



## Sportsman's Warehouse Holdings, Inc. Announces First Quarter Fiscal Year 2021 Financial Results

June 2, 2021

WEST JORDAN, Utah, June 02, 2021 (GLOBE NEWSWIRE) -- Sportsman's Warehouse Holdings, Inc. ("Sportsman's Warehouse" or the "Company") (Nasdaq: SPWH) today announced financial results for the thirteen weeks ended May 1, 2021.

"Sportsman's Warehouse is off to a strong start this fiscal year," said Jon Barker, Sportsman's Warehouse CEO. "First quarter same store sales increased 24% compared to the same period last year as we continue to capitalize on elevated participation in outdoor activities."

Mr. Barker continued, "I would like to thank the Sportsman's Warehouse team for an extraordinary first quarter, and their dedication to serving customers and executing on our mission of providing outstanding gear and exceptional service to inspire outdoor memories."

### Pending Merger with Great Outdoors Group, LLC

As previously announced on December 21, 2020, Great Outdoors Group, LLC has agreed to acquire Sportsman's Warehouse Holdings, Inc. for \$18.00 per share in an all cash transaction. The transaction has been approved by the board of directors of Sportsman's Warehouse and the stockholders of Sportsman's Warehouse approved the merger at the special stockholders meeting held on March 23, 2021. Completion of the merger is subject to the satisfaction of several conditions, including the expiration or termination of any applicable waiting period (and any extensions thereof) relating to the merger under the Hart-Scott-Rodino Act. Assuming receipt of required clearance pursuant to the Hart-Scott-Rodino Act and timely satisfaction of other conditions to closing, we currently expect the closing of the merger to occur in the second half of calendar year 2021.

Due to the pending acquisition by Great Outdoors Group, LLC, Sportsman's Warehouse management will not be hosting an earnings conference call and will not be providing forward looking guidance.

### For the thirteen weeks ended May 1, 2021:

- Net sales were \$327.0 million, an increase of \$80.2 million, or 32.5%, compared to the first quarter of fiscal year 2020. The net sales increase was primarily due to higher demand across all major categories, led by our hunting and shooting category, as well as strong growth in our ecommerce platform compared to the prior year period.
- Same store sales increased 24.1% during the first quarter of 2021 compared to the first quarter of 2020.
- Gross profit was \$104.0 million or 31.8% of net sales, compared to \$74.8 million or 30.3% of net sales in the comparable prior year period, a year-over-year increase of \$29.3 million in gross profit and a 150-basis point increase in gross profit margin.
- Net income was \$10.5 million compared to a net loss of \$1.1 million in the first quarter of 2020. Adjusted net income was \$12.5 million compared to adjusted net income of \$0.5 million in the first quarter of 2020 (see "GAAP and Non-GAAP Measures").
- Adjusted EBITDA was \$23.5 million compared to \$8.2 million in the comparable prior year period (see "GAAP and Non-GAAP Measures").
- Diluted earnings per share were \$0.23 compared to a diluted loss per share of \$0.03 in the comparable prior year period. Adjusted diluted earnings per share were \$0.28 compared to adjusted diluted earnings per share of \$0.01 for the comparable prior year period (see "GAAP and Non-GAAP Measures").

### Balance sheet highlights as of May 1, 2021:

- The Company was in a net cash position at the end of the first quarter of fiscal year 2021 with \$60.0 million in cash on hand and no borrowings outstanding under the Company's revolving credit facility.
- Total liquidity was \$250 million as of the end of the first quarter of fiscal 2021, comprised of \$190 million of availability on the revolving credit facility and \$60 million of cash on hand.

