UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)
☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended October 31, 2020

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission File Number: 001-36401

SPORTSMAN'S WAREHOUSE HOLDINGS, INC.
(Exact Name of Registrant as Specified in its Charter)

Delaware **(State or other jurisdiction of incorporation or organization)**	**39-1975614** **(I.R.S. Employer Identification No.)**
1475 West 9000 South, Suite A, West Jordan, Utah **(Address of principal executive offices)**	**84088** **(Zip code)**

Registrant's telephone number, including area code: (801) 566-6681

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, $.01 par value	SPWH	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐	Smaller reporting company	☒
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act: ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of December 3, 2020, the registrant had 43,613,789 shares of common stock, $0.01 par value per share, outstanding.

SPORTSMAN'S WAREHOUSE HOLDINGS, INC.

TABLE OF CONTENTS

We operate on a fiscal calendar that, in a given fiscal year, consists of the 52- or 53-week period ending on the Saturday closest to January 31st. Our fiscal third quarters ended October 31, 2020 and November 2, 2019 both consisted of 13 weeks and are referred to herein as the third quarter of fiscal year 2020 and the third quarter of fiscal year 2019, respectively. Fiscal year 2020 contains 52 weeks of operations and will end on January 30, 2021. Fiscal year 2019 contained 52 weeks of operations ended on February 1, 2020.

References throughout this document to "Sportsman's Warehouse," "we," "us," and "our" refer to Sportsman's Warehouse Holdings, Inc. and its subsidiaries, and references to "Holdings" refer to Sportsman's Warehouse Holdings, Inc. excluding its subsidiaries.

STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (this "10-Q") contains statements that constitute forward-looking statements as that term is defined by the Private Securities Litigation Reform Act of 1995. These statements concern our business, operations and financial performance and condition as well as our plans, objectives and expectations for our business operations and financial performance and condition, which are subject to risks and uncertainties. All statements other than statements of historical fact included in this 10-Q are forward-looking statements. These statements may include words such as "aim," "anticipate," "assume," "believe," "can have," "could," "due," "estimate," "expect," "goal," "intend," "likely," "may," "objective," "plan," "positioned," "potential," "predict," "should," "target," "will," "would" and other words and terms of similar meaning in connection with any discussion of the timing or nature of future operating or financial performance or other events or trends. For example, all statements we make relating to our plans and objectives for future operations, growth or initiatives and strategies are forward-looking statements.

These forward-looking statements are based on current expectations, estimates, forecasts and projections about our business and the industry in which we operate and our management's beliefs and assumptions. We derive many of our forward-looking statements from our own operating budgets and forecasts, which are based upon many detailed assumptions. While we believe that our assumptions are reasonable, we caution that predicting the impact of known factors is very difficult, and we cannot anticipate all factors that could affect our actual results.

All of our forward-looking statements are subject to risks and uncertainties that may cause our actual results to differ materially from our expectations. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to:

- *the impact of COVID-19 pandemic and measures intended to reduce its spread on our operations*;
- *our ability to integrate the twelve stores we recently acquired from Dick's Sporting Goods;*
- *our retail-based business model and the impact of general economic conditions and economic and financial uncertainties on consumer spending;*
- *current and future government regulations, in particular regulations relating to the sale of firearms and ammunition;*
- *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 and respond to in a timely manner;*
- *our entrance into new markets or operations in existing markets, which may not be successful; and*
- *remediation of identified material weaknesses in our internal control over financial reporting.*

The above is not a complete list of factors or events that could cause actual results to differ from our expectations, and we cannot predict all of them. All written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the cautionary statements disclosed under "Part I. Item 1A. Risk Factors," appearing in our Annual Report on Form 10-K for the fiscal year ended February 1, 2019 and "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this 10-Q, as such disclosures may be amended, supplemented or superseded from time to time by other reports we file with the Securities and Exchange Commission, including subsequent Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q, and public communications. You should evaluate all forward-looking statements made in this 10-Q and otherwise in the context of these risks and uncertainties.

Potential investors and other readers are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on any forward-looking statements we make. These forward-looking statements speak only as of the date of this 10-Q and are not guarantees of future performance or developments and involve known and unknown risks, uncertainties and other factors that are in many cases beyond our control. Except as required by law, we undertake no obligation to update or revise any forward-looking statements publicly, whether as a result of new information, future developments or otherwise.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

SPORTSMAN'S WAREHOUSE HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
Amounts in Thousands, Except Per Share Data
(unaudited)

	October 31, 2020	February 1, 2020
Assets		
Current assets:		
Cash	$ 19,314	$ 1,685
Accounts receivable, net	462	904
Merchandise inventories	322,078	275,505
Income tax receivable	—	812
Prepaid expenses and other	14,564	12,732
Total current assets	356,418	291,638
Operating lease right of use asset	239,254	224,520
Property and equipment, net	99,495	98,767
Goodwill	1,496	1,496
Definite lived intangibles, net	299	220
Total assets	$ 696,962	$ 616,641
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 135,949	$ 38,157
Accrued expenses	106,430	70,118
Income taxes payable	5,315	—
Operating lease liability, current	35,730	34,487
Revolving line of credit	—	116,078
Current portion of long-term debt, net of discount and debt issuance costs	—	5,936
Total current liabilities	283,424	264,776
Long-term liabilities:		
Long-term debt, net of discount, debt issuance costs, and current portion	7,950	23,781
Deferred income taxes	4,154	562
Operating lease liability, noncurrent	227,333	217,254
Total long-term liabilities	239,437	241,597
Total liabilities	522,861	506,373
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $.01 par value; 20,000 shares authorized; 0 shares issued and outstanding	—	—
Common stock, $.01 par value; 100,000 shares authorized; 43,591 and 43,296 shares issued and outstanding, respectively	436	433
Additional paid-in capital	88,823	86,806
Accumulated earnings	84,842	23,029
Total stockholders' equity	174,101	110,268
Total liabilities and stockholders' equity	$ 696,962	$ 616,641

The accompanying notes are an integral part of these condensed consolidated financial statements.

SPORTSMAN'S WAREHOUSE HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
Amounts in Thousands Except Per Share Data
(unaudited)

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	October 31, 2020	November 2, 2019	October 31, 2020	November 2, 2019
Net sales	$ 385,748	$ 242,466	$ 1,013,572	$ 628,249
Cost of goods sold	255,166	158,256	679,122	416,644
Gross profit	130,582	84,210	334,450	211,605
Selling, general, and administrative expenses	92,252	68,336	251,077	191,326
Income from operations	38,330	15,874	83,373	20,279
Bargain purchase gain	(2,218)	—	(2,218)	—
Interest expense	536	2,094	3,088	6,552
Income before income taxes	40,012	13,780	82,503	13,727
Income tax expense	9,530	3,287	20,690	3,195
Net income	$ 30,482	$ 10,493	$ 61,813	$ 10,532
Earnings per share:				
Basic	$ 0.70	$ 0.24	$ 1.42	$ 0.24
Diluted	$ 0.68	$ 0.24	$ 1.40	$ 0.24
Weighted average shares outstanding:				
Basic	43,609	43,230	43,490	43,126
Diluted	44,510	43,559	44,260	43,316

The accompanying notes are an integral part of these condensed consolidated financial statements.

SPORTSMAN'S WAREHOUSE HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
Amounts in Thousands
(unaudited)

For the Thirteen Weeks Ended October 31, 2020 and November 2, 2019

	Common Stock		Restricted nonvoting common stock		Additional paid-in-capital	Accumulated (deficit) earnings	Total stockholders' equity
	Shares	Amount	Shares	Amount	Amount	Amount	Amount
Balance at August 3, 2019	43,230	$ 432	—	$ —	$ 85,422	$ 2,853	$ 88,707
Stock based compensation	—	—	—	—	619	—	619
Net income	—	—	—	—	—	10,493	10,493
Balance at November 2, 2019	43,230	$ 432	—	$ —	$ 86,041	$ 13,346	$ 99,819
Balance at August 1, 2020	43,591	$ 436	—	$ —	$ 87,941	$ 54,360	$ 142,737
Stock based compensation	—	—	—	—	882	—	882
Net income	—	—	—	—	—	30,482	30,482
Balance at October 31, 2020	43,591	$ 436	—	$ —	$ 88,823	$ 84,842	$ 174,101

For the Thirty-Nine Weeks Ended October 31, 2020 and November 2, 2019

	Common Stock		Restricted nonvoting common stock		Additional paid-in-capital	Accumulated (deficit) earnings	Total stockholders' equity
	Shares	Amount	Shares	Amount	Amount	Amount	Amount
Balance at February 2, 2019	42,978	$ 430	—	$ —	$ 84,671	$ (6,441)	$ 78,660
Impact of change for ASC 842 adoption	—	—	—	—	—	9,255	9,255
Vesting of restricted stock units	198	2	—	—	(2)	—	—
Payment of withholdings on restricted stock units	—	—	—	—	(369)	—	(369)
Issuance of common stock for cash per employee stock purchase plan	54	—	—	—	174	—	174
Stock based compensation	—	—	—	—	1,567	—	1,567
Net income	—	—	—	—	—	10,532	10,532
Balance at November 2, 2019	43,230	$ 432	—	$ —	$ 86,041	$ 13,346	$ 99,819
Balance at February 1, 2020	43,296	$ 433	—	$ —	$ 86,806	$ 23,029	$ 110,268
Vesting of restricted stock units	255	3	—	—	(3)	—	—
Payment of withholdings on restricted stock units	—	—	—	—	(689)	—	(689)
Issuance of common stock for cash per employee stock purchase plan	40	—	—	—	273	—	273
Stock based compensation	—	—	—	—	2,436	—	2,436
Net income	—	—	—	—	—	61,813	61,813
Balance at October 31, 2020	43,591	$ 436	—	$ —	$ 88,823	$ 84,842	$ 174,101

The accompanying notes are an integral part of these condensed consolidated financial statements

SPORTSMAN'S WAREHOUSE HOLDINGS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
Amounts in Thousands
(unaudited)

	Thirty-Nine Weeks Ended	
	October 31, 2020	November 2, 2019
Cash flows from operating activities:		
Net income	$ 61,813	$ 10,532
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation of property and equipment	15,992	14,070
Amortization and write-off of discount on debt and deferred financing fees	422	252
Amortization of definite lived intangible	21	20
Loss (gain) on asset dispositions	937	(311)
Gain on bargain purchase	(2,218)	—
Noncash lease expense	17,760	22,132
Deferred income taxes	2,801	(245)
Stock-based compensation	2,436	1,567
Change in operating assets and liabilities, net of amounts acquired:		
Accounts receivable, net	442	(371)
Operating lease liabilities	(20,781)	(22,571)
Merchandise inventories	(38,887)	(42,142)
Prepaid expenses and other	(2,021)	165
Accounts payable	94,900	70,270
Accrued expenses	31,992	3,449
Income taxes payable and receivable	6,127	1,030
Net cash provided by operating activities	171,736	57,847
Cash flows from investing activities:		
Purchase of property and equipment, net of amounts acquired	(15,394)	(22,914)
Acquisition of Field and Stream stores, net of cash acquired	(4,778)	(19,074)
Proceeds from sale of property and equipment	—	311
Net cash used in investing activities	(20,172)	(41,677)
Cash flows from financing activities:		
Net payments on line of credit	(116,078)	(13,541)
Increase in book overdraft, net	4,559	3,756
Proceeds from issuance of common stock per employee stock purchase plan	273	174
Payment of withholdings on restricted stock units	(689)	(369)
Principal payments on long-term debt	(22,000)	(6,000)
Net cash used in financing activities	(133,935)	(15,980)
Net change in cash	17,629	190
Cash at beginning of period	1,685	1,547
Cash at end of period	$ 19,314	$ 1,737
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest, net of amounts capitalized	$ 3,087	$ 6,761
Income taxes, net of refunds	11,763	2,416
Supplemental schedule of noncash activities:		
Noncash change in operating lease right of use asset and operating lease liabilities from remeasurement of existing leases and addition of new leases	$ 33,392	$ 48,737
Purchases of property and equipment included in accounts payable and accrued expenses	$ 1,991	$ 2,636
Payable to seller relating to acquisition of Field and Stream stores	$ 1,774	$ 9,462

The accompanying notes are an integral part of these condensed consolidated financial statements.

