



# THIRD QUARTER 2022 EARNINGS CONFERENCE CALL



December 7, 2022

# FORWARD LOOKING STATEMENTS AND NON-GAAP MEASURES

This presentation 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 presentation include, but are not limited to, statements regarding our outlook for the fourth quarter and fiscal year 2022, opportunity for long-term growth via market share gains, ecommerce platform growth and new physical store and distribution center expansion, opportunistic acquisitions, and future year targets and our ability to have sufficient inventory of products in demand by our customers. 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: current and future government regulations relating to the sales of firearms and ammunition, which may impact the supply and demand of our products and ability to conduct our business, our retail-based business model, general economic, market and other conditions, changes in consumer spending, our concentration of stores in the Western United States, the highly fragmented and competitive industry in which we operate and the potential for increased competition, changes in consumer demands, including regional preferences, which we may not be able to identify or respond to in a timely manner, our entrance into new markets or operations in existing markets, which may not be successful, the impact of COVID-19 on our operations, and other factors that are set forth in our filings with the Securities and Exchange Commission (the "SEC"), including under the caption "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended January 29, 2022, which was filed with the SEC on March 30, 2022, and our 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 presentation 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 them all. 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.

In this presentation, we refer to "Adjusted Diluted EPS," "Adjusted Net Income," "Adjusted EBITDA," and "Adjusted EBITDA Margin," which are not financial measures prepared in accordance with Generally Accepted Accounting Principles ("GAAP"). For a reconciliation of these measures to the most directly comparable GAAP financial measure, see the Appendix to this presentation. As used herein, unless the context otherwise requires, references to "Sportsman's," "Sportsman's Warehouse," "we," "us," and "our" refer to Sportsman's Warehouse Holdings, Inc.





**Jon Barker**

Chief Executive Officer

# SPORTSMAN'S WAREHOUSE



***“We Provide Outstanding Gear and Exceptional Service to Inspire Outdoor Memories”***



# SPORTSMAN'S WAREHOUSE

## Differentiated Outdoor Specialty Retailer



Conveniently located stores with **easy-in, easy-out** access



Highly trained, **experienced** employees with "**localized**" knowledge



Fully integrated **omni-channel** platform allowing customers to seamlessly shop the full assortment



**Deep assortment** of brands curated for local demands



Every day **low price leader** – limited promotions



# KEY GROWTH INITIATIVES



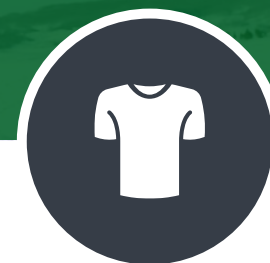
**Expand Store  
Footprint**



**Leverage  
Omni-Channel  
Platform**



**Grow Loyalty  
and Credit Card  
Programs**



**Improved  
Product  
Merchandising**



**Opportunistic  
Acquisitions**

# ASSORTMENT STRATEGY & LOCAL ASSORTMENT STRATEGY

## | DEPTH, BREADTH AND BRANDS

### Portfolio of brands



### Private brand





- Launched a new technical camouflage pattern
- Combination of technology, durability, and style at an affordable price

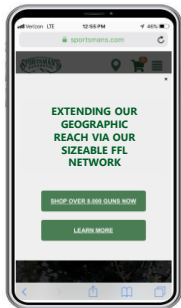
- First private brand hunting boot introduced during Q3
- Key features & benefits comparable to national best brands with lower price point



# GROW AND ENHANCE OMNI-CHANNEL

1

## Increase reach & database growth through digital maturity



- Digital marketing optimization
- Attract adjacent consumers through specialty websites
- Grow and leverage large email loyalty and credit card databases

2

## Expand merchandise assortment



- 3rd party federal firearm license (FFL) partnerships
- Increased dropship partnerships
- Expanding SKUs

3

## Leverage stores



- 70%+ ecom sourced thru stores & dropship
- Firearms & ammo drive store traffic
- Forward deployment of inventory
- Ship from store

