YETI®

Third Quarter 2021 Highlights

SAFE HARBOR STATEMENT

Disclaimer

We are not making any representations or warranties, express or implied, with respect to the information (financial, business, legal or otherwise) contained in this presentation. No person has been authorized to give any information other than that contained in this presentation.

Forward-Looking Statements

This presentation, as well as other written or oral communications made from time to time by us, may contain certain forward-looking statements. Forward-looking statements refer to our current expectations and projections relating to our financial condition, results of operations, plans, objectives, strategies, future performance, and business. You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. Forward-looking statements include statements containing words such as ‘‘anticipate,’’ ‘‘assume,’’ ‘‘believe,’’ ‘‘can,’’ have,’’ ‘‘contemplate,’’ ‘‘continue,’’ ‘‘could,’’ ‘‘design,’’ ‘‘due,’’ ‘‘estimate,’’ ‘‘expect,’’ ‘‘forecast,’’ ‘‘goal,’’ ‘‘intend,’’ ‘‘likely,’’ ‘‘may,’’ ‘‘might,’’ ‘‘objective,’’ ‘‘plan,’’ ‘‘predict,’’ ‘‘project,’’ ‘‘potential,’’ ‘‘seek,’’ ‘‘should,’’ ‘‘target,’’ “will,’’ ‘‘would,’’ and other words and terms of similar meaning in connection with any discussion of the timing or nature of future operational performance or other events. For example, all statements made relating to growth strategies, estimated and projected costs, expenditures, and growth rates, plans and objectives for future operations, growth, or initiatives, or strategies are forward-looking statements.

All forward-looking statements are subject to risks and uncertainties that may cause actual results to differ materially from those that are expected. The risks and uncertainties that could cause actual results to differ materially from those expressed or implied by these forward-looking statements include but are not limited to: (i) uncertainty regarding global economic conditions, particularly the uncertainty related to the duration and impact of the rapidly evolving COVID-19 pandemic, including its impact on global economic conditions; (ii) our ability to maintain and strengthen our brand and generate and maintain ongoing demand for our products; (iii) our ability to successfully design, develop and market new products; (iv) our ability to effectively manage our growth; (v) our ability to expand into additional consumer markets, and our success in doing so; (vi) the success of our international expansion plans; (vii) our ability to compete effectively in the outdoor and recreation market and protect our brand; (viii) the level of customer spending for our products, which is sensitive to general economic conditions and other factors; (ix) problems with, or loss of, our third-party contract manufacturers and suppliers, or an inability to obtain raw materials; (x) fluctuations in the cost and availability of raw materials, equipment, labor, and transportation and subsequent manufacturing delays or increased costs; (xi) our ability to accurately forecast demand for our products and our results of operations; (xii)our relationships with our national, regional, and independent retail partners, who account for a significant portion of our sales; (xiii) the impact of natural disasters and failures of our information technology on our operations and the operations of our manufacturing partners; (xiv) our ability to attract and retain skilled personnel and senior management and to maintain the continued efforts of our management and key employees; (xv) the impact of our indebtedness on our ability to invest in the ongoing needs of our business; and (xvi) the other risk factors detailed in our most recent Form 10-Q and Form 8-K filed with the Securities and Exchange Commission (the “SEC”), along with the associated press release.

These forward-looking statements are made based upon detailed assumptions and reflect management’s current expectations and beliefs as of the date hereof. While we believe that these assumptions underlying the forward-looking statements are reasonable, we caution that it is very difficult to predict the impact of known factors, and it is impossible for us to anticipate all factors that could affect actual results. Readers of this presentation should consider these factors in evaluating, and are cautioned not to place undue reliance on, the forward-looking statements contained therein. YETI undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by law.

Non-GAAP Financial Measures

In addition to our results determined in accordance with GAAP, we supplement our results with non-GAAP financial measures, including Adjusted Selling, General and Administrative (“SG&A”) Expenses, Adjusted Operating Income, Adjusted Net Income and Adjusted Net Income per Diluted Share (“Adjusted EPS”). Our management uses these non-GAAP financial measures in conjunction with GAAP financial measures to measure our profitability and to evaluate our financial performance. We believe that these measures are useful to investors as they are widely used measures of performance and to facilitate comparisons to other companies. These non-GAAP financial measures have limitations as analytical tools in that they do not reflect all of the amounts associated with our results of operations as determined in accordance with GAAP. Because of these limitations, these non-GAAP financial measures should be considered along with GAAP financial performance measures. The presentation of these non-GAAP financial measures is not intended to be considered in isolation or as a substitute for, or superior to, financial information prepared and presented in accordance with GAAP. Investors are encouraged to review the reconciliation of these non-GAAP financial measures to their most directly comparable GAAP financial measures. See Appendix for reconciliation of GAAP to Non-GAAP financial measures and see investors.yeti.com for recast 2019 Non-GAAP financial results, as discussed below.

Free cash flow represents cash flow from operating activities less capital expenditures.

Revised Non-GAAP Financial Measures Beginning in Fiscal 2020

As previously disclosed, following YETI’s initial full year as a public company and beginning with the first quarter of Fiscal 2020, YETI revised its definitions of certain non-GAAP financial measures by eliminating various adjustments. These revisions are intended to align with how management will evaluate the performance of the business going forward. Specifically, YETI no longer includes adjustments for investments in new retail locations and international market expansion, transition to the ongoing senior management team, and transition to a public company.

YETI has recast its historical 2019 non-GAAP financial measures to conform to the revised definitions on its investor relations website at investors.yeti.com.

STRATEGIC PRIORITIES: Q3 2021 HIGHLIGHTS

1 EXPAND OUR CUSTOMER BASE

Introduced “Take Back Travel” marketing campaign

Celebrated YETI’s 15th Anniversary with archived content coupled with limited-edition Tundra 50

Selected by *Fast Company* in its inaugural list of “Brands That Matter”

2 INTRODUCE NEW PRODUCTS

Balanced Q3 2021 YoY growth in Drinkware (+24%) and Coolers & Equipment (+20%)

Launched fall colors, YETI Thin Ice, Rambler® 64 bottle, updated Camino and Travel Mug in two sizes

3 ACCELERATE DTC

Total DTC grew +31% YoY during Q3 2021 to reach 54% channel mix

YETI.com showing positive trends in retention, average order value, and customer lifetime value

Sharpened independent wholesale footprint to approximately 3,000 accounts

4 EXPAND INTERNATIONALLY

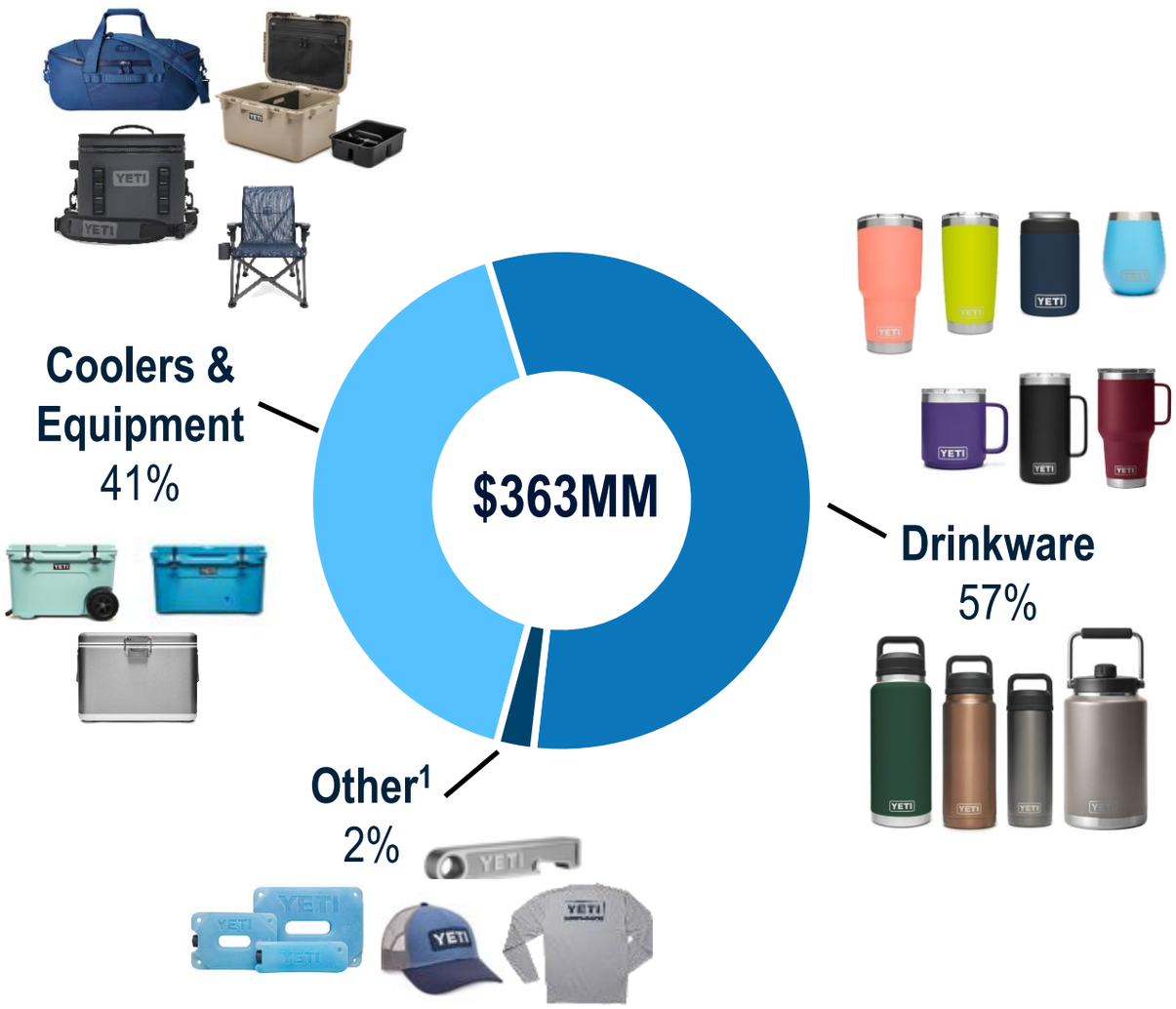
International grew +69% YoY during Q3 2021 to match a YETI-high of 9% of total net sales

