Novel Coronavirus ("COVID-19")*

The outbreak of the novel coronavirus COVID-19, which was declared a global pandemic by the World Health Organization on March 11, 2020, has led to adverse impacts on the U.S. and global economies. The outbreak of COVID-19 and related measures to quell the outbreak have impacted the Company's inventory supply chain, operations and customer demand. The Company is continuing to experience labor pressures in its stores and distribution centers as well as supply chain disruptions due to the ongoing impacts of COVID-19 and related measures. The COVID-19 pandemic could further affect the Company's operations and the operations of its suppliers and vendors as a result of continuing or renewed restrictions and limitations on travel, limitations on store or facility operations up to and including closures, and other governmental, business or consumer actions. The extent to which the COVID-19 pandemic will impact the Company's operations, liquidity or financial results in subsequent periods is uncertain, but such impact could be material.

(2) Net Sales

Ollie's recognizes retail sales in its stores when merchandise is sold and the customer takes possession of merchandise. Also included in net sales is revenue allocated to certain redeemed discounts earned via the Ollie's Army loyalty program and gift card breakage. Net sales are presented net of returns and sales tax. The Company provides an allowance for estimated retail merchandise returns based on prior experience.

Revenue Recognition

Revenue is deferred for the Ollie's Army loyalty program where members accumulate points that can be redeemed for discounts on future purchases. The Company has determined it has an additional performance obligation to Ollie's Army members at the time of the initial transaction. The Company allocates the transaction price to the initial transaction and the discount awards based upon its relative standalone selling price, which considers historical redemption patterns for the award. Revenue is recognized as those discount awards are redeemed. Discount awards issued upon the achievement of specified point levels are subject to expiration. Unless temporarily extended, the maximum redemption period is 45 days. At the end of each fiscal period, unredeemed discount awards and accumulated points to earn a future discount award are reflected as a liability. Discount awards are combined in one homogeneous pool and are not separately identifiable. Therefore, the revenue recognized consists of discount awards redeemed that were included in the deferred revenue balance at the beginning of the period as well as discount awards issued during the current period. The following table is a reconciliation of the liability related to this program (in thousands):

	Fiscal year ended		
	January 29, 2022	January 30, 2021	February 1, 2020
Beginning balance	$ 8,113	$ 8,254	$ 9,055
Revenue deferred	15,290	17,813	15,720
Revenue recognized	(15,621)	(17,954)	(16,521)
Ending balance	$ 7,782	$ 8,113	$ 8,254

Gift card breakage for gift card liabilities not subject to escheatment is recognized as revenue in proportion to the redemption of gift cards. Gift cards do not expire. The rate applied to redemptions is based upon a historical breakage rate. Gift cards are combined in one homogenous pool and are not separately identifiable. Therefore, the revenue recognized consists of gift cards that were included in the liability at the beginning of the period as well as gift cards that were issued during the period. The following table is a reconciliation of the gift card liability (in thousands):

	Fiscal year ended		
	January 29, 2022	January 30, 2021	February 1, 2020
Beginning balance	$ 1,902	$ 1,679	$ 1,448
Gift card issuances	5,433	4,906	5,178
Gift card redemption and breakage	(5,044)	(4,683)	(4,947)
Ending balance	$ 2,291	$ 1,902	$ 1,679

Sales return allowance is recorded on a gross basis on the consolidated balance sheets as a refund liability and an asset for recovery. The allowance for estimated retail merchandise returns is based on prior experience. The following table provides a reconciliation of the activity related to the Company’s sales returns allowance (in thousands):

	Fiscal year ended		
	January 29, 2022	January 30, 2021	February 1, 2020
Beginning balance	$ 1,060	$ 1,060	$ 798
Provisions	54,475	52,472	55,649
Sales returns	(54,434)	(52,472)	(55,387)
Ending balance	$ 1,101	$ 1,060	$ 1,060

(3) Property and Equipment

Property and equipment consists of the following (in thousands):

	January 29, 2022	January 30, 2021
Land	$ 7,942	$ 7,516
Buildings	34,608	33,658
Furniture, fixtures and equipment	184,050	162,119
Leasehold improvements	40,858	31,937
Automobiles	2,338	2,109
	269,796	237,339
Less: Accumulated depreciation and amortization	(122,632)	(98,627)
	$ 147,164	$ 138,712

Depreciation and amortization expense of property and equipment was $24.9 million, $22.5 million and $17.5 million in 2021, 2020 and 2019, respectively, of which $19.4 million, $16.7 million and $14.6 million is included in the depreciation and amortization expenses in 2021, 2020 and 2019, respectively, on the consolidated statements of income. The remainder, as it relates to the Company’s distribution centers, is included within cost of sales on the consolidated statements of income.

(4) Commitments and Contingencies

Commitments

On February 3, 2019, the first day of Ollie’s fiscal year 2019, the Company adopted ASU 2016-02, which requires that lessees recognize right-of-use assets and lease liabilities for all leases on the balance sheet. Pursuant to the adoption of the new standard, the Company elected the practical expedients upon transition that did not require it to reassess existing contracts to determine if they contain leases under the new definition of a lease, or to reassess historical lease classification or initial direct costs. The Company also adopted the practical expedient to not separate lease and non-lease components for new leases after adoption of the new standard. In addition, the Company applied a policy election to exclude leases with an initial term of 12 months or less from balance sheet recognition. The Company did not adopt the hindsight practical expedient and, therefore, will continue to utilize lease terms determined under previous lease guidance for leases existing at the date of adoption that are not subsequently modified.