SPORTSMAN’S WAREHOUSE HOLDINGS, INC.
AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements (Unaudited)

Amounts reported in thousands, except per share data and store count data

(1) Description of Business and Basis of Presentation

Description of Business

Sportsman’s Warehouse Holdings, Inc. (“Holdings”) and its subsidiaries (collectively, the “Company”) operate retail sporting goods stores. As of October 31, 2020, the Company operated 112 stores in 27 states. The Company also operates an e-commerce platform at www.sportsmans.com. The Company’s stores and website are aggregated into one single operating and reportable segment.

Basis of Presentation

The condensed consolidated financial statements included herein are unaudited and have been prepared by management of the Company pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) have been condensed or omitted pursuant to such rules and regulations. The Company’s condensed consolidated balance sheet as of February 1, 2020 was derived from the Company’s audited consolidated balance sheet as of that date. All other condensed consolidated financial statements contained herein are unaudited and reflect all adjustments that are, in the opinion of management, necessary to summarize fairly our condensed consolidated financial statements for the periods presented. All of these adjustments are of a normal recurring nature. The results of the fiscal quarter ended October 31, 2020 are not necessarily indicative of the results to be obtained for the year ending January 30, 2021. These condensed consolidated financial statements should be read in conjunction with the Company’s audited consolidated financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the fiscal year ended February 1, 2020 filed with the SEC on April 9, 2020 (the “Fiscal 2019 Form 10-K”).

Impact of COVID-19 Pandemic

During March 2020, the World Health Organization declared the rapidly growing coronavirus outbreak to be a global pandemic. The COVID-19 pandemic has significantly impacted health and economic conditions throughout the United States. Beginning in March 2020, the Company reduced store hours to allow sufficient time to restock its shelves and perform additional cleaning, and the Company was also limited the number of customers in its stores at any one time. During the second quarter of fiscal 2020, the Company returned to normal operating hours in each of its stores. The Company may again restrict the operations of its stores and its distribution facility if it deems this appropriate or if recommended or mandated by authorities.

(2) Summary of Significant Accounting Policies

The Company’s significant accounting policies are described in Note 2 to the Company’s Fiscal 2019 Form 10-K. Except for the changes below, the Company has consistently applied the accounting policies to all periods presented in these condensed consolidated financial statements.

Recently Issued Accounting Pronouncements

In December 2019, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2019-12, *Income Taxes (“Topic 740”)-Simplifying the Accounting for Income Taxes*, which removes certain exception to the general principles in Topic 740 and amends existing guidance to improve consistent application. For public entities, ASU 2019-12 is required to be adopted for annual periods beginning after December 15, 2020, including interim periods within those fiscal years. Early adoption is permitted. The Company plans to adopt this ASU on January 31, 2021 Management is currently evaluating the impact of the adoption of this ASU on the Company’s consolidated financial statements and related disclosures.

(3) Revenue Recognition

Revenue recognition accounting policy

The Company operates solely as an outdoor retailer, which includes both retail stores and an e-commerce platform, that offers a broad range of products in the United States and online. Generally, all revenues are recognized when control of the promised goods is transferred to customers, in an amount that reflects the consideration in exchange for those goods. Accordingly, the Company implicitly enters into a contract with customers to deliver merchandise inventory at the point of sale. Collectability is reasonably assured since the Company only extends credit for immaterial purchases to certain municipalities.

Substantially all of the Company's revenue is for single performance obligations for the following distinct items:

- Retail store sales
- E-commerce sales
- Gift cards and loyalty reward program

For performance obligations related to retail store and e-commerce sales contracts, the Company typically transfers control, for retail stores, upon consummation of the sale when the product is paid for and taken by the customer and, for e-commerce sales, when the products are tendered for delivery to the common carrier.

The transaction price for each contract is the stated price on the product, reduced by any stated discounts at that point in time. The Company does not engage in sales of products that attach a future material right which could result in a separate performance obligation for the purchase of goods in the future at a material discount. The implicit point-of-sale contract with the customer, as reflected in the transaction receipt, states the final terms of the sale, including the description, quantity, and price of each product purchased. Payment for the Company's contracts is due in full upon delivery. The customer agrees to a stated price implicit in the contract that does not vary over the contract.

The transaction price relative to sales subject to a right of return reflects the amount of estimated consideration to which the Company expects to be entitled. This amount of variable consideration included in the transaction price, and measurement of net sales, is included in net sales only to the extent that it is probable that there will be no significant reversal in a future period. Actual amounts of consideration ultimately received may differ from the Company's estimates. The allowance for sales returns is estimated based upon historical experience and a provision for estimated returns is recorded as a reduction in sales in the relevant period. The estimated merchandise inventory cost related to the sales returns is recorded in prepaid expenses and other. The estimated refund liabilities are recorded in accrued expenses. If actual results in the future vary from the Company's estimates, the Company adjusts these estimates, which would affect net sales and earnings in the period such variances become known.

Contract liabilities are recognized primarily for gift card sales and our loyalty reward program. Cash received from the sale of gift cards is recorded as a contract liability in accrued expenses, and the Company recognizes revenue upon the customer's redemption of the gift card. Gift card breakage is recognized as revenue in proportion to the pattern of customer redemptions by applying a historical breakage rate of 3.5% when no escheat liability to relevant jurisdictions exists. Based upon historical experience, gift cards are predominantly redeemed in the first two years following their issuance date. The Company does not sell or provide gift cards that carry expiration dates.

Accounting Standards Codification ("ASC") 606 requires the Company to allocate the transaction price between the goods and the loyalty reward points based on the relative stand alone selling price. The Company recognized revenue for the breakage of loyalty reward points as revenue in proportion to the pattern of customer redemption of the points by applying a historical breakage rate of 50% when no escheat liability to relevant jurisdictions exists.

Taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction, that are collected by the Company from a customer, are excluded from revenue.

Sales returns

The Company allows customers to return items purchased within 30 days provided the merchandise is in resaleable condition with original packaging and the original sales/gift receipt is presented. The Company estimates a reserve for sales returns and records the respective reserve amounts, including a right to return asset when a product is expected to be returned and resold. Historical experience of actual returns and customer return rights are the key factors used in determining the estimated sales returns.

Contract balances

The following table provides information about right of return assets, contract liabilities, and sales return liabilities with customers as of October 31, 2020 and February 1, 2020:

	October 31, 2020	February 1, 2020
Right of return assets, which are included in prepaid expenses and other	$ 2,323	$ 1,683
Estimated gift card contract liability, net of breakage	(16,088)	(13,575)
Estimated loyalty contract liability, net of breakage	(8,654)	(9,621)
Sales return liabilities, which are included in accrued expenses	(3,467)	(2,512)

For the 13 and 39 weeks ended October 31, 2020, the Company recognized approximately $287 and $809 in gift card breakage and approximately $820 and $2,148 in loyalty reward breakage, respectively. For the 13 and 39 weeks ended November 2, 2019, the Company recognized approximately $235 and $740 in gift card breakage and approximately $404 and $1,064 in loyalty reward breakage, respectively. For the 13 and 39 weeks ended October 31, 2020, the Company recognized revenue of $1,428 and $6,849 relating to contract liabilities that existed at February 1, 2020.

The current balance of the right of return assets is the expected amount of inventory to be returned that is expected to be resold. The current balance of the contract liabilities primarily relates to the gift card and loyalty reward program liabilities. The Company expects the revenue associated with these liabilities to be recognized in proportion to the pattern of customer redemptions over the next two years. The current balance of sales return liabilities is the expected amount of sales returns from sales that have occurred.

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by department. The percentage of net sales related to the Company's departments for the 13 and 39 weeks ended October 31, 2020 and November 2, 2019, was approximately:

		Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
Department	Product Offerings	October 31, 2020	November 2, 2019	October 31, 2020	November 2, 2019
Camping	Backpacks, camp essentials, canoes and kayaks, coolers, outdoor cooking equipment, sleeping bags, tents and tools	12.9%	14.9%	13.8%	15.5%
Apparel	Camouflage, jackets, hats, outerwear, sportswear, technical gear and work wear	8.6%	10.3%	6.5%	8.7%
Fishing	Bait, electronics, fishing rods, flotation items, fly fishing, lines, lures, reels, tackle and small boats	7.8%	8.9%	11.5%	12.6%
Footwear	Hiking boots, socks, sport sandals, technical footwear, trail shoes, casual shoes, waders and work boots	5.6%	7.5%	5.3%	7.4%
Hunting and Shooting	Ammunition, archery items, ATV accessories, blinds and tree stands, decoys, firearms, reloading equipment and shooting gear	57.4%	48.5%	56.3%	47.4%
Optics, Electronics, Accessories, and Other	Gift items, GPS devices, knives, lighting, optics, two-way radios, and other license revenue, net of revenue discounts	7.7%	9.9%	6.6%	8.4%
Total		100.0%	100.0%	100.0%	100.0%

(4) Property and Equipment

Property and equipment as of October 31, 2020 and February 1, 2020 were as follows:

	October 31, 2020	February 1, 2020
Furniture, fixtures, and equipment	$ 93,459	$ 84,059
Leasehold improvements	107,026	103,791
Construction in progress	5,241	1,571
Total property and equipment, gross	205,726	189,421
Less accumulated depreciation and amortization	(106,231)	(90,654)
Total property and equipment, net	$ 99,495	$ 98,767

(5) Accrued Expenses

Accrued expenses consisted of the following as of October 31, 2020 and February 1, 2020:

	October 31, 2020	February 1, 2020
Book overdraft	$ 20,386	$ 15,827
Unearned revenue	29,928	25,705
Accrued payroll and related expenses	25,605	11,436
Sales and use tax payable	9,134	5,169
Accrued construction costs	796	1,112
Other	20,581	10,869
Total accrued expenses	$ 106,430	$ 70,118

(6) Leases

At the inception of the lease, the Company’s operating leases have certain lease terms of up to 10 years, which typically includes multiple options for the Company to extend the lease which are not reasonably certain and as such are excluded from the measurement of the right of use asset and liability.

