

**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 August 1, 2015

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)

**7035 South High Tech Drive, Midvale, Utah**  
(Address of principal executive offices)

**39-1975614**  
(I.R.S. Employer  
Identification No.)

**84047**  
(Zip code)

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

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes  No

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

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input checked="" type="checkbox"/> (do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>

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 August 28, 2015, the registrant had 42,003,599 shares of common stock, \$0.01 par value per share, outstanding.

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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 second quarters ended August 1, 2015 and August 2, 2014 both consisted of 13 weeks and are referred to herein as the second quarter of fiscal year 2015 and the second quarter of fiscal year 2014, respectively. Fiscal year 2014 contained 52 weeks of operations ended January 31, 2015. Fiscal year 2015 will contain 52 weeks of operations and will end on January 30, 2016.

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### **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,” “potential,” “positioned,” “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 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:

- our retail-based business model is impacted by general economic conditions and economic and financial uncertainties may cause a decline in consumer spending;
- our concentration of stores in the Western United States makes us susceptible to adverse conditions in this region, which could affect our sales and cause our operating results to suffer;
- we operate in a highly fragmented and competitive industry and may face increased competition;
- we may not be able to anticipate, identify and respond to changes in consumer demands, including regional preferences, in a timely manner;
- we may not be successful in operating our stores in any existing or new markets into which we expand; and
- current and future government regulations, in particular regulations relating to the sale of firearms and ammunition, may impact the supply and demand for our products and our ability to conduct our business.

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 January 31, 2015 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 (the “SEC”), 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)

	August 1, 2015	January 31, 2015
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 583	\$ 1,751
Accounts receivable, net	419	425
Merchandise inventories	235,446	185,909
Prepaid expenses and other	4,071	7,468
Deferred income taxes, current	2,514	2,928
Income taxes receivable	3,663	5,190
Total current assets	246,696	203,671
Property and equipment, net	69,102	54,317
Deferred income taxes, noncurrent	3,858	5,398
Definite lived intangibles, net	4,827	5,729
Other long-term assets, net	1,442	1,608
Total assets	<u>\$ 325,925</u>	<u>\$ 270,723</u>
<b>Liabilities and Stockholders' Deficit</b>		
Current liabilities:		
Accounts payable	\$ 60,212	\$ 28,500
Accrued expenses	52,448	42,620
Revolving line of credit	48,359	41,899
Current portion of long-term debt, net of discount	1,333	1,333
Current portion of deferred rent	2,966	2,873
Total current liabilities	165,318	117,225
Long-term liabilities:		
Long-term debt, net of discount and current portion	156,046	156,713
Deferred rent, noncurrent	28,729	28,117
Total long-term liabilities	184,775	184,830
Total liabilities	350,093	302,055
Commitments and contingencies		
Stockholders' deficit:		
Preferred stock, \$.01 par value; 20,000 and 20,000 shares authorized, respectively; 0 shares issued and outstanding	—	—
Common stock, \$.01 par value; 100,000 and 100,000 shares authorized, respectively; 42,004 and 41,818 shares issued and outstanding, respectively	420	418
Additional paid-in capital	76,579	76,257
Accumulated deficit	(101,167)	(108,007)
Total stockholders' deficit	(24,168)	(31,332)
Total liabilities and stockholders' deficit	<u>\$ 325,925</u>	<u>\$ 270,723</u>

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

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

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	August 1, 2015	August 2, 2014	August 1, 2015	August 2, 2014
Net sales	\$ 172,985	\$ 159,468	\$ 317,478	\$ 291,893
Cost of goods sold	114,983	106,641	216,325	198,938
Gross profit	<u>58,002</u>	<u>52,827</u>	<u>101,153</u>	<u>92,955</u>
Selling, general, and administrative expenses	41,216	40,484	83,119	80,833
Income from operations	16,786	12,343	18,034	12,122
Interest expense	(3,448)	(4,107)	(6,908)	(9,365)
Income before income taxes	13,338	8,236	11,126	2,757
Income tax expense	5,138	3,173	4,286	1,062
Net income	<u>\$ 8,200</u>	<u>\$ 5,063</u>	<u>\$ 6,840</u>	<u>\$ 1,695</u>
Earnings per share:				
Basic	<u>\$ 0.20</u>	<u>\$ 0.12</u>	<u>\$ 0.16</u>	<u>\$ 0.04</u>
Diluted	<u>\$ 0.19</u>	<u>\$ 0.12</u>	<u>\$ 0.16</u>	<u>\$ 0.04</u>
Weighted average shares outstanding:				
Basic	<u>42,004</u>	<u>41,768</u>	<u>41,927</u>	<u>38,105</u>
Diluted	<u>42,336</u>	<u>41,966</u>	<u>42,242</u>	<u>38,315</u>

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)

	Twenty-Six Weeks Ended	
	August 1, 2015	August 2, 2014
Cash flows from operating activities:		
Net income	\$ 6,840	\$ 1,695
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation of property and equipment	4,629	3,167
Amortization of discount on debt and deferred financing fees	362	674
Amortization of definite lived intangible	902	903
Net increase in deferred rent	705	5,561
Deferred income taxes	1,954	(202)
Stock-based compensation	1,077	2,258
Change in operating assets and liabilities:		
Accounts receivable, net	6	41
Merchandise inventories	(49,537)	(46,047)
Prepaid expenses and other	3,334	(1,191)
Accounts payable	31,712	22,023
Accrued expenses	(4,245)	(1,685)
Income taxes receivable	1,527	(5,315)
Net cash used in operating activities	<u>(734)</u>	<u>(18,118)</u>
Cash flows from investing activities:		
Purchase of property and equipment	(19,414)	(19,590)
Net cash used in investing activities	<u>(19,414)</u>	<u>(19,590)</u>
Cash flows from financing activities:		
Net borrowings on line of credit	6,460	33,863
Issuance of common stock, net	—	73,393
Increase in book overdraft	14,073	5,931
Excess tax benefits from stock-based compensation arrangements	283	287
Payment of withholdings on restricted stock units	(1,036)	(993)
Principal payments on long-term debt	(800)	(74,475)
Net cash provided by financing activities	<u>18,980</u>	<u>38,006</u>
Net change in cash and cash equivalents	<u>(1,168)</u>	<u>298</u>
Cash and cash equivalents at beginning of period	1,751	1,354
Cash and cash equivalents at end of period	<u>\$ 583</u>	<u>\$ 1,652</u>

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*

**(1) Description of Business**

**Description of Business**

Sportsman's Warehouse Holdings, Inc. ("Holdings") and its subsidiaries (collectively, the "Company") operate retail sporting goods stores. As of August 1, 2015, the Company operated 61 stores in 19 states. The Company's stores 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 January 31, 2015 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 August 1, 2015 are not necessarily indicative of the results to be obtained for the year ending January 30, 2016. 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 January 31, 2015.

**(2) Summary of Significant Accounting Policies**

**Principles of Consolidation**

The accompanying condensed consolidated financial statements include the accounts of Holdings and its wholly owned subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation.

**Reporting Periods**

The Company operates 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. The fiscal second quarters ended August 1, 2015 and August 2, 2014 both consisted of 13 weeks and are referred to herein as the second quarter of fiscal year 2015 and second quarter of fiscal year 2014, respectively. Fiscal year 2014 contained 52 weeks of operations ended January 31, 2015. Fiscal year 2015 will contain 52 weeks of operations and will end on January 30, 2016.

