

NAICS 45111 - Sporting Goods Stores;  
Region(s): WI - Wisconsin Region(s): MSA -  
Kenosha, WI, Madison, WI, Milwaukee-  
Waukesha, WI

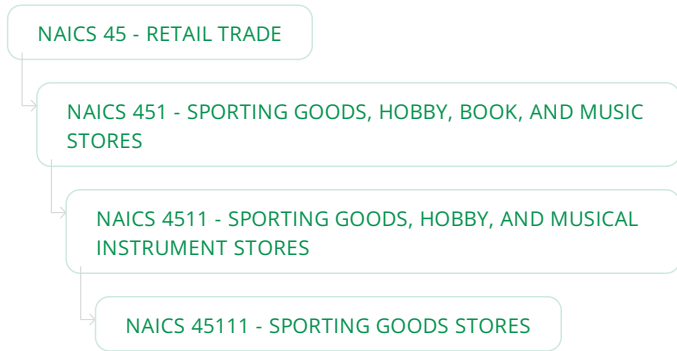
# Industry Metrics Four Years

Brought to you by **Example User**

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## NAICS 45111 - Sporting Goods Stores



This industry comprises establishments primarily engaged in retailing new sporting goods, such as bicycles and bicycle parts; camping equipment; exercise and fitness equipment; athletic uniforms; specialty sports footwear; and sporting goods, equipment, and accessories.

### Industry Risk Indicators

This Industry's Return on Investment: **2%**



Percentile Rank among all Industries: **57%**

This Industry's Loan Failure Rate: **3%**



Percentile Rank among all Industries: **10%**

### INDUSTRY TRENDS

Sporting Goods Stores under NAICS 45111 have been observing several key qualitative trends recently. One of the most prominent is the increasing consumer preference for experiential retail. Consumers are looking for more than just products; they want engaging and interactive shopping experiences. Sporting goods stores are responding by incorporating virtual reality, augmented reality, and offering in-store fitness classes or product demonstrations.

Another significant trend is the growing emphasis on sustainability. Consumers are more conscious about the environmental impact of their purchases, prompting sporting goods stores to stock eco-friendly products made from sustainable materials and to adopt greener business practices across their operations.

There is also a notable rise in digital transformation within the sector. E-commerce and mobile shopping continue to grow, with stores investing in their online presence and technology to provide a seamless omnichannel experience. Enhanced digital customer service, personalized marketing, and advanced logistics are also coming into play.

Looking ahead, the near future forecasts suggest that these trends will intensify. The experiential retail trend is expected to become more sophisticated with advancements in technology. Sustainability initiatives will likely become a standard part of business models, not just a trend. Digital transformation will accelerate, driven by both consumer demand and technological advancements, making it crucial for businesses to stay current with innovative solutions to remain competitive.

## REGIONAL SPECIFICS

In the sporting goods store industry within Wisconsin, particularly in the metropolitan statistical areas (MSAs) of Kenosha, Madison, and Milwaukee-Waukesha, there are several specific trends and characteristics to consider:

**Kenosha, WI:** This area has seen a growing interest in outdoor sports, driven by its proximity to natural recreational areas. There's a notable demand for products related to camping, hiking, and water sports. Community involvement in local sports leagues also boosts sales in team sports equipment.

**Madison, WI:** Madison is characterized by a younger, active demographic, fueled by the presence of the University of Wisconsin. Trends here include a strong inclination toward fitness and wellness products. There is also an increasing emphasis on sustainability, with consumers preferring eco-friendly sporting goods.

**Milwaukee-Waukesha, WI:** This region, being the most populous, shows a diverse range of sports interests. There is significant growth in urban sports such as cycling and running. Additionally, there is a heightened interest in specialty sports equipment, catering to niche activities. The presence of professional sports teams in Milwaukee also stimulates the market for fan merchandise.

**Overall Trends:** Across all regions, e-commerce is becoming a pivotal avenue for sales, with more consumers opting for online shopping. There's also a noticeable shift towards personalization and customization of sports gear. Moreover, experiential retail, where stores offer interactive and engaging shopping experiences, is gaining traction as a way to differentiate from online competitors.

## AI CHAT

### Example User:

How do these regions compare to the neighboring areas in Illinois?

### Assistant:

Comparing the Wisconsin regions of Kenosha, Madison, and Milwaukee-Waukesha to neighboring areas in Illinois, particularly the Chicago metropolitan area, we see several distinctions:

**Consumer Behavior:** Illinois, especially around Chicago, has a higher concentration of urban consumers who favor technology-driven fitness products and premium brands. Wisconsin areas, while increasingly tech-savvy, still maintain strong ties to community-based and outdoor activities.

**Product Demand:** In Chicago, there's a robust demand for diverse sports categories, including high-end and boutique fitness experiences. Wisconsin's demand leans more towards traditional sports and outdoor gear.

**Sustainability:** Both regions show interest in sustainable products, but it's more pronounced in urban Illinois due to a larger millennial and Gen Z population.

**Market Saturation:** Illinois, particularly Chicago, is more saturated with sporting goods stores, leading to fierce competition. Wisconsin offers growth opportunities, particularly for niche markets and experiential retail.

## THIS INDUSTRY IS COMPRISED OF:

Athletic equipment and supply stores (including uniforms)

Bicycle (except motorized) shops

Bowling equipment and supply stores

Diving equipment stores

Exercise equipment stores

Fishing supply stores (e.g., bait)

Footwear (e.g., bowling, golf, spiked), specialty sports, stores

Golf pro shops

Gun shops

Outdoor sporting equipment stores

Pro shops (e.g., golf, skiing, tennis)

Saddlery stores

Shoe stores, specialty sports footwear (e.g., bowling, golf, spiked)

Sporting goods stores

Sports gear stores (e.g., outdoors, scuba, skiing)

Tack shops

Tackle shops (i.e., fishing)

Uniform stores, athletic

**COMPANY INCOME STATEMENT [% OF NET SALES]**

| INCOME STATEMENT            | 2020          | 2021          | 2022          | 2023          |
|-----------------------------|---------------|---------------|---------------|---------------|
| Industry Code               | 45111         | 45111         | 45111         | 45111         |
| Sample Size (company count) | 67            | 73            | 67            | 67            |
| <b>Net Sales</b>            | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> |
| Cost of Sales               | 61.0%         | 38.9%         | 43.3%         | 38.7%         |
| Material Cost               | 36.8%         | 38.1%         | 41.6%         | 36.8%         |
| Labor Cost                  | 19.7%         | 0.4%          | 0.5%          | 0.4%          |
| Overhead                    | 4.5%          | 0.4%          | 1.2%          | 1.5%          |
| <b>Gross Profit</b>         | <b>39.0%</b>  | <b>61.1%</b>  | <b>56.7%</b>  | <b>61.3%</b>  |
| Operating Expenses          | 33.9%         | 55.2%         | 50.1%         | 55.8%         |
| Salaries / Wages            | 7.6%          | 11.3%         | 10.7%         | 7.6%          |
| Rent                        | 1.8%          | 3.8%          | 4.7%          | 1.8%          |
| Bad Debt                    | 0.1%          | 0.2%          | 0.2%          | 0.1%          |
| Advertising / Marketing     | 1.9%          | 1.1%          | 1.8%          | 1.9%          |
| Other Operating Expenses    | 22.5%         | 38.7%         | 32.6%         | 44.4%         |
| <b>EBITDA</b>               | <b>5.2%</b>   | <b>6.0%</b>   | <b>6.7%</b>   | <b>5.5%</b>   |
| Depreciation & Amortization | 1.0%          | 1.9%          | 2.3%          | 1.0%          |
| <b>EBIT</b>                 | <b>4.2%</b>   | <b>4.0%</b>   | <b>4.4%</b>   | <b>4.5%</b>   |
| Interest Expense            | 0.5%          | 1.9%          | 1.1%          | 0.5%          |
| Other Expense               | 0.7%          | -1.8%         | -0.5%         | 0.8%          |
| <b>EBT</b>                  | <b>3.0%</b>   | <b>3.9%</b>   | <b>3.8%</b>   | <b>3.2%</b>   |
| Income Taxes                | 1.7%          | 2.2%          | 1.9%          | 1.7%          |
| <b>Net Income</b>           | <b>1.3%</b>   | <b>1.8%</b>   | <b>1.9%</b>   | <b>1.5%</b>   |

## COMPANY INCOME STATEMENT SUMMARY

Over the period from 2020 to 2023, the Sporting Goods Stores industry displayed several notable trends based on the provided Income Statement data.

**Cost Structure:** In 2020, the *Cost Goods Sold* was at 61.0%, which saw a significant decline to 38.7% by 2023. This reduction contributed to improved *Gross Profit*, maintaining a strong position at 61.3% in 2023 compared to 39.0% in 2020.

**Material and Labor Costs:** The proportion of *Material Cost* remained relatively stable, starting at 36.8% in 2020 and returning to the same level by 2023. However, *Labor Cost* saw a drastic reduction from 19.7% in 2020 to a consistent low of around 0.4%-0.5% from 2021 onwards, indicating potential automation or outsourcing.

**Operating Expenses:** The *Operating Expenses* increased from 33.9% in 2020 to a peak of 55.8% in 2023. Notably, there was a rise in *Other Operating Expenses* in 2023, which accounted for 44.4% of the total.

**Profitability:** Despite fluctuating expenses, *EBITDA* remained relatively stable, fluctuating slightly yet peaking at 6.7% in 2022. Correspondingly, *Net Income* improved marginally from 1.3% in 2020 to 1.9% in 2022, before slightly declining to 1.5% in 2023.

**Interest and Other Expenses:** There was a notable fluctuation in *Other Expense*, with it turning negative in 2021 and 2022, potentially indicating gains or exceptional non-operating activities during those years. *Interest Expense* remained generally low, with a minor peak at 1.9% in 2021 before stabilizing at 0.5% by 2023.

These trends suggest that the industry focused on optimizing production costs, possibly through technological advancements or strategic sourcing, while managing higher operating expenses to maintain profitability.

### Example User:

What does it mean when Other Expenses appear negative?

### Assistant:

When *Other Expenses* appear negative, it typically indicates non-operating income or gains, such as revenues from investments or the sale of assets, which offset or exceed the typical expenses in that category. This can briefly enhance profitability, as seen in years like 2021 and 2022 for the Sporting Goods Stores industry.