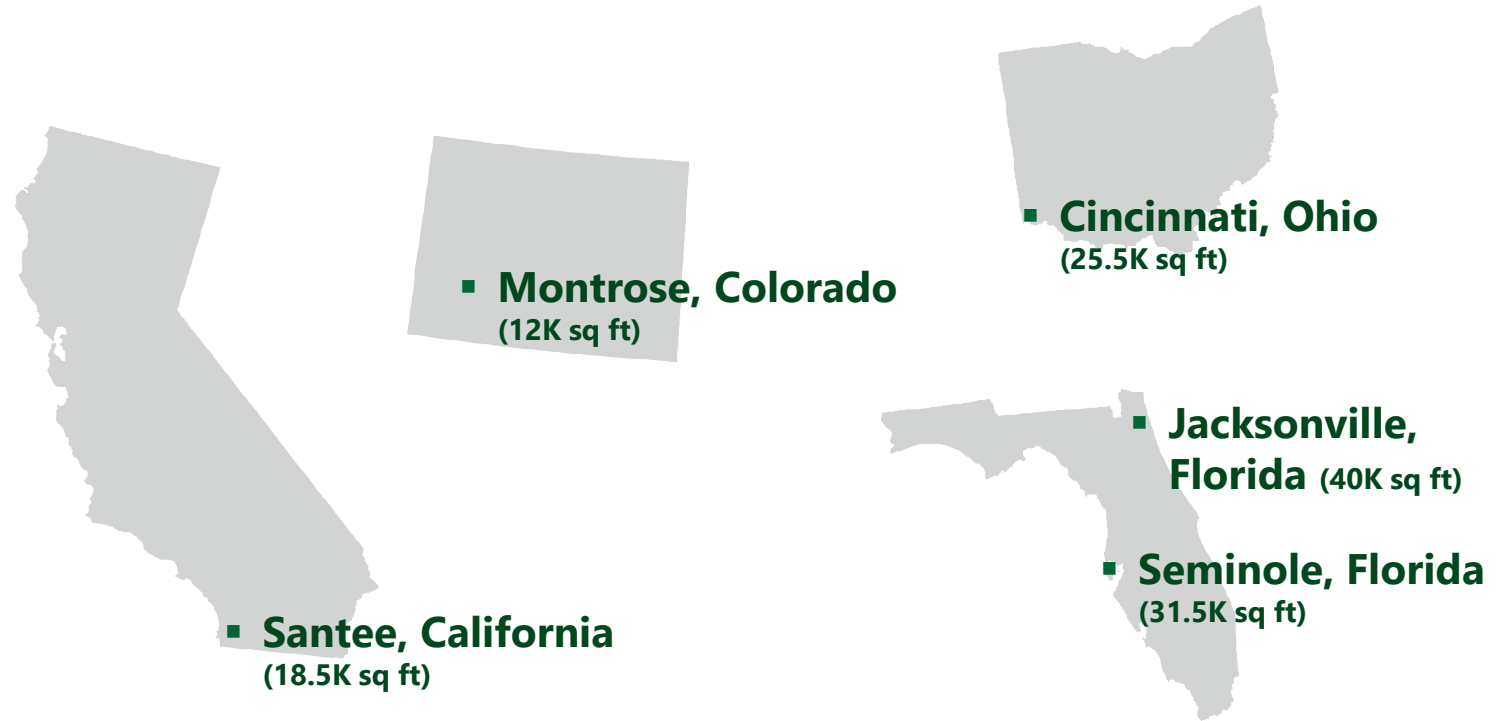


# EXPANDING STORE FOOTPRINT

## ADVANTAGES

- Flexible Store Formats (10K – 65K sq. ft.)
  - Penetrate smaller, underserved markets
  - Value engineering
- Convenient locations (easy in & out access)
- Data-driven market prioritization to expand footprint