Ollie's generally leases its stores, offices and distribution facilities under operating leases that expire at various dates through 2034. These leases generally provide for fixed annual rentals; however, several provide for minimum annual rentals plus contingent rentals based on a percentage of annual sales. A majority of the Company's leases also require a payment for all or a portion of common-area maintenance, insurance, real estate taxes, water and sewer costs and repairs, on a fixed or variable payment basis, the cost of which, for leases existing as of the adoption of ASU 2016-02, is charged to the related expense category rather than being accounted for as rent expense. For leases entered into after the adoption of ASU 2016-02, the Company accounts for lease components together with non-lease components as a single component for all classes of underlying assets. Most of the leases contain options to renew for three to five successive five-year periods. The Company is generally not reasonably certain to exercise renewal options; therefore, the options are not considered in determining the lease term, and associated potential option payments are excluded from the lease payments. Ollie's lease agreements generally do not contain any material residual value guarantees or material restrictive covenants.

Store and office lease costs are classified in SG&A and distribution center lease costs are classified in cost of sales on the consolidated statements of income.

The following table summarizes the maturity of the Company's operating lease liabilities by fiscal year as of January 29, 2022 (in thousands):

2022	$ 81,360
2023	94,452
2024	76,141
2025	60,109
2026	51,551
Thereafter	116,040
Total undiscounted lease payments (1)	479,653
Less: Imputed interest	(49,825)
Total lease obligations	429,828
Less: Current obligations under leases	(75,535)
Long-term lease obligations	$ 354,293

(1) Lease obligations exclude $46.7 million of minimum lease payments for leases signed, but not commenced.

The following table summarizes other information related to the Company's operating leases as of and for the respective periods (dollars in thousands):

	Fiscal Year Ended		
	January 29, 2022	**January 30, 2021**	**February 1, 2020**
Cash paid for operating leases	$ 85,923	$ 70,829	$ 66,705
Operating lease cost	86,516	77,843	67,360
Variable lease cost	7,848	5,494	2,421
Non-cash right-of-use assets obtained in exchange for lease obligations	59,696	63,670	91,986
Weighted-average remaining lease term	6.6 years	6.7 years	7.1 years
Weighted-average discount rate	3.4%	4.1%	4.5%

Marketing Commitment

The Company has entered into an agreement with Valassis Communications, Inc. for marketing services. This agreement has a guaranteed spend commitment of $23.0 million over a two-year period ending on May 28, 2022. As of January 29, 2022, the Company has met its guaranteed spend commitment of $23.0 million.

Contingencies

From time to time the Company may be involved in claims and legal actions that arise in the ordinary course of its business. The Company cannot predict the outcome of any litigation or suit to which it is a party. However, the Company does not believe that an unfavorable decision of any of the current claims or legal actions against it, individually or in the aggregate, will have a material adverse effect on its financial position, results of operations, liquidity or capital resources.

Sale-Leaseback

On May 31, 2019, OBO Ventures, Inc. ("OBO"), a wholly owned subsidiary of the Company, entered into a sale-leaseback transaction with an unaffiliated third-party involving 12 former Toys "R" Us store locations which were acquired by OBO on August 29, 2018. OBO received approximately $42.0 million for the 12 locations, which resulted in no net gain or loss. Each of the 12 leased locations has 15-year lease terms with options for renewal and are included in operating lease liabilities in the accompanying consolidated balance sheets.

(5) Accrued Expenses

Accrued expenses consist of the following (in thousands):

	January 29, 2022	January 30, 2021
Compensation and benefits	$ 19,270	$ 32,943
Deferred revenue	10,073	10,015
Insurance	9,626	6,318
Advertising	8,531	4,325
Real estate related	7,234	5,753
Sales and use taxes	5,968	6,487
Freight	2,073	7,180
Other	15,471	17,538
	$ 78,246	$ 90,559

(6) Debt Obligations and Financing Arrangements

Long-term debt consists of finance leases as of January 29, 2022 and January 30, 2021.

On May 22, 2019, the Company completed a transaction in which it refinanced its credit facility (the "Credit Facility"). The Credit Facility provides for a five-year $100.0 million revolving credit facility, which includes a $45.0 million sub-facility for letters of credit and a $25.0 million sub-facility for swingline loans (the "Revolving Credit Facility"). Loans under the Revolving Credit Facility mature on May 22, 2024. In addition, the Company may at any time add term loan facilities or additional revolving commitments up to $150.0 million pursuant to terms and conditions set out in the Credit Facility.

The interest rates for the Credit Facility are calculated as follows: for Base Rate Loans, the higher of the Prime Rate, the Federal Funds Effective Rate plus 0.50% or the Eurodollar Rate plus 1.0%, plus the Applicable Margin, or, for Eurodollar Loans, the Eurodollar Rate plus the Applicable Margin. The Applicable Margin will vary from 0.00% to 0.50% for a Base Rate Loan and 1.00% to 1.50% for a Eurodollar Loan, based on availability under the Credit Facility. The Eurodollar Rate is subject to a 0% floor.

Under the terms of the Revolving Credit Facility, as of January 29, 2022, the Company could borrow up to 90.0% of the most recent appraised value (valued at cost, discounted for the current net orderly liquidation value) of its eligible inventory, as defined, up to $100.0 million.

As of January 29, 2022, the Company had no outstanding borrowings under the Revolving Credit Facility, with $84.7 million of borrowing availability, outstanding letters of credit commitments of $15.1 million and $0.2 million of rent reserves. The Revolving Credit Facility also contains a variable unused line fee ranging from 0.125% to 0.250% per annum. The Company incurred unused line fees of $0.1 million, $0.1 million and $0.2 million in 2021, 2020 and 2019, respectively.