**COMPANY INCOME STATEMENT [% OF TOTAL ASSETS]**

Figure 1: Income Statement Items as % of Net Sales by Year [%]

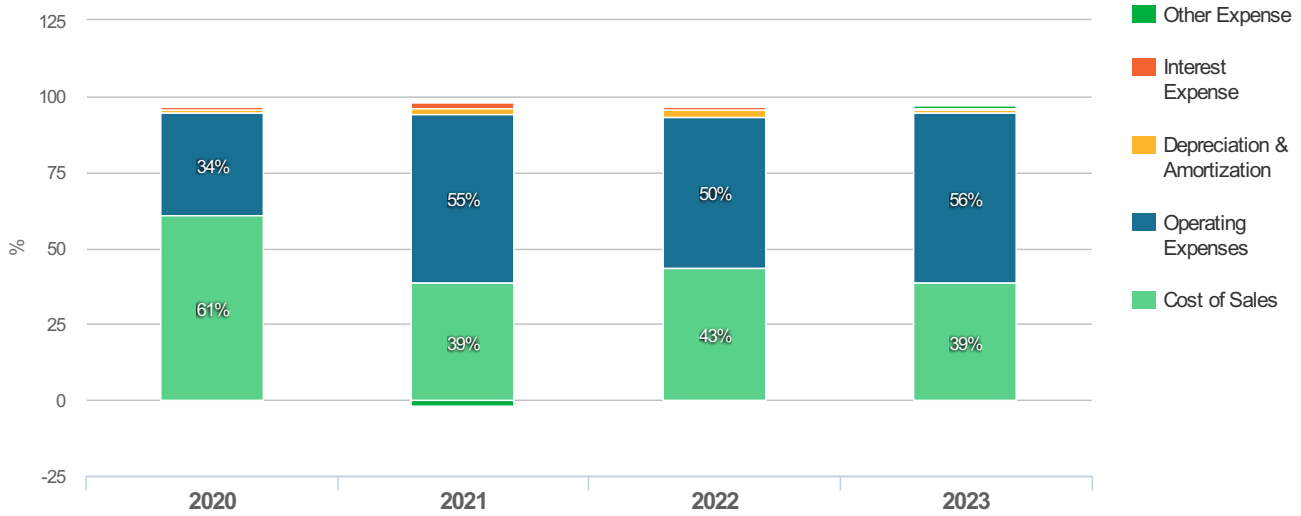


Figure 2: Cost Of Goods Sold by Year [%]

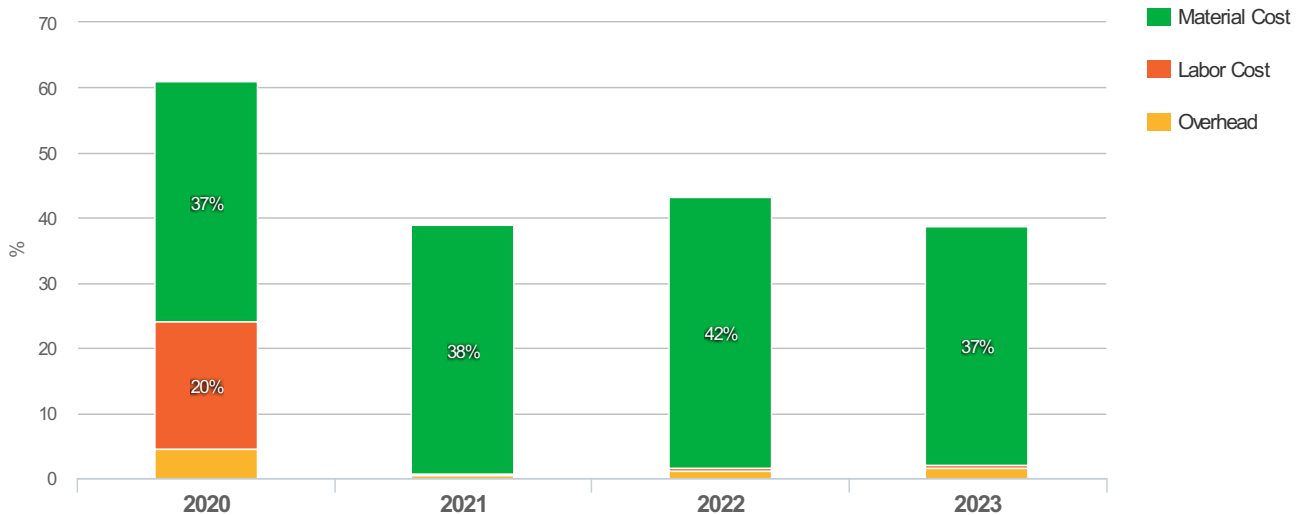
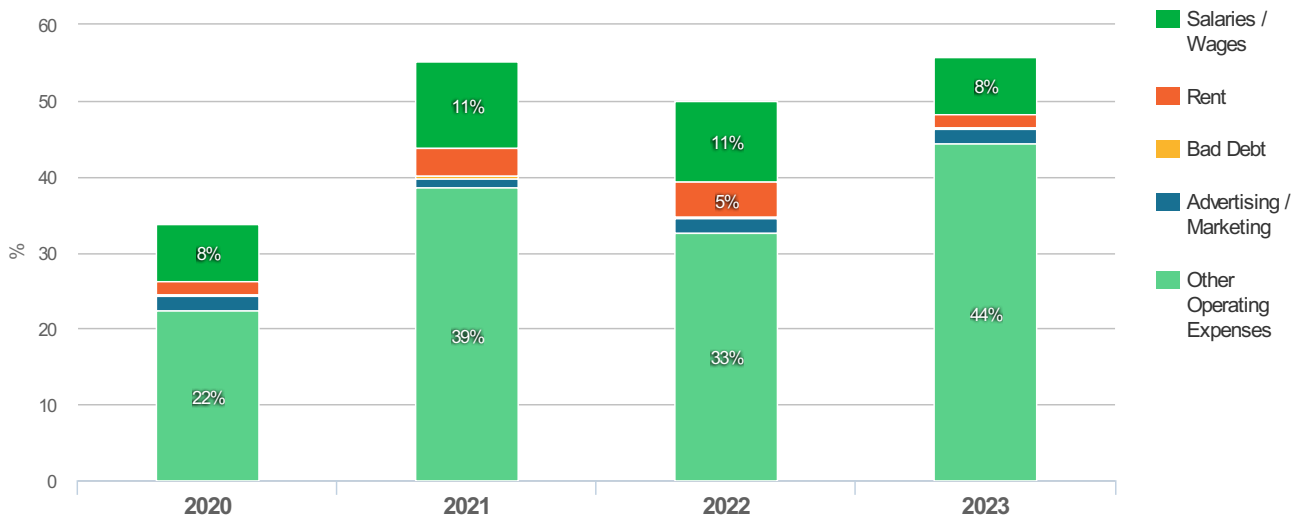


Figure 3: Operating Expenses by Year [%]

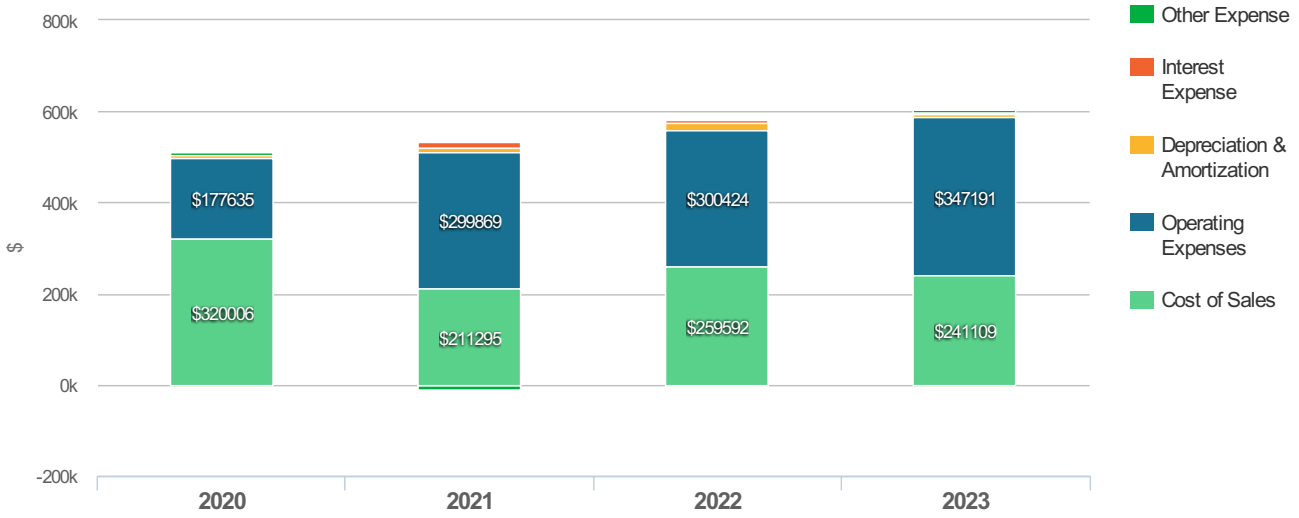


**COMPANY INCOME STATEMENT [USD]**

| INCOME STATEMENT            | 2020             | 2021             | 2022             | 2023             |
|-----------------------------|------------------|------------------|------------------|------------------|
| Industry Code               | 45111            | 45111            | 45111            | 45111            |
| Sample Size (company count) | 67               | 73               | 67               | 67               |
| <b>Net Sales</b>            | <b>\$524,756</b> | <b>\$543,561</b> | <b>\$600,194</b> | <b>\$622,314</b> |
| Cost of Sales               | \$320,006        | \$211,295        | \$259,592        | \$241,109        |
| Material Cost               | \$193,151        | \$207,042        | \$249,717        | \$229,060        |
| Labor Cost                  | \$103,117        | \$2,309          | \$2,781          | \$2,554          |
| Overhead                    | \$23,738         | \$1,944          | \$7,095          | \$9,495          |
| <b>Gross Profit</b>         | <b>\$204,750</b> | <b>\$332,266</b> | <b>\$340,602</b> | <b>\$381,205</b> |
| Operating Expenses          | \$177,635        | \$299,869        | \$300,424        | \$347,191        |
| Salaries / Wages            | \$39,627         | \$61,611         | \$64,334         | \$46,994         |
| Rent                        | \$9,470          | \$20,651         | \$28,075         | \$11,231         |
| Bad Debt                    | \$712            | \$1,305          | \$1,196          | \$845            |
| Advertising / Marketing     | \$9,891          | \$6,160          | \$10,902         | \$11,730         |
| Other Operating Expenses    | \$117,934        | \$210,143        | \$195,917        | \$276,391        |
| <b>EBITDA</b>               | <b>\$27,115</b>  | <b>\$32,397</b>  | <b>\$40,178</b>  | <b>\$34,014</b>  |
| Depreciation & Amortization | \$4,987          | \$10,507         | \$14,038         | \$5,914          |
| <b>EBIT</b>                 | <b>\$22,128</b>  | <b>\$21,890</b>  | <b>\$26,140</b>  | <b>\$28,100</b>  |
| Interest Expense            | \$2,822          | \$10,323         | \$6,394          | \$3,347          |
| Other Expense               | \$3,729          | (\$9,682)        | (\$3,220)        | \$4,890          |
| <b>EBT</b>                  | <b>\$15,577</b>  | <b>\$21,248</b>  | <b>\$22,967</b>  | <b>\$19,863</b>  |
| Income Taxes                | \$8,683          | \$11,736         | \$11,590         | \$10,298         |
| <b>Net Income</b>           | <b>\$6,894</b>   | <b>\$9,513</b>   | <b>\$11,377</b>  | <b>\$9,565</b>   |