## 3 New Stores Opened During Q3 2022

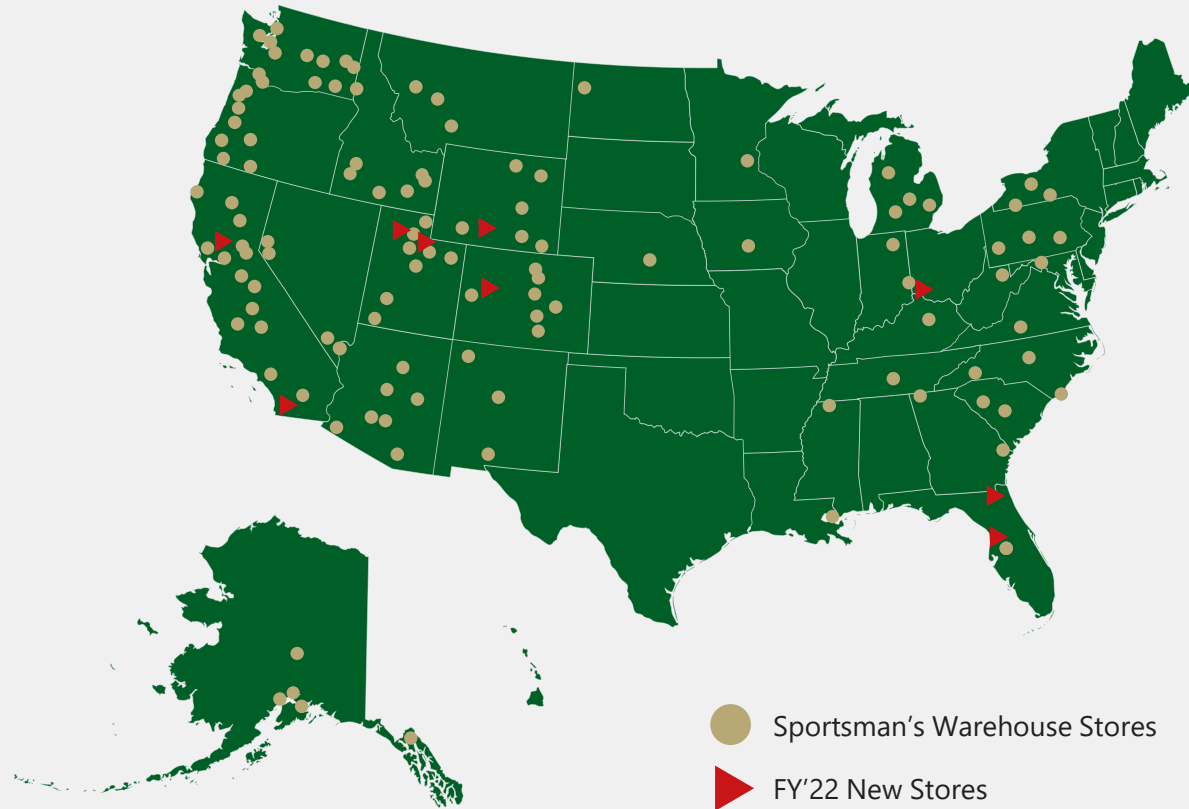


## 2 New Stores Opened Early in Q4 2022



# EXPANDING STORE FOOTPRINT

## U.S. FOOTPRINT



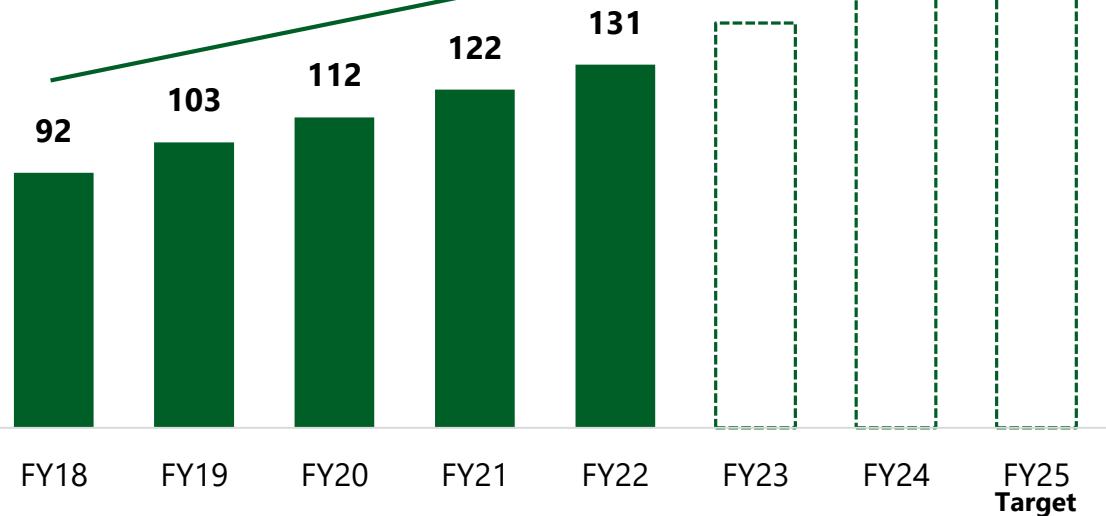
## Accelerated Store Growth Targets

**13 – 18 new stores in 2023**

Accelerated Growth

190-210

CAGR:  
**9.2%**





# FINANCIAL RESULTS & OUTLOOK

**Jeff White**

Chief Financial Officer

# THIRD QUARTER 2022 FINANCIAL RESULTS

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

**For the Thirteen Weeks Ended**

	<b>October 29, 2022</b>	<b>% of net sales</b>	<b>October 30, 2021</b>	<b>% of net sales</b>	<b>YOY Variance</b>
Net sales	\$ 359,720	100.0%	\$ 401,014	100.0%	\$ (41,294)
Cost of goods sold	238,898	66.4%	271,392	67.7%	(32,494)
Gross profit	<u>120,822</u>	<u>33.6%</u>	<u>129,622</u>	<u>32.3%</u>	<u>(8,800)</u>
Operating expenses:					
Selling, general and administrative expenses	<u>102,322</u>	<u>28.4%</u>	<u>99,974</u>	<u>24.9%</u>	<u>2,348</u>
Income from operations	18,500	5.2%	29,648	7.4%	(11,148)