## Non-GAAP Information

This press release includes the following financial measures defined as non-GAAP financial measures by the Securities and Exchange Commission (the "SEC"): adjusted net income, adjusted diluted earnings per share, and Adjusted EBITDA. We define adjusted net income as net income, plus expenses incurred relating to bonuses and increased wages paid to front-line and non-executive back office associates due to COVID-19, expenses incurred relating to the acquisition of Field and Stream store locations and the pending merger with the Great Outdoors Group, LLC, and the costs and impairments recorded relating to the closure of one store during the first quarter of 2020, less recognized tax benefits, as applicable. We define adjusted diluted earnings per share as adjusted net income divided by diluted weighted average shares outstanding. We define Adjusted EBITDA as net income plus interest expense, income tax (benefit) expense, depreciation and amortization, stock-based compensation expense, bonuses and increased wages paid to front-line and non-executive back office associates due to COVID-19, expenses incurred relating to the acquisition of Field and Stream store locations and the pending merger with the Great Outdoors Group, LLC, pre-opening expenses, and the costs and impairments recorded relating to the closure of one store during the first quarter of 2020. The Company has reconciled these non-GAAP financial measures with the most directly comparable GAAP financial measures under "GAAP and Non-GAAP Measures" in this release. The Company believes that these non-GAAP financial measures not only provide its management with comparable financial data for internal financial analysis but also provide meaningful supplemental information to investors. Specifically, these non-GAAP financial measures allow investors to better understand the performance of the Company's business and facilitate a more meaningful comparison of its diluted earnings per share and actual results on a period-over-period basis. The Company has provided this information as a means to evaluate the results of its ongoing operations. Other companies in the Company's industry may calculate these items differently than the Company does. Each of these measures is not a measure of performance under GAAP and should not be considered as a substitute for the most directly comparable financial measures prepared in accordance with GAAP. Non-GAAP financial measures have limitations as analytical tools, and investors should not consider them in isolation or as a substitute for analysis of the Company's results as reported under GAAP.

## Forward-Looking Statements

This press release includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 as contained in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements in this release include, but are not limited to, statements regarding our ability to close on the planned merger with Great Outdoors Group, LLC. Investors can identify these statements by the fact that they use words such as "continue", "expect", "may", "opportunity", "plan", "future", "ahead" and similar terms and phrases. The Company cannot assure investors that future developments affecting the Company will be those that it has anticipated. Actual results may differ materially from these expectations due to many factors including, but not limited to: the potential impact of, and any potential developments related to, the pending merger with Great Outdoors Group, including the risk that the conditions to the consummation of the merger are not satisfied or waived, litigation challenging the merger, the impact on our stock price, business, financial condition and results of operations if the merger is not consummated, and the potential negative impact to our business and employee relationships due to the merger; current and future government regulations, in particular regulations relating to the sale of firearms and ammunition, which may impact the supply and demand for the Company's products and the Company's ability to conduct its business; the impacts of COVID-19 and measures intended to reduce its spread on the Company's operations; the Company's retail-based business model, which is impacted by general economic, market and financial uncertainties that may cause a decline in consumer spending; the Company's concentration of stores in the Western United States, which makes the Company susceptible to adverse conditions in this region and could affect the Company's sales and cause its operating results to suffer; the highly fragmented and competitive industry in which the Company operates and the potential for increased competition; changes in consumer demands, including regional preferences, which the Company may not be able to identify and respond to in a timely manner; the Company's entrance into new markets or operations in existing markets, which may not be successful; and other factors that are set forth in the Company's filings with the SEC, including under the caption "Risk Factors" in the Company's Annual Report on Form 10-K for the fiscal year ended January 30, 2021 which was filed with the SEC on April 2, 2021, and the Company's other public filings made with the SEC and available at [www.sec.gov](http://www.sec.gov). If one or more of these risks or uncertainties materialize, or if any of the Company's assumptions prove incorrect, the Company's actual results may vary in material respects from those projected in these forward-looking statements. Any forward-looking statement made by the Company in this release speaks only as of the date on which the Company makes it. Factors or events that could cause the Company's actual results to differ may emerge from time to time, and it is not possible for the Company to predict all of them. The Company undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by any applicable securities laws.

## About Sportsman's Warehouse Holdings, Inc.

Sportsman's Warehouse Holdings, Inc. is an outdoor specialty retailer focused on meeting the needs of the seasoned outdoor veteran, the first-time participant, and everyone in between. We provide outstanding gear and exceptional service to inspire outdoor memories.

For press releases and certain additional information about the Company, visit the Investor Relations section of the Company's website at [www.sportsmans.com](http://www.sportsmans.com).