The Credit Facility is collateralized by the Company's assets and equity and contains a financial covenant, as well as certain business covenants, including restrictions on dividend payments, which the Company must comply with during the term of the agreement. The financial covenant is a consolidated fixed charge coverage ratio test of at least 1.0 to 1.0 applicable during a covenant period, based on reference to availability. The Company was in compliance with all terms of the Credit Facility during 2021.

The provisions of the Credit Facility restrict all of the net assets of the Company's consolidated subsidiaries, which constitutes all of the net assets on the Company's consolidated balance sheet as of January 29, 2022, from being used to pay any dividends or make other restricted payments to the Company without prior written consent from the financial institutions that are a party to the Credit Facility, subject to material exceptions including proforma compliance with the applicable conditions described in the Credit Facility.

(7) Income Taxes

The components of income tax provision (benefit) are as follows (in thousands):

	Fiscal year ended		
	January 29, 2022	January 30, 2021	February 1, 2020
Current:			
Federal	$ 35,657	$ 22,045	$ 21,737
State	10,156	7,374	6,081
	45,813	29,419	27,818
Deferred:			
Federal	802	5,866	3,393
State	313	(203)	392
	1,115	5,663	3,785
Income tax expense	$ 46,928	$ 35,082	$ 31,603

A reconciliation of the statutory federal income tax rate to the Company's effective income tax rate is as follows:

	Fiscal year ended		
	January 29, 2022	January 30, 2021	February 1, 2020
Statutory federal rate	21.0%	21.0%	21.0%
State taxes, net of federal benefit	4.1	2.0	3.0
Excess tax benefits related to stock-based compensation	(1.7)	(10.2)	(5.4)
Other	(0.4)	(0.2)	(0.3)
	23.0%	12.6%	18.3%

Deferred income taxes reflect the effect of temporary differences between the carrying amounts of the assets and liabilities for financial reporting purposes and the carrying amounts used for income tax reporting purposes. Significant components of deferred tax assets and liabilities are as follows (in thousands):

	January 29, 2022	January 30, 2021
Deferred tax assets:		
Inventory reserves	$ 990	$ 1,032
Lease liability	110,465	98,793
Stock-based compensation	3,446	2,833
Deferred revenue	1,999	2,076
Other	5,450	6,169
Total deferred tax assets	122,350	110,903
Deferred tax liabilities:		
Tradename	(59,214)	(58,954)
Depreciation	(21,245)	(19,369)
Operating lease right-of-use assets	(108,070)	(97,644)
Total deferred tax liabilities	(188,529)	(175,967)
Net deferred tax liabilities	$ (66,179)	$ (65,064)

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent on the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities (including the impact of available carryback and carryforward periods), projected future taxable income and tax-planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income and the scheduled reversal of deferred liabilities over the periods in which the deferred tax assets are deductible, management believes it is more likely than not that the Company will realize the benefits of these deductible differences as of January 29, 2022 and January 30, 2021.

Ollie's has no material accrual for uncertain tax positions or interest or penalties related to income taxes on the Company's consolidated balance sheets as of January 29, 2022 or January 30, 2021, and has not recognized any material uncertain tax positions or interest or penalties related to income taxes in the consolidated statements of income for 2021, 2020 or 2019.

(8) Equity Incentive Plans

During 2012, Ollie's established an equity incentive plan (the "2012 Plan") under which stock options were granted to executive officers and key employees as deemed appropriate under the provisions of the 2012 Plan, with an exercise price at the fair value of the underlying stock on the date of grant. The vesting period for options granted under the 2012 Plan is five years (20% ratably per year). Options granted under the 2012 Plan are subject to employment for vesting, expire 10 years from the date of grant, and are not transferable other than upon death. As of July 15, 2015, the date of the pricing of the Company's initial public offering (the "IPO"), no additional equity grants will be made under the 2012 Plan.

In connection with the IPO, the Company adopted the 2015 equity incentive plan (the "2015 Plan") pursuant to which the Company's Board of Directors may grant stock options, restricted shares or other awards to employees, directors and consultants. The 2015 Plan allows for the issuance of up to 5,250,000 shares. Awards will be made pursuant to agreements and may be subject to vesting and other restrictions as determined by the Board of Directors or the Compensation Committee of the Board. The Company uses authorized and unissued shares to satisfy share award exercises. As of January 29, 2022, there were 2,644,914 shares available for grant under the 2015 Plan.

Stock Options

The exercise price for stock options is determined at the fair value of the underlying stock on the date of grant. The vesting period for awards granted under the 2015 Plan is generally set at four years (25% ratably per year). Awards are subject to employment for vesting, expire 10 years from the date of grant, and are not transferable other than upon death.

A summary of the Company's stock option activity and related information follows for 2019, 2020 and 2021 (in thousands, except share and per share amounts):

	Number of options	Weighted average exercise price	Weighted average remaining contractual term (years)	Aggregate intrinsic value
Outstanding at February 2, 2019	3,746,422	$ 15.29		
Granted	357,718	76.28		
Forfeited	(222,729)	51.53		
Exercised	(652,719)	13.92		
Outstanding at February 1, 2020	3,228,692	19.83		
Granted	517,995	42.25		
Forfeited	(99,288)	51.39		
Exercised	(2,403,164)	11.68		
Outstanding at January 30, 2021	1,244,235	42.39		
Granted	298,990	84.48		
Forfeited	(129,233)	61.98		
Exercised	(304,677)	28.34		
Outstanding at January 29, 2022	1,109,315	55.30	7.3	$ 6,059
Exercisable at January 29, 2022	400,996	39.94	5.5	$ 5,082

During 2020, the estate of a former executive of the Company exercised 1.9 million vested stock options and the Company received $17.1 million in proceeds. The intrinsic value of stock options exercised for 2021, 2020 and 2019 was $17.0 million, $145.3 million and $44.6 million, respectively.