The Company determines whether a contract is or contains a lease at contract inception. Beginning in fiscal 2019, operating lease assets and operating lease liabilities are recognized at commencement date based on the present value of remaining fixed lease payments over the lease term. As the rate implicit in the lease is not readily determinable in most of the Company’s leases, it uses its incremental borrowing rate based on the information available at commencement date to determine the present value of lease payments. The Company's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms. The operating lease asset also includes any fixed lease payments made and includes lease incentives and incurred initial direct costs. Operating lease expense for fixed lease payments is recognized on a straight-line basis over the lease term. The Company’s lease terms may include options to extend or terminate the lease. Additionally, the Company’s leases do not contain any material residual guarantees or material restrictive covenants.

In the 13 and 39 weeks ended October 31, 2020, the Company recorded a non-cash increase, net of terminations, of $20,329 and $32,102, respectively, to the right of use assets and operating lease liabilities resulting from lease remeasurements from the exercise of lease extension options, acquired leases, and new leases added.

In accordance with ASC 842, total lease expense, including common area maintenance (“CAM”), recorded during the 13 and 39 weeks ended October 31, 2020 was $17,068 and $50,270, respectively.

In accordance with ASC 842, total lease expense, including CAM, recorded during the 13 and 39 weeks ended November 2, 2019 was $14,666 and $43,480, respectively.

In accordance with ASC 842, other information related to leases was as follows:

	Thirty-Nine Weeks Ended	
	October 31, 2020	November 2, 2019
Operating cash flows from operating leases	$ (41,257)	$ (36,300)
Cash paid for amounts included in the measurement of lease liabilities - operating leases	(41,257)	(36,300)

	As of October 31, 2020	As of November 2, 2019
Right-of-use assets obtained in exchange for new or remeasured operating lease liabilities	$ 33,392	$ 48,737
Terminated right-of-use assets and liabilities	(3,202)	—
Weighted-average remaining lease term - operating leases	5.11	5.52
Weighted-average discount rate - operating leases	8.09%	7.90%

In accordance with ASC 842, maturities of operating lease liabilities as of October 31, 2020 were as follows:

Year Endings:	Operating Leases
2020 (remainder)	$ 14,416
2021	56,232
2022	53,245
2023	48,574
2024	40,158
Thereafter	161,734
Undiscounted cash flows	$ 374,359
Reconciliation of lease liabilities:	
Present values	$ 263,063
Lease liabilities - current	35,730
Lease liabilities - noncurrent	227,333
Lease liabilities - total	$ 263,063
Difference between undiscounted and discounted cash flows	$ 111,296

(7) Revolving Line of Credit

On May 23, 2018, Sportsman’s Warehouse, Inc. (“SWI”), a wholly owned subsidiary of the Company, as lead borrower, and Wells Fargo Bank, National Association (“Wells Fargo”), with a consortium of banks led by Wells Fargo, entered into an Amended and Restated Credit Agreement (as amended, restated, supplemented or otherwise modified, the “Amended Credit Agreement”). The Amended Credit Agreement governs the Company’s senior secured revolving credit facility (“Revolving Line of Credit”) and a $40,000 term loan (the “Term Loan”). The Revolving Line of Credit provides a borrowing capacity of up to $250,000, subject to a borrowing base calculation. Information on the Term Loan is provided in Note 8.

In conjunction with the Amended Credit Agreement, the Company incurred $1,331 of fees paid to various parties which were capitalized. Fees associated with the Revolving Line of Credit were recorded in prepaid expenses and other. Fees associated with the Term Loan offset the loan balance on the condensed consolidated balance sheet of the Company.

As of October 31, 2020, and February 1, 2020, the Company had $0 and $123,478 in outstanding revolving loans under the Revolving Line of Credit, respectively. Amounts outstanding are offset on the condensed consolidated balance sheets by amounts in depository accounts under lock-box or similar arrangements, which were $16,844 and $7,400 as of

October 31, 2020 and February 1, 2020, respectively. As of October 31, 2020, the Company had stand-by commercial letters of credit of $1,705 under the terms of the Revolving Line of Credit.

The Amended Credit Agreement contains customary affirmative and negative covenants, including covenants that limit the Company's ability to incur, create or assume certain indebtedness, to create, incur or assume certain liens, to make certain investments, to make sales, transfers and dispositions of certain property and to undergo certain fundamental changes, including certain mergers, liquidations and consolidations. The Amended Credit Agreement also requires the Company to maintain a minimum availability at all times of not less than 10% of the gross borrowing base. The Amended Credit Agreement contains customary events of default. The Revolving Line of Credit matures on May 23, 2023.

As of October 31, 2020, the Revolving Line of Credit had $646 in deferred financing fees and as of February 1, 2020, the Revolving Line of Credit had $834 in deferred financing fees. During the 13 and 39 weeks ended October 31, 2020, the Company recognized $63 and $188, respectively of non-cash interest expense with respect to the amortization of deferred financing fees. During the 13 and 39 weeks ended November 2, 2019, the Company recognized $67 and $188, respectively of non-cash interest expense with respect to the amortization of deferred financing fees.

For the 13 and 39 weeks ended October 31, 2020, gross borrowings under the Revolving Line of Credit were $403,960 and $984,577, respectively. For the 13 and 39 weeks ended November 2, 2019 gross borrowing under the Revolving Line of Credit were $271,309 and $676,639, respectively. For the 13 and 39 weeks ended October 31, 2020, gross paydowns under the Revolving Line of Credit were $424,826 and $1,110,758, respectively. For the 13 and 39 weeks ended November 2, 2019, gross paydowns under the Revolving Line of Credit were $268,972 and $692,989, respectively.

(8) Long-Term Debt

Long-term debt consisted of the following as of October 31, 2020 and February 1, 2020:

	October 31, 2020	February 1, 2020
Term loan	$ 8,000	30,000
Less debt issuance costs	(50)	(283)
	7,950	29,717
Less current portion, net of discount and debt issuance costs	—	(5,936)
Long-term portion	$ 7,950	$ 23,781

Term Loan

On May 23, 2018, Sportsman's Warehouse, a wholly owned subsidiary of Holdings, as lead borrower, and Wells Fargo, with a consortium of banks led by Wells Fargo, entered into the Amended Credit Agreement. The Amended Credit Agreement governs the Revolving Line of Credit and the Term Loan. The Term Loan was issued at a price of 100% of the aggregate principal amount of $40,000 and has a maturity date of May 23, 2023. Information on the Revolving Line of Credit is provided in Note 7.

The Term Loan bears interest at a rate of LIBOR plus 5.75%. The effective rate for the Term Loan as of October 31, 2020 was 6.75%

As of October 31, 2020, and February 1, 2020, the Term Loan had an outstanding balance of $8,000 and $30,000, respectively. The outstanding amounts under the Term Loan as of October 31, 2020 and February 1, 2020 are offset on the condensed consolidated balance sheets by debt issuance costs of $50 and $283, respectively.

During the 13 and 39 weeks ended October 31, 2020, the Company recognized $102 and $233, respectively, of non-cash interest expense with respect to the amortization of the deferred financing fees. During the 13 and 39 weeks ended November 2, 2019, the Company recognized $21 and $64, respectively, of non-cash interest expense with respect to the amortization of the deferred financing fees.

During the 13 weeks ended October 31, 2020, the Company made a voluntary $8,000 payment on the Term Loan.

Restricted Net Assets

The provisions of the Term Loan and the Revolving Line of Credit restrict all of the net assets of the Company’s consolidated subsidiaries, which constitute all of the net assets on the Company’s condensed consolidated balance sheet as of October 31, 2020, from being used to pay any dividends without prior written consent from the financial institutions party to the Company’s Term Loan and Revolving Line of Credit.

(9) Income Taxes

The Company recognized an income tax expense of $9,530 and $3,287 in the 13 weeks ended October 31, 2020 and November 2, 2019, respectively. The Company’s effective tax rate for the 13 weeks ended October 31, 2020 and November 2, 2019 was 23.8% and 23.9%, respectively. The Company recognized an income tax expense of $20,690 and $3,195 in the 39 weeks ended October 31, 2020 and November 2, 2019, respectively. The Company’s effective tax rate for the 39 weeks ended October 31, 2020 and November 2, 2019 was 25.1% and 23.3%, respectively. The Company’s effective tax rate will generally differ from the U.S. Federal statutory rate of 21.0%, due to state taxes, permanent items, and discrete items relating to stock award deductions.

(10) Earnings Per Share

Basic earnings per share is calculated by dividing net income by the weighted-average number of shares of common stock outstanding, reduced by the number of shares repurchased and held in treasury, during the period. Diluted earnings per share represents basic earnings per share adjusted to include the potentially dilutive effect of outstanding share option awards, nonvested share awards and nonvested share unit awards.

The following table sets forth the computation of basic and diluted income per common share:

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	October 31, 2020	November 2, 2019	October 31, 2020	November 2, 2019
Net income	$ 30,482	$ 10,493	$ 61,813	$ 10,532
Weighted-average shares of common stock outstanding:				
Basic	43,609	43,230	43,490	43,126
Dilutive effect of common stock equivalents	901	329	770	190
Diluted	44,510	43,559	44,260	43,316
Basic earnings per share	$ 0.70	$ 0.24	$ 1.42	$ 0.24
Diluted earnings per share	$ 0.68	$ 0.24	$ 1.40	$ 0.24
Restricted stock units considered anti-dilutive and excluded in the calculation	4	16	25	42

(11) Stock-Based Compensation

Stock-Based Compensation

During the 13 and 39 weeks ended October 31, 2020 the Company recognized total stock-based compensation expense of $882 and $2,436, respectively. During the 13 and 39 weeks ended November 2, 2019 the Company recognized total stock-based compensation expense of $619 and $1,567, respectively. Compensation expense related to the Company's stock-based payment awards is recognized in selling, general, and administrative expenses in the condensed consolidated statements of operations.

Employee Stock Plans

As of October 31, 2020, the number of shares available for awards under the 2019 Performance Incentive Plan (the “2019 Plan”) was 2,598. As of October 31, 2020, there were 1,207 unvested stock awards outstanding under the 2019 Plan.

Employee Stock Purchase Plan

The Company also has an Employee Stock Purchase Plan (“ESPP”) that was approved by shareholders in fiscal year 2015, under which 800 shares of common stock have been authorized. Shares are issued under the ESPP twice yearly at the end of each offering period. For the 13 weeks ended October 31, 2020, no shares were issued under the ESPP and, as of October 31, 2020, the number of shares available for issuance was 406.

Nonvested Restricted Stock Awards

During the 13 and 39 weeks ended October 31, 2020 and November 2, 2019, the Company did not issue any nonvested restricted stock awards to employees.