## Investor Contacts:

Robert Julian, Chief Financial Officer

**SPORTSMAN'S WAREHOUSE HOLDINGS, INC.**  
**Condensed Consolidated Statements of Income (Unaudited)**  
(in thousands, except per share data)

**For the Thirteen Weeks Ended**

	<u>May 1, 2021</u>	<u>% of net sales</u>	<u>May 2, 2020</u>	<u>% of net sales</u>	<u>YOY Variance</u>
Net sales	\$ 326,992	100.0%	\$ 246,835	100.0%	\$ 80,157
Cost of goods sold	<u>222,945</u>	<u>68.2%</u>	<u>172,061</u>	<u>69.7%</u>	<u>50,884</u>
Gross profit	<u>104,047</u>	<u>31.8%</u>	<u>74,774</u>	<u>30.3%</u>	<u>29,273</u>
Operating expenses:					
Selling, general and administrative expenses	<u>90,419</u>	<u>27.7%</u>	<u>75,219</u>	<u>30.5%</u>	<u>15,200</u>
Income from operations	<u>13,628</u>	<u>4.1%</u>	<u>(445)</u>	<u>(0.2%)</u>	<u>14,073</u>
Interest expense	<u>226</u>	<u>0.1%</u>	<u>1,534</u>	<u>0.6%</u>	<u>(1,308)</u>
Income before income tax expense	<u>13,402</u>	<u>4.0%</u>	<u>(1,979)</u>	<u>(0.8%)</u>	<u>15,381</u>
Income tax expense	<u>2,952</u>	<u>0.9%</u>	<u>(849)</u>	<u>(0.3%)</u>	<u>3,801</u>
Net income	<u>\$ 10,450</u>	<u>3.1%</u>	<u>\$ (1,130)</u>	<u>(0.5%)</u>	<u>\$ 11,580</u>
Earnings per share					
Basic	<u>\$ 0.24</u>		<u>\$ (0.03)</u>		<u>\$ 0.27</u>
Diluted	<u>\$ 0.23</u>		<u>\$ (0.03)</u>		<u>\$ 0.26</u>
Weighted average shares outstanding					
Basic	<u>43,690</u>		<u>43,327</u>		<u>363</u>
Diluted	<u>44,514</u>		<u>43,327</u>		<u>1,187</u>

**SPORTSMAN'S WAREHOUSE HOLDINGS, INC.**  
**Condensed Consolidated Balance Sheets (Unaudited)**  
(in thousands)

**Assets**

	<u>May 1, 2021</u>	<u>January 30, 2021</u>
Current assets:		
Cash	\$ 59,719	\$ 65,525
Accounts receivable, net	574	581
Merchandise inventories	287,077	243,434
Prepaid expenses and other	<u>15,957</u>	<u>15,113</u>
Total current assets	<u>363,327</u>	<u>324,653</u>
Operating lease right of use asset	239,407	235,262
Property and equipment, net	101,364	99,118
Goodwill	1,496	1,496
Definite lived intangible assets, net	<u>280</u>	<u>289</u>
Total assets	<u>\$ 705,874</u>	<u>\$ 660,818</u>

**Liabilities and Stockholders' Equity**

## Current liabilities:

Accounts payable	\$ 113,045	\$ 77,441
Accrued expenses	108,116	109,056
Operating lease liability, current	36,386	36,014
Income taxes payable	7,872	4,917
Revolving line of credit	-	-
Current portion of long-term debt, net of discount and debt issuance costs	-	-
Total current liabilities	265,419	227,428

## Long-term liabilities:

Long-term debt, net of discount, debt issuance costs, and current portion	-	-
Deferred income taxes	378	434
Operating lease liability, noncurrent	226,220	228,296
Total long-term liabilities	226,598	228,730
Total liabilities	492,017	456,158

## Stockholders' equity:

Common stock	438	436
Additional paid-in capital	88,560	89,815
Accumulated earnings	124,859	114,409
Total stockholders' equity	213,857	204,660
Total liabilities and stockholders' equity	\$ 705,874	\$ 660,818

**SPORTSMAN'S WAREHOUSE HOLDINGS, INC.**  
**Condensed Consolidated Statements of Cash Flows (Unaudited)**  
(in thousands)