**Seasonality**

The Company's business is generally seasonal, with a significant portion of total sales occurring during the third and fourth quarters of the calendar year.

**Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Certain costs are estimated for the full year and allocated to interim periods based on estimates of time expired, benefit received, or activity associated with the interim period.

## Segment Reporting

The Company operates solely as a sporting goods retailer whose Chief Operating Decision Maker (“CODM”) is the Chief Executive Officer. The CODM reviews financial information presented on a consolidated and individual store and cost center basis, for purposes of allocating resources and evaluating financial performance. The Company’s stores offer essentially the same general product mix, and the core customer demographic remains similar chain-wide, as does the Company’s process for the procurement and marketing of its product mix. Furthermore, the Company distributes its product mix chain-wide from a single distribution center. Given that the stores have the same economic characteristics, the individual stores are aggregated into one single operating and reportable segment.

## Significant Accounting Policies

There have been no significant changes to the Company’s significant accounting policies as described in the Company’s Annual Report on Form 10-K for the fiscal year ended January 31, 2015.

## Comprehensive Income

The Company has no components of net income that would require classification as other comprehensive income for the 13 week periods ended August 1, 2015 and August 2, 2014.

## Recent Accounting Pronouncements

### *Revenue from Contracts with Customers*

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-09 “Revenue from Contracts with Customers” (Topic 606) (“ASU 2014-09”). ASU 2014-09 is a comprehensive new revenue recognition model requiring a company to recognize revenue to depict the transfer of goods or services to a customer at an amount reflecting the consideration it expects to receive in exchange for those goods or services. On July 9, 2015 the FASB voted to approve a one year deferral of the effective date of ASU 2014-09. As a result, the Company expects that it will apply the new revenue standard to annual and interim reporting periods beginning after December 15, 2017. In adopting ASU 2014-09, companies may use either a full retrospective or a modified retrospective approach. Management is evaluating the provisions of ASU 2014-09 and has not yet selected a transition method nor have they determined what impact the adoption of ASU 2014-09 will have on the Company’s financial position or results of operations.

### *Share-Based Payments with Performance Conditions*

In June 2014, the FASB issued ASU 2014-12, “Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period”. ASU 2014-12 requires that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition of the award. A reporting entity should apply existing guidance in Accounting Standards Codification Topic 718, “Compensation-Stock Compensation”, as it relates to such awards. ASU 2014-12 is effective for fiscal years beginning after December 15, 2015, and may be applied prospectively or retrospectively. Early adoption is permitted. Management has evaluated the provisions of ASU 2014-12 and has determined that the adoption of ASU 2014-12 will have no impact on the Company’s financial position or results of operations as the Company does not have any performance based awards.

### *Going Concern*

In August 2014, the FASB issued ASU 2014-15, “Presentation of Financial Statements – Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern”. ASU 2014-15 requires an entity to evaluate whether there are conditions or events, in the aggregate, that raise substantial doubt about the entity’s ability to continue as a going concern within one year after the date that the financial statements are issued (or within one year after the financial statements are available to be issued when applicable) and to provide related footnote disclosures in certain circumstances. ASU 2014-15 is effective for the annual period ending after December 15, 2016, and for annual and interim periods thereafter. Early application is permitted. Management does not expect the adoption of ASU 2014-15 to have any effect on the Company’s financial position, results of operations, or related disclosures.



### *Simplifying the Presentation of Debt Issuance Costs*

In April 2015, the FASB issued ASU 2015-03, "Simplifying the Presentation of Debt Issuance Costs" ("ASU 2015-03"). ASU 2015-03 requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. ASU 2015-03 is effective for the first interim period for fiscal years beginning after December 15, 2015, with early adoption permitted for financial statements that have not been previously issued. Management does not expect the adoption of ASU 2015-03 to have any effect on the Company's financial position or results of operations.

### *Simplifying the Measurement of Inventory*

In July 2015, the FASB issued ASU 2015-11, "Simplifying the Measurement of Inventory" ("ASU 2015-11"). Under ASU 2015-11, inventory will be measured at the "lower of cost and net realizable value" and options that currently exist for "market value" will be eliminated. ASU 2015-11 defines net realizable value as the "estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation." No other changes were made to the current guidance on inventory measurement. ASU 2015-11 is effective for interim and annual periods beginning after December 15, 2016. Early application is permitted and should be applied prospectively. Management is evaluating the provisions of this statement, including which period to adopt, and has not determined what impact the adoption of ASU 2015-11 will have on the Company's financial position or results of operations.

### *Presentation and Subsequent Measurement of Debt Issuance Costs Association with Line of Credit Arrangements*

In August 2015, the FASB issued ASU 2015-15, "Presentation and Subsequent Measurement of Debt Issuance Costs Association with Line of Credit Arrangements" ("ASU 2015-15"). ASU 2015-15 indicates that the guidance in ASU 2015-03 did not address presentation or subsequent measurement of debt issuance costs related to line of credit arrangements. Given the absence of authoritative guidance within ASU 2015-03, the SEC staff has indicated that they would not object to an entity deferring and presenting debt issuance costs ratably over the term of the line of credit arrangement, regardless of whether there are any outstanding borrowings on the line of credit arrangement. Management does not expect the adoption of ASU 2015-15 to have any effect on the Company's financial position or results of operations.

### **(3) Initial Public Offering**

On April 23, 2014, the Company completed its initial public offering, pursuant to which it issued and sold 8,333 shares of common stock at a price to the public of \$9.50 per share; included in this offering was the sale of 4,167 shares by affiliates of Seidler Equity Partners III, L.P. The total net proceeds raised by the Company were \$70,299 after deducting underwriting discounts and commissions of \$5,542 and other offering expenses of \$3,326. Total net proceeds were used to make an unscheduled early payment on the term loan. In connection with the initial public offering, all of the then-outstanding shares of restricted nonvoting common stock automatically converted into shares of common stock.

On May 16, 2014, the underwriters of the Company's initial public offering of common stock partially exercised the over-allotment option granted at the time of the initial public offering to purchase an additional 1,400 shares of common stock at the public offering price of \$9.50 per share, less underwriting discounts and commissions, which consists of 350 shares sold by the Company and 1,050 shares sold by affiliates of Seidler Equity Partners III, L.P. The Company received, after deducting underwriting discounts and commissions and estimated offering expenses, approximately \$3,100 of net proceeds. Substantially all of the net proceeds were used for the repayment of an additional amount outstanding under the Company's term loan.

### **(4) Property and Equipment**

Property and equipment as of August 1, 2015 and January 31, 2015 were as follows:

	<u>August 1,</u> <u>2015</u>	<u>January 31,</u> <u>2015</u>
Furniture, fixtures, and equipment	\$ 37,591	\$ 32,678
Leasehold improvements	40,650	34,398
Construction in progress	15,900	7,651
Total property and equipment, gross	94,141	74,727
Less accumulated depreciation and amortization	(25,039)	(20,410)
Total property and equipment, net	<u>\$ 69,102</u>	<u>\$ 54,317</u>

## (5) Accrued Expenses

Accrued expenses consisted of the following as of August 1, 2015 and January 31, 2015:

	August 1, 2015	January 31, 2015
Book overdraft	\$ 22,378	\$ 8,305
Unearned revenue	11,024	11,663
Accrued payroll and related expenses	5,593	7,104
Litigation accrual	—	4,000
Sales and use tax payable	4,052	3,708
Accrued construction costs	—	1,263
Other	9,401	6,577
	<u>\$ 52,448</u>	<u>\$ 42,620</u>

## (6) Revolving Line of Credit

The Company has a senior secured revolving credit facility (“Revolving Line of Credit”) with Wells Fargo Bank, National Association (“Wells Fargo”) that provides for borrowings in the aggregate amount of up to \$135,000, subject to a borrowing base calculation.