COMPANY INCOME STATEMENT[USD]

Figure 4: Net Sales by Year ['000\$]



**COMPANY BALANCE SHEET [% OF TOTAL ASSETS]**

| BALANCE SHEET                      | 2020          | 2021          | 2022          | 2023          |
|------------------------------------|---------------|---------------|---------------|---------------|
| Industry Code                      | 45111         | 45111         | 45111         | 45111         |
| Sample Size (company count)        | 67            | 73            | 67            | 67            |
| <b>Total Assets</b>                | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> |
| <b>Total Current Assets</b>        | <b>80.3%</b>  | <b>97.7%</b>  | <b>94.3%</b>  | <b>80.3%</b>  |
| Cash                               | 3.4%          | 7.2%          | 5.6%          | 3.4%          |
| Accounts Receivable                | 1.4%          | 1.4%          | 1.5%          | 1.4%          |
| Inventory                          | 61.6%         | 63.8%         | 82.2%         | 61.6%         |
| Prepaid Expenses                   | 3.1%          | 4.3%          | 4.6%          | 3.1%          |
| Other Current Assets               | 10.8%         | 20.9%         | 0.5%          | 10.8%         |
| <b>Total Non-Current Assets</b>    | <b>19.7%</b>  | <b>2.3%</b>   | <b>5.7%</b>   | <b>19.7%</b>  |
| Fixed Assets                       | 2.0%          | 2.1%          | 2.4%          | 1.6%          |
| Intangible Assets                  | 0.0%          | 1.7%          | 1.7%          | 0.0%          |
| Long-Term Investments              | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| Other Non-Current Assets           | 17.6%         | -1.4%         | 1.5%          | 18.0%         |
| <b>Liabilities &amp; Net Worth</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> |
| <b>Total Liabilities</b>           | <b>42.3%</b>  | <b>49.3%</b>  | <b>50.0%</b>  | <b>61.0%</b>  |
| <b>Total Current Liabilities</b>   | <b>34.6%</b>  | <b>41.4%</b>  | <b>42.1%</b>  | <b>34.6%</b>  |
| Accounts Payable                   | 22.6%         | 19.8%         | 28.1%         | 22.6%         |
| ST Notes Payable                   | 6.9%          | 6.9%          | 6.9%          | 0.0%          |
| Bank Loan Payable                  | 0.6%          | 4.3%          | 3.5%          | 0.6%          |
| Current Maturities of LT Debt      | 0.0%          | 0.0%          | 0.0%          | 0.0%          |
| Other Current Liabilities          | 4.6%          | 10.5%         | 3.6%          | 11.5%         |
| <b>Total Long Term Liabilities</b> | <b>7.7%</b>   | <b>7.9%</b>   | <b>7.9%</b>   | <b>26.4%</b>  |
| LT Notes Payable                   | 7.4%          | 7.9%          | 7.9%          | 7.7%          |
| Other Non-Current Liabilities      | 0.2%          | 0.0%          | 0.0%          | 18.7%         |
| <b>Net Worth</b>                   | <b>57.7%</b>  | <b>50.7%</b>  | <b>50.0%</b>  | <b>39.0%</b>  |



## COMPANY BALANCE SHEET SUMMARY

In reviewing the balance sheet trends for the Sporting Goods Stores industry over the years 2020 to 2023, several key observations can be made:

**2020 to 2023 Current Assets Trends:** There were fluctuations in the composition of *Total Current Assets*, which included significant variations in *Inventory*. Starting at 61.6% in 2020, *Inventory* peaked at 82.2% in 2022 and reverted to 61.6% by 2023. *Cash* saw a peak at 7.2% in 2021 before decreasing to 3.4% in 2023. Notably, *Other Current Assets* fluctuated, peaking at 20.9% in 2021 but returning to 10.8% in 2023.

**Non-Current Assets Changes:** The proportion of *Total NonCurrent Assets* remained relatively stable except in 2021, where it was at a low of 2.3%. This was mainly influenced by fluctuating *Other NonCurrent Assets*, which returned to 18.0% by 2023. The presence of *Intangible Assets* was noted only in 2021 and 2022 at 1.7%.

**Liabilities Developments:** *Total Liabilities* showed an upward trend from 42.3% in 2020 to 61.0% in 2023. This increase was significantly affected by changes in *Total Long Term Liabilities*, which rose notably in 2023 due to a spike in *Other NonCurrent Liabilities* at 18.7%. Additionally, *Accounts Payable* rose from 19.8% in 2021 to 28.1% in 2022, before settling at 22.6% in 2023.

**Net Worth Fluctuations:** The *Net Worth* of the industry declined over the years, starting at 57.7% in 2020 and decreasing to 39.0% by 2023. This decline correlates with the increasing liabilities observed during the same period.

Overall, the industry experienced dynamic shifts in asset allocation and a marked increase in liabilities, leading to a reduced net worth over the analyzed period.

COMPANY BALANCE SHEET [% OF TOTAL ASSETS]

Figure 5: Assets as % of Total Assets by Year [%]

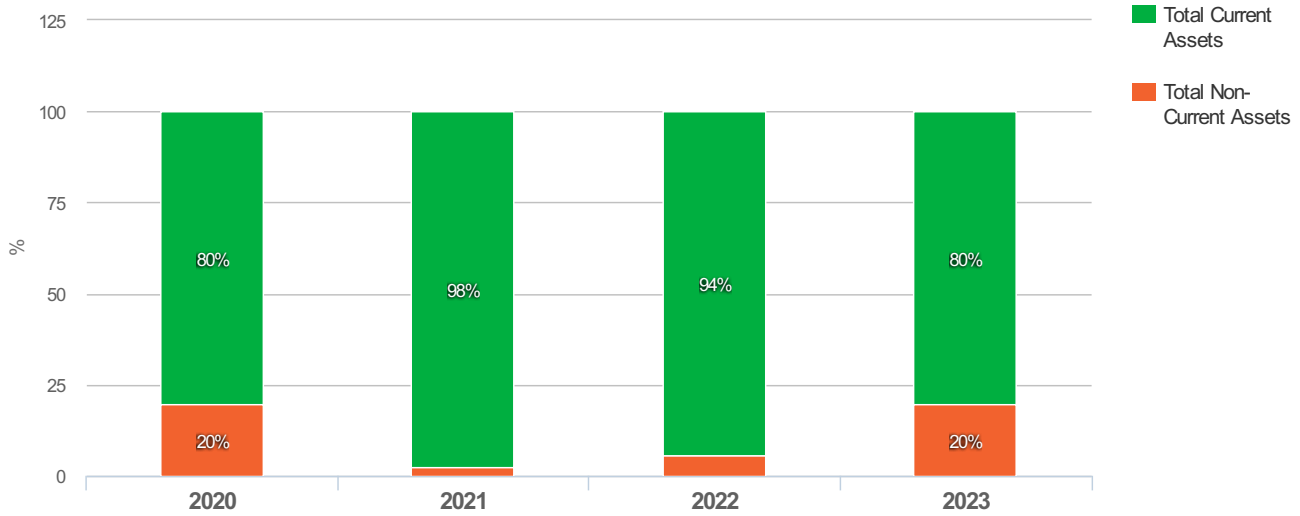


Figure 6: Liabilities & Net Worth as % of Total Assets by Year [%]