The weighted average grant date fair value per option for options granted during 2021, 2020 and 2019 was $33.38, $13.27 and $23.67, respectively. The fair value of each option award is estimated on the date of grant using the Black-Scholes option-pricing model that used the weighted average assumptions in the following table:

	Fiscal Year Ended		
	January 29, 2022	**January 30, 2021**	**February 1, 2020**
Risk-free interest rate	1.33%	0.76%	2.30%
Expected dividend yield	—	—	—
Expected life (years)	6.25 years	6.25 years	6.25 years
Expected volatility	38.39%	30.52%	26.00%

The expected life of stock options is estimated using the "simplified method," as the Company does not have sufficient historical information to develop reasonable expectations about future exercise patterns and post-vesting employment termination behavior for its stock option grants. The simplified method is based on the average of the vesting tranches and the contractual life of each grant. For stock price volatility through January 29, 2022, the Company uses its historical information since its IPO as well as comparable public companies as a basis for its expected volatility to calculate the fair value of option grants. The risk-free interest rate is based on U.S. Treasury notes with a term approximating the expected life of the option.

Restricted Stock Units

Restricted stock units ("RSUs") are issued at a value not less than the fair value of the common stock on the date of the grant. RSUs outstanding vest ratably over four years or cliff vest in one or four years. Awards are subject to employment for vesting and are not transferable other than upon death.

A summary of the Company's RSU activity and related information for 2019, 2020 and 2021 is as follows:

	Number of shares	**Weighted average grant date fair value**
Nonvested balance at February 2, 2019	220,200	$ 35.75
Granted	77,469	75.40
Forfeited	(60,172)	50.25
Vested	(59,951)	33.82
Nonvested balance at February 1, 2020	177,546	48.78
Granted	64,771	43.30
Forfeited	(24,917)	51.61
Vested	(68,562)	34.99
Nonvested balance at January 30, 2021	148,838	52.28
Granted	59,195	83.18
Forfeited	(19,887)	62.27
Vested	(62,663)	44.51
Nonvested balance at January 29, 2022	125,483	69.15

Stock-Based Compensation Expense

The compensation cost for stock options and RSUs which has been recorded within SG&A was $8.0 million, $6.5 million and $7.3 million for 2021, 2020 and 2019, respectively.

As of January 29, 2022, there was $17.0 million of total unrecognized compensation cost related to non-vested stock-based compensation arrangements. That cost is expected to be recognized over a weighted average period of 2.6 years. Compensation costs related to awards are recognized using the straight-line method.

(9) Employee Benefit Plans

Ollie's sponsors a defined contribution plan (the "Plan"), qualified under Internal Revenue Code ("IRC") Section 401(k), for the benefit of employees. An employee becomes eligible to participate in the Plan upon attaining at least 21 years of age and completing three months of full-time employment. An employee may elect to contribute annual compensation up to the maximum allowable under the IRC. The Company assumes all administrative costs of the Plan and matches the employee's contribution up to 25% of the first 6% of their annual compensation. The portion that the Company matches is vested ratably over six years. The employer matching contributions to the Plan were $0.2 million in each of the years ended 2021, 2020 and 2019.

In addition to the regular matching contribution, the Company may elect to make a discretionary matching contribution. Discretionary contributions shall be allocated as a percentage of compensation of eligible participants for the Plan year. There were no discretionary contributions in 2021, 2020 or 2019.

(10) Common Stock

Common Stock

The Company's capital structure consists of a single class of common stock with one vote per share. The Company has authorized 500,000,000 shares at $0.001 par value per share. Additionally, the Company has authorized 50,000,000 shares of preferred stock at $0.001 par value per share; to date, however, no preferred shares have been issued. Treasury stock, which consists of the Company's common stock, is accounted for using the cost method.

Share Repurchase Program

On March 26, 2019, the Board of Directors of the Company authorized the repurchase of up to $100.0 million of shares of the Company's common stock. This initial tranche expired on March 26, 2021. The Board authorized the repurchase of another $100.0 million of the Company's common stock on December 15, 2020 and a $100.0 million increase on March 16, 2021, resulting in $200.0 million approved for share repurchases through January 13, 2023. On November 30, 2021, the Board authorized an additional $200.0 million to repurchase stock pursuant to the Company's share repurchase program, expiring on December 15, 2023. The shares to be repurchased may be purchased from time to time in open market conditions (including blocks), privately negotiated transactions, accelerated share repurchase programs or other derivative transactions, issuer self-tender offers or any combination of the foregoing. The timing of repurchases and the actual amount purchased will depend on a variety of factors, including the market price of the Company's shares, general market, economic and business conditions, and other corporate considerations. Repurchases may be made pursuant to plans intended to comply with Rule 10b5-1 under the Securities Exchange Act of 1934, which could allow the Company to purchase its shares during periods when it otherwise might be prevented from doing so under insider trading laws or because of self-imposed trading blackout periods. Repurchases are expected to be funded from cash on hand or through the utilization of the Company's Revolving Credit Facility. The repurchase authorization does not require the purchase of a specific number of shares and is subject to suspension or termination by the Company's Board of Directors at any time.

During 2021, the Company repurchased 3,113,981 shares of its common stock for $220.0 million, inclusive of transaction costs, pursuant to its share repurchase program. During 2020, the Company repurchased 3,885 shares of its common stock for $0.3 million, inclusive of transaction costs, and during 2019, it repurchased 689,457 shares of its common stock for $40.0 million, inclusive of transaction costs. These expenditures were funded by cash generated from operations. As of January 29, 2022, the Company had $180.0 million remaining under its share repurchase authorization. There can be no assurances that any additional repurchases will be completed, or as to the timing or amount of any repurchases.