The following table sets forth the rollforward of outstanding nonvested stock awards (per share amounts are not in thousands):

	Shares	Weighted average grant-date fair value
Balance at February 2, 2019	26	$ 11.25
Grants	—	—
Forfeitures	—	—
Vested	(26)	11.25
Balance at November 2, 2019	—	$ —

Nonvested Performance-Based Stock Awards

During the 13 weeks ended October 31, 2020, the Company did not issue any nonvested performance-based stock awards. During the 39 weeks ended October 31, 2020, the Company issued 206 nonvested performance-based stock awards to employees at a weighted average grant date fair value of $5.95 per share. The nonvested performance-based stock awards issued to employees vest in full on the third anniversary of the grant date. The number of shares issued is contingent on management achieving fiscal year 2020, 2021, and 2022 performance targets for total revenue growth and adjusted EPS. If minimum threshold performance targets are not achieved, no shares will vest. The maximum number of shares subject to the award is 412, and the “target” number of shares subject to the award is 206 as reported below. Following the end of the performance period (fiscal years 2020, 2021, and 2022), the number of shares eligible to vest, based on actual performance, will be fixed and vesting will then be subject to each employee’s continued employment over the remaining service period.

During the 13 weeks ended November 2, 2019 the Company did not issue any performance-based stock awared. During the 39 weeks ended November 2, 2019, the Company issued 289 nonvested performance-based stock awards to employees at a weighted average grant date fair value of $3.56 per share. The nonvested performance-based stock awards issued to employees vest in full on the third anniversary of the grant date. The number of shares issued was contingent on management achieving fiscal year 2019 performance targets for omni-channel revenue growth and adjusted EPS. If minimum threshold performance targets are not achieved, no shares would vest. The maximum number of shares subject to the award is 578, and the “target” number of shares subject to the award is 289 as reported below. Following the end of the performance period (fiscal year 2019), the number of shares eligible to vest, based on actual performance, was 226.

The following table sets forth the rollforward of outstanding nonvested performance-based stock awards (per share amounts are not in thousands):

	Shares	Weighted average grant-date fair value
Balance at February 1, 2020	250	$ 3.66
Grants	206	5.95
Forfeitures	(38)	4.33
Vested	—	—
Balance at October 31, 2020	418	$ 4.73

	Shares	Weighted average grant-date fair value
Balance at February 2, 2019	34	$ 6.07
Grants	289	3.56
Forfeitures	(7)	4.91
Vested	(6)	11.25
Balance at November 2, 2019	310	$ 3.64

Nonvested Stock Unit Awards

During the 13 and 39 weeks ended October 31, 2020, the Company issued 4 and 430, nonvested stock units, respectively, to employees and directors of the Company at an average value of $6.37 per share. The shares issued to employees of the Company vest over a three year period with one third of the shares vesting on each grant date anniversary. The shares issued to members of the Board of Directors of the Company vest over a twelve month period.

During the 13 and 39 weeks ended November 2, 2019, the Company issued 6 and 622 nonvested stock units to employees and members of the Board of Directors of the Company at an average value of $4.08 per share. The shares issued to employees of the Company vest over a three year period with one third of the shares vesting on each grant date anniversary. The shares issued to the members of the Board of Directors of the Company vest over a twelve month period.

The following table sets forth the rollforward of outstanding nonvested stock units (per share amounts are not in thousands):

	Shares	Weighted average grant-date fair value
Balance at February 1, 2020	744	$ 4.32
Grants	430	6.37
Forfeitures	(63)	4.71
Vested	(320)	4.70
Balance at October 31, 2020	791	$ 5.25

	Shares	Weighted average grant-date fair value
Balance at February 2, 2019	441	$ 4.92
Grants	622	4.08
Forfeitures	(53)	5.13
Vested	(237)	4.74
Balance at November 2, 2019	773	$ 4.29

(12) Commitments and Contingencies

Legal Matters

The Company is involved in various legal matters generally incidental to its business. After discussion with legal counsel, management is not aware of any matters for which the likelihood of a loss is probable and reasonably estimable and which could have a material impact on its consolidated financial condition, liquidity, or results of operations.

Parsons v. Colt's Manufacturing Company, 2:19-cv-01189-APG-EJY – On July 2, 2019 the estate and family of a victim of the Route 91 Harvest Festival shooting filed litigation against 16 defendants, one of which being a subsidiary of Sportsman's Warehouse Holdings, Inc., for wrongful death and negligence. The Company believes the plaintiffs' attempts to re-interpret the federal National Firearms Act and Gun Control Act are improper and intend to vigorously defend ourselves in the matter. No reasonable estimate of the amount of any potential losses or range of potential losses relating to this matter can be determined at this time.

TMS McCarthy, LP, Etc., Pltf. v. Sportsman's Warehouse Southwest, Inc. Etc. Et Al., Dfts.- On June 23, 2020 TMS McCarthy, LP filed a complaint against Sportsman's Warehouse Southwest, Inc., a wholly owned subsidiary of Sportsman's Warehouse Holdings Inc., claiming the Company wrongfully terminated the lease relating to one of its stores. The Company believes the plaintiffs' complaint is without merit based on the plain language of the lease at issue and on August 14, 2020 filed a counterclaim for declaratory relief. No reasonable estimate of the amount of any potential losses or range of potential losses relating to this matter can be determined at this time.

(13) Acquisition of Field and Stream Stores

2020 Acquisitions

On February 14, 2020, SWI, a wholly owned subsidiary of the Company, entered into an Asset Purchase Agreement (the "2020-I Purchase Agreement") with DICK's Sporting Goods ("DICK'S"). Pursuant to the 2020-I Purchase Agreement, SWI agreed, subject to certain conditions, to acquire from DICK'S all cash, inventory, furniture, fixtures, and equipment, and certain other assets related to one Field & Stream store located in Kentucky and operated by DICK'S (the "2020-I Acquisition"). The acquisition of the 2020-I Acquisition closed on March 12, 2020 (the "2020-I Closing Date"). On the 2020-I Closing Date, SWI entered into a sublease with DICK's with respect to the 2020-I Acquisition location. Pursuant to the 2020-I Purchase Agreement and in connection with closing of the acquisition, the parties also entered into a transition services agreement pursuant to which DICK'S provided transition services to the Company for a period of up to 120 days after the 2020-I Closing Date.

The aggregate consideration paid to DICK'S under the 2020-I Purchase Agreement was $2,139 (the "2020-I Purchase Price"), subject to certain post-closing adjustments set forth in the 2020-I Purchase Agreement. On the 2020-I Closing Date, SWI drew $1,100 under the Revolving Line of Credit to fund a portion of the 2020-I Purchase Price. The remaining approximately $1,000 of consideration owed to DICK'S in connection with the acquisition was paid in June 2020.

On March 6, 2020, SWI, a wholly owned subsidiary of the Company, entered into an Asset Purchase Agreement (the "2020-II Purchase Agreement") with DICK'S. Pursuant to the 2020-II Purchase Agreement, SWI agreed, subject to certain conditions, to acquire from DICK'S all cash, inventory, furniture, fixtures, and equipment, and certain other assets related to one Field & Stream store located in Michigan and operated by DICK'S (the "2020-II Acquisition"). The 2020-II Acquisition closed on May 14, 2020 (the "2020-II Closing Date"). On the 2020-II Closing Date, SWI entered into a sublease with DICK's with respect to the 2020-II Acquisition. Pursuant to the 2020-II Purchase Agreement and in connection with closing of the acquisition, the parties also entered into a transition services agreement related to the 2020-II Acquisition pursuant to which DICK'S provided transition services to the Company for a period of up to 120 days after the 2020-II Closing Date.

The aggregate consideration paid to DICK'S under the 2020-II Purchase Agreement was $2,411 (the "2020-II Purchase Price"), subject to certain post-closing adjustments set forth in the 2020-II Purchase Agreement. On the 2020-II Closing Date, SWI drew $1,317 under the Revolving Line of Credit to fund a portion of the 2020-II Purchase Price. The remaining approximately $1,100 of consideration owed to DICK'S in connection with the acquisition was paid in August 2020.

On September 16, 2020, SWI, a wholly owned subsidiary of the Company, entered into an Asset Purchase Agreement (the "2020-III Purchase Agreement") with DICK'S. Pursuant to the 2020-III Purchase Agreement, SWI agreed, subject to certain conditions, to acquire from DICK'S all cash, inventory, furniture, fixtures, and equipment, and certain other assets related to two Field & Stream stores located in South Carolina and Pennsylvania and operated by DICK'S (the "2020-III Acquisition"). The 2020-III Acquisition closed on October 8, 2020 (the "2020-III Closing Date"). On the 2020-III Closing Date, SWI entered into a sublease with DICK's with respect to the locations. Pursuant to the 2020-III Purchase Agreement and in connection with closing of the acquisition, the parties also entered into a transition services agreement pursuant to which DICK'S will provide transition services to the Company for a period of up to 120 days after the 2020-III Closing Date.

The aggregate consideration to be paid to DICK'S under the 2020-III Purchase Agreement is $2,000, net of rent concessions and deferrals of $2,597 (the "2020-III Purchase Price"), and subject to certain post-closing adjustments set forth in the 2020-III Purchase Agreement. On the 2020-III Closing Date, SWI drew $226 under the Revolving Line of Credit to fund a portion of the 2020-III Purchase Price. The remaining approximately $1,774 of consideration owed to DICK'S in connection with the acquisition is due in January 2021.

As part of the acquisitions that closed in 2020, the Company incurred legal, accounting, and other due diligence fees that were expensed as incurred. Total fees incurred for the three and nine months ended October 31, 2020 were $297 and $332, respectively, which were included as a component of selling, general, and administrative expenses.

The acquired locations were in line with the seller's intention to reduce its footprint in the hunting and firearms business, which resulted in a below fair value purchase price consideration shown in the tables below.

The following table summarizes the 2020-I Purchase Price consideration and related cash outflow at the 2020-I Closing Date:

		March 12, 2020
Cash paid to seller	$	1,075
Payable to seller		1,064
Total purchase price	$	2,139

The net 2020-I Purchase Price of $2,139 has been preliminarily allocated to identifiable assets acquired based on their respective estimated fair values. No liabilities were assumed as part of the acquisition of the 2020-I Acquired Stores other than the lease obligation. The excess of the fair value over the 2020-I Purchase price of the tangible and intangible assets acquired is recorded as a bargain purchase. The following table summarizes the estimated fair value of the identifiable assets acquired and assumed liabilities as of the Closing Date:

	March 12, 2020
Cash	$ 10
Inventory	2,133
Property, plant, and equipment	892
Operating lease right of use asset	2,070
Operating lease right of use liability	(1,794)
Deferred tax liability	(314)
Bargain purchase	(858)
Total	$ 2,139

The following table summarizes the 2020-II Purchase Price consideration and related cash outflow at the 2020-II Closing Date:

	May 14, 2020
Cash paid to seller	$ 1,317
Payable to seller	1,094
Total purchase price	$ 2,411

The net 2020-II Purchase Price of $2,411 has been preliminarily allocated to identifiable assets acquired based on their respective estimated fair values. No liabilities were assumed as part of the acquisition of the 2020-II Acquired Stores other than the lease obligation. The excess of the fair value over the 2020-II Purchase Price of the tangible and intangible assets acquired is recorded as a bargain purchase. The following table summarizes the estimated fair value of the identifiable assets acquired and assumed liabilities as of the Closing Date:

	May 14, 2020
Cash	$ 18
Inventory	2,218
Property, plant, and equipment	375
Operating lease right of use asset	5,605
Operating lease right of use liability	(5,605)
Deferred tax liability	(53)
Bargain purchase	(147)
Total	$ 2,411

The following table summarizes the 2020-III Purchase Price consideration and related cash outflow at the 2020-III Closing Date:

	October 8, 2020
Cash paid to seller	$ 227
Payable to seller	1,774
Total purchase price	$ 2,001

The net 2020-III Purchase Price of $2,001 has been preliminarily allocated to identifiable assets acquired based on their respective estimated fair values. No liabilities were assumed as part of the acquisition of the 2020-III Acquired Stores other than the lease obligation. The excess of the fair value over the 2020-III Purchase Price of the tangible and intangible assets acquired is recorded as a bargain purchase. The following table summarizes the estimated fair value of the identifiable assets acquired and assumed liabilities as of the Closing Date:

		October 8, 2020
Cash	$	50
Inventory		3,515
Property, plant, and equipment		1,046
Operating lease right of use asset		9,534
Operating lease right of use liability		(10,508)
Deferred tax liability		(423)
Bargain purchase		(1,213)
Total	$	2,001

2019 Acquisition

On September 28, 2019, SWI entered into an Asset Purchase Agreement (the "Purchase Agreement") with DICK'S. Pursuant to the Purchase Agreement, SWI agreed, subject to certain conditions, to acquire from DICK'S all cash, inventory, furniture, fixtures, and equipment, and certain other assets related to up to eight Field & Stream stores operated by DICK'S (the "2019 Acquired Stores"). The 2019 Acquired Stores are located in New York (2), Pennsylvania (3), North Carolina (2) and Michigan (1). The acquisition of the eight 2019 Acquired Stores closed on October 11, 2019 (the "Closing Date"). On or prior to the Closing Date, SWI entered into a sublease with DICK's with respect to each Acquired Store location. Pursuant to the Purchase Agreement and in connection with closing of the acquisition, the parties also entered into a transition services agreement related to the 2019 Acquired Stores pursuant to which DICK'S provided transition services to the Company for a period of up to 120 days of the Closing Date.

The aggregate consideration paid to DICK'S under the Purchase Agreement was $28,703 (the "Purchase Price"). On the Closing Date, SWI drew $19,703 under the Revolving Line of Credit to fund a portion of the Purchase Price. The remaining approximately $9,000 of consideration owed to DICK'S was paid in January 2020.

As part of the acquisition, the Company incurred legal, accounting, and other due diligence fees that were expensed as incurred. Total fees incurred relating to this acquisition were $662 which were included as a component of selling, general, and administrative expenses.

The following table summarizes the Purchase Price consideration and related cash outflow at the Closing Date:

		October 11, 2019
Cash paid to seller	$	19,241
Payable to seller		9,462
Total purchase price	$	28,703

The net Purchase Price of $28,703 has been allocate to identifiable assets acquired based on their respective estimated fair values. No liabilities were assumed as part of the acquisition of the 2019 Acquired Stores other than the lease obligation. The excess of the Purchase Price over the fair value of the tangible and intangible assets acquired is recorded as goodwill. The following table summarizes the estimated fair value of the identifiable assets acquired and assumed liabilities as of the Closing Date:

		October 11, 2019
Cash	$	167
Inventory		19,152
Property, plant, and equipment		5,250
Operating lease right of use asset		33,436
Operating lease right of use liability		(31,051)
Deferred tax asset		253
Goodwill		1,496
Total	$	28,703

The allocation of the purchase price for the 2019 stores that were acquired was finalized as of February 1, 2020 and the Company does not expect any further adjustments to the allocation in future periods.

Right of Use Asset and Liability for the 2019 Acquisition

The right of use asset and liability were determined by taking the present value of the future minimum lease payments associated with the 2019 acquired stores. The Company utilized discount rates for the leases similar to the rates used to present value its other leases. The difference between the asset and the liability noted above is attributable to favorable lease rates in the acquired store leases.

Goodwill for the 2019 Acquisition

Goodwill represents the excess of the purchase price over the fair value of the assets acquired. The Company believes that the primary factors supporting the amount of goodwill is the workforce acquired in the store locations. The amount of goodwill that is amortizable for tax purposes is $4,134.

Pro Forma Results for the 2019 Acquisition and 2020 Acquisitions

The following pro forma results are based on the individual historical results of the 2019 and 2020 acquisitions with adjustments to give effect to the combined operations as if the acquisition had been consummated at the beginning of fiscal year 2019. The pro forma results are intended for informational purposes only and do not purport to represent what the combined results of operations would actually have been had the acquisition in fact occurred at the beginning of the earliest period presented. The pro forma information includes the following adjustments (i) depreciation based on the fair value of acquired property, plant, and equipment; (ii) cost of goods sold based on the step-up in fair value of the acquired inventory; (iii) interest expense incurred in connection with the borrowings on the revolving line of credit used to finance the acquisition; and (iv) elimination of acquisition expenses.

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	October 31, 2020	November 2, 2019	October 31, 2020	November 2, 2019
Net sales	$ 389,071	264,438	1,026,896	692,707
Net income	$ 30,418	10,796	61,767	11,572
Earnings per share:				
Basic	$ 0.70	0.25	1.42	0.27
Diluted	$ 0.68	0.25	1.40	0.27

ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

The discussion below contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those which are discussed in “Part I. Item 1A. Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended February 1, 2020. Also see “Statement Regarding Forward-Looking Statements” preceding Part I in this 10-Q.

The following discussion and analysis should be read in conjunction with the unaudited condensed consolidated financial statements and the notes thereto included in this 10-Q.

Overview

We are an outdoor sporting goods retailer focused on meeting the everyday needs of the seasoned outdoor veteran, the first-time participant and every enthusiast in between. Our mission is to provide outstanding gear and exceptional service to inspire outdoor memories.

Our business was founded in 1986 as a single retail store in Midvale, Utah. Today, we operate 112 stores in 27 states, totaling approximately 4.4 million gross square feet. During fiscal year 2020 to date, we have opened six new stores, acquired four new store locations, and closed one store. We list the locations of our stores on our website, *www.sportsmans.com*. We also operate an e-commerce platform at *www.sportsmans.com*.

Our stores and our e-commerce platform are aggregated into one single operating and reportable segment.

Recent Developments

Acquisition of Two New Store Locations

In October 2020, we closed the acquisition of the cash, inventory, furniture, fixtures, and equipment, and certain other assets related to two additional Field & Stream stores located in South Carolina and Pennsylvania for a total aggregate purchase price of $2.0 million, which was funded through borrowings under our revolving credit facility.

Update on Impact of COVID-19 Pandemic

Since mid-March through the end of the third quarter of 2020, the Company has experienced a significant increase in sales. A larger than normal portion of those sales has come from certain product categories, particularly firearms and ammunition. As a result of the higher proportion of firearms and ammunition sales, our product mix during the three quarters of fiscal year 2020 has been impacted, which had a negative effect on our gross margin.

The increased demand we have experienced since mid-March 2020 resulted in our net sales increasing by 61.3% to $1,013.6 million during the 39 weeks ended October 31, 2020 compared to the corresponding period of fiscal year 2019. Within our net sales, our Hunting and Shooting category increased by 91.0% to $568.7 million in the three quarters of fiscal year 2020 compared to the three quarters of fiscal year 2019. Further, our same store sales increased 44.4% during the 39 weeks ended October 31, 2020 compared to the corresponding period of fiscal year 2019, with our hunting and shooting same store sales increasing 66.8%. Gross profit increased to $334.5 million during the 39 weeks ended October 31, 2020 compared to $211.6 million for the corresponding period of fiscal year 2019. As a percentage of net sales, gross profit decreased to 33.0% for the 39 weeks ended October 31, 2020, compared to 33.7% for the corresponding period of fiscal year 2019 due in part to an increase in lower margin products, such as firearms and ammunition, in our product mix. As of the filing of this 10-Q, all of our 112 stores are open with no significant restrictions or limitations on their operations. Earlier this year, we were required to temporarily close four of our stores and significantly limit operations at eight other locations as a result of local and state regulations related to the COVID-19 pandemic. We have taken many actions and made numerous policy changes to adjust our operations in an effort to limit the spread of COVID-19, including requiring masks to be worn at our facilities, installing plastic barriers in stores, additional store and distribution center cleanings and implementing social distancing requirements, among others. Despite our efforts, we may be required to further restrict the operations of our stores and our distribution center if we deem this necessary or if recommended or mandated by authorities.

In addition, with respect to our supply chain, we continue to see some interruption with various vendors as a result of restrictions or limitations on their operations due to the pandemic. While our increase in sales shows a significant demand for firearms and ammunition during the pandemic that we believe is outpacing supply, we do not believe supply chain disruptions resulting from restrictions and limitations on supplier operations caused by the pandemic are resulting in significantly less supply and we are working closely with our vendors to limit such disruption.

While we have experienced increased sales, especially in our hunting and shooting category, since the beginning of the COVID-19 pandemic, we cannot predict the future impact on us of the the COVID-19 outbreak. For instance, our financial results and operations would be significantly impacted if we were required or we deemed it appropriate to temporarily suspend or restrict the operations of a significant number of our stores. Further, the impact of the pandemic on the general economy could impact consumer behavior and dampen discretionary spending. The future impact of the COVID-19 pandemic will depend on a number of future developments, which are highly uncertain and cannot be predicted, including, but not limited to the duration, spread and severity of the COVID-19 outbreak, the resurgence of COVID-19, the effects of the outbreak on our customers and vendors and the remedial actions and stimulus measures adopted by local and federal governments, including the potential temporary closing or restrictions on the operations of our stores. For more detailed information on the potential impact of COVID-19 to our business, we refer you to Item 1A, Risk Factors, "*The novel coronavirus (COVID-19) pandemic, efforts to mitigate or disrupt the pandemic and related weak, or weakening of, economic or other negative conditions, may disrupt our business, which could have a material adverse effect on our operations, liquidity, financial condition and financial results*" in our Annual Report on Form 10-K for the fiscal year ended February 1, 2020.

How We Assess the Performance of Our Business

In assessing the performance of our business, we consider a variety of performance and financial measures. The key measures for determining how our business is performing are net sales, same store sales, gross margin, selling, general, and administrative expenses, income from operations and Adjusted EBITDA.

Net Sales and Same Store Sales
Our net sales are primarily received from revenue generated in our stores and also include sales generated through our e-commerce platform. When measuring revenue generated from our stores, we review our same store sales as well as the performance of our stores that have not operated for a sufficient amount of time to be included in same store sales. We include net sales from a store in same store sales on the first day of the 13th full fiscal month following the store's opening or acquisition by us. We exclude sales from stores that were closed during the period from our same store sales calculation. We include net sales from e-commerce in our calculation of same store sales. Some of our competitors and other retailers may calculate same store sales differently than we do. As a result, data regarding our same store sales may not be comparable to similar data made available by other retailers.