Continued door expansion in Europe & UK, now at over 450 doors

YETI

Q3 2021 RESULTS AT A GLANCE

Q3 2021 Net Sales



KEY Q3 2021 FINANCIAL METRICS

$363MM Net Sales	**+23%** Net Sales
+20% Coolers & Equipment	**+24%** Drinkware
+31% DTC	**+15%** Wholesale
$74.2MM Adjusted Operating Income[2]	**20.5%** Adjusted Operating Margin

1 Other includes apparel, bottle openers, ice substitutes, and other accessories.

2 Please refer to Appendix for reconciliation of GAAP to non-GAAP measures.

YETI

BRAND & PRODUCT

BUILDING DIVERSE YETI COMMUNITIES

2006 Community Reach

FISHING

HUNTING

2021 Community Reach

FISHING

HUNTING

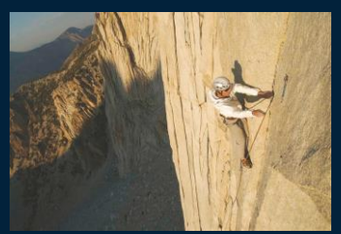
BEER & BBQ

CULINARY

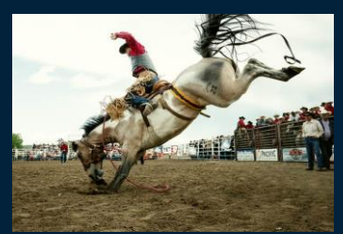
SKI/SNOWBOARD

SKATEBOARD

SURF/PADDLE

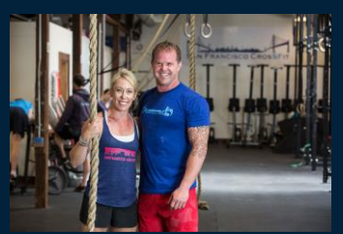


CLIMB/ALPINE

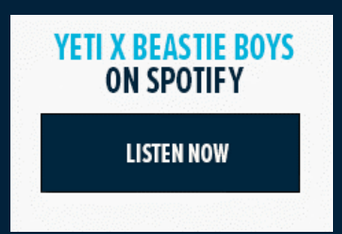


RODEO

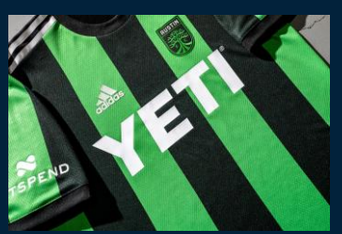
RANCH



WELLNESS



MUSIC



SPORTS

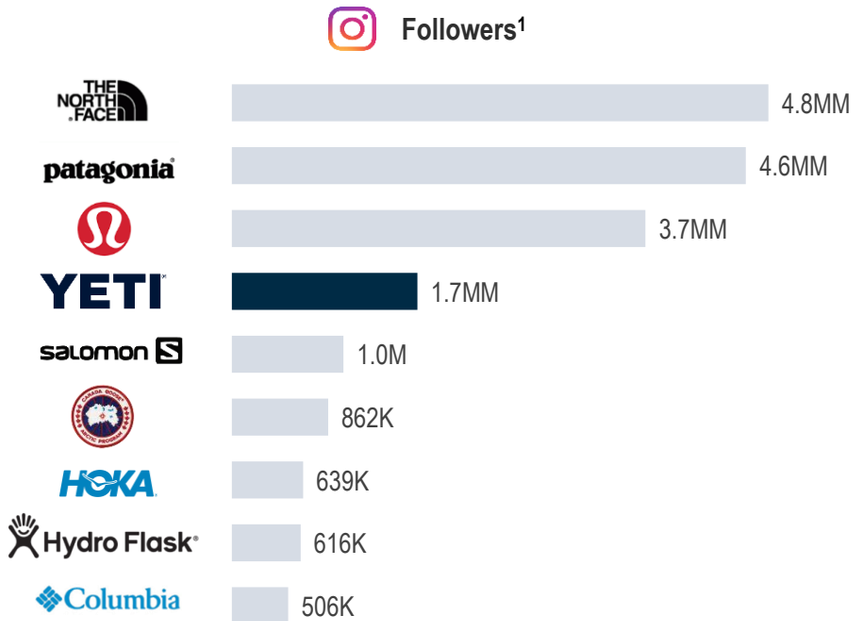
Relevance Through Breadth & Depth

13 Communities / **144** Ambassadors

YETI

STRONG, DIVERSE MEDIA REACH

LARGE AND GROWING SOCIAL MEDIA PRESENCE



EARNED MEDIA AWARDS

YETI - BRANDING

CROSSROADS DUFFEL

TUNDRA HAUL

BROAD EARNED MEDIA COVERAGE

mindbodygreen · Backcountry Magazine · Petersen's Hunting · WIRED · TODAY · BACKPACKER · FORTUNE · The Flyfish Journal · TIME · OUTDOORHUB · TRAVEL+LEISURE · Gray's Sporting Journal · USA TODAY · REFINERY29 · SHAPE · GQ · POPULAR MECHANICS · FREESKIER Skiing's Independent Magazine · bon appétit · Outside · Salt Water Sportsman · Esquire · GEARJUNKIE · AFAR · REAL SIMPLE · The New York Times · GEAR PATROL · CNN underscored · BRIT+CO · Forbes · Men's Health · Condé Nast Traveler

1 Instagram followers as of October 25, 2021.

MEDIA HIGHLIGHTS

TRAVEL+ LEISURE

Home + Style + Shopping

7 Barbecue Accessories That Elevated My Grilling Game This Summer

And how to score my go-to classic Weber charcoal grill on sale for Labor Day Weekend.

By Red Fabbri | September 02, 2021

Each product we feature has been independently selected and reviewed by our editorial team. If you make a purchase using the links included, we may earn commission.

Forbes

Aug 27, 2021, 01:15pm EDT | 1,199 views

Nine Influential Celebrities And Companies With Top-Notch Branding Strategies

Expert Panel Forbes Councils Member
YEC COUNCIL POST | Membership (Fee-Based)
Entrepreneurs

8. YETI Coolers

The brand that I see with a top-notch branding strategy is YETI. It's a plastic cooler that has evolved into a lifestyle and multiple adjacent categories. It's not just about the product; it's about a feeling, a memory and a place in this world. YETI embraced storytelling and aspirations around the outdoors and ultimately became a status symbol. When you see the YETI brand, you are immediately hit with a specific feeling, and that's what it takes to have a successful strategy. People want to purchase this product because it means something to them. That's the kind of connection you want to make between brand and consumer and it's what sets you apart from the competition. - Tyler Quiel, Giggster

BUSINESS INSIDER

Cooler giant Yeti took a playful swipe at Elon Musk and Jeff Bezos' space race with a billboard urging the billionaires to explore earth and 'save billions'

Katie Canales Sep 29, 2021, 7:00 AM

Jeff Bezos and Elon Musk have spent billions on space exploration, but Yeti has a counter-message: "See Space. Save Billions," and just go outside. Katie Canales/Insider

TRAVEL+ LEISURE

Yeti Just Launched Three New Color Collections — and They're Perfect for Fall

Ramblers, coolers, and outdoor gear just got an upgrade.

Forbes

Aug 5, 2021, 07:06pm EDT | 11,053 views

YETI Celebrates 15 Years With Accelerating Product Demand And Profits Up 107%

Shelley E. Kohan Contributor
Retail
I am a retail pundit, business strategist, speaker and professor.

YETI half-year results showed net sales up 44% and net profits soaring 107% over last year.
COURTESY OF YETI

THE WALL STREET JOURNAL.