As of August 1, 2015 and January 31, 2015, the Company had \$56,708 and \$47,886, respectively, in outstanding revolving loans under the Revolving Line of Credit. Amounts outstanding are offset on the condensed consolidated balance sheets by amounts in depository accounts under lock-box arrangements, which were \$8,349 and \$5,987 as of August 1, 2015 and January 31, 2015, respectively. As of August 1, 2015, the Company had stand-by commercial letters of credit of \$750 under the terms of the Revolving Line of Credit.

The revolving credit facility 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 revolving credit facility also requires us to maintain a minimum availability at all times of not less than 10% of the gross borrowing base, and in any event, not less than \$5,000. The revolving credit facility also contains customary events of default. The Revolving Line of Credit matures on December 3, 2019.

## (7) Long-Term Debt

Long-term debt consisted of the following as of August 1, 2015 and January 31, 2015:

	August 1, 2015	January 31, 2015
Term loan	\$ 158,800	\$ 159,600
Less discount	(1,421)	(1,554)
	157,379	158,046
Less current portion, net of discount	(1,333)	(1,333)
Long-term portion	<u>\$ 156,046</u>	<u>\$ 156,713</u>

### Term Loan

The Company has a \$160,000 senior secured term loan facility (“Term Loan”) with a financial institution. The Term Loan was issued at a price of 99% of the aggregate principal amount and has a maturity date of December 3, 2020.

As of August 1, 2015, the Term Loan had \$157,379 outstanding, net of an unamortized discount of \$1,421. During the 13 weeks and 26 weeks ended August 1, 2015, the Company recognized \$67 and \$133, respectively, of non-cash interest expense with respect to the amortization of this discount. During the 13 weeks and 26 weeks ended August 2, 2014, the Company recognized \$122 and \$245, respectively, of non-cash interest expense with respect to the amortization of the discount on the prior term loan.

As part of the Term Loan agreement, there are a number of financial and non-financial debt covenants. The financial covenants include a net leverage ratio and an interest coverage ratio to be measured on a trailing twelve month basis.

### 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 August 1, 2015, 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.

### (8) Income Taxes

The 2015 estimated annual effective tax rate is expected to be 38.5%, which is comparable to 38.5% for the full year 2014. The annual effective tax rate is estimated to be the same due to no expected material change in store mix and applicable effective state income tax rates after apportionment.

### (9) 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 loss per common share:

	13 Weeks Ended		26 Weeks Ended	
	August 1,	August 2,	August 1,	August 2,
	2015	2014	2015	2014
Net income	\$ 8,200	\$ 5,063	\$ 6,840	\$ 1,695
Weighted-average shares of common stock outstanding:				
Basic	42,004	41,768	41,927	38,105
Dilutive effect of common stock equivalents	332	198	315	210
Diluted	42,336	41,966	42,242	38,315
Basic earnings per share	\$ 0.20	\$ 0.12	\$ 0.16	\$ 0.04
Diluted earnings per share	\$ 0.19	\$ 0.12	\$ 0.16	\$ 0.04
Restricted stock units considered anti-dilutive and excluded in the calculation	22	—	22	—

### (10) Stock-Based Compensation

#### Stock-Based Compensation

During the 13 weeks ended August 1, 2015 and August 2, 2014, the Company recognized total stock-based compensation expense of \$480 and \$524, respectively. During the 26 weeks ended August 1, 2015 and August 2, 2014, the Company recognized total stock-based compensation expense of \$1,077 and \$2,258, respectively. Compensation expense related to the Company's stock-based payment awards is recognized in selling, general, and administrative expenses in the consolidated statements of income.

#### Employee Stock Plans

As of August 1, 2015, the number of shares available for awards under the 2013 Performance Incentive Plan (the "2013 Plan") was 1,735,168. As of August 1, 2015, there were 616,933 awards outstanding under the 2013 Plan.

#### Nonvested Stock Unit Awards

During the 13 weeks ended August 1, 2015, the Company issued 23,928 nonvested stock units to independent members of the Board of Directors at a value of \$11.70 per share. These nonvested stock units vest evenly over 12 months on the grant date anniversary.

During the 26 weeks ended August 1, 2015, the Company issued 27,668 nonvested stock units to employees or independent members of the Board of Directors at an average value of \$11.28 per share. The nonvested stock units issued to employees vest evenly over four years on the grant date anniversary. The nonvested stock units issued to independent members of the Board of Directors vest evenly over 12 months on the grant date anniversary.

The following table sets forth the rollforward of outstanding nonvested stock units:

	<u>26 Weeks Ended</u>
	<u>August 1, 2015</u>
Nonvested stock units at January 31, 2015	887,853
Grants	27,668
Forfeitures	2,870
Vested	295,718
Nonvested stock units at August 1, 2015	<u>616,933</u>

## (11) Commitments and Contingencies

### Operating Leases

The Company leases its retail store, office space and warehouse locations under non-cancelable operating leases. Rent expense under these leases totaled \$9,869 and \$9,258 for the 13 weeks ended August 1, 2015 and August 2, 2014, respectively, and \$19,624 and \$18,152 for the 26 weeks ended August 1, 2015 and August 2, 2014, respectively.

### Legal Matters

The Company is involved in various legal matters generally incidental to its business. After discussion with legal counsel, the Company believes that the disposition of these matters will not have a material impact on its consolidated financial condition, liquidity, or results of operations.

On March 12, 2014, the Company was added as a defendant to a pending consolidated action filed in the United States District Court, Western District of Washington, captioned as Lacey Market Place Associates II, LLC, et al. v. United Farmers of Alberta Co-Operative Limited, et al., Case No. 2:13-cv-00383-JLR against United Farmers of Alberta Co-Operative Limited (the seller of Wholesale Sports Outdoor Outfitters (“Wholesale Sports”)), Wholesale Sports, Alamo Group, LLC and Donald F. Gaube and spouse. The amended complaint was filed by the landlords of two stores that the Company did not assume in the Company’s purchase of assets from Wholesale Sports. Such stores were formerly operated by Wholesale Sports in Skagit and Thurston Counties in Washington. The amended complaint alleged breach of lease, breach of collateral assignment, misrepresentation, intentional interference with contract, piercing the corporate veil and violation of Washington’s Fraudulent Transfer Act. The Company was named as a co-defendant with respect to the intentional interference with contract and fraudulent conveyance claims. The amended complaint sought against the Company and all defendants unspecified money damages, declaratory relief and attorneys’ fees and costs. On January 28, 2015, the court in the Lacey Marketplace action granted in part and denied in part the Company’s motion for summary judgment and dismissed the intentional interference claim against the Company, but declined to dismiss the fraudulent transfer claim.