(11) Segment Reporting and Entity-Wide Information

For purposes of the disclosure requirements for segments of a business enterprise, it has been determined that the Company is comprised of one operating segment.

The following table summarizes the percentage of net sales by merchandise category for each year presented:

	Fiscal Year Ended		
	January 29, 2022	January 30, 2021	February 1, 2020
Housewares	14.9%	15.7%	15.0%
Bed and bath	10.7	10.9	10.5
Food	10.3	10.2	10.8
Floor coverings	8.6	8.5	8.4
Books and stationery	7.9	7.6	8.6
Electronics	6.8	6.1	6.6
Toys	6.4	6.2	6.5
Health and beauty aids	5.9	7.7	5.7
Other	28.5	27.1	27.9
	100.0%	100.0%	100.0%

(12) Quarterly Results of Operations and Seasonality (Unaudited)

The following table reflects quarterly financial results for 2021 and 2020 (in thousands, except for per share data). Each quarterly period listed below consisted of a 13-week period. The sum of the four quarters for any given year may not equal annual totals due to rounding.

	2021				2020			
	Fourth Quarter	Third Quarter	Second Quarter	First Quarter	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
Net sales	$ 501,135	$ 383,487	$ 415,881	$ 452,492	$ 515,763	$ 414,382	$ 529,313	$ 349,363
Gross profit	183,041	152,560	163,035	182,610	204,657	171,501	206,842	140,366
Net income	44,727	23,185	34,323	55,220	64,660	45,197	99,383	33,456
Basic earnings per common share	$ 0.71	$ 0.36	$ 0.53	$ 0.84	$ 0.99	$ 0.69	$ 1.53	$ 0.53
Diluted earnings per common share	$ 0.71	$ 0.36	$ 0.52	$ 0.84	$ 0.98	$ 0.68	$ 1.50	$ 0.51

Beginning in the second quarter of 2020 through the first quarter of 2021, the Company's financial results benefited from increased consumer spending associated with federal stimulus funds for the COVID-19 pandemic.

The Company's business is seasonal in nature and demand is generally the highest in the fourth fiscal quarter due to the holiday sales season. To prepare for the holiday sales season, Ollie's must order and keep in stock more merchandise than is carried during other times of the year and generally engage in additional marketing efforts. The Company expects inventory levels, along with accounts payable and accrued expenses, to reach their highest levels in the third and fourth fiscal quarters in anticipation of increased net sales during the holiday sales season. As a result of this seasonality, and generally because of variation in consumer spending habits, the Company experiences fluctuations in net sales and working capital requirements during the year.

(13) Transactions with Affiliated and Related Parties

The Company has entered into five non-cancelable operating leases with related parties for office and store locations that expire at various dates through 2033. Ollie's made $1.7 million, $1.7 million and $1.5 million in rent payments to such related parties during 2021, 2020 and 2019, respectively. The annual lease payments are $1.7 million for the next five years and the total remaining payments after the next five years are $4.5 million. These lease payments are included in the operating lease disclosures in Note 4.

During the fiscal year 2021, the Company purchased pallets totaling $0.2 million from a company affiliated with a member of its Board of Directors. Additionally, during 2021 the Company has sold damaged pallets to the aforementioned company totaling $0.1 million.

(14) Subsequent Event

In 2022, the Company plans to expand its York, PA distribution center by 200,000 square feet. In connection with this expansion, on March 7, 2022, the Company entered into a construction agreement totaling $12.3 million.

Schedule I - Condensed Financial Information of Registrant
Ollie's Bargain Outlet Holdings, Inc. (parent company only)

Condensed Balance Sheets
(In thousands)

	January 29, 2022	January 30, 2021
Assets		
Total current assets	$ -	$ -
Long-term assets:		
Investment in subsidiaries	1,287,710	1,334,881
Total assets	$ 1,287,710	$ 1,334,881
Liabilities and stockholders' equity		
Total current liabilities	$ -	$ -
Total long-term liabilities	-	-
Total liabilities	-	-
Stockholders' equity:		
Common stock	67	66
Additional paid-in capital	664,293	648,949
Retained earnings	883,722	726,267
Treasury stock, at cost	(260,372)	(40,401)
Total stockholders' equity	1,287,710	1,334,881
Total liabilities and stockholders' equity	$ 1,287,710	$ 1,334,881

See accompanying notes.

Schedule I - Condensed Financial Information of Registrant
Ollie's Bargain Outlet Holdings, Inc. (parent company only)

Condensed Statements of Income
(In thousands)

	Fiscal year ended		
	January 29, 2022	January 30, 2021	February 1, 2020
Net sales	$ -	$ -	$ -
Cost of sales	-	-	-
Gross profit	-	-	-
Selling, general and administrative expenses	-	-	-
Depreciation and amortization expenses	-	-	-
Pre-opening expenses	-	-	-
Operating income	-	-	-
Interest expense, net	-	-	-
Income before income taxes and equity in net income of subsidiaries	-	-	-
Income tax expense	-	-	-
Income before equity in net income of subsidiaries	-	-	-
Net income of subsidiaries	157,455	242,696	141,130
Net income	$ 157,455	$ 242,696	$ 141,130

See accompanying notes.

Schedule I - Condensed Financial Information of Registrant
Ollie's Bargain Outlet Holdings, Inc. (parent company only)

Notes to Condensed Financial Statements

1. Basis of presentation

In the parent-company-only condensed financial statements, Ollie's Bargain Outlet Holdings, Inc.'s (the "Company") investment in subsidiaries is stated at cost plus equity in undistributed earnings of subsidiaries since the date of acquisition. The parent-company-only condensed financial statements should be read in conjunction with the Company's consolidated financial statements. A condensed statement of cash flows was not presented because Ollie's Bargain Outlet Holdings, Inc. had no cash flow activities during 2021, 2020 or 2019.