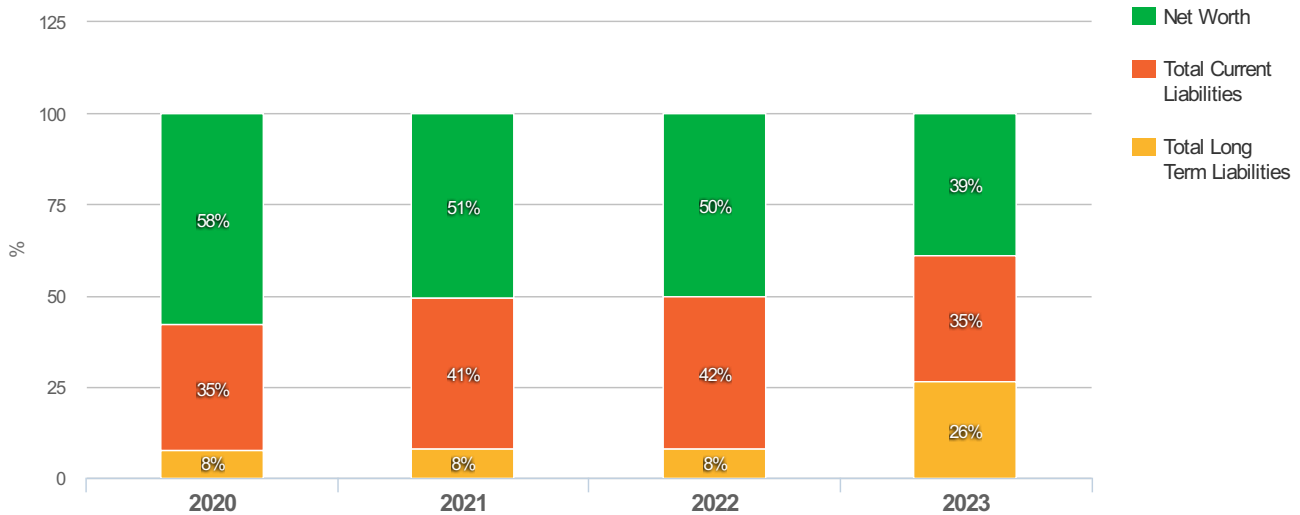
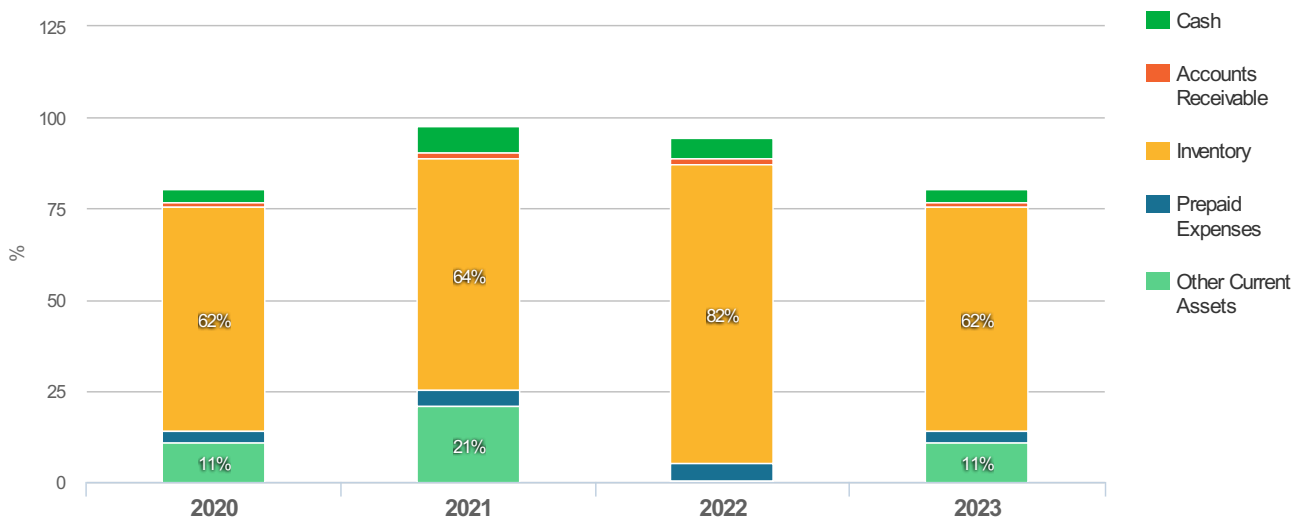
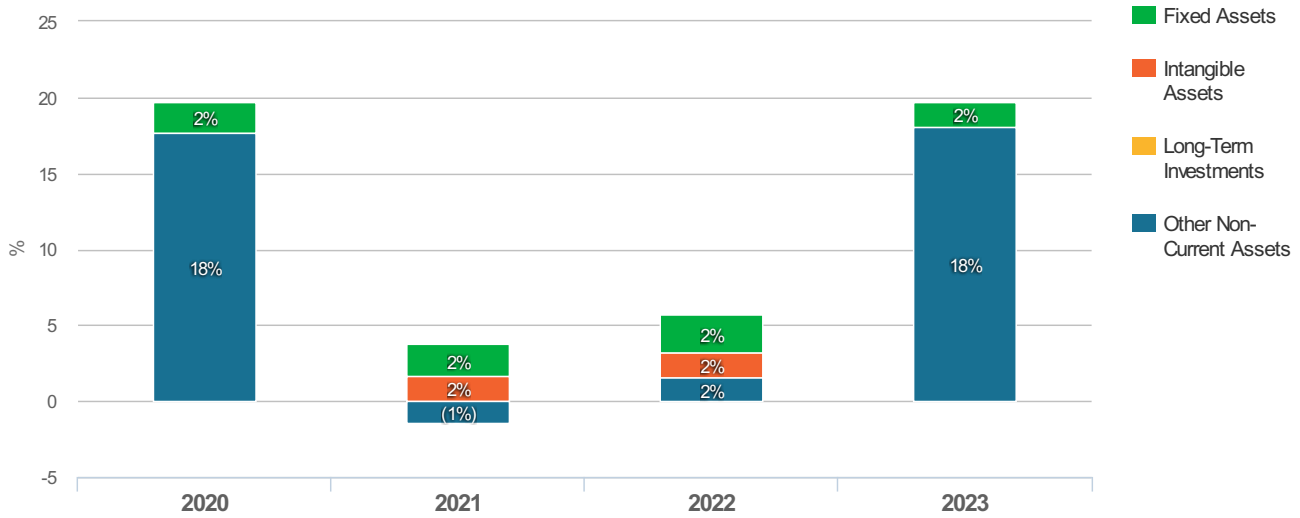


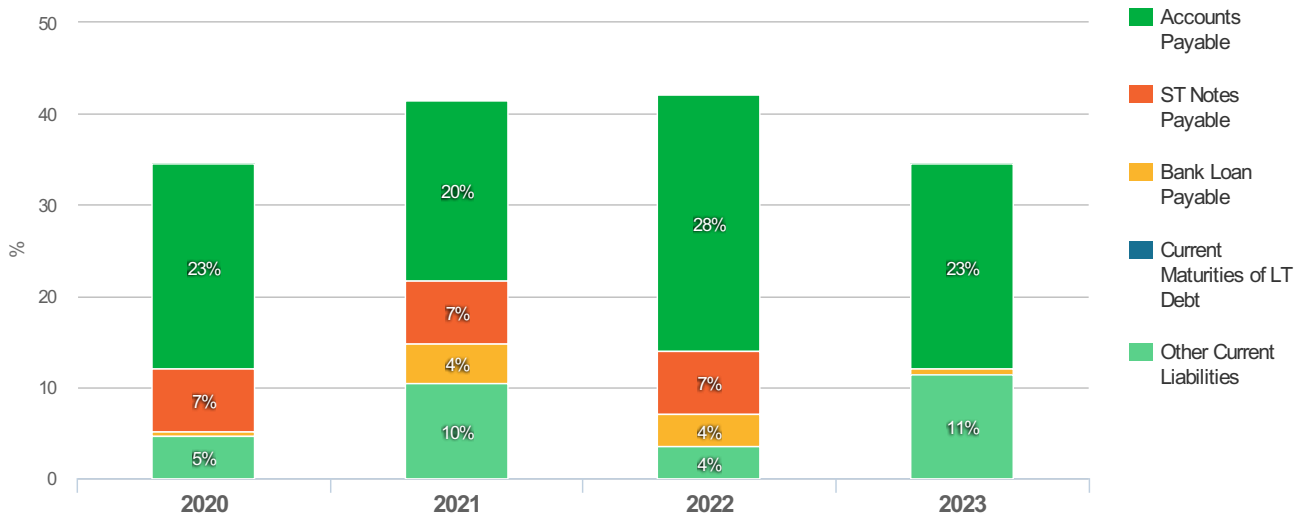
Figure 7: Total Current Assets by Year [%]



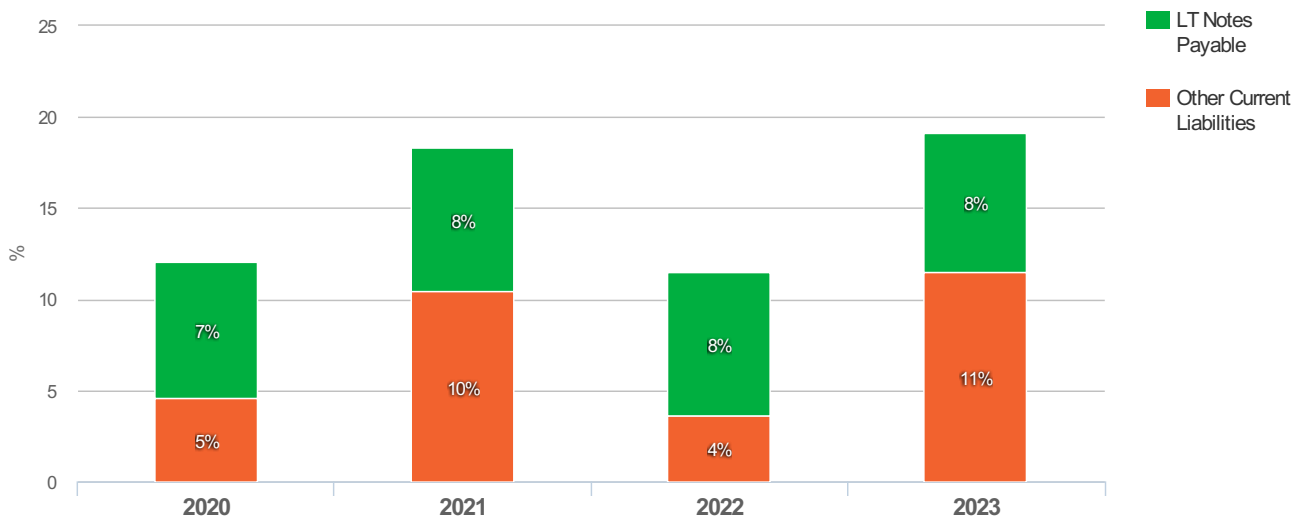
**Figure 8: Total Non Current Assets by Year Company Size Segment [%]**



**Figure 9: Total Current Liabilities by Year Company Size Segment [%]**



**Figure 10: Total Long Term Liabilities by Year Company Size Segment [%]**



**COMPANY BALANCE SHEET [USD]**

| BALANCE SHEET                      | 2020             | 2021             | 2022             | 2023             |
|------------------------------------|------------------|------------------|------------------|------------------|
| Industry Code                      | 45111            | 45111            | 45111            | 45111            |
| Sample Size (company count)        | 67               | 73               | 67               | 67               |
| <b>Total Assets</b>                | <b>\$173,213</b> | <b>\$206,417</b> | <b>\$177,145</b> | <b>\$173,213</b> |
| <b>Total Current Assets</b>        | <b>\$139,169</b> | <b>\$201,601</b> | <b>\$167,114</b> | <b>\$139,169</b> |
| Cash                               | \$5,955          | \$14,933         | \$9,913          | \$5,955          |
| Accounts Receivable                | \$2,367          | \$2,960          | \$2,590          | \$2,367          |
| Inventory                          | \$106,704        | \$131,744        | \$145,575        | \$106,704        |
| Prepaid Expenses                   | \$5,373          | \$8,778          | \$8,072          | \$5,373          |
| Other Current Assets               | \$18,771         | \$43,186         | \$964            | \$18,771         |
| <b>Total Non-Current Assets</b>    | <b>\$34,043</b>  | <b>\$4,816</b>   | <b>\$10,031</b>  | <b>\$34,043</b>  |
| Fixed Assets                       | \$3,452          | \$4,251          | \$4,328          | \$2,805          |
| Intangible Assets                  | \$45             | \$3,509          | \$3,011          | \$45             |
| Long-Term Investments              | \$0              | \$0              | \$0              | \$0              |
| Other Non-Current Assets           | \$30,546         | (\$2,944)        | \$2,691          | \$31,193         |
| <b>Liabilities &amp; Net Worth</b> | <b>\$173,213</b> | <b>\$206,417</b> | <b>\$177,145</b> | <b>\$173,213</b> |
| <b>Total Liabilities</b>           | <b>\$73,288</b>  | <b>\$101,808</b> | <b>\$88,637</b>  | <b>\$105,659</b> |
| <b>Total Current Liabilities</b>   | <b>\$59,987</b>  | <b>\$85,501</b>  | <b>\$74,642</b>  | <b>\$59,987</b>  |
| Accounts Payable                   | \$39,084         | \$40,796         | \$49,794         | \$39,084         |
| ST Notes Payable                   | \$11,952         | \$14,243         | \$12,223         | \$0              |
| Bank Loan Payable                  | \$1,011          | \$8,868          | \$6,235          | \$1,011          |
| Current Maturities of LT Debt      | \$0              | \$0              | \$0              | \$0              |
| Other Current Liabilities          | \$7,940          | \$21,594         | \$6,390          | \$19,892         |
| <b>Total Long Term Liabilities</b> | <b>\$13,301</b>  | <b>\$16,307</b>  | <b>\$13,994</b>  | <b>\$45,672</b>  |
| LT Notes Payable                   | \$12,899         | \$16,307         | \$13,994         | \$13,298         |
| Other Non-Current Liabilities      | \$402            | \$0              | \$0              | \$32,373         |
| <b>Net Worth</b>                   | <b>\$99,924</b>  | <b>\$104,609</b> | <b>\$88,508</b>  | <b>\$67,554</b>  |