Interest expense	<u>1,187</u>	<u>0.3%</u>	<u>413</u>	<u>0.1%</u>	<u>774</u>
Income before income tax expense	17,313	4.9%	29,235	7.3%	(11,922)
Income tax expense	<u>4,436</u>	<u>1.2%</u>	<u>7,372</u>	<u>1.8%</u>	<u>(2,936)</u>
Net income	<u>\$ 12,877</u>	<u>3.7%</u>	<u>\$ 21,863</u>	<u>5.5%</u>	<u>\$ (8,986)</u>
Earnings per share					
Basic	<u>\$ 0.34</u>		<u>\$ 0.50</u>		<u>\$ (0.16)</u>
Diluted	<u>\$ 0.33</u>		<u>\$ 0.49</u>		<u>\$ (0.16)</u>
Weighted average shares outstanding					
Basic	<u>38,414</u>		<u>43,878</u>		<u>(5,464)</u>
Diluted	<u>38,681</u>		<u>44,582</u>		<u>(5,901)</u>



## BALANCE SHEET HIGHLIGHTS (as of October 29, 2022)

(\$ in millions)	29-Oct-22	29-Jan-22
<b>Total Liquidity</b>	<b>\$195.5</b>	\$203.1
<i>Cash Plus Availability on Revolving Credit Facility</i>		
<b>Cash</b>	<b>\$2.6</b>	\$57.0
<b>Credit Facility Availability</b>	<b>\$192.9</b>	\$146.1
<b>Total Debt Outstanding</b>	<b>\$120.2</b>	\$77.0
<b>Leverage Ratio<sup>2</sup></b>	<b>1.1x</b>	0.6x

