

Stein Mart (SMRT)

Reconciliation of Operating and Net Income, Taxes and Diluted EPS (GAAP Basis) to Adjusted Operating and Net Income and Diluted EPS (Non-GAAP Basis)

Unaudited (in thousands, except for share data)

We report our consolidated financial results in accordance with generally accepted accounting principles ("GAAP"). However, to supplement these consolidated financial results, management believes that certain non-GAAP operating results, which exclude those items detailed below, may provide a more meaningful measure to compare our results of operations between periods. We believe these non-GAAP results provide useful information to both management and investors by excluding certain items that impact comparability of the results.

	2015				2014				2013				2012			
	Operating Income	Tax Provision	Net Income	Diluted EPS	Operating Income	Tax Provision	Net Income	Diluted EPS	Operating Income	Tax Provision	Net Income	Diluted EPS	Operating Income	Tax Provision	Net Income	Diluted EPS
FIRST QUARTER:																
GAAP Basis	\$ 22,758	\$ 8,508	\$ 13,564	\$ 0.29	\$ 23,097	\$ 8,957	\$ 14,075	\$ 0.31	\$ 24,382	9,629	\$ 14,692	\$ 0.33	\$ 18,957	\$ 8,078	\$ 10,833	\$ 0.25
Adjustments:																
Ecommerce start-up costs (1)	501	190	311	0.01	645	245	400	0.01	305	116	189	-				
Investigation and related fees (2)	463	176	287	0.01	328	125	203	-	710	270	440	0.01				
Store closing and asset impairment charges	55	21	34	-	(13)	(5)	(8)	-					152	59	93	-
Change in estimate for allocated merchandise buying costs (3)									(1,100)	(418)	(682)	(0.02)				
Total adjustments	1,019	387	632	0.02	960	365	595	0.01	(85)	(32)	(53)	(0.00)	152	59	93	-
Adjusted/Non-GAAP Basis	\$ 23,777	\$ 8,895	\$ 14,196	\$ 0.31	\$ 24,057	\$ 9,322	\$ 14,670	\$ 0.32	\$ 24,297	\$ 9,597	\$ 14,639	\$ 0.33	\$ 19,109	\$ 8,137	\$ 10,926	\$ 0.25
SECOND QUARTER:																
GAAP Basis	\$ 7,390	\$ 2,489	\$ 4,094	\$ 0.09	\$ 2,793	\$ 987	\$ 1,737	\$ 0.04	\$ 5,843	\$ 2,362	\$ 3,414	\$ 0.08	\$ 3,851	\$ 1,502	\$ 2,306	\$ 0.05
Adjustments:																
Ecommerce start-up costs (1)	772	293	479	0.01	714	271	443	0.01	687	261	426	0.01				
Investigation and related fees (2)	(277)	(105)	(172)	-	963	366	597	0.01								
Store closing and asset impairment charges	9	3	6	-	(121)	(46)	(75)	-	(63)	(24)	(39)	-	60	23	37	-
Change in estimate for allocated merchandise buying costs (3)									1,100	418	682	0.01				
Gift card breakage (4)													(2,100)	(808)	(1,292)	(0.03)
Total adjustments	504	192	312	0.01	1,556	591	965	0.02	1,724	655	1,069	0.02	(2,040)	(785)	(1,255)	(0.03)
Adjusted/Non-GAAP Basis	\$ 7,894	\$ 2,681	\$ 4,406	\$ 0.10	\$ 4,349	\$ 1,578	\$ 2,702	\$ 0.06	\$ 7,567	\$ 3,017	\$ 4,483	\$ 0.10	\$ 1,811	\$ 717	\$ 1,051	\$ 0.02
THIRD QUARTER:																
GAAP Basis	\$ 704	\$ 10	\$ (197)	\$ (0.01)	\$ (1,716)	\$ (571)	\$ (1,211)	\$ (0.03)	\$ (108)	\$ (205)	\$ 28	\$ -	\$ (3,741)	\$ (2,163)	\$ (1,659)	\$ (0.04)
Adjustments:																
Ecommerce start-up costs (1)	1,280	486	794	0.02	678	258	420	0.01	336	128	208	-				
Investigation and related fees (2)	30	11	19	-	1,630	619	1,011	0.02	447	170	277	0.01				
Store closing and asset impairment charges	(37)	(14)	(23)	-	1,172	445	727	0.02	134	51	83	-	466	179	287	0.01
Change in estimate for allocated merchandise buying costs (3)									(1,400)	(532)	(868)	(0.02)				