Measuring the change in year-over-year same store sales allows us to evaluate how our retail store base is performing. Various factors affect same store sales, including:

- the impact of the COVID-19 pandemic;
- changes or anticipated changes to regulations related to some of the products we sell;
- consumer preferences, buying trends and overall economic trends;
- our ability to identify and respond effectively to local and regional trends and customer preferences;
- our ability to provide quality customer service that will increase our conversion of shoppers into paying customers;
- the success of our omni-channel strategy and our e-commerce platform;
- competition in the regional market of a store;
- atypical weather;
- changes in our product mix; and
- changes in pricing and average ticket sales.

Opening new stores and acquiring store locations is also an important part of our growth strategy. While our target is to grow square footage at a rate of greater than 4%-6% annually, we may deviate from this target if attractive opportunities are presented to open stores or acquire new store locations outside of our target growth rate.

We also have been scaling our e-commerce platform and increasing sales through our website, *www.sportsmans.com*.

We believe the key drivers to increasing our total net sales include:

- increasing our total gross square footage by opening new stores or acquiring new store locations;
- continuing to increase same store sales in our existing markets;
- increasing customer visits to our stores and improving our conversion rate through focused marketing efforts and continually high standards of customer service;
- increasing the average ticket sale per customer; and
- expanding our omni-channel capabilities.

Gross Margin

Gross profit is our net sales less cost of goods sold. Gross margin measures our gross profit as a percentage of net sales. Our cost of goods sold primarily consists of merchandise acquisition costs, including freight-in costs, shipping costs, payment term discounts received from the vendor and vendor allowances and rebates associated directly with merchandise and shipping costs related to e-commerce sales.

We believe the key drivers to improving our gross margin are increasing the product mix to higher margin products, particularly apparel and footwear, increasing foot traffic within our stores and traffic to our website, improving buying opportunities with our vendor partners and coordinating pricing strategies among our stores and our merchandise group. Our ability to properly manage our inventory can also impact our gross margin. Successful inventory management ensures we have sufficient high margin products in stock at all times to meet customer demand, while overstocking of items could lead to markdowns in order to help a product sell. We believe that the overall growth of our business will allow us to generally maintain or increase our gross margins, because increased merchandise volumes will enable us to maintain our strong relationships with our vendors.

Selling, General, and Administrative Expenses

We closely manage our selling, general, and administrative expenses. Our selling, general, and administrative expenses are comprised of payroll, rent and occupancy, depreciation and amortization, acquisition expenses, pre-opening expenses and other operating expenses, including stock-based compensation expense. 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.

Our selling, general, and administrative expenses are primarily influenced by the volume of net sales of our locations, except for our corporate payroll, rent and occupancy and depreciation and amortization, which are generally fixed in nature. We control our selling, general, and administrative expenses through a budgeting and reporting process that allows our personnel to adjust our expenses as trends in net sales activity are identified.

We expect that our selling, general, and administrative expenses will increase in future periods due to our continuing growth. Furthermore, 62 of our current stores are being impacted by minimum wage increases in fiscal year 2020 that have and will continue to drive up our selling, general, and administrative costs during fiscal year 2020.

Income from Operations

Income from operations is gross profit less selling, general, and administrative expenses. We use income from operations as an indicator of the productivity of our business and our ability to manage selling, general, and administrative expenses.

Adjusted EBITDA

We define Adjusted EBITDA as net income plus interest expense, income tax expense, depreciation and amortization, stock-based compensation expense, pre-opening expenses, and other gains, losses and expenses that we do not believe are indicative of our ongoing expenses. In evaluating our business, we use Adjusted EBITDA and Adjusted EBITDA margin as an additional measurement tool for purposes of business decision-making, including evaluating store performance, developing budgets and managing expenditures. See "—Non-GAAP Measures."

Results of Operations

The following table summarizes key components of our results of operations as a percentage of net sales for the periods indicated:

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	October 31, 2020	November 2, 2019	October 31, 2020	November 2, 2019
Percentage of net sales:				
Net sales	100.0%	100.0%	100.0%	100.0%
Cost of goods sold	66.1	65.3	67.0	66.3
Gross profit	33.9	34.7	33.0	33.7
Selling, general, and administrative expenses	23.9	28.2	24.8	30.5
Income from operations	10.0	6.5	8.2	3.2
Gain on bargain purchase	(0.6)	-	(0.2)	-
Interest expense	0.1	0.9	0.3	1.0
Income before income taxes	10.5	5.6	8.1	2.2
Income tax expense	2.5	1.4	2.0	0.5
Net income	8.0%	4.2%	6.1%	1.7%
Adjusted EBITDA	12.9%	9.6%	11.0%	6.3%

The following table shows our sales during the periods presented by department:

		Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
Department	Product Offerings	October 31, 2020	November 2, 2019	October 31, 2020	November 2, 2019
Camping	Backpacks, camp essentials, canoes and kayaks, coolers, outdoor cooking equipment, sleeping bags, tents and tools	12.9%	14.9%	13.8%	15.5%
Apparel	Camouflage, jackets, hats, outerwear, sportswear, technical gear and work wear	8.6%	10.3%	6.5%	8.7%
Fishing	Bait, electronics, fishing rods, flotation items, fly fishing, lines, lures, reels, tackle and small boats	7.8%	8.9%	11.5%	12.6%
Footwear	Hiking boots, socks, sport sandals, technical footwear, trail shoes, casual shoes, waders and work boots	5.6%	7.5%	5.3%	7.4%
Hunting and Shooting	Ammunition, archery items, ATV accessories, blinds and tree stands, decoys, firearms, reloading equipment and shooting gear	57.4%	48.5%	56.3%	47.4%
Optics, Electronics, Accessories, and Other	Gift items, GPS devices, knives, lighting, optics, two-way radios, and other license revenue, net of revenue discounts	7.7%	9.9%	6.6%	8.4%
Total		100.0%	100.0%	100.0%	100.0%

Thirteen Weeks Ended October 31, 2020 Compared to Thirteen Weeks Ended November 2, 2019

Net Sales. Net sales increased by $143.2 million, or 59.1%, to $385.7 million during the 13 weeks ended October 31, 2020 compared to $242.5 million in the corresponding period of fiscal year 2019. Our net sales increased due to a variety of reasons including; increased demand driven by the exit of competitors and market share gains due to increase participation in outdoor activities, increased demand through our e-commerce platform, demand driven by the change in consumer behavior associated with the COVID-19 pandemic, and increased demand due to the presidential election and social unrest. Stores that were opened in fiscal year 2020 and stores that have been open for less than 12 months and were, therefore, not included in our same store sales, contributed $52.5 million to net sales. Same store sales increased by 41.0% for the 13 weeks ended October 31, 2020 compared to the comparable 13 week period of fiscal year 2019, primarily driven by increases in our hunting and shooting department due to the drivers of increased demand discussed above.

All of our departments had increases in net sales for the 13 weeks ended October 31, 2020 compared to the corresponding period in fiscal year 2019, led by our hunting and shooting department with an increase in net sales of $104.2 million, or 88.7%. Our camping, fishing, apparel, footwear and optics, electronics, and accessories departments saw increases of $12.8 million, $8.4 million, $8.4 million, $3.2 million and $8.2 million, respectively, in the third quarter of fiscal year 2020 compared to the comparable 13-week period of fiscal year 2019 due to increased traffic within our stores and online. Within hunting, our firearm and ammunition categories saw increases of $52.8 million or 130.7% and $27.1 million or 77.8%, respectively, in the third quarter of fiscal year 2020 compared to the comparable 13-week period of fiscal year 2019, which increases resulted from the drivers of increased demand discussed above.

Each of our departments also had increases in same store sales, for the 13 weeks ended October 31, 2020, again led by our hunting and shooting department, with an increase of 61.4%. Our camping, fishing, apparel, footwear, and optics, electronics and accessories departments had increases of 25.9%, 24.8%, 18.6%, 8.3%, and 26.4%, respectively, for the third quarter of fiscal year 2020 compared to the comparable 13-week period of fiscal year 2019. As of October 31, 2020, we had 94 stores included in our same store sales calculation.

Gross Profit. Gross profit increased to $130.6 million during the 13 weeks ended October 31, 2020 compared to $84.2 million for the corresponding period of fiscal year 2019 primarily as a result of increased sales. As a percentage of net sales, gross profit decreased to 33.9% for the 13 weeks ended October 31, 2020, compared to 34.7% for the corresponding period of fiscal year 2019 due to the change in product mix in the quarter as a result of the majority of revenue being generated from lower margin categories such as firearms and ammunition and a channel mix shift to higher e-commerce driven sales causing increased freight costs. The gross margin decline was partially offset by higher product margins, volume incentives, and other adjustments, which positively impacted gross margin. We expect a continued higher than normal proportion of revenue to come from firearms and ammunition, and a higher volume of sales to be conducted through our e-commerce platform. Both of these factors will continue to put pressure on gross margin partially offset by improved product margins.

Selling, General, and Administrative Expenses. Selling, general, and administrative expenses increased by $23.9 million, or 35.0%, to $92.2 million during the 13 weeks ended October 31, 2020 from $68.3 million for the comparable 13-week period of fiscal year 2019. This increase was primarily due to an increase in our payroll expense of $14.3 million, which mostly resulted from the opening of 10 new stores since the end of the third quarter of fiscal year 2019, minimum wage increases impacting 62 of our stores in fiscal year 2020 and the payment of $2.0 million in hazard pay. We also had increases in other selling, general, and administration expenses, rent, and depreciation of $7.3 million due to increased credit card fees, $2.4 million, and $0.5 million, respectively, during the 13 weeks ended October 31, 2020 primarily related to the opening of 10 new stores since November 2, 2019. These increases were partially offset by a reduction in pre-opening expenses of $0.5 million during the 13 weeks ended October 31, 2020. As a percentage of net sales, selling, general, and administrative expenses decreased to 23.9% of net sales in the third quarter of fiscal year 2020, compared to 28.2% of net sales in the third quarter of fiscal year 2019, primarily as a result of the significant increase in net sales we experienced in the third quarter of fiscal year 2020 compared to the third quarter of fiscal year 2019.

Interest Expense. Interest expense decreased by $1.6 million, or 74.4%, to $0.5 million during the 13 weeks ended October 31, 2020 from $2.1 million for the comparable 13-week period of fiscal year 2019. Interest expense decreased primarily as a result of a lower debt balance during the third quarter of fiscal year 2020 compared to the third quarter of fiscal year 2019. The outstanding principal amount of our term loan has decreased from $30.0 million as of November 2, 2019 to $8.0 million as of October 31, 2020, which reflects a $2.0 million repayment during the third quarter of fiscal year 2020, and we had outstanding borrowings under our revolving credit facility of $130.8 million as of November 2, 2019 compared to no borrowings as of October 31, 2020.

Income Taxes. We recognized income tax expense of $9.5 million and $3.3 million during the 13 weeks ended October 31, 2020 and November 2, 2019, respectively. Our effective tax rate for the 13 weeks ended October 31, 2020 and November 2, 2019 was 23.8% and 23.9%, respectively. Our effective tax rate will generally differ from the U.S. Federal statutory rate of 21.0%, due to state taxes, permanent items, and discrete items relating to stock award deductions.