2. Guarantees and restrictions

On May 22, 2019, Ollie's Bargain Outlet, Inc., a subsidiary of the Company, completed a transaction in which it refinanced its credit facility (the "Credit Facility"). The Credit Facility provides for a five-year $100.0 million revolving credit facility, which includes a $45.0 million sub-facility for letters of credit and a $25.0 million sub-facility for swingline loans (the "Revolving Credit Facility"). The loans under the Revolving Credit Facility mature on May 22, 2024. In addition, Ollie's Bargain Outlet, Inc. may at any time add term loan facilities or additional revolving commitments up to $150.0 million pursuant to the terms and conditions set out in the Credit Facility. Under the terms of the Credit Facility, Bargain Parent, Inc., a subsidiary of the Company, guaranteed the payment of all principal and interest. In the event of a default under the Credit Facility, Bargain Parent, Inc. will be directly liable to the debt holders.

As of January 29, 2022, Ollie's Bargain Outlet, Inc. had $84.7 million available for borrowing under its Revolving Credit Facility.

The Credit Facility is collateralized by the Company's assets and equity and contains a financial covenant, as well as certain business covenants, including restrictions on dividend payments, which the Company must comply with during the term of the agreement. The Company was in compliance with all terms of the agreement during and as of the fiscal year ended January 29, 2022.

The provisions of the Credit Facility restrict all of the net assets of the Company's consolidated subsidiaries, which constitutes all of the net assets on the Company's consolidated balance sheet as of January 29, 2022, from being used to pay any dividends or make other restricted payments without prior written consent from the lenders under the Credit Facility, subject to certain exceptions.

Item 9. ***Changes in and Disagreements with Accountants on Accounting and Financial Disclosure***

None.

Item 9A. ***Controls and Procedures***

Changes in Internal Control over Financial Reporting

There were no changes in the Company's internal controls over financial reporting that occurred during the quarterly period ended January 29, 2022 that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting.

Evaluation of Disclosure Controls and Procedures

The Company maintains a system of disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Security Exchange Act of 1934, as amended (the "Exchange Act")) designed to ensure that the information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission ("SEC"), and is accumulated and communicated to the Company's management, including its Chief Executive Officer (principal executive officer) and its Chief Financial Officer (principal financial and accounting officer), as appropriate, to allow timely decisions regarding required disclosure.

The Company's management, with the participation of its Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures under the Exchange Act as of January 29, 2022, the end of the period covered by this Annual Report on Form 10-K. Based on that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that, as of January 29, 2022, the Company's disclosure controls and procedures are effective.

Management's Annual Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. The Company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

Management, including the Chief Executive Officer and Chief Financial Officer, assessed the effectiveness of internal control over financial reporting as of January 29, 2022. Management based this assessment on criteria for effective internal control over financial reporting described in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management determined that, as of January 29, 2022, the Company maintained effective internal control over financial reporting at a reasonable assurance level.

The effectiveness of the Company's internal control over financial reporting as of January 29, 2022 has been audited by KPMG LLP, our independent registered public accounting firm, as stated in their report dated March 25, 2022 that appears below.

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
Ollie's Bargain Outlet Holdings, Inc.:

Opinion on Internal Control Over Financial Reporting

We have audited Ollie's Bargain Outlet Holdings, Inc. and subsidiaries' (the Company) internal control over financial reporting as of January 29, 2022, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of January 29, 2022, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated balance sheets of the Company as of January 29, 2022 and January 30, 2021, the related consolidated statements of income, stockholders' equity, and cash flows for each of the fiscal years in the three-year period ended January 29, 2022, and the related notes and financial statement schedule I - condensed financial information of registrant (collectively, the consolidated financial statements), and our report dated March 25, 2022 expressed an unqualified opinion on those consolidated financial statements.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control Over Financial Reporting

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ KPMG LLP

Philadelphia, Pennsylvania
March 25, 2022

Item 9B. ***Other Information***

None.

Item 9C. ***Disclosure Regarding Foreign Jurisdictions that Prevent Inspections***

None.

PART III

Item 10. ***Directors, Executive Officers and Corporate Governance***

The information required by this item will be contained in the Company's definitive proxy statement in connection with the 2022 Annual Meeting of Stockholders (the "Proxy Statement"), which is expected to be filed with the SEC not later than 120 days after the end of the fiscal year ended January 29, 2022, and is incorporated herein by reference.

In addition, the Company's Board of Directors has adopted a Code of Ethical Business Conduct that applies to all of its directors, employees and officers, including the Chief Executive Officer and Chief Financial Officer. The current version of the Code of Ethical Business Conduct is available on the Company's website under the Investor Relations section at www.ollies.us. In accordance with the rules adopted by the SEC and NASDAQ, the Company intends to promptly disclose any amendments to certain provisions of the Code of Ethical Business Conduct, or waivers of such provisions granted to executive officers and directors, on its website under the Investor Relations section at www.ollies.us. The information contained on or accessible through the Company's website is not incorporated by reference into this Annual Report on Form 10-K.

Item 11. ***Executive Compensation***

The information required by this Item will be set forth in the Proxy Statement and is incorporated herein by reference.

Item 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters***

The information required by this Item will be set forth in the Proxy Statement and is incorporated herein by reference.

Item 13. ***Certain Relationships and Related Transactions, and Director Independence***

The information required by this Item will be set forth in the Proxy Statement and is incorporated herein by reference.

Item 14. ***Principal Accountant Fees and Services***

The information required by this Item will be set forth in the Proxy Statement and is incorporated herein by reference.