Trial in the Lacey Marketplace action began March 2, 2015 and concluded March 6, 2015. On March 9, 2015, the jury in the trial awarded \$11,887 against the defendants to the action, including the Company. The Company reviewed the decision and accrued \$4,000 in its results for the fiscal year and fourth quarter ended January 31, 2015 related to this matter. The Company strongly disagreed with the jury’s verdict and filed post-trial motions seeking to have the verdict set aside. On July 30, 2015, the court granted the Company’s motion for judgment as a matter of law. The plaintiff has appealed the July 30, 2015 ruling to the appellate court and the appeal is currently in process. Based on the court’s most recent judgment in favor of the Company, the Company determined that the likelihood of loss in this case is not probable, and, as such, the Company reversed the previous accrual of \$4,000 in its results for the 13 weeks and 26 weeks ended August 1, 2015. The reversal of the \$4,000 accrual is recorded in selling, general, and administrative expenses in the accompanying statements of income.

## (12) Subsequent Events

On August 26, 2015, the Company’s wholly owned subsidiary, Sportsman’s Warehouse, Inc., amended its existing \$135,000 Revolving Line of Credit with Wells Fargo. The terms of the new agreement are substantially the same as the old agreement, but include a reduction in the applicable interest rate margin of 0.25%. In connection with the amendment, the Company paid an amendment fee of \$135.

## 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 January 31, 2015. 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 a high-growth 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 a one-stop shopping experience that equips our customers with the right quality, brand name hunting, shooting, fishing and camping gear to maximize their enjoyment of the outdoors.

Our business was founded in 1986 as a single retail store in Midvale, Utah. Today, we operate 62 stores in 19 states, totaling approximately 2.7 million gross square feet. During fiscal year 2015 to date, we have increased our gross square footage by 6.1% through the opening of six stores during the 26 weeks ended August 1, 2015 and one new store subsequent to August 1, 2015, in the following locations:

- Spokane, Washington on March 7, 2015;
- Klamath Falls, Oregon on April 25, 2015;
- Heber City, Utah on May 9, 2015;
- Show Low, Arizona on June 27, 2015;
- Williston, North Dakota on July 11, 2015;
- Fresno, California on July 18, 2015; and
- Albany, Oregon on August 15, 2015.

Individual stores are aggregated into one operating and reportable segment.

### 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 net sales from e-commerce from our calculation of same store sales and for fiscal years consisting of 53 weeks, such as fiscal year 2012, we exclude net sales during the 53<sup>rd</sup> week from our calculation of same store sales.

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:

- 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;
- 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 is also an important part of our growth strategy. Since the beginning of fiscal year 2010, we have opened 27 stores, including the seven new stores we have opened in fiscal year 2015. We expect to open an additional two stores in 2015. For the next several years, we intend to grow our store base at a rate of greater than 10 percent annually. As part of our growth strategy, we also re-acquired 10 stores in fiscal year 2013 that were previously operated under our Sportsman's Warehouse banner.

For our new locations, we measure our investment by reviewing the new store's four-wall Adjusted EBITDA margin and pre-tax return on invested capital ("ROIC"). We target a minimum 10% four-wall Adjusted EBITDA margin and a minimum ROIC of 50% excluding initial inventory costs (or 20% including initial inventory cost) for the first full twelve months of operations for a new store. The 19 new stores that we have opened since 2010 and that have been open for a full twelve months (excluding the 10 acquired stores) have achieved an average four-wall Adjusted EBITDA margin of 14.1% and an average ROIC of 101.4% excluding initial inventory cost (and 35.0% including initial inventory cost) during their first full twelve months of operations. Four-wall Adjusted EBITDA means, for any period, a particular store's Adjusted EBITDA, excluding any allocations of corporate selling, general and administrative expenses allocated to that store. Four-wall Adjusted EBITDA margin means, for any period, a store's four-wall Adjusted EBITDA divided by that store's net sales. For a definition of Adjusted EBITDA and Adjusted EBITDA margin and a reconciliation of net income to Adjusted EBITDA, see "—Non-GAAP Measures." ROIC means a store's four-wall Adjusted EBITDA for a given period divided by our initial cash investment in the store. We calculate ROIC both including and excluding the initial inventory cost.

We also have been scaling our e-commerce platform and increasing sales through our website, [www.sportsmanswarehouse.com](http://www.sportsmanswarehouse.com).

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

- increasing our total gross square footage by opening new stores and improving the utilization of the existing selling square footage of our existing stores through various fixture strategies;
- continuing to increase and improve 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 e-commerce platform.

## 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 clothing and footwear, improving buying opportunities with our vendor partners and coordinating pricing strategies among our stores and our merchandising department. 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 share-based compensation expense and litigation accrual. 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 and in part to additional legal, accounting, insurance and other expenses we expect to incur as a result of being a public company.

## 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 benefit, depreciation and amortization, stock-based compensation expense, pre-opening expenses, expenses related to bonuses paid as a result of the successful completion of our initial public offering, and litigation accrual. 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		Twenty-Six Weeks Ended	
	August 1, 2015	August 2, 2014	August 1, 2015	August 2, 2014
<b>Percentage of net sales:</b>				
Net sales	100.0%	100.0%	100.0%	100.0%
Cost of goods sold	66.5	66.9	68.1	68.2
Gross profit	33.5	33.1	31.9	31.8
Selling, general and administrative expenses	23.8	25.3	26.2	27.6
Income from operations	9.7	7.8	5.7	4.2
Interest expense	2.0	2.6	2.2	3.2
Income before income taxes	7.7	5.2	3.5	1.0
Income tax expense	3.0	2.0	1.4	0.4
Net income	4.7%	3.2%	2.1%	0.6%
Adjusted EBITDA	10.0%	10.0%	7.2%	7.8%

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

Department	Product Offerings	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
		August 1, 2015	August 2, 2014	August 1, 2015	August 2, 2014
Camping	Backpacks, camp essentials, canoes and kayaks, coolers, outdoor cooking equipment, sleeping bags, tents and tools	19.8%	18.6%	16.1%	15.2%
Clothing	Camouflage, jackets, hats, outerwear, sportswear, technical gear and work wear	6.8	7.0	6.9	7.2
Fishing	Bait, electronics, fishing rods, flotation items, fly fishing, lines, lures, reels, tackle and small boats	15.0	15.1	13.2	12.7
Footwear	Hiking boots, socks, sport sandals, technical footwear, trail shoes, casual shoes, waders and work boots	7.0	7.4	6.8	7.0
Hunting and Shooting	Ammunition, archery items, ATV accessories, blinds and tree stands, decoys, firearms, reloading equipment and shooting gear	40.3	40.4	45.8	46.6
Optics, Electronics and Accessories	Gift items, GPS devices, knives, lighting, optics (e.g. binoculars) and two-way radios	8.3	8.5	7.9	8.1
Other		2.8	3.0	3.3	3.2
Total		100.0%	100.0%	100.0%	100.0%

### Thirteen Weeks Ended August 1, 2015 Compared to Thirteen Weeks Ended August 2, 2014

**Net Sales.** Net sales increased by \$13.5 million, or 8.5%, to \$173.0 million in the 13 weeks ended August 1, 2015 compared to \$159.5 million in the corresponding period of fiscal year 2014. Net sales increased due to sales from our new store openings that have been open for less than 12 months and were, therefore, not included in our same store sales. Stores that were opened in fiscal year 2014 contributed \$4.4 million to this increase while new stores opened in fiscal year 2015 contributed \$8.2 million to the increase. In addition, we experienced an increase in same store sales of 0.5% during the second quarter of fiscal year 2015 when compared with the second quarter of the prior year.