The 6 Best Beach Chairs of the Summer: A Semi-Scientific Test

Süddeutsche Zeitung
Deutschlands große Tageszeitung

Gut gekühlt

Nicht nur Campingköche (siehe zwei Seiten weiter), sondern auch Angler stehen im Sommer regelmäßig vor einem logistischen Problem: Wie bei warmen Temperaturen den Tag auf See oder Meer verbringen, aber gleichzeitig die frische Beute sicher und kühl lagern? Die Gründer der Firma Yeti sind zwei begeisterte Meeresangler aus Texas und waren eines Tages mit den herkömmlichen Kühlboxen für ihre Trips nicht zufrieden – entweder hatten sie zu wenig zuverlässige Kühlleistung bei praller Sonne auf dem Boot, oder die Behälter waren nicht geeignet für den Alltag zwischen Pick-up-Ladefläche und Felsenufer. Also entwickelten sie 2006 Kühlboxen für den harten Einsatz, die beinahe über Nacht zu den Lieblingen der Outdoor-Szene avancierten. Kein Wunder, denn in Größe, Stabilität und Preis (die größten kosten über 1000 Euro) markiert eine Yeti Tundra seitdem das obere Ende

BUSINESS INSIDER

The 5 best coolers of 2021

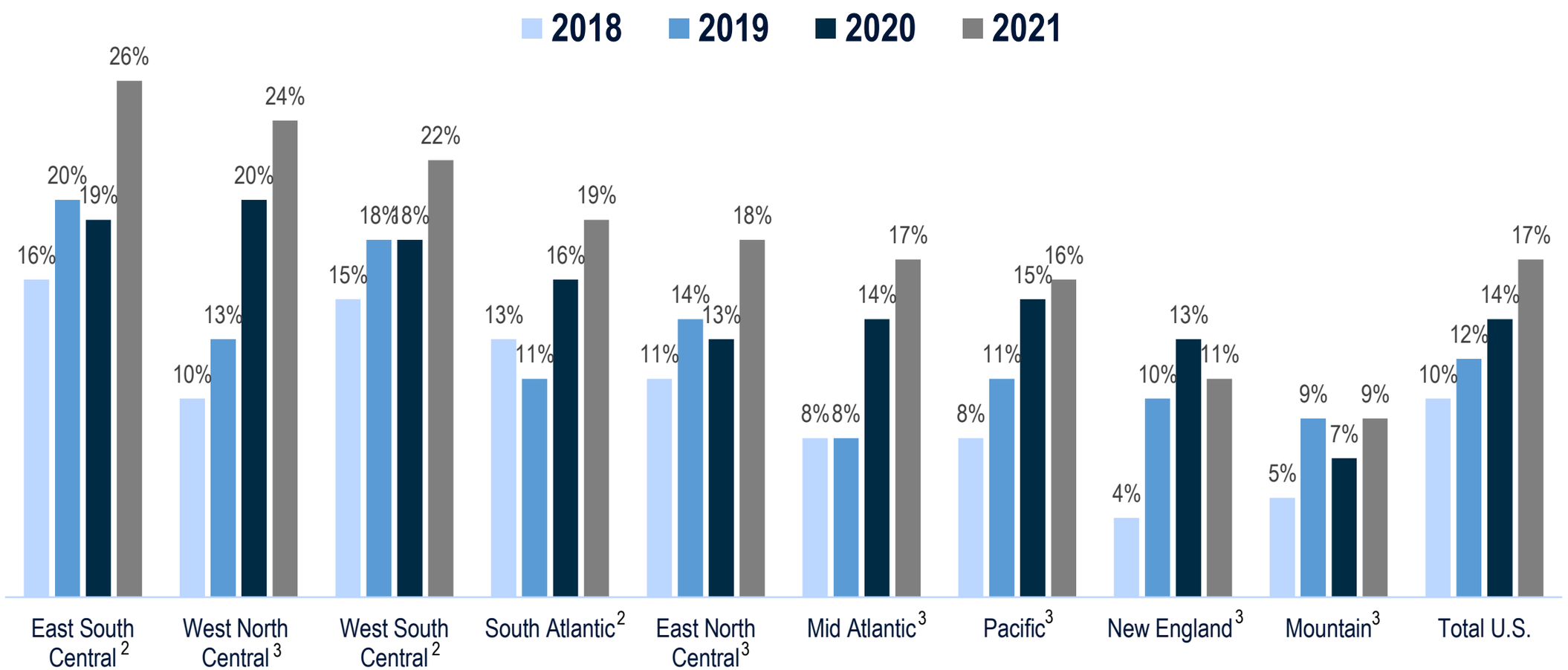
ESPN COLLEGE GAMEDAY BUILT BY THE HOME DEPOT

**2nd Largest Magazine in Germany*

YETI

BROADENING AWARENESS

DOMESTIC UNAIDED BRAND AWARENESS BY REGION[1]



1 Per YETI's 2021 Brand Tracking Study.

2 Heritage market region.

3 Non-heritage market region.

PRODUCT & CATEGORY EVOLUTION 2017-2021

Coolers & Equipment | Drinkware | Other

	1H 2017	2H 2017	1H 2018	2H 2018	1H 2019	2H 2019	1H 2020	2H 2020	1H 2021	2H 2021
Hard Cooler	Limited Edition	Limited Edition	Limited Edition	Haul™ Silo®	Reef Blue	River Green, YETI V Series™	Roadie® 24, Navy	Sagebrush, Ice Pink	King Crab Orange	YETI XV Tundra 50
Soft Cooler	Hopper® Two	Hopper Flip® 8 & Flip® 18	Hopper BackFlip™		Charcoal	Daytrip® Lunch Bag, Hopper® M30	Daytrip® Lunch Box			
Bags		Panga® Duffel	Camino® Carryall, Panga® Backpack	Tocayo™ Backpack		Crossroads™ Backpack, Crossroads™ Tote Bag			Crossroads™ Collection	Camino® Carryall 2.0
Cargo		LoadOut® Bucket			LoadOut GoBox™					
Outdoor Living			Hondo® Base Camp Chair	Boomer™ 8, Lowlands™ Blanket		Trailhead™ Dog Bed, Boomer™ 4	Trailhead™ Camp Chair			
Rambler®	Colored Drinkware, Jug	Mug	Wine Tumbler	Navy, Stackable Pint	24 Oz. Mug, Canyon Red	Jr. Kids Bottle, 12 Oz. Bottle, Stackable Mug	Elements Collection, 26 Oz. Stackable, New Colster Sizes	10 Oz. Rambler	46 Oz. Bottle	64 Oz. Bottle, Travel Mugs, R18 Hotshot
Other		Howler Bros.		Cooler Cuts Women's Tank	Bait Shop T-Shirt		Spring Badge T-Shirt, Fishing Club Rope Hat, Steer Hat and T-Shirts		Women's Apparel	Sweatshirts

INNOVATION CREATES REASON TO BUY AND INCREASES ADDRESSABLE MARKETS

CUSTOMIZATION, COLORWAYS, AND LIMITED EDITION OFFERINGS ENCOURAGE NEW AND REPEAT PURCHASES

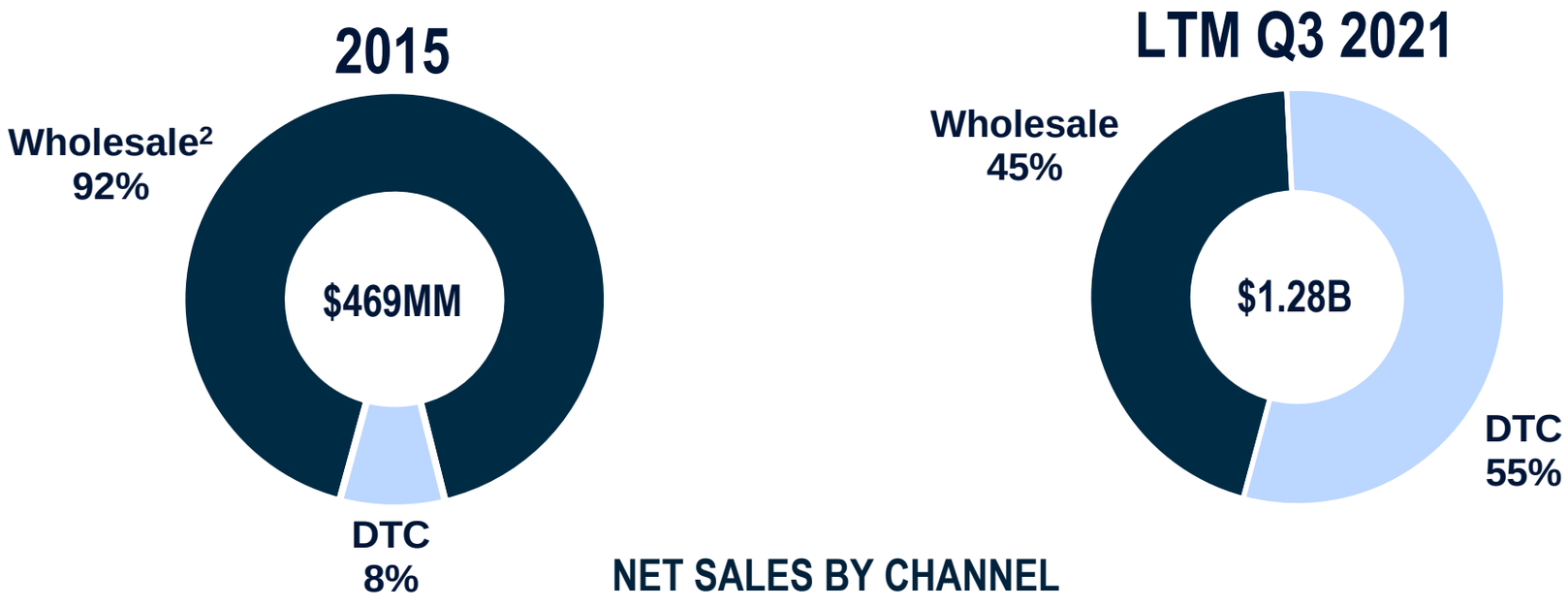
CHANNELS & SUPPLY CHAIN

OMNI-CHANNEL STRATEGY

OVERVIEW

- Balanced omni-channel strategy across DTC and wholesale channels
- Faster growing DTC business supports higher gross margin profile
- Diverse group of U.S. wholesale partners with only one account exceeding 10% of total gross sales[1]
- International reach into Canada, Australia, New Zealand, Japan, Europe, and the U.K.