**COMPANY BALANCE SHEET [USD]**

Figure 11: Assets by Year ['000\$]

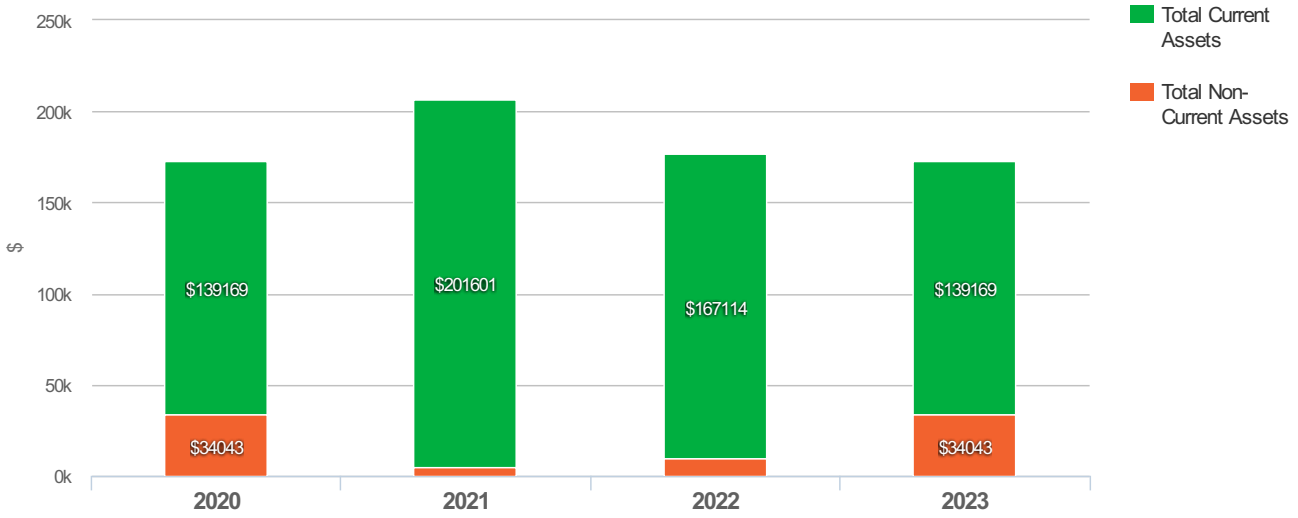
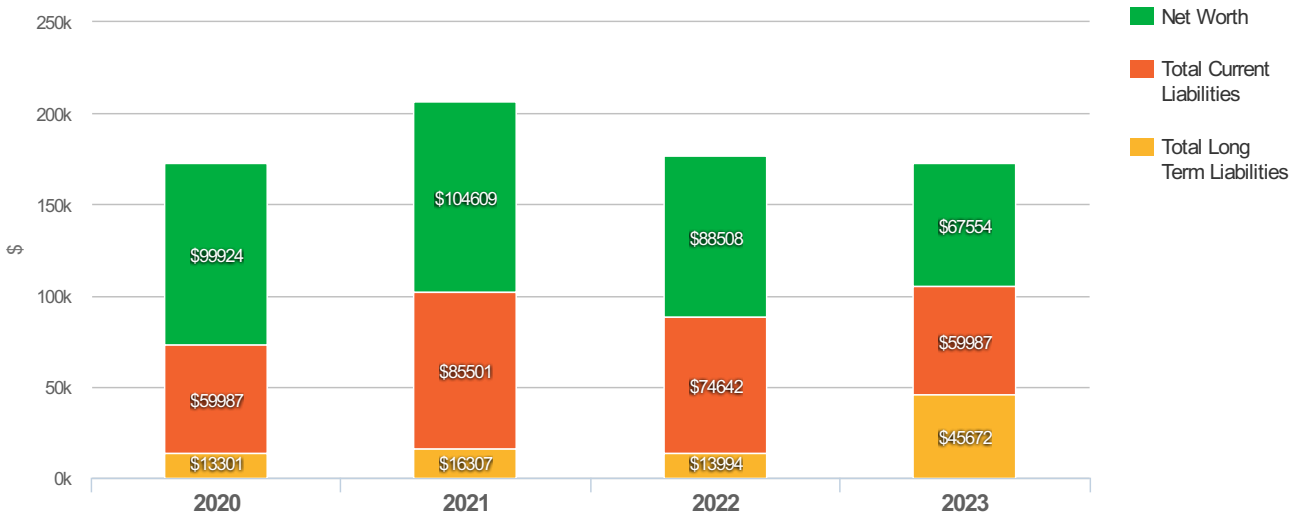


Figure 12: Liabilities & Net Worth by Year ['000\$]



**FINANCIAL RATIOS**

| FINANCIAL RATIOS                 | 2020      | 2021     | 2022      | 2023      |
|----------------------------------|-----------|----------|-----------|-----------|
| Industry Code                    | 45111     | 45111    | 45111     | 45111     |
| Sample Size (company count)      | 67        | 73       | 67        | 67        |
| <b>LIQUIDITY RATIOS</b>          |           |          |           |           |
| Quick Ratio                      | 0.14      | 0.21     | 0.18      | 0.14      |
| Current Ratio                    | 2.32      | 2.20     | 2.27      | 2.32      |
| Current Liabilities to Net Worth | 60.0%     | 153.0%   | 302.5%    | 88.4%     |
| Current Liabilities to Inventory | 56.2%     | 64.8%    | 51.3%     | 56.2%     |
| Total Liabilities to Net Worth   | 73.4%     | 269.6%   | 619.1%    | 155.9%    |
| Fixed Assets to Net Worth        | 3.5%      | 24.9%    | 17.8%     | 4.1%      |
| Interest Coverage                | 3.92      | 2.15     | 3.91      | 3.92      |
| <b>ASSET EFFICIENCY RATIOS</b>   |           |          |           |           |
| Collection Period                | 1.37      | 1.96     | 2.13      | 1.37      |
| Inventory Turnover               | 1.00      | 1.58     | 1.87      | 2.07      |
| Assets to Sales                  | 27.8%     | 38.0%    | 29.6%     | 27.8%     |
| Sales to Working Capital         | 7.88      | 5.28     | 6.34      | 7.88      |
| Accounts Payable to Sales        | 6.6%      | 7.5%     | 6.6%      | 6.3%      |
| <b>PROFITABILITY RATIOS</b>      |           |          |           |           |
| Return on Assets                 | 5.2%      | 4.6%     | 4.8%      | 4.7%      |
| Return on Investment             | 2.3%      | 17.0%    | 15.8%     | 2.4%      |
| Sales per Employee               | \$139,732 | \$90,594 | \$129,169 | \$251,502 |
| Profit per Employee              | \$572     | \$1,734  | \$1,771   | \$813     |

## FINANCIAL RATIOS SUMMARY

In the Sporting Goods Stores industry from 2020 to 2023, several notable trends emerged:

**Liquidity Ratios:** The *Quick Ratio* remained relatively low throughout the years, indicating potential liquidity challenges. It was steady at 0.14 in both 2020 and 2023, with a slight improvement to 0.21 in 2021. The *Current Ratio* stayed fairly stable, suggesting a consistent ability to cover short-term liabilities with current assets.

**Liabilities:** There was significant fluctuation in *Current Liabilities To Net Worth*, peaking at 302.5% in 2022 before dropping to a more manageable 88.4% in 2023. This reflects a considerable change in the company's financial structure. Similarly, *Total Liabilities To Net Worth* saw a dramatic increase in 2022, reaching 619.1%, then decreasing sharply to 155.9% in 2023.

**Assets and Investment:** *Fixed Assets To Net Worth* varied, with a notable rise to 24.9% in 2021, before reducing to 4.1% in 2023. This suggests changes in investment in fixed assets over the period. *Return On Investment* was exceptionally high in 2021 at 17.0%, but dropped significantly to 2.4% by 2023, indicating fluctuating investment returns.

**Performance Metrics:** *Inventory Turnover* showed consistent improvement, moving from 1.00 in 2020 to 2.07 in 2023, indicating enhanced efficiency in managing inventory. *Sales Per Employee* and *Profit Per Employee* saw substantial growth by 2023, particularly *Sales Per Employee*, which increased to \$251,502, reflecting higher productivity.

**Profitability:** *Return On Assets* remained relatively stable with minor fluctuations, indicating consistent profitability efficiency. The *Interest Coverage* ratio generally stayed strong, except for a dip in 2021, suggesting varied ability to cover interest expenses over time.

Overall, the data reflects a period of volatility, particularly in liabilities and investment returns, with eventual stabilization and improved productivity by 2023.

### Example User:

What could be the reason for the spike in Sales per Employee in 2023 and why did it not translate into a similar boost of Profit per Employee?