Each of our departments recognized an increase in net sales in the second quarter of fiscal year 2015 compared to the second quarter of fiscal year 2014. We experienced strong demand for products in our hunting and shooting, camping, and fishing departments, which were up \$5.4 million, \$4.4 million and \$1.9 million, respectively, during the quarter. We also had modest increases in our optics, electronics and accessories, clothing, and footwear departments of \$0.7 million, \$0.7 million and \$0.3 million, respectively.

With respect to same store sales, during the 13 weeks ended August 1, 2015, the camping department had an increase of 7.2% compared to the corresponding period of fiscal year 2014. This increase was offset by declines in our footwear, optics, electronics and accessories, and clothing departments which experienced same store sales declines of 2.9%, 2.5%, and 1.2%, respectively, when compared to the corresponding period of fiscal year 2014. Our hunting and shooting and fishing departments were relatively flat in the second quarter of fiscal year 2015 compared to the corresponding period of fiscal year 2014. Within the hunting and shooting department, our firearms category experienced an increase in same store sales of 4.0% during the second quarter of fiscal year 2015 when compared to the second quarter of fiscal year 2014. As of August 1, 2015, we had 53 stores included in our same store sales calculation.

Net sales from our e-commerce business increased by \$0.1 million, or 6.7%, to \$1.6 million in the 13 weeks ended August 1, 2015 compared to \$1.5 million in the corresponding period of fiscal year 2014.

**Gross Profit.** Gross profit increased by \$5.2 million, or 9.8%, to \$58.0 million for the 13 weeks ended August 1, 2015 from \$52.8 million for the corresponding period of fiscal year 2014. As a percentage of net sales, gross profit increased by 0.4% to 33.5% for the 13 weeks ended August 1, 2015 from 33.1% in the corresponding period of fiscal year 2014. The increase in gross margin was primarily driven by the strength of the camping department, which typically has higher margin products, as we continue to gain credibility in this area and attract more camping only customers and by increases in the margins of the majority of our categories.

**Selling, General and Administrative Expenses.** Selling, general and administrative expenses increased by \$0.7 million, or 1.8%, to \$41.2 million for the 13 weeks ended August 1, 2015 from \$40.5 million for the corresponding period of fiscal year 2014.



Selling, general and administrative expenses were 23.8% of net sales in the second quarter of fiscal year 2015 and 25.3% of net sales in the corresponding period of fiscal year 2014. In fiscal year 2015, we reversed the \$4.0 million accrual related to the Lacey Marketplace litigation matter because the court granted our motion for judgment as a matter of law. See Note 11 to our condensed financial statements. This amount was accrued at the end of fiscal year 2014. Excluding the litigation accrual reversal, selling, general and administrative expenses increased by \$4.7 million and would be 26.1% of net sales in the second quarter of fiscal year 2015. This increase resulted primarily from an increase in the number of stores in operation over the corresponding period of the prior year. Specifically, we incurred additional payroll, depreciation and amortization, and rent of \$2.1 million, \$0.7 million, and \$0.6 million, respectively. We also incurred additional operating expenses of \$1.1 million related to an increase in professional fees and other fees related to the Lacey Marketplace litigation matter as well as fees incurred as part of the additional stores that opened during the year.

**Interest Expense.** Interest expense decreased by \$0.7 million, or 16.0%, to \$3.4 million in the 13 weeks ended August 1, 2015 from \$4.1 million for the corresponding period of fiscal year 2014. Interest expense decreased primarily as a result of our lower debt balance and lower interest rate on the debt during the second quarter of fiscal year 2015 compared to the second quarter of fiscal year 2014 as a result of the refinance of our term loan in December 2014.

**Income Taxes.** We recorded income tax expense of \$5.1 million for the 13 weeks ended August 1, 2015 compared to income tax expense of \$3.2 million for the corresponding period of fiscal year 2014. Our effective tax rate for the 13 weeks ended August 1, 2015 and August 2, 2014 was 38.5%.

#### **Twenty-Six Weeks Ended August 1, 2015 Compared to Twenty-Six Weeks Ended August 2, 2014**

**Net Sales.** Net sales increased by \$25.6 million, or 8.8%, to \$317.5 million in the 26 weeks ended August 1, 2015 compared to \$291.9 million in the corresponding period of fiscal year 2014. Net sales increased due to sales from our new store openings that have been open for less than 12 months and were, therefore, not included in our same store sales. Stores that were opened in fiscal year 2014 contributed \$15.6 million to this increase while new stores opened in fiscal year 2015 contributed \$10.1 million to the increase. In addition, same store sales were flat during the second quarter of fiscal year 2015 when compared with the second quarter of the prior year.

Each of our departments recognized an increase in net sales in the first half of fiscal year 2015 compared to the corresponding period of fiscal year 2014. We experienced strong demand for products in our hunting and shooting, camping, and fishing departments, which were up \$9.6 million, \$6.7 million and \$5.0 million, respectively, during the first half of fiscal year 2015. We also had modest increases in our optics, electronics and accessories, footwear, and clothing departments of \$1.6 million, \$1.0 million and \$1.0 million, respectively.

With respect to same store sales, during the 26 weeks ended August 1, 2015, the camping and fishing departments had increases of 6.8% and 4.2%, respectively, compared to the corresponding period of fiscal year 2014. These increases were offset by declines in our clothing, hunting and shooting, footwear and optics, electronics and accessories departments of 3.0%, 2.1%, 2.1%, and 2.0%, respectively. As of August 1, 2015, we had 53 stores included in our same store sales calculation.

Net sales from our e-commerce business was flat with the prior year at approximately \$2.9 million for the 26 weeks ended August 1, 2015 and August 2, 2014.

**Gross Profit.** Gross profit increased by \$8.2 million, or 8.8%, to \$101.2 million for the 26 weeks ended August 1, 2015 from \$93.0 million for the corresponding period of fiscal year 2014. As a percentage of net sales, gross profit increased by 0.1% to 31.9% for the 26 weeks ended August 1, 2015 from 31.8% in the corresponding period of fiscal year 2014. The increase in gross margin was primarily driven by the strength of the camping department, which typically has higher margin products, as we continue to gain credibility in this area and attract more camping only customers and by increases in the margins of the majority of our categories.

**Selling, General and Administrative Expenses.** Selling, general and administrative expenses increased by \$2.3 million, or 2.8%, to \$83.1 million for the 26 weeks ended August 1, 2015 from \$80.8 million for the corresponding period of fiscal year 2014. Selling, general and administrative expenses were 26.2% of net sales in the first half of fiscal year 2015 and 27.6% of net sales in the corresponding period of fiscal year 2014. In fiscal year 2014, we paid a one-time discretionary bonus of \$2.2 million in conjunction with the successful completion of our initial public offering. We did not incur this expense in fiscal year 2015. Also, in fiscal year 2015, we reversed the \$4.0 million accrual related to the Lacey Marketplace litigation matter because the court granted our motion for judgment as a matter of law. See Note 11 to our condensed financial statements. This amount was accrued at the end of fiscal year 2014. Excluding the one-time bonus and the litigation accrual reversal, selling, general and administrative expenses increased by \$8.5 million. This increase resulted primarily from an increase in the number of stores in operation over the corresponding period of the prior year. Specifically, we incurred additional payroll, rent, and depreciation and amortization of \$2.5 million, \$1.5 million, and \$1.5 million, respectively. We also incurred additional operating expenses of \$3.1 million related to an increase in professional fees and other fees related to the Lacey Marketplace litigation matter as well as fees incurred as part of the additional stores that opened during the year.