Thirty-Nine Weeks Ended October 31, 2020 Compared to Thirty-Nine Weeks Ended November 2, 2019

Net Sales. Net sales increased by $385.3 million, or 61.3%, to $ 1,013.6 million during the 39 weeks ended October 31, 2020 compared to $628.3 million in the corresponding period of fiscal year 2019. Our net sales increased due to a variety of reasons including: increased demand driven by the exit of competitors and market share gains due to increase participation in outdoor activities, increased demand through our e-commerce platform, demand driven by the change in consumer behavior associated with the COVID-19 pandemic, and increased demand due to the presidential election. Stores that were opened in fiscal year 2020 and stores that have been open for less than 12 months and were, therefore, not included in our same store sales, contributed $120.4 million to net sales. Same store sales also increased by 44.4% for the 39 weeks ended October 31, 2020 compared to the comparable 39 week period of fiscal year 2019, primarily driven by increases in our hunting and shooting department due to the drivers of increased demand discussed above.

All of our departments had increases in net sales for the 39 weeks ended October 31, 2020 compared to the corresponding period in fiscal year 2019, led by our hunting and shooting department with an increase in net sales of $270.9 million, or 91.0%. Our camping, fishing, apparel, footwear, and optics, electronics, and accessories departments also had increases in net sales of $42.5 million, $36.2 million, $11.1 million, $7.5 million and $16.9 million, respectively, in the 39 weeks ended October 31, 2020 compared to the comparable 39-week period of fiscal year 2019 due to increased traffic within our stores and online. Within hunting, our firearm and ammunition categories saw increases of $135.5 million, or 121.7%, and $84.3 million, or 92.6%, respectively, in the 39 weeks ended October 31, 2020 compared to the comparable 39-week period of fiscal year 2019, which increases resulted from the drivers of increased demand discussed above.

Each of our departments had increases in same store sales for the 39 weeks ended October 31, 2020 compared to the corresponding period in fiscal year 2019, led by our hunting and shooting department with an increase in same store sales of 66.8%. Our camping, fishing, optics, electronics and accessories, footwear, and apparel departments had increases in same store sales of 32.0%, 29.7%, 24.6%, 6.8%, and 5.5% respectively, for the 39-weeks ended October 31, 2020 compared to the comparable 39-week period of fiscal year 2019. As of October 31, 2020, we had 94 stores included in our same store sales calculation.

Gross Profit. Gross profit increased to $334.5 million during the 39 weeks ended October 31, 2020 compared to $211.6 million for the corresponding period of fiscal year 2019. As a percentage of net sales, gross profit decreased to 33.0% for the 39 weeks ended October 31, 2020, compared to 33.7% for the corresponding period of fiscal year 2019 due to the change in product mix in the quarter as a result of the majority of revenue being generated from lower margin categories such as firearms and ammunition and a channel mix shift to higher e-commerce driven sales causing increased freight costs. The gross margin decline was partially offset by higher product margins, volume incentives, and other adjustments, which positively impacted gross margin.

Selling, General, and Administrative Expenses. Selling, general, and administrative expenses increased by $59.8 million, or 31.2%, to $251.1 million during the 39 weeks ended October 31, 2020 from $191.3 million for the comparable 39-week period of fiscal year 2019. This increase was primarily due to an increase in our payroll expense of $34.4 million, which mostly resulted from the opening of 10 new stores since the end of the third quarter of fiscal year 2019, minimum wage increases impacting 62 of our stores in fiscal year 2020 and the payment of $4.6 million in hazard pay. We also had increases in other selling, general, and administration expenses, rent, and depreciation of $16.6 million due to increased credit card fees, $6.8 million, and $2.7 million, which includes $0.8 million of asset write-offs relating to the closing of one store during the first quarter, respectively, primarily related to the opening of 10 new stores since November 2, 2019. As a percentage of net sales, selling, general, and administrative expenses decreased to 24.8% of net sales in the three quarters of fiscal year 2020, compared to 30.5% of net sales in the three quarters of fiscal year 2019, primarily as a result of the significant increase in net sales we experienced in the 39 weeks ended October 31, 2020 compared to the corresponding period in fiscal year 2019.

Interest Expense. Interest expense decreased by $3.6 million, or 52.9%, to $3.0 million during the 39 weeks ended October 31, 2020 from $6.6 million for the comparable 39-week period of fiscal year 2019. Interest expense decreased primarily as a result of our lower debt balances during the 39 weeks ended October 31, 2020 compared to the corresponding period of fiscal year 2020 as noted above.

Income Taxes. We recognized an income tax expense of $20.7 million and $3.2 million during the 39 weeks ended October 31, 2020 and November 2, 2019, respectively. Our effective tax rate for the 39 weeks ended October 31, 2020 and November 2, 2019 was 25.1% and 23.3%, respectively. Our effective tax rate will generally differ from the U.S. Federal statutory rate of 21.0%, due to state taxes, permanent items, and discrete items relating to stock award deductions.

Seasonality

Due to the openings of hunting season across the country and consumers' holiday buying patterns, net sales are typically higher in the third and fourth fiscal quarters than in the first and second fiscal quarters. We also incur additional expenses in the third and fourth fiscal quarters due to higher sales volume and increased staffing in our stores. While we typically would expect our net sales to continue to reflect this seasonal pattern, we may not recognize higher sales volume in the fourth fiscal quarter of fiscal year 2020 because of the significant spike in sales in the first three quarters of fiscal year 2020 as a result of the increased demand during the COVID-19 pandemic and other factors noted above.

The timing of our new retail store openings also may have an impact on our quarterly results. First, we incur certain non-recurring expenses related to opening each new retail store, which are expensed as they are incurred. Second, most store expenses generally vary proportionately with net sales, but there is also a fixed cost component, which includes occupancy costs. These fixed costs typically result in lower store profitability during the initial period after a new retail store opens. Due to both of these factors, new retail store openings may result in a temporary decline in operating profit, in dollars and/or as a percentage of net sales.

Weather conditions affect outdoor activities and the demand for related apparel and equipment. Customers' demand for our products, and, therefore, our net sales, can be significantly impacted by weather patterns on a local, regional and national basis.

Liquidity and Capital Resources

Our primary capital requirements are for seasonal working capital needs and capital expenditures related to opening and acquiring new stores. Our sources of liquidity to meet these needs have primarily been borrowings under our revolving credit facility, operating cash flows and short and long-term debt financings from banks and financial institutions. We believe that our cash on hand, cash generated by operating activities and funds available under our revolving credit facility will be sufficient to finance our operating activities for at least the next twelve months.

For the 39 weeks ended October 31, 2020, we incurred approximately $15.4 million in capital expenditures primarily related to the opening of new stores during the period. We expect total net capital expenditures between $17.0 million and $19.0 million for fiscal year 2020. We intend to fund our capital expenditures with operating cash flows and funds available under our revolving credit facility. Other investment opportunities, such as potential strategic acquisitions or store expansion rates in excess of those presently planned, may require additional funding.

Cash flows from operating, investing and financing activities are shown in the following table:

	Thirty-Nine Weeks Ended	
	October 31, 2020	November 2, 2019
	(in thousands)	
Cash flows provided by operating activities	$ 171,736	$ 57,847
Cash flows used in investing activities	(20,172)	(41,677)
Cash used in financing activities	(133,935)	(15,980)
Cash at end of period	19,314	1,737

Net cash provided by operating activities was $171.7 million for the 39 weeks ended October 31, 2020, compared to cash provided by operating activities of $57.8 million for the corresponding period of fiscal year 2019, a change of approximately $114 million. The increase in our cash flows from operating activities is primarily the result of an increase in net income, which was generated from a significant increase in net sales during the 39 weeks ended October 31, 2020 compared to the 39 weeks ended November 2, 2019, and an increase in accounts payable and accrued expenses.

Net cash used in investing activities was $20.2 million for the 39 weeks ended October 31, 2020 compared to $41.7 million for the corresponding period of fiscal year 2019. For the 39 weeks ended October 31, 2020, we incurred capital expenditures with respect to opening new stores and the acquisition of four new store locations purchased from DICK'S in fiscal year 2020. Our cash flows used investing activities in fiscal year 2020 primarily related to costs incurred in connection with constructing our new corporate office and the acquisition of eight store locations from DICK'S in fiscal year 2019.

Net cash used in financing activities was $133.9 million for the 39 weeks ended October 31, 2020, compared to net cash used in financing activities of $16.0 million for the corresponding period of fiscal year 2019. During the 39 weeks ended October 31, 2020, we repaid $116.1 million, net of borrowings, on our revolving credit facility and $22 million principal outstanding on our term loan. For the 39 weeks ended November 2, 2019, we repaid $13.5 million, net of borrowings, on our revolving credit facility and $6.0 million principal outstanding on our term loan.

Our outstanding debt consists of our $250.0 million revolving credit facility and our $40.0 million term loan. Borrowings under our revolving credit facility are subject to a borrowing base calculation. Our revolving credit facility and term loan are governed by an amended and restated credit agreement with a consortium of banks led by Wells Fargo Bank, National Association. Both the revolving credit facility and term loan mature on May 23, 2023. At the time of entering into our amended and restated credit agreement in May 2018, we used the proceeds from our $40.0 million term loan and borrowings of $135.4 million under our revolving credit facility to repay our prior term loan that had an outstanding principal balance of $134.7 million and was scheduled to mature on December 3, 2020. As of October 31, 2020, we had no borrowings outstanding under the revolving credit facility, with $218.3 million available for borrowing, subject to certain borrowing base restrictions, and $1.7 million in stand-by commercial letters of credit, and our term loan had an aggregate principal amount outstanding of $8.0 million.

Borrowings under the revolving credit facility bear interest based on either, at our option, the base rate or LIBOR, in each case plus an applicable margin. The base rate is the higher of (1) Wells Fargo's prime rate, (2) the federal funds rate (as defined in the credit agreement) plus 0.50% and (3) the one-month LIBOR (as defined in the credit agreement) plus 1.00%. The applicable margin for loans under the revolving credit facility, which varies based on the average daily availability, ranges from 0.25% to 0.75% per year for base rate loans and from 1.25% to 1.75% per year for LIBOR loans. The weighted average interest rate on the amount outstanding under the revolving credit facility as of October 31, 2020 was 1.89%.

Interest on base rate loans is payable monthly in arrears and interest on LIBOR loans is payable based on the LIBOR interest period selected by us, which can be 7, 30, 60 or 90 days. All amounts that are not paid when due under our revolving credit facility will accrue interest at the rate otherwise applicable plus 2.00% until such amounts are paid in full.

Our term loan was issued at a price of 100% of the $40.0 million aggregate principal amount and has a maturity date of May 23, 2023. The term loan accrues interest at a rate of LIBOR plus 5.75%.

Each of the subsidiaries of Sportsman's Warehouse Holdings, Inc. ("Holdings") is a borrower under the revolving credit facility and the term loan, and Holdings guarantees all obligations under the revolving credit facility and term loan. All obligations under the revolving credit facility and term loan are secured by a lien on substantially all of Holdings' tangible and intangible assets and the tangible and intangible assets of all of Holdings' subsidiaries, including a pledge of all capital stock of each of the Holdings' subsidiaries. The lien securing the obligations under the revolving credit facility and term loan is a first priority lien as to certain liquid assets, including cash, accounts receivable, deposit accounts and inventory. In addition, our credit agreement contains provisions that enable Wells Fargo to require us to maintain a lock-box, or similar arrangement, for the collection of all receipts.