**Target leverage ratio: <1.5x**

**Credit facility borrowing capacity of \$350M**

**Repurchased 1.2 million shares, returning \$10.4 million to shareholders in Q3**






**Net debt of \$117.6M<sup>1</sup>**



<sup>1</sup> Net debt = total debt less cash

<sup>2</sup> Leverage ratio = total debt to TTM adj EBITDA

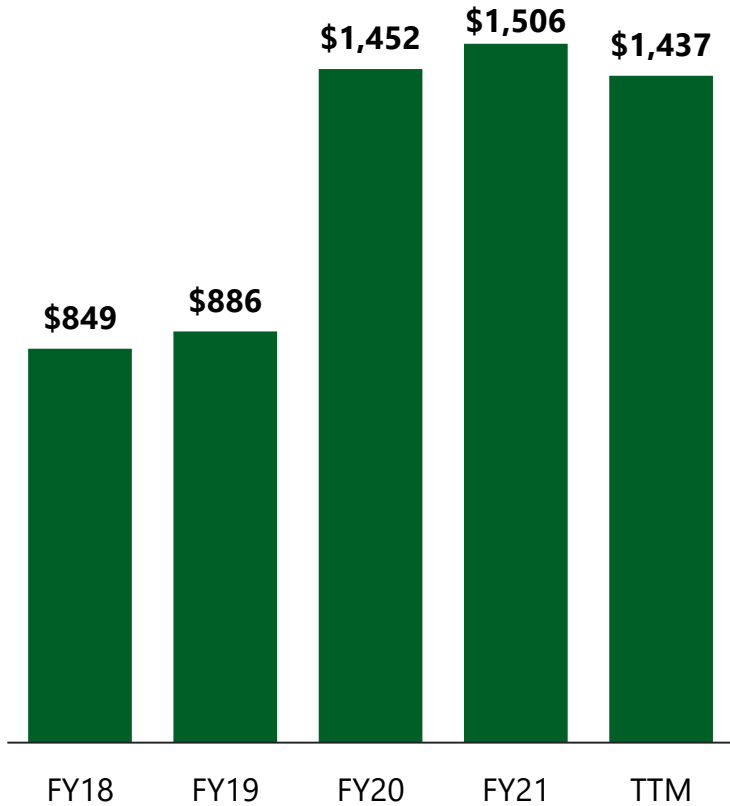
# FINANCIAL OUTLOOK

Net Sales	SSS	Adj. EPS	Adj. EBITDA	CAPEX
<b><u>Q4 2022:</u></b> <b>\$370 – \$385 million</b>	<b><u>Q4 2022:</u></b> <b>(13)% – (9)%</b>	<b><u>Q4 2022:</u></b> <b>\$0.25 – \$0.35</b>	<b><u>FY 2022:</u></b> <b>High Single-Digits</b>	<b><u>FY 2022:</u></b> <b>\$48.0 – \$55.0 million</b>
				