Total adjustments	1,273	483	790	0.02	3,480	1,322	2,158	0.05	(483)	(183)	(300)	(0.01)	466	179	287	0.01
Adjusted/Non-GAAP Basis	\$ 1,977	\$ 493	\$ 593	\$ 0.01	\$ 1,764	\$ 751	\$ 947	\$ 0.02	\$ (591)	\$ (388)	\$ (272)	\$ (0.01)	\$ (3,275)	\$ (1,984)	\$ (1,372)	\$ (0.03)
FOURTH QUARTER:																
GAAP Basis	\$ 10,711	\$ 3,562	\$ 6,250	\$ 0.13	\$ 20,535	\$ 8,164	\$ 12,305	\$ 0.27	\$ 10,716	\$ 3,227	\$ 7,421	\$ 0.16	\$ 17,156	\$ 3,554	\$ 13,547	\$ 0.30
Adjustments:																
Ecommerce start-up costs (1)	1,013	385	628	0.01	588	223	365	0.01	1,142	434	708	0.02				
Investigation and related fees (2)	(166)	(63)	(103)	-	1,136	52	1,084	0.02	765	291	474	0.01	4,038	1,554	2,483	0.06
Store closing and asset impairment charges	2,008	763	1,245	0.03	1,443	548	895	0.02	2,282	867	1,415	0.03	885	341	544	0.01
Change in estimate for allocated merchandise buying costs (3)									6,400	2,432	3,968	0.09				
53rd week impact (5)													(2,890)	(1,113)	(1,777)	(0.04)
Tax benefit from elimination of post-retirement benefit (6)														2,461	(2,461)	(0.05)
Total adjustments	2,855	1,085	1,770	0.04	3,167	823	2,344	0.05	10,589	4,024	6,565	0.15	2,033	3,243	(1,211)	(0.02)
Adjusted/Non-GAAP Basis	\$ 13,566	\$ 4,647	\$ 8,020	\$ 0.17	\$ 23,702	\$ 8,987	\$ 14,649	\$ 0.32	\$ 21,305	\$ 7,251	\$ 13,986	\$ 0.31	\$ 19,189	\$ 6,797	\$ 12,336	\$ 0.28
FISCAL YEAR:																
GAAP Basis	\$ 41,563	\$ 14,569	\$ 23,711	\$ 0.51	\$ 44,709	\$ 17,537	\$ 26,906	\$ 0.59	\$ 40,833	\$ 15,013	\$ 25,555	\$ 0.57	\$ 36,223	\$ 10,971	\$ 25,027	\$ 0.57
Adjustments:																
Ecommerce start-up costs (1)	3,565	1,355	2,210	0.04	2,624	997	1,627	0.04	2,472	939	1,533	0.03				
Investigation and related fees (2)	51	19	32	-	4,058	1,162	2,896	0.06	1,921	730	1,191	0.03	4,038	1,554	2,484	0.05
Store closing and asset impairment charges	2,035	773	1,262	0.03	2,481	943	1,538	0.03	2,352	894	1,458	0.03	1,563	602	961	0.02
Change in estimate for allocated merchandise buying costs (3)									5,000	1,900	3,100	0.07				
Gift card breakage (4)													(2,100)	(808)	(1,292)	(0.03)
53rd week impact (5)													(2,890)	(1,113)	(1,777)	(0.04)
Tax benefit from elimination of post-retirement benefit (6)														2,461	(2,461)	(0.05)
Total adjustments	5,651	2,147	3,504	0.07	9,163	3,102	6,061	0.13	11,745	4,463	7,282	0.16	611	2,696	(2,085)	(0.05)
Adjusted/Non-GAAP Basis	\$ 47,214	\$ 16,716	\$ 27,215	\$ 0.58	\$ 53,872	\$ 20,639	\$ 32,967	\$ 0.72	\$ 52,578	\$ 19,476	\$ 32,837	\$ 0.73	\$ 36,834	\$ 13,667	\$ 22,942	\$ 0.52

(1) Net loss from start-up of our ecommerce business launched in September 2013.

(2) Professional fees and other expenses, related to the SEC investigation into our 2012 financial restatement which was settled in September 2015

(3) 2013 only: A change in estimation of buying and distribution costs allocated to inventories, recorded in the fourth quarter of 2013, lowered the percentage of expenses allocated to inventories

(4) 2012 only: \$2.1 million higher breakage income on unused gift and merchandise return cards as a result of changes in breakage assumptions during the second quarter of 2012.

(5) 2012 only: The results of the 53rd week in fiscal 2012.

(6) 2012 only: Tax benefit recorded in the fourth quarter resulting from the tax impact of the deductibility in 2012 of previously non-deductible financial statement accruals related to the elimination of post-retirement life insurance benefits