CHANNEL MIX PROGRESSION



NET SALES BY CHANNEL

1 As a percent of Q3 2021 YTD total gross sales.

2 Wholesale includes $8.3 million of sales to Rambler On.

WHOLESALE

NATIONAL & REGIONAL ACCOUNTS

INDEPENDENT DEALERS

- Diverse dealers across BBQ, boating, building supply, camping, farming, fishing, hardware, hunting & shooting, and outdoor destinations
- ~60% dealer reduction from FY15 to FY21 YTD to strengthen our brand, drive merchandising consistency, and sharpen our focus

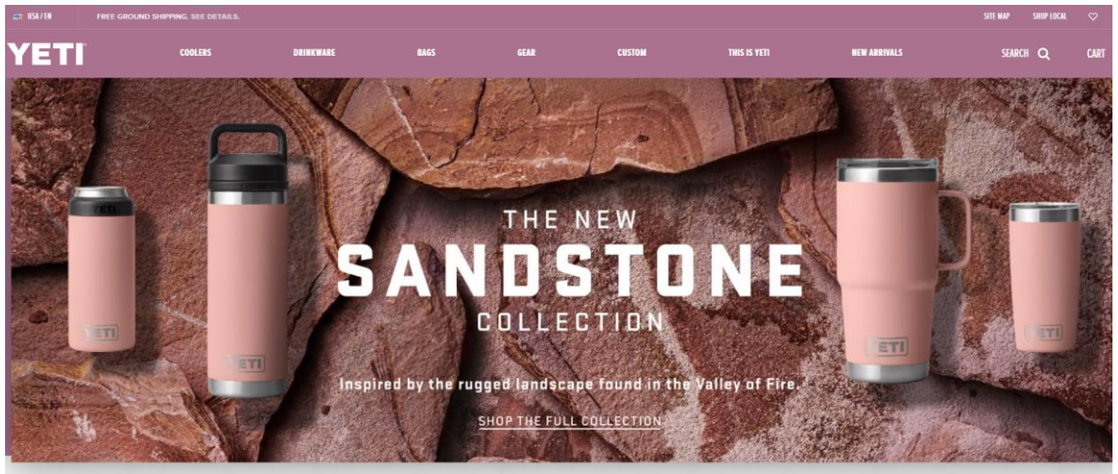
ELEVATED MERCHANDISING FOCUS

Dick's Sporting Goods

Scheel's

DTC CHANNEL

YETI ECOMMERCE



RETAIL

AUSTIN

AUSTIN Campus

AUSTIN Domain

CHARLESTON

CHICAGO

DALLAS

DENVER

LAS OLAS

HOUSTON

CORPORATE SALES

LAND ROVER

BARK BOX

Coca-Cola

FOUR SEASONS RESORT LĀNA'I

JOHN DEERE

PELOTON

WHITE CLAW HARD SELTZER

TOYOTA

salesforce

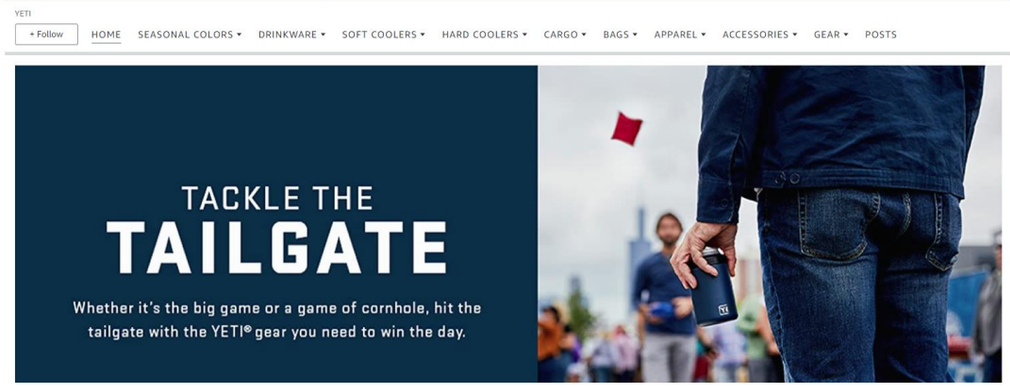
ROCKSTAR ENERGY DRINK

SAP

YETI AUTHORIZED

fulfillment by amazon

YETI



YETI

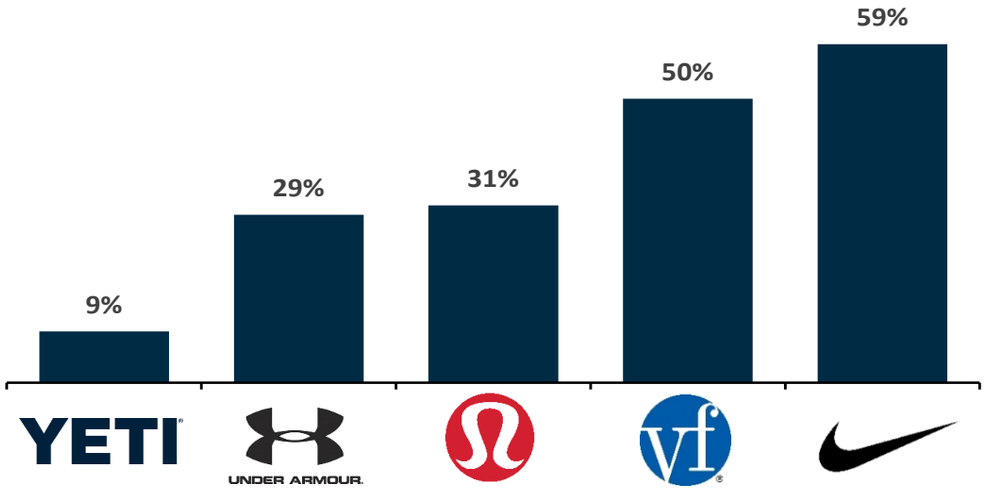
EXPAND INTERNATIONALLY

EXPANSION STRATEGY

- Focused on existing markets to drive deep consumer relevance and develop optimal omni-channel distribution
- Building localized leadership and talent, processes, and brand elements to scale opportunities
- Leverage growing Ambassador network to drive brand authenticity and awareness

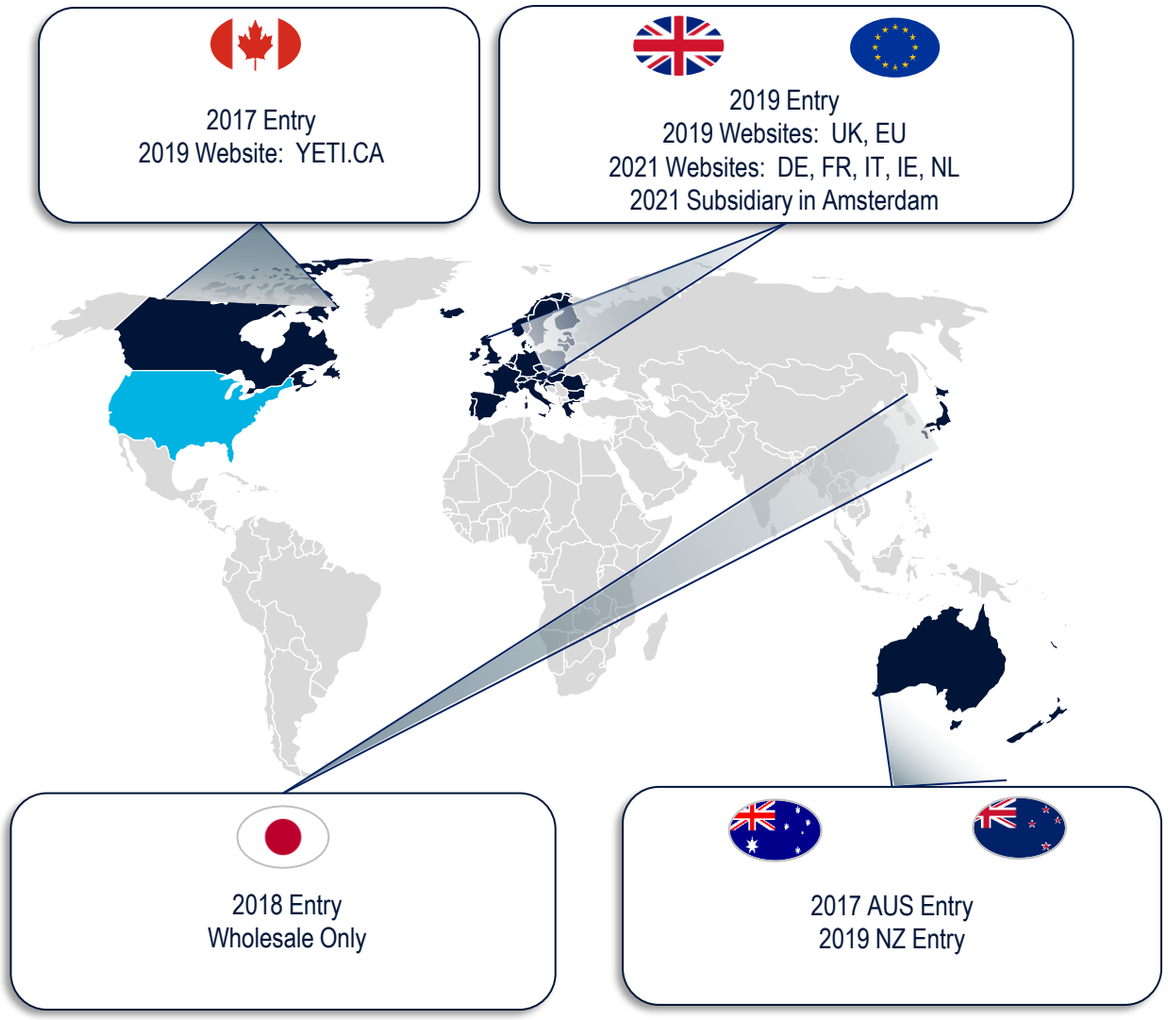
Considerable International Opportunity

International Percentage of Sales[1]



1 Represents last fiscal year percentage of sales from international markets per public company filings as of October 29, 2021. YETI international represents percentage of LTM Q3 2021 net sales.