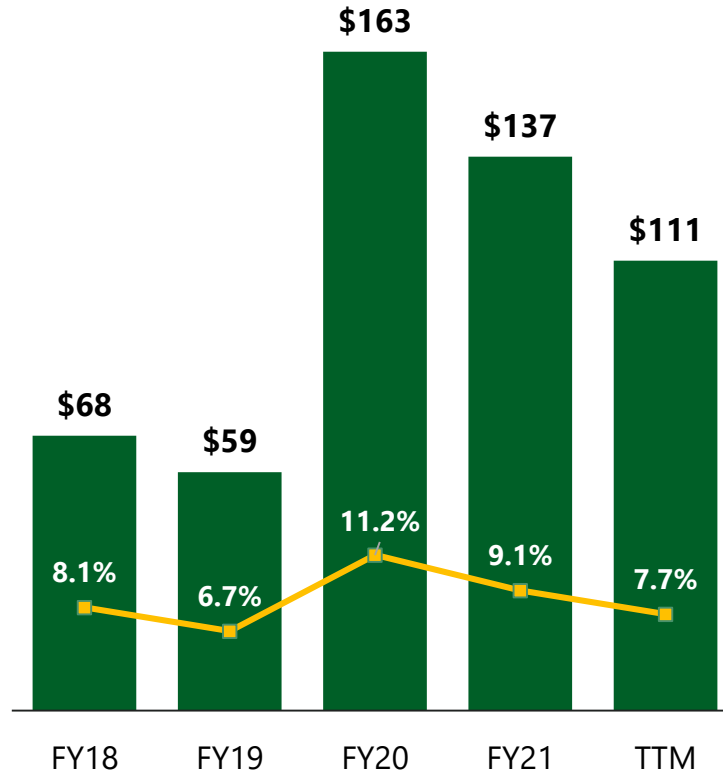


# STRONG FINANCIAL PERFORMANCE

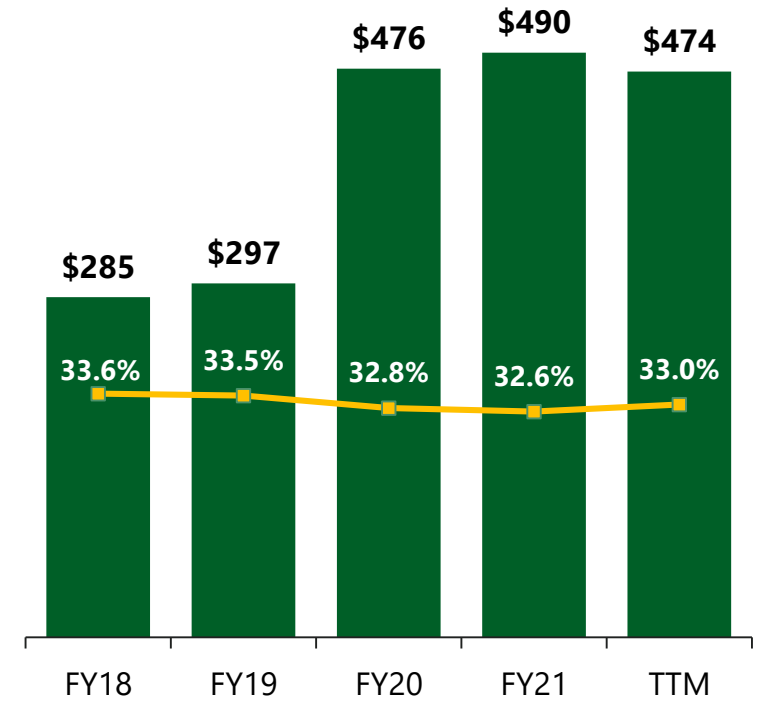
**Net Sales<sup>1</sup> (\$M)**



**Adjusted EBITDA<sup>2</sup> (\$M) & Margin (%)**



**Gross Profit (\$M) & Margin (%)**



<sup>1</sup>TTM = trailing 12 months from the end of 3Q22

<sup>2</sup> See Appendix for reconciliation of non-GAAP measures





# APPENDIX

# NON-GAAP TO GAAP RECONCILIATION TABLE

## 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 per share to adjusted net income and adjusted diluted earnings per share:

	For the Thirteen Weeks Ended		For the Thirty-Nine Weeks Ended	
	October 29, 2022	October 30, 2021	October 29, 2022	October 30, 2021
Numerator:				
Net income	\$ 12,877	\$ 21,863	\$ 29,489	\$ 50,036
Acquisition costs (3)	-	1,113	-	6,419
Executive transition costs (4)	289	-	1,214	-
Less tax benefit	(75)	(301)	(316)	(1,733)
Adjusted net income	\$ 13,091	\$ 22,675	\$ 30,387	\$ 54,722
Denominator:				
Diluted weighted average shares outstanding	38,681	44,582	41,672	44,471
<b>Reconciliation of earnings per share:</b>				
Dilutive earnings per share	\$ 0.33	\$ 0.49	\$ 0.71	\$ 1.13
Impact of adjustments to numerator and denominator	0.01	0.02	0.02	0.10
Adjusted diluted earnings per share	\$ 0.34	\$ 0.51	\$ 0.73	\$ 1.23

### Reconciliation of net income to adjusted EBITDA:

	For the Thirteen Weeks Ended		For the Thirty-Nine Weeks Ended	
	October 29, 2022	October 30, 2021	October 29, 2022	October 30, 2021
Net income	\$ 12,877	\$ 21,863	\$ 29,489	\$ 50,036
Interest expense	1,187	413	2,521	905
Income tax expense (benefit)	4,436	7,372	10,012	16,519
Depreciation and amortization	7,839	6,665	23,012	18,801
Stock-based compensation expense (1)	1,077	194	3,526	2,237
Pre-opening expenses (2)	1,432	1,712	2,936	3,090
Acquisition costs (3)	-	1,113	-	6,419
Executive transition costs (4)	289	-	1,214	-
Adjusted EBITDA	\$ 29,137	\$ 39,332	\$ 72,710	\$ 98,007

(1) 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.

(2) 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 location.

(3) The 13 and 39 weeks ended October 30, 2021 included \$1.1 and \$6.4 million of expenses incurred relating to the terminated merger with Great Outdoors Group.

(4) Expenses incurred relating to the recruitment and hiring of various key members of our senior management team. These events are not expected to be recurring.