PART IV

Item 15. ***Exhibits and Financial Statement Schedules***

Financial Statements and Financial Statement Schedules

See "Index to Consolidated Financial Statements" in Item 8 of this Annual Report on Form 10-K. Financial statement schedules have been omitted because they are not required or are not applicable or because the information required in those schedules either is not material or is included in the consolidated financial statements or the accompanying notes.

Exhibits

The exhibits listed in the accompanying index to exhibits are filed or incorporated by reference as part of this Annual Report on Form 10-K.

Exhibit no.	Description
3.1†	Second Amended and Restated Certificate of Incorporation of Ollie's Bargain Outlet Holdings, Inc. (incorporated by reference to Exhibit 3.1 to the Current Report filed on Form 8-K by the Company on July 21, 2015 (No. 001-37501)).
3.2†	Second Amended and Restated Bylaws of Ollie's Bargain Outlet Holdings, Inc. (incorporated by reference to Exhibit 3.2 to the Current Report filed on Form 8-K by the Company on July 21, 2015 (No. 001-37501)).
3.3†	Third Amended and Restated Certificate of Incorporation of Ollie's Bargain Outlet Holdings, Inc., as effective June 25, 2019 (incorporate by reference to Exhibit 3.1 to the Current Report filed on Form 8-K by the Company on July 1, 2019 (No. 001-37501)).
3.4†	Fourth Amended and Restated Bylaws of Ollie's Bargain Outlet Holdings, Inc., as effective June 25, 2019 (incorporated by reference to Exhibit 3.2 to the Current Report filed on Form 8-K by the Company on July 1, 2019 (No. 001-37501)).
4.1†	Form of Certificate of Common Stock (incorporated by reference to Exhibit 4.1 to Amendment No. 3 to the Form S-1 Registration Statement filed by the Company on July 8, 2015 (No. 333-204942)).
4.2†	Description of the Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934 (incorporated by reference to Exhibit 4.2 to the Form 10-K filed by the Company on March 24, 2021 (No. 001-37501)).
10.1†	Amended and Restated Credit Agreement, dated May 22, 2019, among Bargain Parent, Inc., OBO Ventures, Inc. and certain subsidiaries, as borrowers, Manufacturers and Traders Trust Company, as Administrative Agent, and certain lenders party thereto (incorporated by reference to Exhibit 10.1 to the Current Report filed on Form 8-K by the Company on May 24, 2019 (No. 001-37501)).
10.2†	Amended and Restated Guarantee and Collateral Agreement, dated May 22, 2019, Bargain Parent, Inc., Ollie's Holdings, Inc., OBO Ventures, Inc. and certain subsidiaries, in favor of Manufacturers and Trading Trust Company, as Administrative Agent (incorporated by reference to Exhibit 10.2 to the Current Report filed on Form 8-K by the Company on May 24, 2019 (No. 001-37501)).
10.3†	Form of Director and Officer Indemnification Agreement (incorporated by reference to Exhibit 10.9.1 to Amendment No. 3 to the Form S-1 Registration Statement filed by the Company on July 8, 2015 (No. 333-204942)).
10.4†	Form of Sponsor Director Indemnification Agreement (incorporated by reference to Exhibit 10.9.2 to Amendment No. 3 to the Form S-1 Registration Statement filed by the Company on July 8, 2015 (No. 333-204942)).
10.5†	Employment Agreement, dated September 28, 2012, by and between Ollie's Bargain Outlet, Inc. and John W. Swygert, Jr. (incorporated by reference to Exhibit 10.11 to the Form S-1 Registration Statement filed by the Company on June 15, 2015 (No. 333-204942)).
10.6†	Employment Agreement, dated May 12, 2014, by and between Ollie's Bargain Outlet, Inc. and Kevin McLain (incorporated by reference to Exhibit 10.13 to the Form S-1 Registration Statement filed by the Company on June 15, 2015 (No. 333-204942)).

Exhibit no.	Description
10.7†	Employment Agreement, dated November 18, 2015, by and between Ollie’s Bargain Outlet, Inc. and Jay Stasz (incorporated by reference to Exhibit 10.1 to the Quarterly Report filed on Form 10-Q by the Company on December 10, 2015 (No. 001-37501)).
10.8†	Employment Agreement, dated May 3, 2021, by and between Ollie’s Bargain Outlet, Inc. and Eric van der Valk (incorporated by reference to Exhibit 10.1 to the Current Report filed on Form 8-K by the Company on May 3, 2021 (No. 001-37501)).
10.9†	Employment Agreement, dated October 1, 2021, by and between Ollie’s Bargain Outlet, Inc. and James Comitale (incorporated by reference to Exhibit 10.1 to the Quarterly Report filed on Form 10-Q by the Company on December 7, 2021 (No. 001-37501)).
10.10†	Bargain Holdings Inc. 2012 Equity Incentive Plan (incorporated by reference to Exhibit 10.16 to the Form S-1 Registration Statement filed by the Company on June 15, 2015 (No. 333-204942)).
10.11†	Form of Stock Option Agreement under Bargain Holdings, Inc. 2012 Equity Incentive Plan (incorporated by reference to Exhibit 10.17 to the Form S-1 Registration Statement filed by the Company on June 15, 2015 (No. 333-204942)).
10.12†	Form of Stock Option Agreement under 2015 Equity Incentive Plan (incorporated by reference to Exhibit 10.23 to Amendment No. 2 to the Form S-1 Registration Statement filed by the Company on July 6, 2015 (No. 333- 204942)).
10.13†	Amendment to Employment Agreement, dated July 15, 2015, by and between Ollie’s Bargain Outlet, Inc. and John W. Swygert, Jr (incorporated by reference to Exhibit 10.24 to the Form S-1 Registration Statement filed by the Company on February 8, 2016 (No. 333-209420)).
10.14†	Amendment to Employment Agreement, dated July 15, 2015, by and between Ollie’s Bargain Outlet, Inc. and Kevin McLain (incorporated by reference to Exhibit 10.26 to the Form S-1 Registration Statement filed by the Company on February 8, 2016 (No. 333-209420)).
10.15†	Amendment to Employment Agreement, dated January 5, 2018, by and between Ollie’s Bargain Outlet, Inc. and Jay Stasz (incorporated by reference to Exhibit 10.1 to the Current Report filed on Form 8-K by the Company on January 5, 2018 (No. 001-37501)).
10.16†	Amendment to Employment Agreement, dated January 5, 2018, by and between Ollie’s Bargain Outlet, Inc. and John W. Swygert, Jr. (incorporated by reference to Exhibit 10.2 to the Current Report filed on Form 8-K by the Company on January 5, 2018 (No. 001-37501)).
10.17†	Amendment to Employment Agreement, dated December 10, 2019, by and between Ollie’s Bargain Outlet, Inc. and John W. Swygert, Jr. (incorporated by reference to Exhibit 10.1 to the Current Report filed on Form 8-K by the Company on December 10, 2019 (No. 001-37501)).