**Interest Expense.** Interest expense decreased by \$2.5 million, or 26.2%, to \$6.9 million in the 26 weeks ended August 1, 2015 from \$9.4 million for the corresponding period of fiscal year 2014. Interest expense decreased primarily as a result of our lower debt balance and lower interest rate on the debt during the first half of fiscal year 2015 compared to the corresponding period of fiscal year 2014 as a result of the refinance on our term loan in December 2014.

**Income Taxes.** We recorded income tax expense of \$4.3 million for the 26 weeks ended August 1, 2015 compared to income tax expense of \$1.1 million for the corresponding period of fiscal year 2014. Our effective tax rate for the 26 weeks ended August 1, 2015 and August 2, 2014 was 38.5%.

### Seasonality

Due to holiday buying patterns and the openings of hunting and fishing season across the country, 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 volume and increased staffing in our stores. We anticipate our net sales will continue to reflect this seasonal pattern.

The timing of our new retail store openings also may have an impact on our quarterly results. First, we incur certain one-time expenses related to opening each new retail store, all of 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 clothing 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 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 26 weeks ended August 1, 2015, we incurred approximately \$19.4 million in capital expenditures. We expect total capital expenditures between \$30.0 million and \$35.0 million for fiscal year 2015. We intend to fund these initiatives with our 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:

	Twenty-Six Weeks Ended	
	August 1, 2015	August 2, 2014
	(in thousands)	
Cash flows used in operating activities	\$ (734)	\$ (18,118)
Cash flows used in investing activities	(19,414)	(19,590)
Cash flows provided by financing activities	18,980	38,006
Cash and cash equivalents at end of period	583	1,652

Net cash used in operating activities was \$0.7 million for the 26 weeks ended August 1, 2015, compared to \$18.1 million for the corresponding period of fiscal year 2014, a decrease of approximately \$17.4 million. Our net cash used in operating activities decreased primarily due to favorable changes in accounts payable, income taxes receivable, and prepaid expenses of \$9.7 million, \$6.8 million, and \$4.5, respectively, and a higher net income of \$5.1 million. These changes were partially offset by unfavorable changes in deferred rent, inventory, and accrued expenses of \$4.9 million, \$3.5 million, and \$2.5 million, respectively.

Net cash used in investing activities was \$19.4 million for the 26 weeks ended August 1, 2015 compared to net cash used in investing activities of \$19.6 million for the corresponding period of fiscal year 2014. Cash used in investing activities remained relatively flat primarily due to the timing of our new store openings. In fiscal year 2015, we have opened seven stores compared to eight stores in the corresponding period of fiscal year 2014.

Net cash provided by financing activities was \$19.0 million for the 26 weeks ended August 1, 2015, compared to \$38.0 million for the corresponding period of fiscal year 2014. The decrease in net cash provided by financing activities was primarily the result of a decrease in net borrowings of \$27.4 million. During fiscal year 2014, we borrowed more on our revolving line of credit in order to take advantage of certain purchase incentives with several of our vendors. These incentives were not in place in fiscal year 2015. During the first half of fiscal year 2014, we completed our initial public offering, and, through this transaction as well as the partial exercise of the over-allotment by our underwriters granted at the time of the initial public offering, we received total net proceeds, after deducting underwriting discounts and commissions and our offering expenses of \$3.3 million, of \$73.4 million. These proceeds were used to partially pay down the amounts outstanding under our term loan.

Our outstanding debt consists of our senior secured revolving line of credit and our senior secured term loan.

**Senior Secured Revolving Credit Facility.** We have a senior secured revolving credit facility with Wells Fargo that provides for borrowings in the aggregate amount of up to \$135.0 million, subject to a borrowing base calculation. As of August 1, 2015, \$64.0 million was available for borrowing and \$48.4 million was outstanding under the revolving credit facility. The revolving credit facility matures on December 3, 2019.

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

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 0.75% to 1.25% per year for base rate loans and from 1.75% to 2.25% per year for LIBOR loans. The weighted average interest rate on the amount outstanding under the revolving credit facility as of August 1, 2015 was 1.97%.

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 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 1.75% until such amounts are paid in full.

We may be required to make mandatory prepayments under the revolving credit facility 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.

The revolving credit facility 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. The revolving credit facility also requires us to maintain a minimum availability at all times of not less than 10% of the gross borrowing base, and in any event, not less than \$5.0 million. The revolving credit facility also contains customary events of default. As of August 1, 2015, we were in compliance with all covenants under the revolving credit facility.

On August 26, 2015, our wholly owned subsidiary, Sportsman's Warehouse, Inc., amended its existing \$135.0 million revolving credit facility with Wells Fargo. The terms of the new agreement are substantially the same as the old agreement, but include a reduction in the applicable interest rate margin of 0.25%. In connection with the amendment, we paid an amendment fee of \$0.1 million.

**Senior Secured Term Loan.** We have a \$160.0 million senior secured term loan facility with a financial institution. The term loan was issued at a price of 99% of the aggregate principal amount and has a maturity date of December 3, 2020. The term loan requires quarterly principal payments of \$0.4 million payable on the last business day of each fiscal quarter continuing up to and including October 30, 2020. A final installment payment consisting of the remaining unpaid balance is due on December 3, 2020. As of August 1, 2015, there was \$158.8 million outstanding under the term loan.

All of Sportsman's Warehouse, Inc.'s obligations under the term loan are guaranteed by Holdings, Minnesota Merchandising Corporation, a wholly owned subsidiary of Holdings, and each of Sportsman's Warehouse, Inc.'s subsidiaries.

The term loan is secured by a lien on substantially all of the tangible and intangible assets of Sportsman's Warehouse, Inc. The lien securing the obligations under the term loan is a first priority lien as to certain non-liquid assets, including equipment, intellectual property, proceeds of assets sales and other personal property.

Sportsman's Warehouse, Inc. may be required to make mandatory prepayments on the term loan in the event of, among other things, certain asset sales, the receipt of payment in respect of certain insurance claims or upon the issuance or incurrence of certain indebtedness. Sportsman's Warehouse, Inc. may also be required to make mandatory prepayments based on any excess cash flows as defined in the term loan agreement.

The term loan bears interest at a rate per annum equal to the one-, two-, three-, or six-month LIBOR (or, the nine- or 12-month LIBOR), as defined in the term loan agreement, at our election, which cannot be less than 1.25%, plus an applicable margin of 6.00%.

The term loan contains customary affirmative and negative covenants, including covenants that limit our ability to incur, create or assume certain indebtedness, to incur or assume certain liens, to purchase, hold or acquire certain investments, to declare or make certain dividends and distributions and to engage in certain mergers, consolidations and asset sales. The term loan also requires us to comply with specified financial covenants, including a minimum interest coverage ratio and a maximum total net leverage ratio. The term loan also contains customary events of default. As of August 1, 2015, we were in compliance with all covenants under the term loan.

### **Critical Accounting Policies**

Our financial statements are prepared in accordance with generally accepted accounting principles in the United States, or 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 January 31, 2015.

### **Off Balance Sheet Arrangements**

We are not party to any off balance sheet arrangements.