# NON-GAAP TO GAAP RECONCILIATION TABLE

## SPORTSMAN'S WAREHOUSE HOLDINGS, INC. GAAP and Non-GAAP Measures (Unaudited)

### Reconciliation of net income to adjusted EBITDA (in thousands):

	TTM	FY21	FY20	FY19	FY18
Net income	\$ 87,923	\$ 108,470	\$ 91,380	\$ 20,215	\$ 23,750
Interest expense	2,995	1,379	3,506	7,995	13,206
Income tax expense	29,262	35,769	30,080	5,254	7,063
Depreciation and amortization	30,437	26,226	21,830	19,321	18,250
Stock-based compensation expense (1)	4,617	3,328	3,302	2,104	1,742
Pre-opening expenses (2)	3,944	4,098	1,942	2,694	1,838
Merger termination gain (3)	(55,000)	(55,000)	-	-	-
Acquisition expenses (4)	3,314	9,733	3,710	662	-
Bargain purchase (5)	-	-	(2,218)	-	-
Hazard pay (6)	-	-	6,526	-	-
Legal accrual (7)	-	-	2,125	-	-
CEO retirement (8)	-	-	-	-	2,647
Asset write-off (9)	-	-	1,039	-	-
Executive recruiting expense (10)	1,214	-	-	770	-
Retention pay (11)	2,549	2,549	-	-	-
Adjusted EBITDA	\$ 111,255	\$ 136,552	\$ 163,222	\$ 59,015	\$ 68,496
Net sales	\$ 1,436,534	\$ 1,506,072	\$ 1,451,767	\$ 886,401	\$ 849,129
Net income margin	6.1%	7.2%	6.3%	2.3%	2.8%
Adjusted EBITDA margin	7.7%	9.1%	11.2%	6.7%	8.1%

(1) Stock-based compensation expense represents non-cash expenses related to equity instruments granted to employees under our 2013 Performance Incentive Plan, the 2019 Performance Incentive Plan, and employee stock purchase plan.

(2) 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 location.

(3) Payment received in conjunction with the termination of the merger agreement between Great Outdoors Group and Sportsman's Warehouse Holdings, Inc. date December 2, 2021

(4) Acquisition expense for fiscal year 2021 represent professional fees related to the terminated merger with Great Outdoors Group, LLC. Acquisition expense for fiscal year 2020 represent professional fees related to the terminated merger with Great Outdoors Group, LLC, and the acquisition of 4 Field and Stream store locations from DICK's Sporting Goods. Acquisition expenses for fiscal year 2019 represent professional fees related to the acquisition of 8 Field & Stream store locations in from DICK's Sporting Goods.

(5) Excess of the fair value over the purchase price of tangible assets acquired in connection with the Field & Stream store locations acquired during fiscal year 2020.

(6) Expense relating to bonuses and increased wages paid to front-line and back office associates due to the COVID-19 pandemic.

(7) Accrual relating to pending labor litigation in the state of California.

(8) Expenses incurred in conjunction with the retirement of the Company's previous CEO.

(9) The asset write-off amount for 2020 relates to costs incurred with closure of one store during the first quarter of 2020.

(10) Expenses incurred relating to the recruitment and hiring of various key members of our senior management team. These events are not expected to be recurring

(11) Expense relating to retention bonuses paid to certain senior employees in response to the terminated merger with Great Outdoors Group.



# NON-GAAP TO GAAP RECONCILIATION TABLE

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

**Reconciliation of fourth quarter 2022 guidance:**

	Estimated Q4 '22	
	Low	High
Numerator:		
Net income (loss)	\$ 9,100	\$ 12,700
Executive transition Costs (1)	\$ 200	\$ 400
Adjusted net income (loss)	\$ 9,300	\$ 13,100
Denominator:		
Diluted weighted average shares outstanding	37,700	37,700
Reconciliation of earnings per share:		
Diluted earnings (loss) per share	\$ 0.24	\$ 0.34
Impact of adjustments to numerator and denominator	0.01	0.01
Adjusted diluted earnings (loss) per share	<u>\$ 0.25</u>	<u>\$ 0.35</u>

(1) Expenses incurred relating to the recruitment and hiring of various key members of our senior management team. These events are not expected to be recurring.