Exhibit no.	Description
10.18†	Amendment to Employment Agreement, dated April 11, 2021, by and between Ollie's Bargain Outlet, Inc. and Kevin McLain (incorporated by reference to Exhibit 10.1 to the Current Report filed on Form 8-K by the Company on April 15, 2021 (No. 001-37501)).
10.19†	Amendment to Employment Agreement, dated April 11, 2021, by and between Ollie's Bargain Outlet, Inc. and Kenneth Robert Bertram (incorporated by reference to Exhibit 10.2 to the Current Report filed on Form 8-K by the Company on April 15, 2021 (No. 001-37501)).
10.20†	Separation Agreement and General Release, dated August 11, 2021, by and between Ollie's Bargain Outlet, Inc. and Raymond Daugherty (incorporated by reference to Exhibit 10.1 to the Current Report filed on Form 8-K by the Company on August 12, 2021 (No. 001-37501)).
21.1*	List of subsidiaries
23.1*	Consent of KPMG LLP
24.1 *	Power of Attorney (included on the signature pages herein).
31.1 *	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2 *	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as amended, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1 *	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS**	Inline XBRL Instance Document (the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document).
101.SCH**	Inline XBRL Taxonomy Extension Schema Document.
101.CAL**	Inline XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF**	Inline XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB**	Inline XBRL Taxonomy Extension Label Linkbase Document.
101.PRE**	Inline XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).

* Filed herewith.
† Previously filed.
** Submitted electronically with this report.

Item 16. ***Form 10-K Summary***

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

OLLIE'S BARGAIN OUTLET HOLDINGS, INC.

Date: March 25, 2022

By: /s/ Jay Stasz

Name: Jay Stasz
Title: Senior Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints John Swygert, Jay Stasz and James Comitale each or any one of them, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the United States Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his substitutes or substitute, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Annual Report on Form 10-K has been signed below by the following persons on behalf of the Registrant in the capacities and on the dates indicated.

Signature	Title
/s/ John Swygert John Swygert	President and Chief Executive Officer (Principal Executive Officer)
/s/ Jay Stasz Jay Stasz	Senior Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)
/s/ Richard Zannino Richard Zannino	Director
/s/ Stephen White Stephen White	Director
/s/ Stanley Fleishman Stanley Fleishman	Director
/s/ Thomas Hendrickson Thomas Hendrickson	Director
/s/ Robert Fisch Robert Fisch	Director
/s/ Alissa Ahlman Alissa Ahlman	Director

Exhibit 21.1

SUBSIDIARIES OF OLLIE'S BARGAIN OUTLET HOLDINGS, INC.

Subsidiary	**State or Other Jurisdiction of Formation**
Bargain Parent, Inc.	Delaware
Ollie's Holdings, Inc.	Delaware
Ollie's Bargain Outlet, Inc.	Pennsylvania
OBO Ventures, Inc.	Pennsylvania

EXHIBIT 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the registration statement (No. 333-205685) on Form S-8 and the registration statement (No. 333-213514) on Form S-3 of our reports dated March 25, 2022, with respect to the consolidated financial statements and financial statement schedule I of Ollie's Bargain Outlet Holdings, Inc. and the effectiveness of internal control over financial reporting.

/s/ KPMG LLP

Philadelphia, Pennsylvania
March 25, 2022

Exhibit 31.1

CERTIFICATIONS

I, John Swygert, certify that:

1. I have reviewed this annual report on Form 10-K of Ollie’s Bargain Outlet 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: March 25, 2022

/s/ John Swygert
John Swygert
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS

I, Jay Stasz, certify that:

1. I have reviewed this annual report on Form 10-K of Ollie’s Bargain Outlet 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: March 25, 2022

/s/ Jay Stasz
Jay Stasz
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

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

In connection with the annual report of Ollie’s Bargain Outlet Holdings, Inc. (the “Company”) on Form 10-K for the fiscal year ended January 29, 2022, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, John Swygert, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) 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: March 25, 2022

/s/ John Swygert
John Swygert
President and Chief Executive Officer

Exhibit 32.2

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

In connection with the annual report of Ollie’s Bargain Outlet Holdings, Inc. (the “Company”) on Form 10-K for the fiscal year ended January 29, 2022, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Jay Stasz, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) 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: March 25, 2022

/s/ Jay Stasz

Jay Stasz
Chief Financial Officer