### **Contractual Obligations**

In the normal course of business, we enter into various contractual obligations that may require future cash payments for long-term debt, operating lease obligations, letters of credit or other purchase obligations. As a result of the regularly scheduled principal and interest payments made on May 1, 2015 and July 31, 2015, the total payments to be made with respect to our long-term debt obligations was reduced from \$226.2 million as of January 31, 2015 to \$219.5 million as of August 1, 2015. All other changes to our contractual obligations during the 26 weeks ended August 1, 2015 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 benefit, depreciation and amortization, stock-based compensation expense, pre-opening expenses, expenses related to bonuses paid as a result of the successful completion of our initial public offering, and litigation accrual. 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.

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 weeks and 26 weeks ended August 1, 2015 and August 2, 2014.

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	August 1,	August 2,	August 1,	August 2,
	2015	2014	2015	2014
	(dollars in thousands)			
Net income	\$ 8,200	\$ 5,063	\$ 6,840	\$ 1,695
Interest expense	3,448	4,107	6,908	9,365
Income tax expense	5,138	3,173	4,286	1,062
Depreciation and amortization	2,909	2,218	5,531	4,070
Stock-based compensation expense (1)	480	524	1,077	2,258
Pre-opening expenses (2)	1,164	904	2,091	2,129
IPO bonus (3)	—	—	—	2,200
Litigation Accrual (4)	(4,000)	—	(4,000)	—
Adjusted EBITDA	<u>\$ 17,339</u>	<u>\$ 15,989</u>	<u>\$ 22,733</u>	<u>\$ 22,779</u>
Adjusted EBITDA margin	10.0%	10.0%	7.2%	7.8%

- (1) Stock-based compensation expense represents non-cash expenses related to equity instruments granted to employees under our 2013 Performance Incentive 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) As a result of the completion of our initial public offering and pursuant to the terms of the employment agreements with our executive officers, we paid \$2.2 million in bonuses to our executive officers.
- (4) On March 9, 2015, a jury awarded \$11.9 million against the defendants in the litigation discussed in Note 11 to our condensed consolidated financial statements. We reviewed the decision and accrued \$4.0 million in our results for the fiscal year and fourth quarter ended January 31, 2015 related to this matter. We strongly disagreed with the jury's verdict and filed post-trial motions seeking to have the verdict set aside. On July 30, 2015, the court granted our motion for judgment as a matter of law. The plaintiff has appealed the July 30, 2015 ruling to the appellate court and the appeal is currently in process. Based on the court's most recent judgment in our favor, we determined that the likelihood of loss in this case is not probable, and, as such, we reversed the previous accrual of \$4.0 million in our results for the 13 weeks and 26 weeks ended August 1, 2015. The reversal of the \$4.0 million accrual is recorded in selling, general, and administrative expenses in the accompanying statements of income.

#### Recent Accounting Pronouncements

For a description of recent accounting pronouncements, see Note 2 to our condensed consolidated financial statements. Under the Jumpstart Our Business Startup Act, "emerging growth companies" ("EGCs") can delay adopting new or revised accounting standards until such time as those standards apply to private companies. We have irrevocably elected not to avail ourselves of this exemption from new or revised accounting standards, and, therefore, we will be subject to the same new or revised accounting standards as other public companies that are not EGCs.

### **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 August 1, 2015, the weighted average interest rate on our borrowings under our revolving credit facility was 1.97%. Based on a sensitivity analysis at August 1, 2015, 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 increase our annual interest expense by approximately \$0.5 million. As long as LIBOR is less than 1.25%, the interest rates on our \$160.0 million term loan will be fixed at 7.25%. Since we entered into the term loan facility on December 3, 2014, LIBOR has not exceeded 1.25%. 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 effective as of August 1, 2015 to ensure that information required to be disclosed in the reports we file or submit under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. 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 August 1, 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

**ITEM 1. LEGAL PROCEEDINGS**

Trial in the Lacey Marketplace action began March 2, 2015 and concluded March 6, 2015. On March 9, 2015, the jury in the trial awarded \$11.9 million against the defendants to the action, including us. We reviewed the decision and accrued \$4.0 million in our results for the fiscal year and fourth quarter ended January 31, 2015 related to this matter. We strongly disagreed with the jury's verdict and filed post-trial motions seeking to have the verdict set aside. On July 30, 2015, the court granted our motion for judgment as a matter of law. The plaintiff has appealed the July 30, 2015 ruling to the appellate court and the appeal is currently in process. Based on the court's most recent judgment in our favor, we determined that the likelihood of loss in this case is not probable, and, as such, we reversed the previous accrual of \$4.0 million in our results for the 13 weeks and 26 weeks ended August 1, 2015. The reversal of the \$4.0 million accrual is recorded in selling, general, and administrative expenses in the accompanying statements of income.

We are also 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 outcome of these matters individually or in the aggregate will have a material adverse effect on our business, results of operations or financial condition.

**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 Annual Report on Form 10-K for the fiscal year ended January 31, 2015.

**ITEM 5. OTHER INFORMATION**

On August 26, 2015, our wholly owned subsidiary, Sportsman's Warehouse, Inc., amended its existing \$135.0 million revolving credit facility with Wells Fargo. The terms of the new agreement are substantially the same as the old agreement, but include a reduction in the applicable interest rate margin of 0.25%. In connection with the amendment, we paid an amendment fee of \$0.1 million.

**ITEM 6. EXHIBITS**

<b>Exhibit Number</b>	<b>Description</b>
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 3.2 to the Company's Quarterly Report on Form 10-Q filed on June 11, 2014).
10.1*	Sportsman's Warehouse Holdings, Inc. Employee Stock Purchase Plan
10.2*	Sixth Amendment to Credit Agreement, effective as of August 26, 2015, by and among Wells Fargo Bank, National Association (as successor by merger to Wells Fargo Retail Finance, LLC), as Lender, and Sportsman's Warehouse, Inc., as Borrower.
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*	XBRL Instance 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.

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\* 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: August 28, 2015

By:   /s/ John V. Schaefer    
***John V. Schaefer***  
*President and Chief Executive Officer*  
*(Principal Executive Officer)*

Date: August 28, 2015

By:   /s/ Kevan P. Talbot    
***Kevan P. Talbot***  
*Chief Financial Officer and Secretary*  
*(Principal Financial and Accounting Officer)*

**SPORTSMAN'S WAREHOUSE HOLDINGS, INC.  
EMPLOYEE STOCK PURCHASE PLAN**

**1. PURPOSE**

The purpose of this Plan is to assist Eligible Employees in acquiring a stock ownership interest in the Corporation, at a favorable price and upon favorable terms, pursuant to a plan which is intended to qualify as an "employee stock purchase plan" under Section 423 of the Code. This Plan is also intended to encourage Eligible Employees to remain in the employ of the Corporation or a Participating Subsidiary and to provide them with an additional incentive to advance the best interests of the Corporation.

**2. DEFINITIONS**

Capitalized terms used herein which are not otherwise defined shall have the following meanings.

"**Account**" means the bookkeeping account maintained by the Corporation, or by a recordkeeper on behalf of the Corporation, for a Participant pursuant to Section 7(a).

"**Board**" means the Board of Directors of the Corporation.

"**Code**" means the U.S. Internal Revenue Code of 1986, as amended from time to time.

"**Commission**" means the U.S. Securities and Exchange Commission.

"**Committee**" means the committee appointed by the Board to administer this Plan pursuant to Section 12.

"**Common Stock**" means the common stock, par value \$0.01 per share, of the Corporation, and such other securities or property as may become the subject of Options pursuant to an adjustment made under Section 17.