	<b>May 1, 2021</b>	<b>May 2, 2020</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income (loss)	\$ 10,450	\$ (1,130)
<b>Adjustments to reconcile net income (loss) to net cash provided by operating activities:</b>		
Depreciation and amortization	5,767	5,326
Amortization of discount on debt and deferred financing fees	66	84
Amortization of Intangible assets	10	7
Loss on asset dispositions	-	803
Noncash operating lease expense	1,386	6,076
Deferred income taxes	(56)	2,962
Stock based compensation	1,016	736
<b>Change in assets and liabilities, net of amounts acquired:</b>		
Accounts receivable, net	7	323
Operating lease liabilities	(7,235)	(7,321)
Merchandise inventory	(43,643)	(23,298)
Prepaid expenses and other	(910)	(2,270)
Accounts payable	34,128	46,645
Accrued expenses	(7,951)	6,090
Income taxes payable and receivable	2,955	(3,752)
<b>Net cash provided by (used in) operating activities</b>	(4,010)	31,281
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment, net of amounts acquired	(5,615)	(4,833)
Acquisition of Field and Stream stores, net of cash acquired	-	(1,024)
<b>Net cash used in investing activities</b>	(5,615)	(5,857)

**CASH FLOWS FROM FINANCING ACTIVITIES:**

Net (payments) borrowings on line of credit	-	2,345
(Decrease) Increase in book overdraft	6,088	(2,675)
Payment of withholdings on restricted stock units	(2,269)	(689)
Principal payments on long-term debt	-	(4,000)
<b>Net cash provided by (used in) financing activities</b>	<b>3,819</b>	<b>(5,019)</b>
Net change in cash	(5,806)	20,405
Cash at beginning of year	65,525	1,685
Cash at end of period	\$ 59,719	\$ 22,090

**SPORTSMAN'S WAREHOUSE HOLDINGS, INC.**  
**GAAP and Non-GAAP Measures (Unaudited)**  
(in thousands, except per share data)

**Reconciliation of GAAP net income and GAAP dilutive earnings (loss) per share to adjusted net income (loss) and adjusted diluted earnings per share:**

	<b>For the Thirteen Weeks Ended</b>	
	<b>May 1, 2021</b>	<b>May 2, 2020</b>
Numerator:		
Net income (loss)	\$ 10,450	\$ (1,130)
Acquisition costs (1)	2,845	29
Hazard pay (2)	-	1,100
Store closing write-off (3)	-	1,039
Less tax benefit	(767)	(588)
Adjusted net income	\$ 12,528	\$ 450
Denominator:		
Diluted weighted average shares outstanding	44,514	43,686
<b>Reconciliation of earnings (loss) per share:</b>		
Dilutive earnings (loss) per share	\$ 0.23	\$ (0.03)
Impact of adjustments to numerator and denominator	0.05	0.04
Adjusted diluted earnings per share	\$ 0.28	\$ 0.01

**Reconciliation of net income (loss) to adjusted EBITDA:**

	<b>For the Thirteen Weeks Ended</b>	
	<b>May 1, 2021</b>	<b>May 2, 2020</b>
Net income (loss)	\$ 10,450	\$ (1,130)
Interest expense	226	1,534
Income tax expense (benefit)	2,952	(849)
Depreciation and amortization	5,777	5,365
Stock-based compensation expense (4)	1,016	736
Pre-opening expenses (5)	195	387
Acquisition costs (1)	2,845	29
Hazard pay (2)	-	1,100
Store closing write-off (3)	-	1,039
Adjusted EBITDA	\$ 23,461	\$ 8,211

(1) Expenses incurred relating to the acquisition of Field & Stream locations in 2020 and the pending merger with the Great Outdoors Group, LLC in 2021.

(2) Expenses incurred relating to bonuses and increased wages paid to front-line and non-executive back office associates due to the COVID-19 pandemic.

(3) Costs and impairments recorded relating to the closure of one store during the first quarter of 2020.

(4) Stock-based compensation expense represents non-cash expenses related to equity instruments granted to employees under our 2019 Performance Incentive Plan and employee stock purchase plan.

(5) Pre-opening expenses include expenses incurred in the preparation and opening of a new store location, such as payroll, travel and supplies, but do not include the cost of the initial inventory or capital expenditures required to open a new store location.



Source: Sportsman's Warehouse Holdings, Inc.