INTERNATIONAL FOOTPRINT

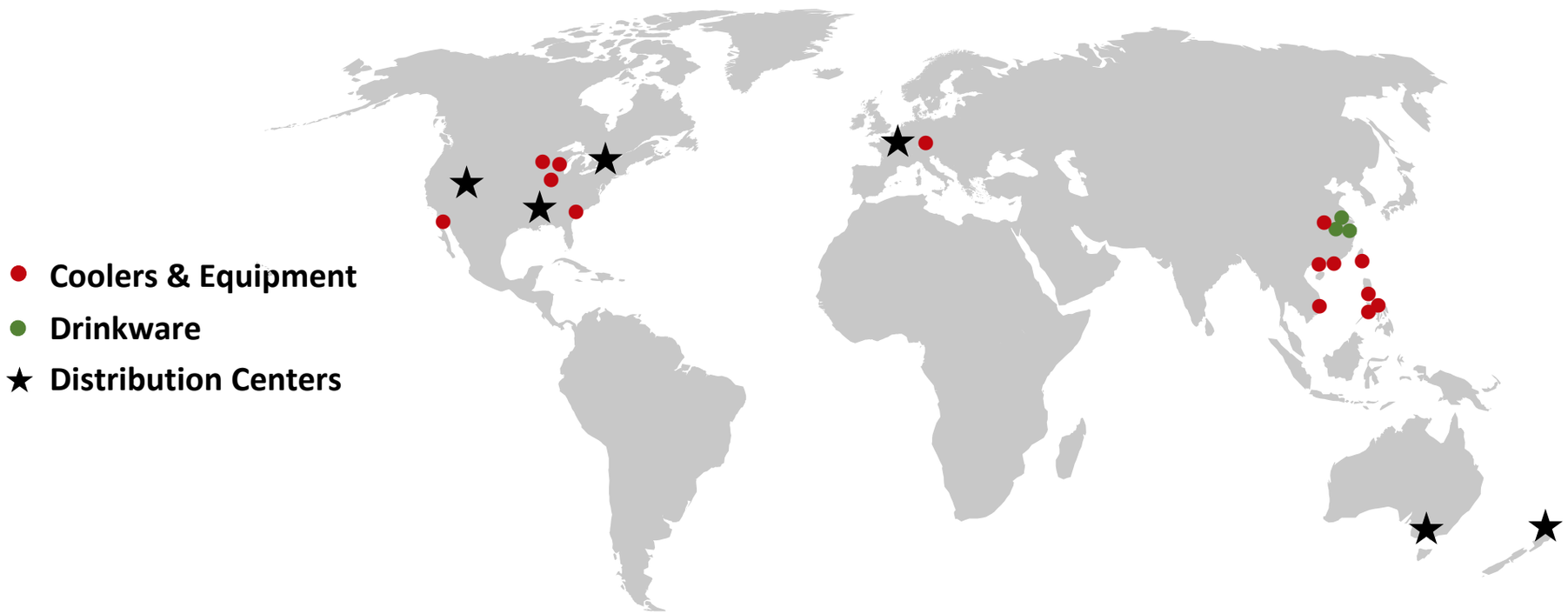


GLOBAL SUPPLY CHAIN

GLOBAL INFRASTRUCTURE

- Partnerships with leading third-party manufacturing and logistics partners
- Ongoing supplier focus on optimizing quality, delivery and best cost
- Future capacity framework informed by diversification and redundancy
- 3PL facilities in Dallas, Salt Lake City, Australia, New Zealand, Canada, the U.K. and the Netherlands; strategic transition from Dallas to Memphis in 2H21
- Additional localized customization facilities supporting eCommerce and Corporate Sales