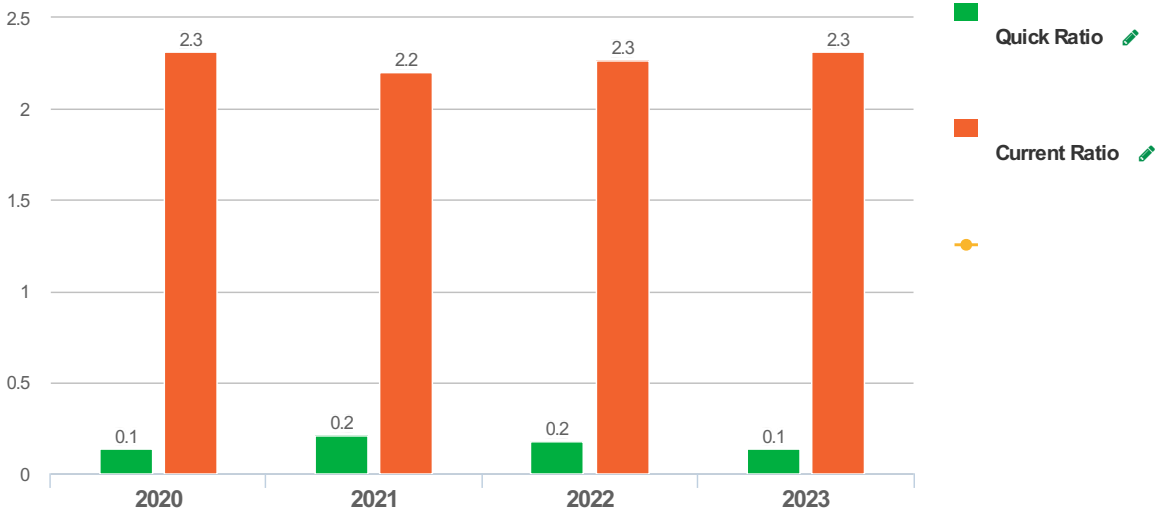
### Assistant:

The spike in *Sales Per Employee* in 2023 to \$251,502 could be attributed to factors such as increased automation, streamlined operations, or a reduced workforce focusing on high-revenue activities. However, this did not translate into a similar boost in *Profit Per Employee*, which only marginally increased to \$813, possibly due to rising operating costs, increased expenditure on technology or marketing, or narrow profit margins. Additionally, external factors like inflation or higher cost of goods could have impacted overall profitability despite higher sales figures.

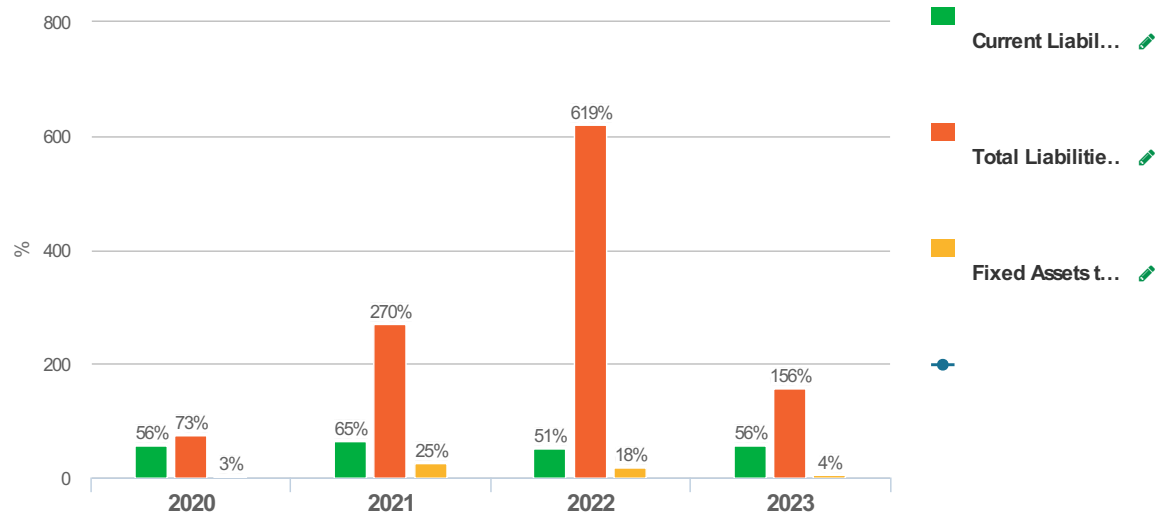
### FINANCIAL RATIOS

The figures below are displayed to improve readability of the data. Only for this reason, some data points have also been connected with lines. This does not suggest statistically relevant correlation or particular trends.

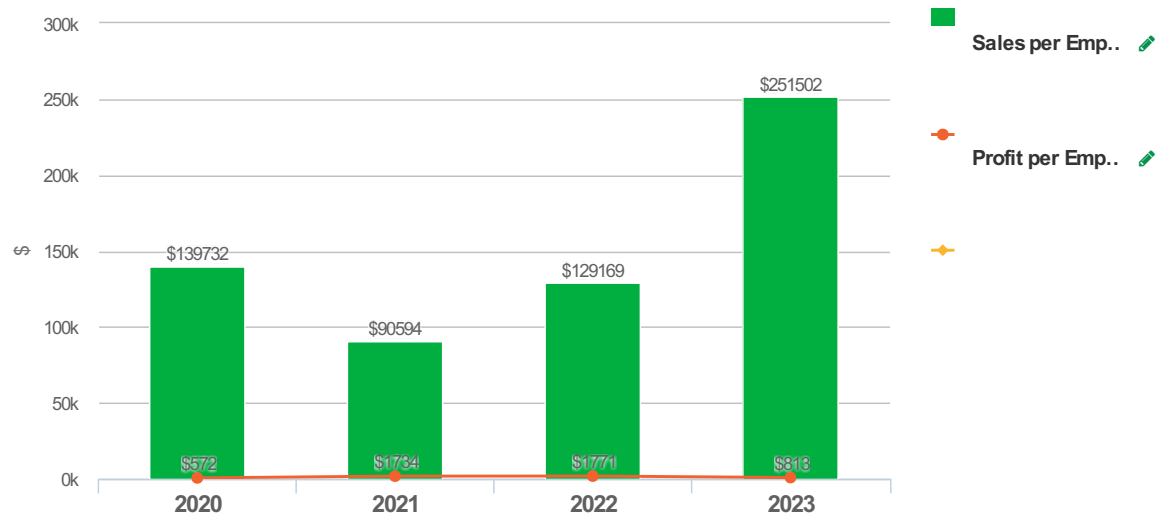
Ratios by Year



Ratios by Year



Ratios by Year





**CASH FLOW**

| CASH FLOW  | 2020 - 2021   | 2021 - 2022   | 2022 - 2023   |
|--|---------------|---------------|---------------|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>         |               |               |               |
| <b>Net Sales</b>                                   | <b>100.0%</b> | <b>100.0%</b> | <b>100.0%</b> |
| Less Total Expense                                 | 98.7%         | 98.2%         | 98.1%         |
| Net Income   | 1.3%          | 1.8%          | 1.9%          |
| <b>Adjustments to Net Income</b>                   | <b>-9.5%</b>  | <b>5.1%</b>   | <b>16.5%</b>  |
| Decrease in Accounts Receivables (Increase)        | -0.1%         | 0.0%          | 0.1%          |
| Decrease in Inventory (Increase)                   | -2.2%         | -18.4%        | 20.6%         |
| Decrease in Prepaid Expenses (Increase)            | -1.2%         | -0.3%         | 1.5%          |
| Decrease in Other Current Assets (Increase)        | -10.1%        | 20.4%         | -10.3%        |
| Increase in Accounts Payables (Decrease)           | -2.8%         | 8.3%          | -5.5%         |
| Increase in Other Current Liabilities (Decrease)   | 5.9%          | -6.9%         | 7.9%          |
| Depreciation & Amortization                        | 1.0%          | 1.9%          | 2.3%          |
| <b>Cash Flow from Investing Activities</b>         | <b>16.4%</b>  | <b>-5.3%</b>  | <b>-16.3%</b> |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>         |               |               |               |
| Cash Flow from Investing Activities                | 16.4%         | -5.3%         | -16.3%        |
| Decrease in fixed or intangible assets (Increase)  | -2.7%         | -2.3%         | 0.2%          |
| Decrease in Long-Term Investments (Increase)       | 0.0%          | 0.0%          | 0.0%          |
| Decrease in Other Non-Current Assets (Increase)    | 19.1%         | -2.9%         | -16.5%        |
| <b>CASH FLOW FROM FINANCING</b>                    |               |               |               |
| Cash Flow from Financing Activities                | -0.7%         | -4.0%         | -7.2%         |
| Increase in Short-Term Financing (Decrease)        | 3.7%          | -0.8%         | -9.8%         |
| Increase in Long-Term Financing (Decrease)         | 4.2%          | -0.8%         | -3.2%         |
| Increase in Other Long-Term Liabilities (Decrease) | -0.2%         | 0.0%          | 18.7%         |
| Increase in Net Worth (Decrease)                   | -8.3%         | -2.5%         | -12.9%        |
| <b>CASH FLOW RESULTS</b>                           |               |               |               |
| <b>Free Cash Flow for operating period</b>         | <b>7.5%</b>   | <b>-2.4%</b>  | <b>-5.1%</b>  |
| Cash at beginning of operating period              | 3.4%          | 7.2%          | 5.6%          |
| Cash at the end of the operating period            | 10.9%         | 4.8%          | 0.5%          |

## CASH FLOW SUMMARY

Over the years from 2020 to 2023, the sporting goods stores industry exhibited several notable trends observed through cash flow analysis. Here's a breakdown of the key changes and patterns:

**Net Income and Expenses:** There was a gradual increase in *Net Income* from 1.3% in 2020-2021 to 1.9% in 2022-2023, indicating improved profitability. Correspondingly, *Less Total Expense* slightly decreased, reflecting tighter cost management.

**Cash Flow and Investments:** *Cash Flow From Investing Activities* showed a decreasing trend, moving from 16.4% in 2020-2021 to -16.3% in 2022-2023, suggesting increased outflows or reduced returns from investments. Similarly, *Cash Flow From Financing Activities* declined steadily, indicating lesser dependence on external financing.

**Receivables and Inventory Management:** The industry saw fluctuations in inventory management, with *Decrease In Inventory Increase* showing a significant shift from -2.2% in 2020-2021 to 20.6% in 2022-2023, demonstrating improved efficiency in handling inventory. Changes in *Decrease In Accounts Receivables Increase* remained minimal, reflecting stable receivables management.

**Liabilities and Debt:** There was notable variability in *Short Term Debt Change*, particularly peaking at 9.8% in 2022-2023, indicating increased reliance on short-term debt. However, *Long Term Debt Reduction* remained constant at 0.0%, showing no efforts towards long-term debt reduction.

**Cash Production Costs:** *Cash Production Costs* fluctuated significantly, particularly rising to 58.3% in 2022-2023 from a lower percentage in the previous years, implying increased costs associated with production.