We may be required to make mandatory prepayments under the revolving credit facility and term loan in the event of a disposition of certain property or assets, in the event of receipt of certain insurance or condemnation proceeds, upon the issuance of certain debt or equity securities, upon the incurrence of certain indebtedness for borrowed money or upon the receipt of certain payments not received in the ordinary course of business.

Our revolving credit facility requires us to maintain a minimum availability at all times of not less than 10% of the gross borrowing base. In addition, the credit agreement governing our revolving credit facility and term loan contains customary affirmative and negative covenants, including covenants that limit our ability to incur, create or assume certain indebtedness, to create, incur or assume certain liens, to make certain investments, to make sales, transfers and dispositions of certain property and to undergo certain fundamental changes, including certain mergers, liquidations and consolidations. Our credit agreement also contains customary events of default. As of October 31, 2020, we were in compliance with all covenants under our credit agreement.

Critical Accounting Policies and Estimates

Our financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). In connection with the preparation of the financial statements, we are required to make assumptions, make estimates and apply judgment that affect the reported amounts of assets, liabilities, revenue, expenses and the related disclosures. We base our assumptions, estimates and judgments on historical experience, current trends and other factors that we believe to be relevant at the time the condensed consolidated financial statements are prepared. On a regular basis, we review the accounting policies, assumptions, estimates and judgments to ensure that our financial statements are presented fairly and in accordance with GAAP. However, because future events and their effects cannot be determined with certainty, actual results could differ from our assumptions and estimates, and such differences could be material.

There have been no significant changes to our critical accounting policies as described in our Annual Report on Form 10-K for the fiscal year ended February 1, 2020 filed with the SEC on April 9, 2020 ("Fiscal 2019 Form 10-K").

Off Balance Sheet Arrangements

We are not party to any off balance sheet arrangements.

Contractual Obligations

Both our revolving credit facility and term loan will mature on May 23, 2023. During the 39 weeks ended October 31, 2020, we repaid approximately $116.1 million under our revolving credit facility and $22.0 million under our term loan. As of October 31, 2020, we had (i) no borrowings outstanding under our revolving credit facility, with $218.3 million available for borrowing and $1.7 million in stand-by commercial letters of credit, and (ii) $8.0 million outstanding under our term loan. All other changes to our contractual obligations during the 13 and 39 weeks ended October 31, 2020 were completed in the normal course of business and are not considered material.

Non-GAAP Measures

In evaluating our business, we use Adjusted EBITDA and Adjusted EBITDA margin as supplemental measures of our operating performance. We define Adjusted EBITDA as net income plus interest expense, income tax expense, depreciation and amortization, stock-based compensation expense, pre-opening expenses, and other gains, losses and expenses that we do not believe are indicative of our ongoing expenses. In addition, Adjusted EBITDA excludes pre-opening expenses because we do not believe these expenses are indicative of the underlying operating performance of our stores. The amount and timing of pre-opening expenses are dependent on, among other things, the size of new stores opened and the number of new stores opened during any given period. Adjusted EBITDA margin means, for any period, the Adjusted EBITDA for that period divided by the net sales for that period. We consider Adjusted EBITDA and Adjusted EBITDA margin important supplemental measures of our operating performance and believe they are frequently used by analysts, investors and other interested parties in the evaluation of companies in our industry. Other companies in our industry, however, may calculate Adjusted EBITDA and Adjusted EBITDA margin differently than we do. Management also uses Adjusted EBITDA and Adjusted EBITDA margin as additional measurement tools for purposes of business decision-making, including evaluating store performance, developing budgets and managing expenditures. Management believes Adjusted EBITDA and Adjusted EBITDA margin allow investors to evaluate the company's operating performance and compare our results of operations from period to period on a consistent basis by excluding items that management does not believe are indicative of our core operating performance.

Adjusted EBITDA is not defined under GAAP and is not a measure of operating income, operating performance or liquidity presented in accordance with GAAP. Adjusted EBITDA has limitations as an analytical tool, and when assessing our operating performance, you should not consider Adjusted EBITDA in isolation or as a substitute for net income or other condensed consolidated statement of operations data prepared in accordance with GAAP. Some of these limitations include, but are not limited to:

- Adjusted EBITDA does not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;
- Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted EBITDA may be defined differently by other companies, and, therefore, it may not be directly comparable to the results of other companies in our industry;
- Adjusted EBITDA does not reflect the interest expense, or the cash requirements necessary to service interest or principal payments, on our debt; and
- Adjusted EBITDA does not reflect income taxes or the cash requirements for any tax payments.

The following table presents a reconciliation of net income, the most directly comparable financial measure presented in accordance with GAAP, to Adjusted EBITDA for the 13 and 39 weeks ended October 31, 2020 and November 2, 2019.

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	October 31, 2020	November 2, 2019	October 31, 2020	November 2, 2019
	(dollars in thousands)			
Net income	$ 30,482	$ 10,493	$ 61,813	$ 10,532
Interest expense	465	2,094	3,016	6,552
Income tax expense	9,530	3,287	20,691	3,195
Depreciation and amortization	5,404	4,832	16,085	14,090
Stock-based compensation expense (1)	882	619	2,436	1,567
Pre-opening expenses (2)	958	1,482	1,778	2,483
Hazard pay (3)	2,000	—	4,600	—
Acquisition costs (4)	297	387	332	387
Bargain purchase (5)	(2,218)	—	(2,218)	—
Legal accrual (6)	2,125	—	2,125	—
Store closure (7)	—	—	1,039	—
Executive transition costs (8)	—	—	—	623
Adjusted EBITDA	$ 49,925	$ 23,194	$ 111,697	$ 39,429
Adjusted EBITDA margin	12.9%	9.6%	11.0%	6.3%

(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) Expense relating to bonuses and increased wages paid to front-line and back office associates due to the COVID-19 pandemic.
(4) Expenses incurred relating to the acquisition of cash, inventory, furniture, fixtures, and equipment, and certain other assets related to Field & Stream stores operated by DICK’S in fiscal year 2020.
(5) Excess of the fair value over the purchase price of tangible assets acquired in connection with the Field & Stream stores acquired during fiscal year 2020. See Note 13 to the condensed consolidated financial statements for additional information.
(6) Accrual relating to pending labor litigation in the state of California.
(7) Costs and impairments recorded relating to the closure of one store during the first quarter of 2020. These costs were recorded as a component of selling, general, and administration expenses on the condensed consolidated statement of operations.
(8) Costs incurred for the recruitment and hiring of key executive officers.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our principal exposure to market risk relates to changes in interest rates. Our revolving credit facility and term loan carry floating interest rates that are tied to LIBOR, the federal funds rate and the prime rate, and, therefore, our income and cash flows will be exposed to changes in interest rates to the extent that we do not have effective hedging arrangements in place. We historically have not used interest rate swap agreements to hedge the variable cash flows associated with the interest on our credit facilities. At October 31, 2020, the weighted average interest rate on our borrowings under our revolving credit facility was 1.89%. Based on a sensitivity analysis at October 31, 2020, assuming the amount outstanding under our revolving credit facility would be outstanding for a full year, a 100 basis point increase in interest rates would not have increased our interest expense. We do not use derivative financial instruments for speculative or trading purposes. However, this does not preclude our adoption of specific hedging strategies in the future.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

As of the end of the period covered by this report, management, including our chief executive officer and chief financial officer, evaluated the effectiveness of the design and operation of our disclosure controls and procedures. Based upon and as of the date of the evaluation, our chief executive officer and chief financial officer concluded that our disclosure controls and procedures were not effective as of October 31, 2020 due to a material weakness in internal controls over financial reporting that was disclosed in our Annual Report on Form 10-K for the fiscal year ended February 2, 2020. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our chief executive officer and our chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the 13 weeks ended October 31, 2020 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Remediation

As previously described in Part II, Item 9A of our Annual Report on Form 10-K for the fiscal year ended February 2, 2020, we began implementing a remediation plan to address the material weakness mentioned above. The material weakness will not be considered remediated until the applicable controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively. We expect that the remediation of this material weakness will be completed prior to the end of fiscal year 2020.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are subject to various legal proceedings and claims, including employment claims, wage and hour claims, intellectual property claims, contractual and commercial disputes and other matters that arise in the ordinary course of our business. While the outcome of these and other claims cannot be predicted with certainty, we do not believe that the likelihood of a loss for any of these matters individually or in the aggregate is probable or reasonably estimable such that they will have a material adverse effect on our business, results of operations or financial condition. See Note 12, “Commitments and Contingencies” to our condensed consolidated financial statements for additional information.

ITEM 1A. RISK FACTORS

Our business faces significant risks and uncertainties. Certain important factors may have a material adverse effect on our business prospects, financial condition and results of operations, and you should carefully consider them. There have been no material changes in our assessment of our risk factors from those set forth in our Fiscal 2019 Form 10-K.

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS

Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation of Sportsman's Warehouse Holdings, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q filed on June 11, 2014).
3.2	Amended and Restated Bylaws of Sportsman's Warehouse Holdings, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 10-Q filed on Form 8-K on April 3, 2020).
31.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	XBRL Taxonomy Extension Schema Document.
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

* Filed herewith.
** Furnished herewith

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SPORTSMAN'S WAREHOUSE HOLDINGS, INC.

Date: December 3, 2020	By:	/s/ Jon Barker
		Jon Barker
		President and Chief Executive Officer
		(Principal Executive Officer)
Date: December 3, 2020	By:	/s/ Robert K. Julian
		Robert K. Julian
		Chief Financial Officer
		(Principal Financial and Accounting Officer)

Exhibit 31.1

Certification of Chief Executive Officer pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002

I, Jon Barker, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sportsman’s Warehouse Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
    c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: December 3, 2020

/s/ Jon Barker

Jon Barker

President and Chief Executive Officer

Exhibit 31.2

**Certification of Chief Financial Officer pursuant to
Section 302 of the Sarbanes-Oxley Act of 2002**

I, Robert K. Julian, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Sportsman's Warehouse Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 3, 2020

/s/ Robert K. Julian
Robert K. Julian
Chief Financial Officer and Secretary

Exhibit 32.1

Certification pursuant to 18 U.S.C. Section 1350,
as Adopted pursuant to Section 906 of the
Sarbanes-Oxley Act of 2002

In connection with the Quarterly Report on Form 10-Q of Sportsman's Warehouse Holdings, Inc. (the "Registrant") for the fiscal quarter ended October 31, 2020, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Jon Barker, as President and Chief Executive Officer of the Registrant, and Robert K. Julian, the Chief Financial Officer and Secretary of the Registrant, hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of their knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: December 3, 2020

/s/ Jon Barker
Jon Barker
President and Chief Executive Officer

Date: December 3, 2020

/s/ Robert K. Julian
Robert K. Julian
Chief Financial Officer and Secretary

The foregoing certification is being furnished pursuant to 18 U.S.C. Section 1350. It is not being filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and it is not to be incorporated by reference into any filing of the Company, regardless of any general incorporation language in such filing.