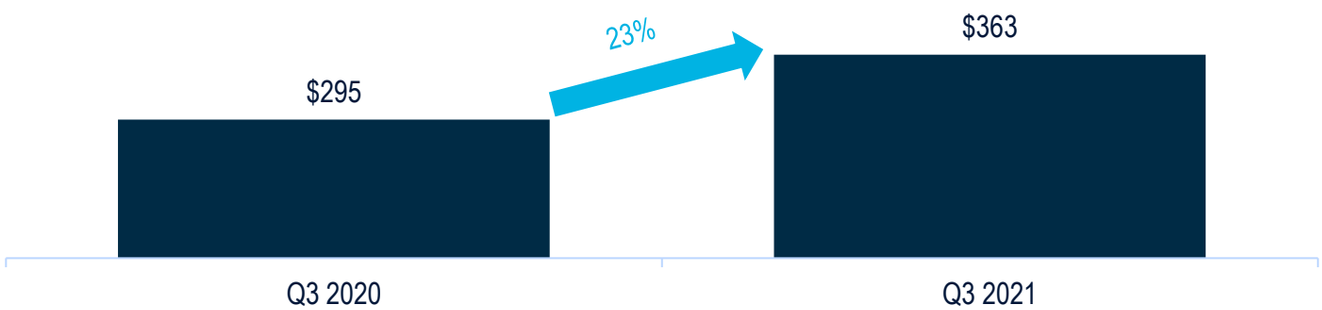
GLOBAL FOOTPRINT



FINANCIALS

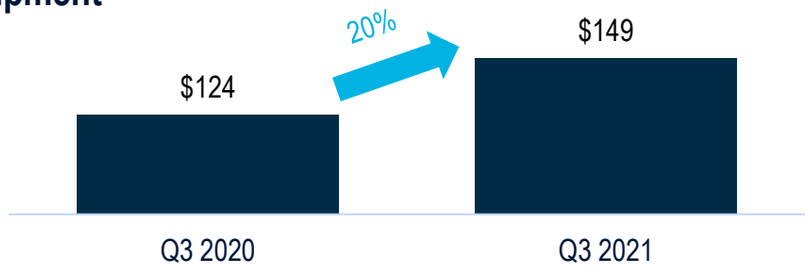
Q3 2021 RESULTS

NET SALES

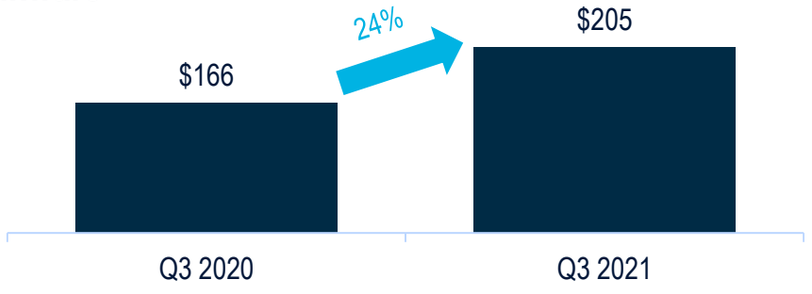


CATEGORY NET SALES GROWTH

Coolers & Equipment

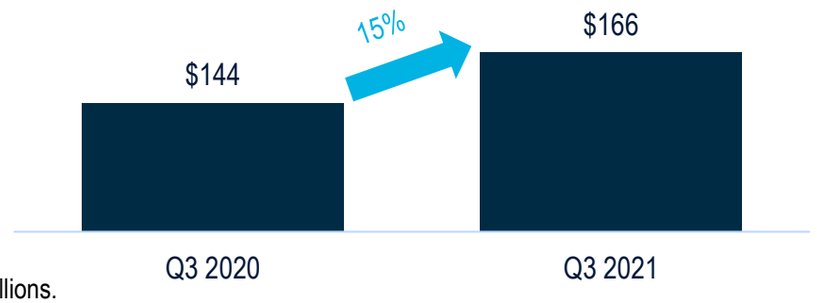


Drinkware

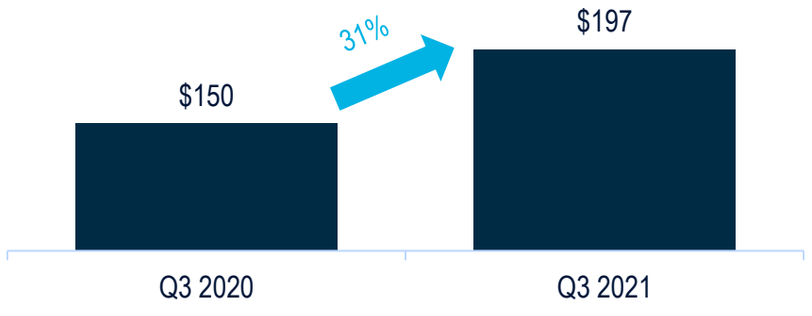


CHANNEL NET SALES GROWTH

Wholesale



Direct-to-Consumer

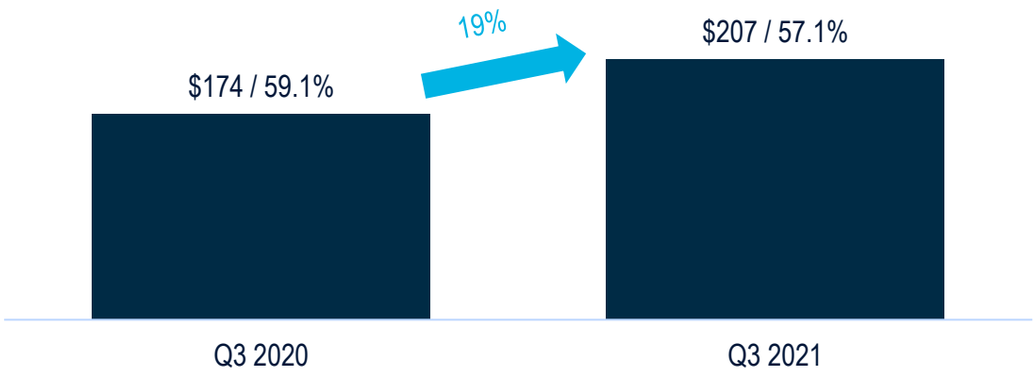


Note: $ in millions.

Q3 2021 RESULTS (CONT'D)

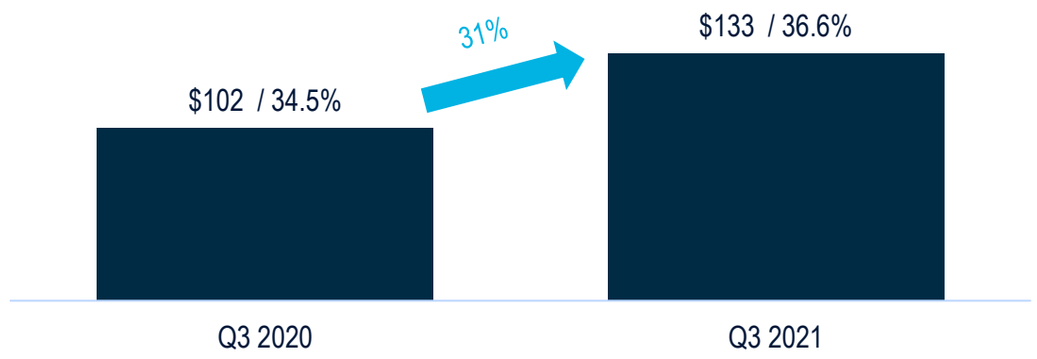
GROSS PROFIT

Gross Profit $ / % Margin



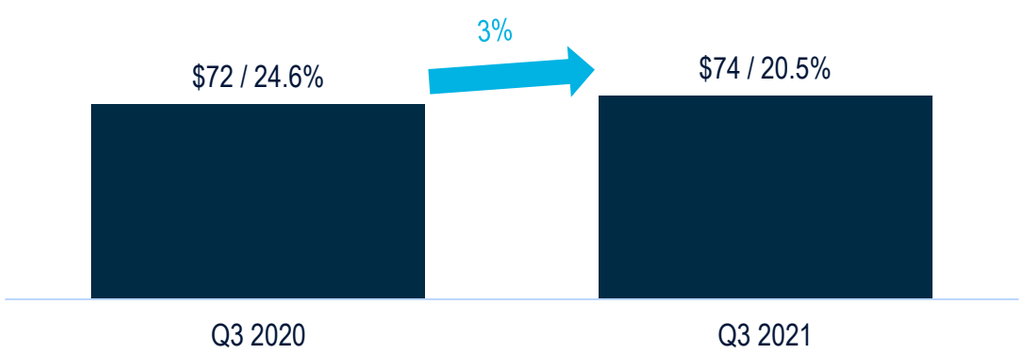
ADJUSTED SG&A[1]

Adjusted SG&A[1] $ / % Margin

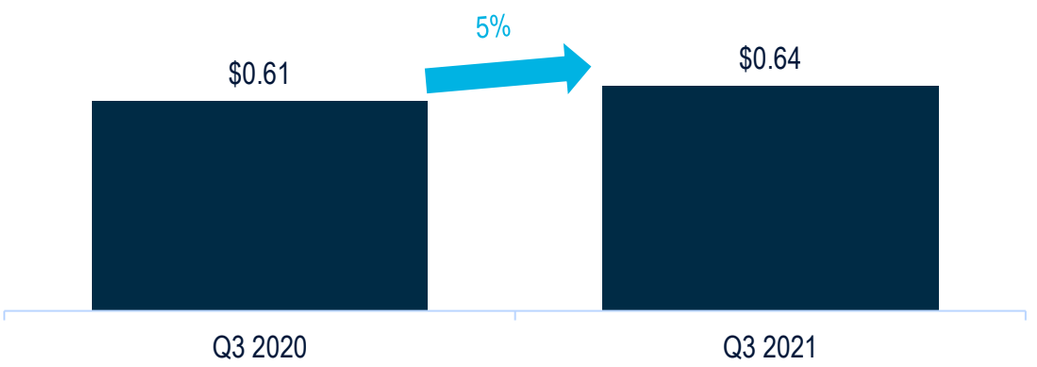


ADJUSTED OPERATING INCOME[1]

Adjusted Operating Income[1] $ / % Margin



ADJUSTED EPS[1]

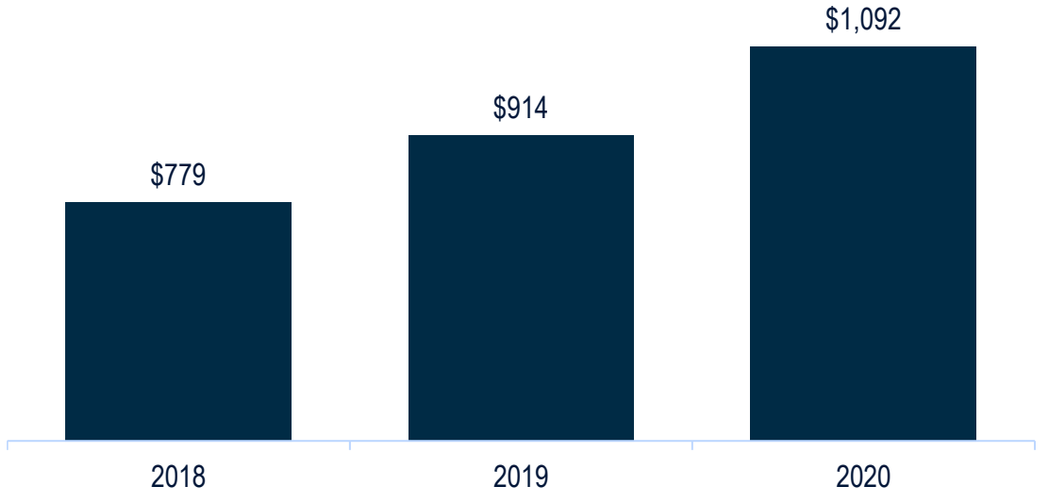


Note: $ in millions, except per share amounts.

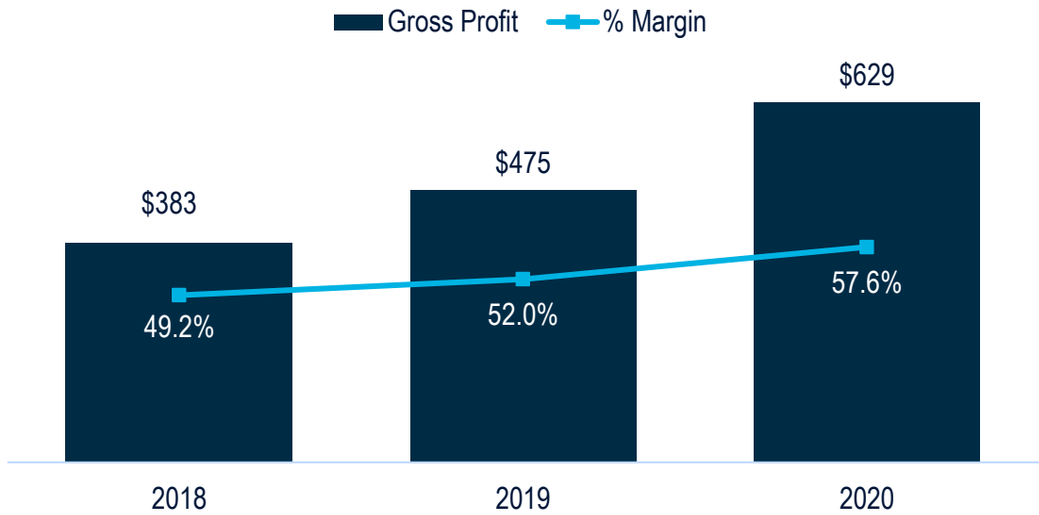
1. Please refer to Appendix for reconciliation of GAAP to non-GAAP measures.