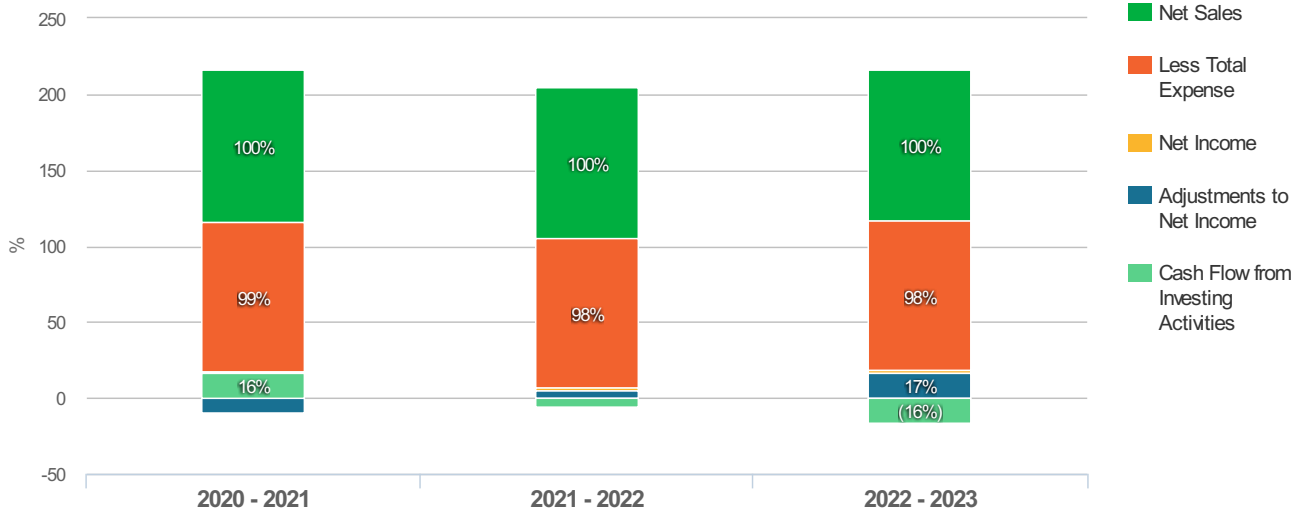
**Free Cash Flow:** The *Free Cash Flow For Operating Period* showed a decline from 7.5% in 2020-2021 to -5.1% in 2022-2023, suggesting reduced available cash after operations, likely impacted by increased expenditures and investment activities.

**Miscellaneous Income and Expenditures:** While *Miscellaneous Income* consistently improved, particularly from -12.2% to -2.8%, expenditures saw a rise, reaching 4.8% in 2022-2023, indicating higher spending levels.

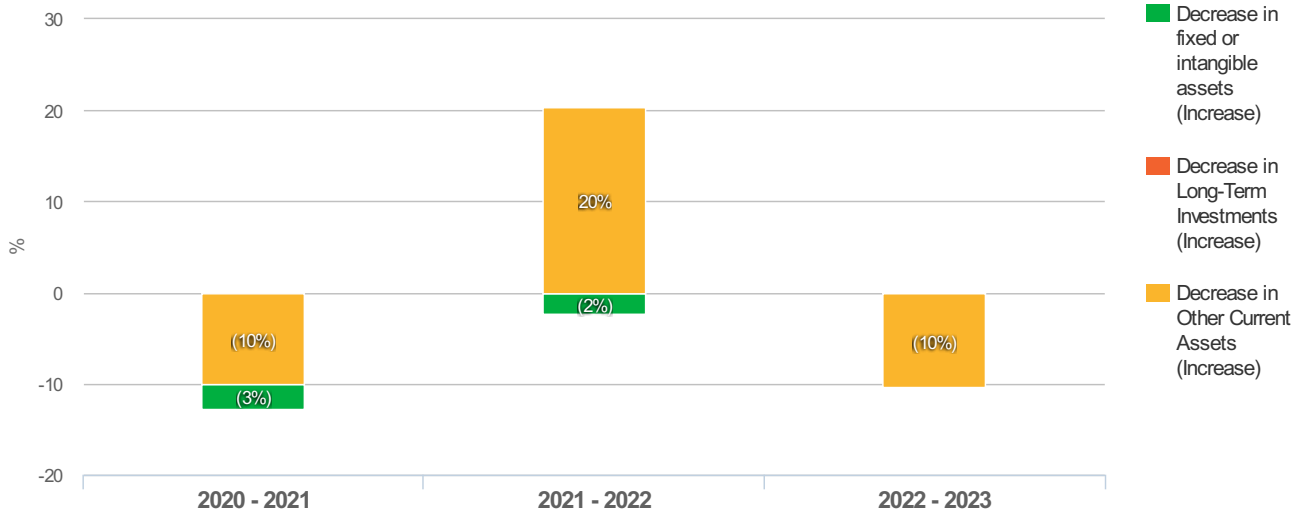
Overall, the industry experienced gradual improvement in profitability, tighter inventory management, increased short-term financing reliance, and rising production costs. The strategic focus seemed to shift towards optimizing operational efficiencies and managing cash flow effectively amidst changing financial dynamics.