HISTORICAL RESULTS

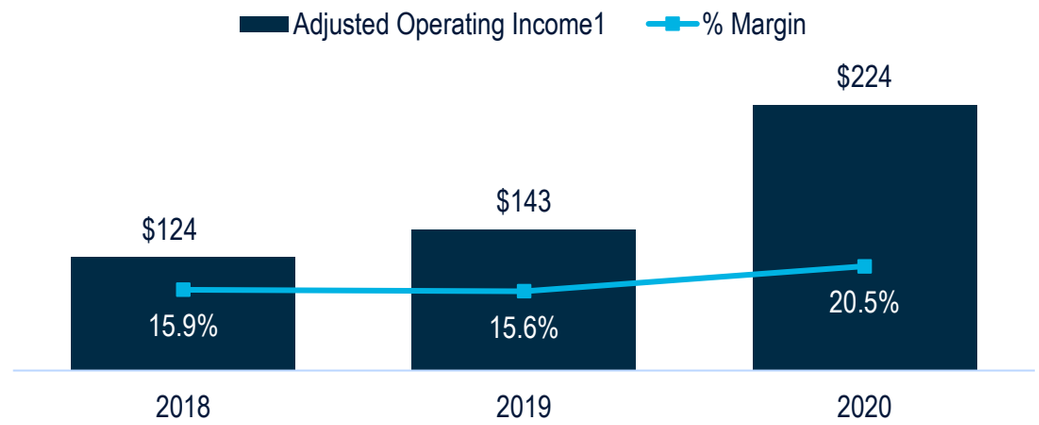
NET SALES



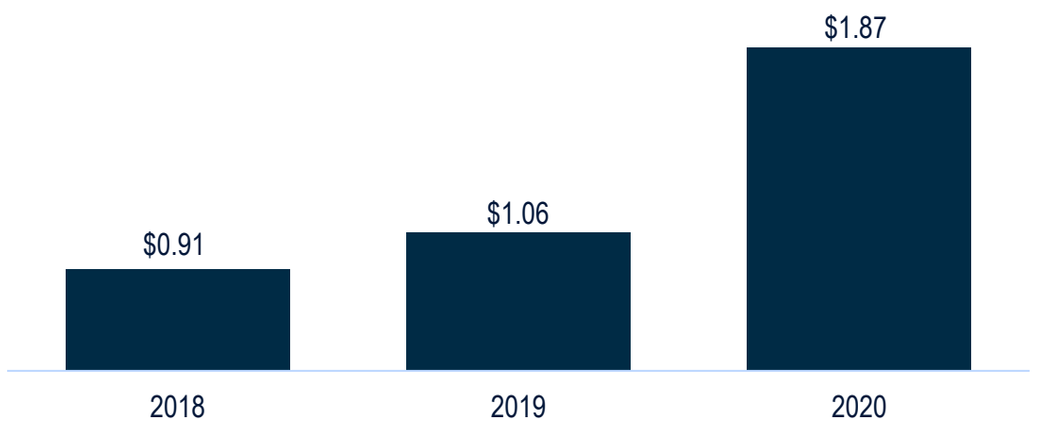
GROSS PROFIT



ADJUSTED OPERATING INCOME[1]



ADJUSTED NET INCOME PER DILUTED SHARE[1]



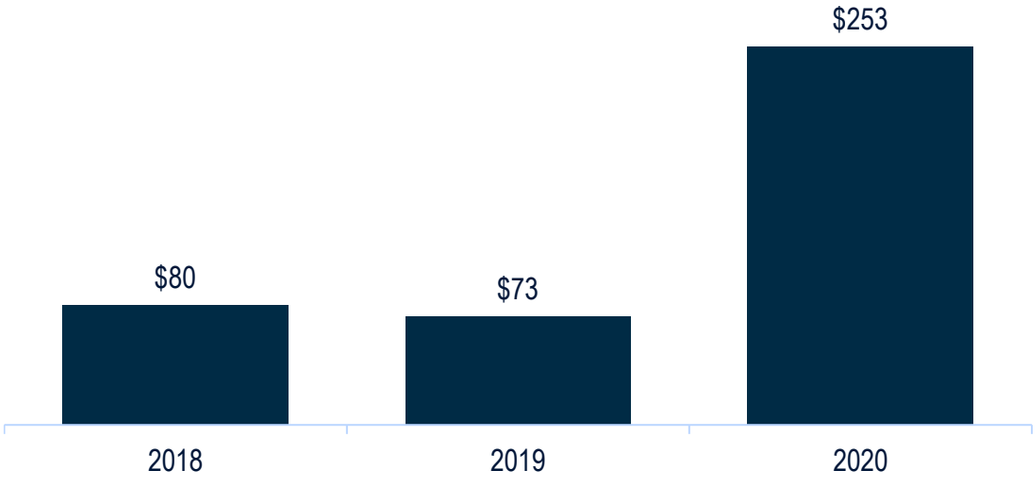
Note: $ in millions, except per share amounts.

1. Please refer to Appendix for reconciliation of GAAP to non-GAAP measures.

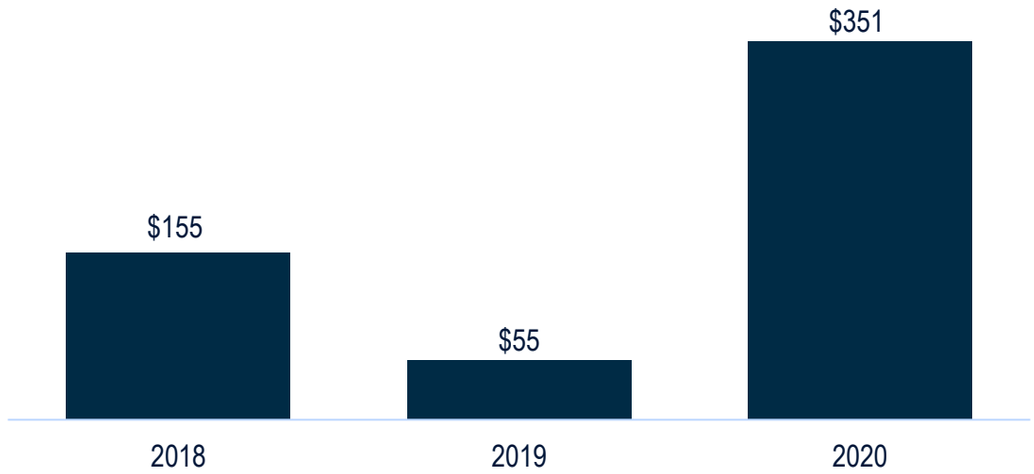
YETI

HISTORICAL RESULTS (CONT'D)

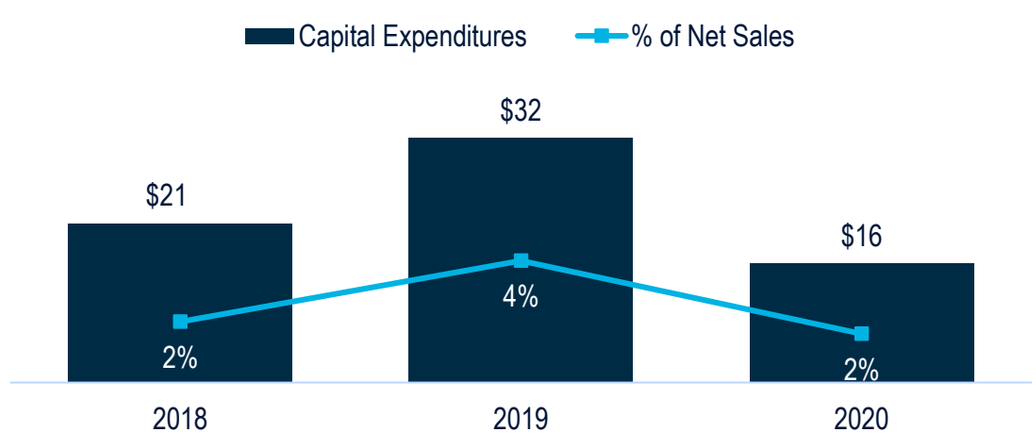
CASH



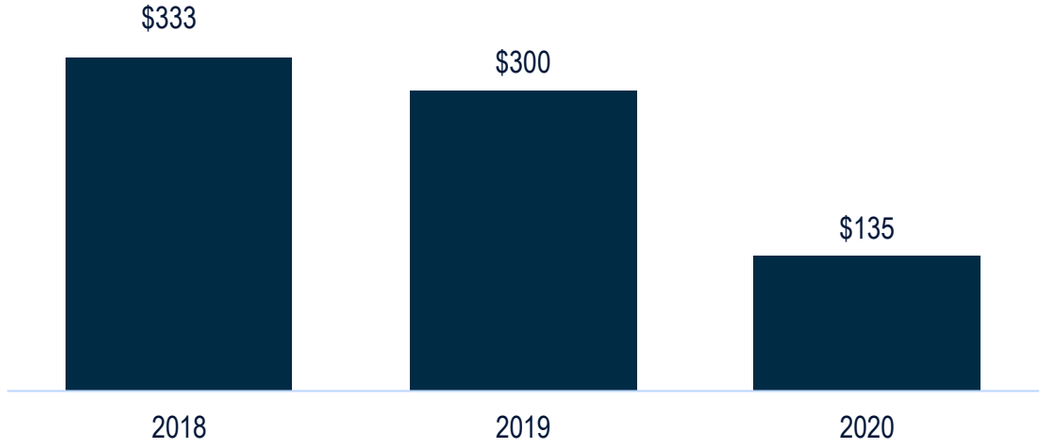
FREE CASH FLOW[1]



CAPITAL EXPENDITUTRES



TOTAL DEBT[2]



Note: $ in millions.