CASH FLOW

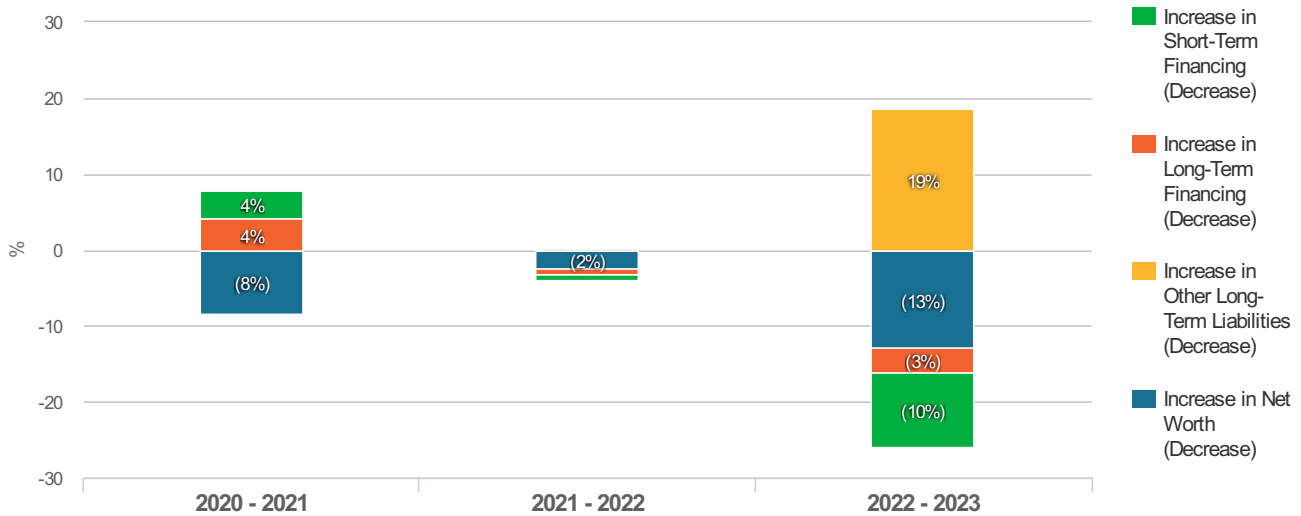
Net Sales



Cash Flow from Investing Activities



Cash Flow from Financing Activities

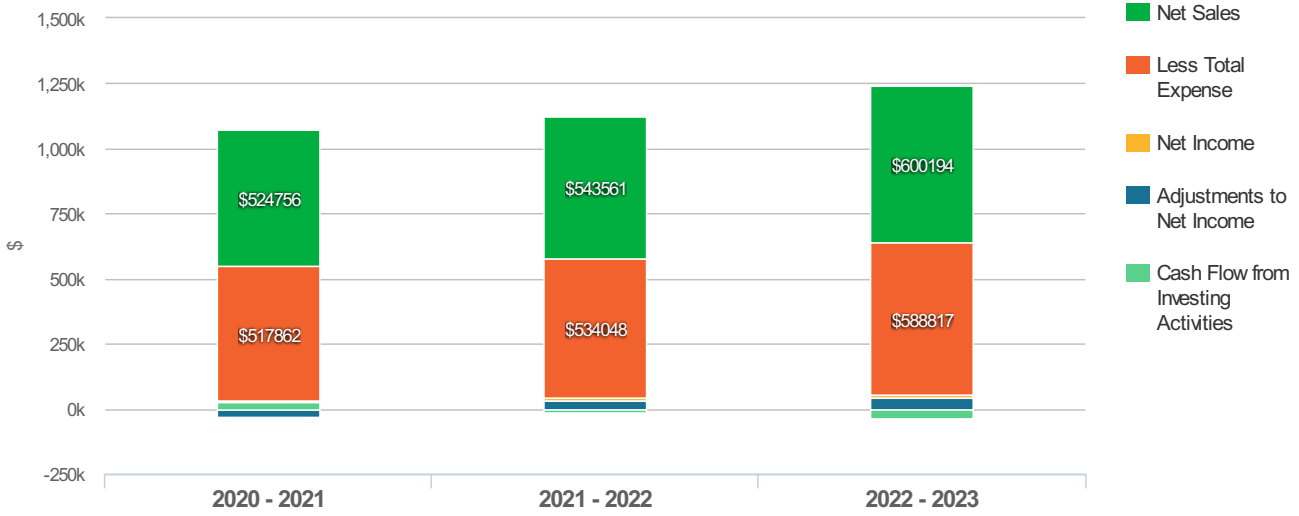


**CASH FLOW**

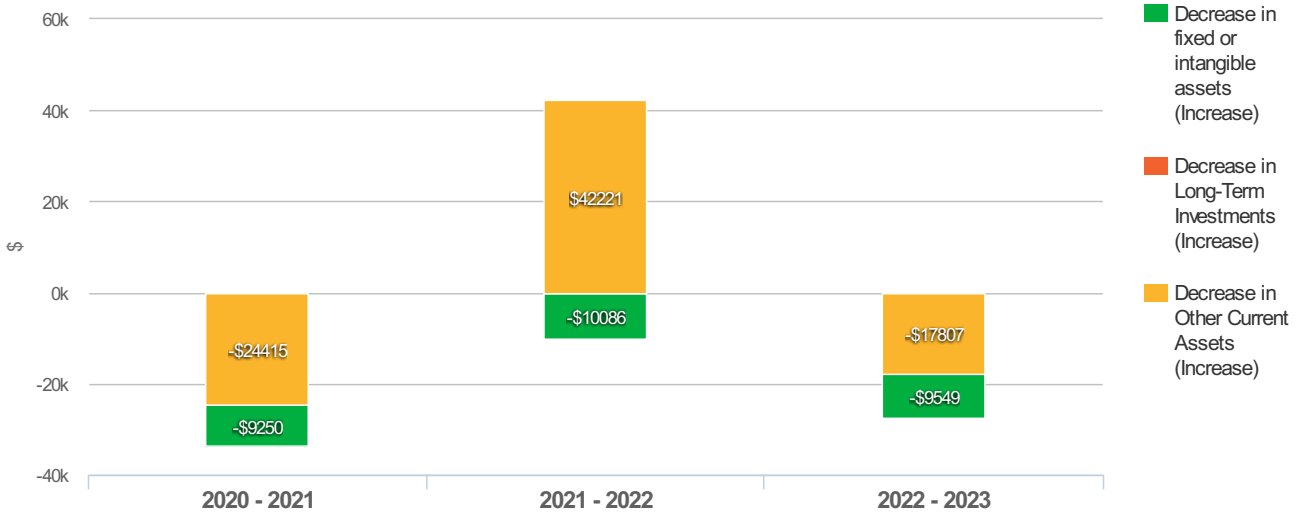
| CASH FLOW  | 2020 - 2021       | 2021 - 2022       | 2022 - 2023       |
|--|-------------------|-------------------|-------------------|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>         |                   |                   |                   |
| <b>Net Sales</b>                                   | <b>\$524,756</b>  | <b>\$543,561</b>  | <b>\$600,194</b>  |
| Less Total Expense                                 | \$517,862         | \$534,048         | \$588,817         |
| Net Income   | \$6,894           | \$9,513           | \$11,377          |
| <b>Adjustments to Net Income</b>                   | <b>(\$33,100)</b> | <b>\$33,767</b>   | <b>\$40,815</b>   |
| Decrease in Accounts Receivables (Increase)        | (\$593)           | \$370             | \$223             |
| Decrease in Inventory (Increase)                   | (\$25,040)        | (\$13,830)        | \$38,871          |
| Decrease in Prepaid Expenses (Increase)            | (\$3,405)         | \$705             | \$2,699           |
| Decrease in Other Current Assets (Increase)        | (\$24,415)        | \$42,221          | (\$17,807)        |
| Increase in Accounts Payables (Decrease)           | \$1,712           | \$8,998           | (\$10,710)        |
| Increase in Other Current Liabilities (Decrease)   | \$13,654          | (\$15,204)        | \$13,501          |
| Depreciation & Amortization                        | \$4,987           | \$10,507          | \$14,038          |
| <b>Cash Flow from Investing Activities</b>         | <b>\$24,241</b>   | <b>(\$15,722)</b> | <b>(\$38,050)</b> |
| <b>CASH FLOW FROM INVESTING ACTIVITIES</b>         |                   |                   |                   |
| Cash Flow from Investing Activities                | \$24,241          | (\$15,722)        | (\$38,050)        |
| Decrease in fixed or intangible assets (Increase)  | (\$9,250)         | (\$10,086)        | (\$9,549)         |
| Decrease in Long-Term Investments (Increase)       | \$0               | \$0               | \$0               |
| Decrease in Other Non-Current Assets (Increase)    | \$33,491          | (\$5,636)         | (\$28,502)        |
| <b>CASH FLOW FROM FINANCING</b>                    |                   |                   |                   |
| Cash Flow from Financing Activities                | \$18,800          | (\$35,212)        | (\$23,324)        |
| Increase in Short-Term Financing (Decrease)        | \$10,147          | (\$4,653)         | (\$17,446)        |
| Increase in Long-Term Financing (Decrease)         | \$11,264          | (\$4,945)         | (\$5,920)         |
| Increase in Other Long-Term Liabilities (Decrease) | (\$402)           | \$0               | \$32,373          |
| Increase in Net Worth (Decrease)                   | (\$2,210)         | (\$25,614)        | (\$32,331)        |
| <b>CASH FLOW RESULTS</b>                           |                   |                   |                   |
| <b>Free Cash Flow for operating period</b>         | <b>\$16,835</b>   | <b>(\$7,653)</b>  | <b>(\$9,182)</b>  |
| Cash at beginning of operating period              | \$5,955           | \$14,933          | \$9,913           |
| Cash at the end of the operating period            | \$22,790          | \$7,280           | \$731             |

CASH FLOW

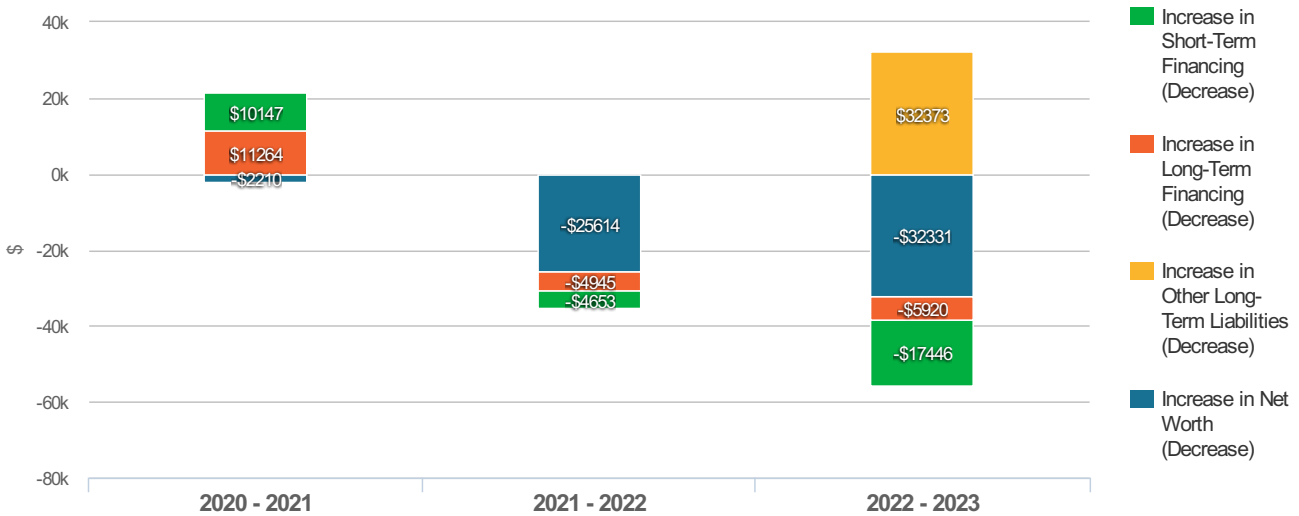
Net Sales



Cash Flow from Investing Activities



Cash Flow from Financing Activities



## Glossary

### LIQUIDITY RATIOS

**Current Ratio:** *Current Assets* divided by *Current Liabilities*

This ratio provides a general indication of the extent to which claims of short-term creditors are covered by assets expected to be converted into cash, within a period that roughly corresponds to the due dates of the current liabilities. Note that, the higher the ratio, the greater the cushion between current obligations and the firm's ability to pay them. A general guideline suggests that a current ratio less than 2 might indicate a potential cash shortage.

**Current Liabilities to Net Worth:** *Current Liabilities* divided by *Net Worth*

This ratio expresses the relationship between capital contributed by current obligation creditors and capital contributed by owners. It indicates the ability of a firm to safely meet the obligations of current creditors. The higher the ratio, the greater the risk that a firm will not be able to meet the obligations of creditors and a ratio less than 1 may be an indication of potential cash shortage problems.

**Total Liabilities to Net Worth:** *Total Liabilities* divided by *Net Worth*

This ratio expresses the relationship between the capital contributed by creditors and the capital contributed to the firm by owners. This provides an indication of the ability of a firm to meet creditor obligations and the lower the ratio the better financial condition the firm is thought to be in. A high ratio may signal potential cash shortage. A firm with a low ratio usually has a greater ability to borrow debt in the future.

**Quick Ratio:** *(Current Assets - Inventory)* divided by *Current Liabilities*

This is a measure of a firm's ability to meet short-term obligations without relying on sale of inventory. A ratio of less than one may indicate a potential cash shortage.

**Current Liabilities to Inventory:** *Current Liabilities* divided by *Inventory*

This ratio provides an indication of the ability of a firm's inventory sales to generate the cash needed to meet the short-term obligation of creditors. A ratio that is low usually indicates that the company will be able to meet short-term obligations. A high ratio may be cause for concern and signal a potential cash shortage.

### ASSET EFFICIENCY RATIOS

**Sales to Net Working Capital:** *Sales* divided by *(Current Assets - Current Liabilities)*

This ratio is a measure of a company's turnover of working capital within a year and reflects how efficiently working capital is being used. A low ratio may indicate the inefficient use of working capital while a high ratio may signal potential cash shortages and indicate a risk of not being able to pay creditors.

**Assets Turnover:** *Total Assets* divided by *Sales*

This ratio is a measure of a firm's productive use of assets and a low percentage compared to the average for the industry usually indicates high asset use efficiency.

**Inventory Turnover:** *Cost of Goods Sold* divided by *Inventory*

This ratio reflects the number of times a company's average inventory is used (turned) during the operating period. Typically, a higher ratio indicates greater production and sales efficiency.

**Collection Period:** *Accounts Receivable* divided by *(Sales/365)*

This indicates the amount of time (in days) that the firm must wait after making a sale before receiving payment. A long collection period usually signals high delinquencies and the potential for cash shortages.

**Accounts Payable to Sales:** *Accounts Payable* divided by *Sales*

This ratio provides a measure of the efficiency of a firm and the ability to generate sales revenue to cover supplier expenses. A low percentage may indicate an over reliance on supplier credit to support sales.

## PROFITABILITY RATIOS

**Return on Sales:** *Net Profit* divided by *Sales*

This ratio provides a measure of profitability by analyzing a return on sales, after all expenses have been deducted, including operational expenses, depreciation, amortization, and interest. In general, higher Return on Sales is better. However, this ratio varies greatly across industries, and should always be benchmarked to the most relevant industry peers.

**Return on Assets:** *Net Profit* divided by *Total Assets*

This ratio measures the return on the total investment in assets including those financed with debt as well as equity.

**Return on Investment:** *Net Profit* divided by *Net Worth*

This ratio is a measure of the return or earnings on the money invested in the firm. This return must be high enough to provide owners with an adequate return for the risk that is being assumed by keeping investments in the firm. A low return will also make it difficult to attract additional investment capital in the future.

**Sales per Employee:** *Sales* divided by *Number of Employees*

This is a measure of the productivity of employees. In addition, this is a measure of how capital or labor intensive a firm is. A low measure may indicate that the firm is labor intensive (or over staffed) and a high measure may indicate the firm is capital intensive (or under staffed).

**Profit per Employee:** *Net Profit* divided by *Number of Employees*

This is a measure of the profits a firm is generating for each of its employees.

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