1 Operating cash flow less capital expenditures

2 Excludes finance leases and unamortized deferred financing fees.

FY 2021 OUTLOOK *(as of 11/11/21)*

Metric	Current Outlook	Prior Outlook
Net Sales	**$1.397B to $1.408B** *Up 28% to 29% YoY*	**$1.376B to $1.397B** *Up 26% to 28% YoY*
Gross Margin	**~57.6%**	**~57.6%**
Adjusted Operating Margin [1]	**~20.8%**	**~20.5%**
Effective Tax Rate	**~22.0%**	**~23.0%**
Adjusted Income per Diluted Share [1]	**$2.51 to $2.53** *Up 34% to 35% YoY*	**$2.42 to $2.46** *Up 29% to 32% YoY*
Diluted Weighted Avg. Shares Outstanding	**~88.7MM**	**~88.6MM**
Capital Expenditures	**$55MM to $60MM**	**$55MM to $60MM**

1. Please refer to Appendix for reconciliation of GAAP to non-GAAP measures.

YETI

APPENDIX

NON-GAAP RECONCILIATION

	2018	2019[1]	2020
Net sales	**$ 778.8**	**$ 913.7**	**$ 1,091.7**
Operating income	**$ 102.2**	**$ 89.8**	**$ 214.2**
Non-cash stock-based compensation expense[2][3]	13.2	52.3	9.0
Long-lived asset impairment[2]	1.2	0.6	1.1
Investments in new retail locations and international market expansion[2][4]	0.8	—	—
Transition to Cortec majority ownership[2][5]	0.8	—	—
Transition to the ongoing senior management team[2][6]	1.8	—	—
Transition to a public company[2][7]	4.2	—	—
Adjusted operating income	**$ 124.2**	**$ 142.7**	**$ 224.3**
% of Net sales	*15.9 %*	*15.6 %*	*20.5 %*
Net income	**$ 57.8**	**$ 50.4**	**$ 155.8**
Non-cash stock-based compensation expense[2][3]	13.2	52.3	9.0
Long-lived asset impairment	1.2	0.6	1.1
Loss on prepayment, modification, and extinguishment of debt[8]	1.3	0.6	1.1
Investments in new retail locations and international market expansion[2][4]	0.8	—	—
Transition to Cortec majority ownership[2][5]	0.8	—	—
Transition to the ongoing senior management team[2][6]	1.8	—	—
Transition to a public company[2][7]	4.2	—	—
Tax impact of adjusting items[9]	(5.5)	(12.3)	(2.7)
Adjusted net income	**$ 75.7**	**$ 91.8**	**$ 164.2**
Adjusted net income per diluted share	$ 0.91	$ 1.06	$ 1.87
Weighted average common shares outstanding - diluted	83.5	86.3	87.8

1. **Beginning with the first quarter of Fiscal 2020, YETI revised its definitions of certain non-GAAP financial measures by eliminating various adjustments, specifically investments in new retail locations and international market expansion, transition to the ongoing senior management team, and transition to a public company. The Fiscal 2019 non GAAP financial results have been recast to conform to these revised definitions.**
2. **These costs are reported in SG&A expenses.**
3. **Includes $40.7 million of one-time non-cash stock-based compensation expense related to pre-IPO restricted stock units ("PRSUs") that vested and were fully recognized during the fourth quarter of Fiscal 2019.. The vesting of the PRSUs was triggered when Cortec, our majority stockholder at the time, ceased to own more than 35% of the voting power of our outstanding common stock following the closing of our November 2019 secondary offering.**
4. **Represents retail store pre-opening expenses and costs for expansion into new international markets.**
5. **Represents management service fees paid to Cortec, our majority stockholder at the time. The management services agreement with Cortec was terminated immediately following the completion of our initial public offering in October 2018.**
6. **Represents severance, recruiting, and relocation costs related to the transition to our ongoing senior management team.**
7. **Represents fees and expenses in connection with our transition to a public company, including consulting fees, recruiting fees, salaries, and travel costs related to members of our Board of Directors, fees associated with Sarbanes-Oxley Act compliance, incremental audit and legal fees associated with being a public company.**
8. **Represents the accelerated amortization of deferred financing fees resulting from the voluntary prepayments of our term loan in Fiscal 2020 and the loss on modification and extinguishment related to the amendment of our credit facility in Fiscal 2019.**
9. **Represents the tax impact of adjustments calculated at an expected statutory tax rate of 24.5%, 22.9%, and 23.3% for Fiscal 2020, Fiscal 2019, and Fiscal 2018, respectively. For Fiscal 2019, the tax impact of adjustments is net of a $0.9 million discrete income tax expense related to the recognition of $40.7 million one-time non-cash stock-based compensation expense associated with pre-IPO PRSUs that vested and were fully recognized during the fourth quarter of Fiscal 2019.**
10. **Depreciation and amortization expenses are reported in SG&A expenses and cost of goods sold.**

Note: In millions, except per share amounts. Amounts may not recalculate due to rounding.

NON-GAAP RECONCILIATION (CONT'D)

	Q3 2020	Q3 2021
Net sales	**$ 294.6**	**$ 362.6**
Selling, General, and Administrative	**$ 103.9**	**$ 138.3**
Non-cash stock-based compensation expense[(1)]	(2.3)	(3.8)
Long-lived asset impairment[(1)]	—	(1.2)
Business optimization expense[(1)]	—	(0.5)
Adjusted Selling, General, and Administrative	**$ 101.6**	**$ 132.8**
% of Net sales	*34.5 %*	*36.6 %*
Operating income	**$ 70.1**	**$ 68.7**
Non-cash stock-based compensation expense[(1)]	2.3	3.8
Long-lived asset impairment[(1)]	—	1.2
Business optimization expense[(1)(2)]	—	0.5
Adjusted operating income	**$ 72.4**	**$ 74.2**
% of Net sales	*24.6 %*	*20.5 %*
Net income	**51.4**	**53.0**
Non-cash stock-based compensation expense[(1)]	2.3	3.8
Long-lived asset impairment[(1)]	—	1.2
Loss on prepayment of debt[(3)]	0.4	—
Business optimization expense[(1)(2)]	—	0.5
Tax impact of adjusting items[(4)]	(0.7)	(1.3)
Adjusted net income	**$ 53.5**	**$ 57.1**
Adjusted net income per diluted share	$ 0.61	$ 0.64
Weighted average common shares outstanding - diluted	88.1	88.8

1. **These costs are reported in SG&A expenses.**
2. **Represents start-up costs, transition and integration charges associated with our new distribution facility in Memphis, Tennessee, and costs to exit our distribution facility in Dallas, Texas.**
3. **Represents the accelerated amortization of deferred financing fees resulting from the voluntary prepayments of our term loan.**
4. **Represents the tax impact of adjustments calculated at an expected statutory tax rate of 24.5% for both the third quarter of Fiscal 2020 and Fiscal 2021.**

Note: In millions, except per share amounts. Amounts may not recalculate due to rounding.

NON-GAAP RECONCILIATION (CONT'D)

	Current FY 2021 Outlook		Prior FY 2021 Outlook	
	Low	High	Low	High
Net sales	**$ 1,397.4**	**$ 1,408.3**	**$ 1,375.6**	**$ 1,397.4**
Operating income	**$ 271.7**	**$ 274.0**	**$ 263.3**	**$ 267.7**
Non-cash stock-based compensation expense[1]	15.4	15.4	16.0	16.0
Long-lived asset impairment[1]	2.3	2.3	1.1	1.1
Business optimization expense[1][2]	1.1	1.1	2.1	2.1
Adjusted operating income	**$ 290.7**	**$ 292.9**	**$ 282.5**	**$ 287.0**
% of Net sales	*20.8 %*	*20.8 %*	*20.5 %*	*20.5 %*
Net income	**207.9**	**209.7**	**199.7**	**203.1**
Non-cash stock-based compensation expense[1]	15.4	15.4	16.0	16.0
Long-lived asset impairment[1]	2.3	2.3	1.1	1.1
Business optimization expense[1][2]	1.1	1.1	2.1	2.1
Tax impact of adjusting items[3]	(4.6)	(4.6)	(4.7)	(4.7)
Adjusted net income	**$ 222.2**	**$ 224.0**	**$ 214.2**	**$ 217.7**
Adjusted net income per diluted share	$ 2.51	$ 2.53	$ 2.42	$ 2.46
Weighted average common shares outstanding - diluted	88.7	88.7	88.6	88.6

1. **These costs are reported in SG&A expenses.**
2. **Represents start-up costs, transition and integration charges associated with our new distribution facility in Memphis, Tennessee, and costs to exit our distribution facility in Dallas, Texas.**
3. **Represents the tax impact of adjustments calculated at an expected statutory tax rate of 24.5%.**

Note: In millions, except per share amounts. Amounts may not recalculate due to rounding.