"**Compensation**" means an Eligible Employee's regular earnings and shall not include any overtime pay, sick pay, shift differential, shift premium, vacation pay, cash incentive compensation, commissions or cash bonuses. Compensation also includes any amounts contributed as salary reduction contributions to a plan qualifying under Section 401(k), 125 or 129 of the Code. Any other form of remuneration is excluded from Compensation, including (but not limited to) the following: prizes, awards, relocation or housing allowances, stock option exercises, stock appreciation right payments, the vesting or grant of restricted stock, the payment of stock units, performance awards, auto allowances, tuition reimbursement, perquisites, non-cash compensation and other forms of imputed income. Notwithstanding the foregoing, Compensation shall not include any amounts deferred under or paid from any nonqualified deferred compensation plan maintained by the Corporation or any Subsidiary. The Committee may revise the inclusions and exclusions from earnings taken into account for purposes of this Plan before the applicable Offering Period.

"**Contributions**" means the bookkeeping amounts credited to the Account of a Participant pursuant to this Plan, equal in amount to the amount of Compensation that the Participant has elected to contribute for the purchase of Common Stock under and in accordance with this Plan.

"**Corporation**" means Sportsman's Warehouse Holdings, Inc., a Delaware corporation, and its successors.

"**Effective Date**" means the date on which this Plan is initially approved by the stockholders of the Corporation.

"**Eligible Employee**" means any employee of the Corporation, or of any Subsidiary which has been designated in writing by the Committee as a "Participating Subsidiary." Notwithstanding the foregoing, "Eligible Employee" shall not (unless otherwise provided by the Committee in advance of the applicable Offering Period) include any employee:

- (a) whose customary employment is for five (5) months or less in a calendar year; or
  - (b) whose customary employment is for twenty (20) hours or less per week.
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“**Exchange Act**” means the U.S. Securities Exchange Act of 1934, as amended from time to time.

“**Fair Market Value**” on any date means:

- (a) if the Common Stock is listed or admitted to trade on a national securities exchange, the closing price of a share of Common Stock on such date on the principal national securities exchange on which the Common Stock is so listed or admitted to trade, or, if there is no trading of the Common Stock on such date, then the closing price of a share of Common Stock on such exchange on the next preceding date on which there was trading in the shares of Common Stock; or
- (b) in the absence of exchange data required to determine Fair Market Value pursuant to the foregoing, the value as established by the Committee as of the relevant time for purposes of this Plan.

“**Grant Date**” means, with respect to an Offering Period, the first day of that Offering Period.

“**Individual Limit**” has the meaning given to such term in Section 4(b).

“**New Purchase Date**” has the meaning given to such term in Section 18.

“**Offering Period**” means the six (6) consecutive month period commencing on each Grant Date; provided, however, that the Committee may declare, as it deems appropriate and in advance of the applicable Offering Period, a shorter (not to be less than three months) Offering Period or a longer (not to exceed 27 months) Offering Period. Unless otherwise established by the Committee prior to the start of an Offering Period, the duration of each Offering Period shall be as provided in Section 5.

“**Option**” means the stock option to acquire shares of Common Stock granted to a Participant pursuant to Section 8 and which shall be subject to the terms and conditions of this Plan.

“**Option Price**” means the per share exercise price of an Option as determined in accordance with Section 8(b).

“**Parent**” means any corporation (other than the Corporation) in an unbroken chain of corporations ending with the Corporation in which each corporation (other than the Corporation) owns stock possessing 50% or more of the total combined voting power of all classes of stock in one or more of the other corporations in the chain.

“**Participant**” means an Eligible Employee who has elected to participate in this Plan and who has filed a valid and effective Subscription Agreement to make Contributions pursuant to Section 6.

“**Participating Subsidiary**” shall have the meaning given to such term in Section 19(c).

“**Plan**” means this Sportsman’s Warehouse Holdings, Inc. Employee Stock Purchase Plan, as it may be amended or restated from time to time.

“**Purchase Date**” means, with respect to an Offering Period, the last day of that Offering Period.

“**Subscription Agreement**” means the written agreement (including a written agreement in electronic form) filed by an Eligible Employee with the Corporation pursuant to Section 6 to participate in this Plan.

“**Subsidiary**” means any corporation (other than the Corporation) in an unbroken chain of corporations (beginning with the Corporation) in which each corporation (other than the last corporation) owns stock possessing 50% or more of the total combined voting power of all classes of stock in one or more of the other corporations in the chain.

### 3. ELIGIBILITY

Any person employed as an Eligible Employee as of the beginning of any given Offering Period shall be eligible to participate in such Offering Period, subject to the Eligible Employee satisfying the requirements of Section 6.

### 4. STOCK SUBJECT TO THIS PLAN; SHARE LIMITATIONS

- (a) *Aggregate Share Limit.* Subject to the provisions of Section 17, the capital stock that may be delivered under this Plan will be shares of the Corporation’s authorized but unissued Common Stock. The maximum number of shares
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of Common Stock that may be delivered pursuant to Options granted under this Plan is 800,000 shares, subject to adjustments pursuant to Section 17.

- (b) *Individual Share Limit.* The maximum number of shares of Common Stock that any one individual may acquire upon exercise of his or her Option with respect to any one Offering Period will be determined by the Committee, subject to adjustments pursuant to Section 17 (the “**Individual Limit**”). The Committee may amend the Individual Limit as it applies to any particular Offering Period, effective no earlier than the first day of such Offering Period without stockholder approval.
- (c) *Shares Not Actually Delivered.* Shares that are subject to or underlie Options, which for any reason are cancelled or terminated, are forfeited, fail to vest, or for any other reason are not paid or delivered under this Plan shall again, except to the extent prohibited by law, be available for subsequent Options under this Plan.

## 5. OFFERING PERIODS

During the term of this Plan, the Corporation will grant Options to purchase shares of Common Stock in each Offering Period to all Participants in that Offering Period. The Grant Date and Purchase Date of the initial Offering Period after the Effective Date will be established by the Committee in advance of the Offering Period. Unless otherwise specified in advance by the Committee, each Offering Period thereafter will be of approximately six (6) months duration, with the first such Offering Period commencing immediately after the Purchase Date of the initial Offering Period. Each Option shall become effective on the Grant Date of the Offering Period with respect to which the Option is granted. The term of each Option shall be the duration of the related Offering Period and shall end on the Purchase Date of that Offering Period. Offering Periods shall continue until this Plan is terminated in accordance with Section 18 or 19, or, if earlier, until no shares of Common Stock remain available for Options pursuant to Section 4.

## 6. PARTICIPATION

- (a) *Enrollment.* An Eligible Employee may become a Participant in this Plan by completing a Subscription Agreement on a form approved by and in a manner prescribed by the Committee (or its delegate). To become effective, a Subscription Agreement must be signed by the Eligible Employee and be filed with the Corporation at the time specified by the Committee, but in all cases prior to the start of the Offering Period with respect to which it is to become effective, and must set forth a whole percentage (or, if the Committee so provides, a stated amount) of the Eligible Employee’s Compensation to be credited to the Participant’s Account as Contributions each pay period.
- (b) *Contribution Limits.* Notwithstanding the foregoing, a Participant may not elect to contribute less than one percent (1%) nor more than fifteen percent (15%) (or such other limit as the Committee may establish prior to the start of the applicable Offering Period) of his or her Compensation during any one pay period as Plan Contributions. The Committee also may prescribe other limits, rules or procedures for Contributions. In the event the Committee permits Participants to make direct payments of Contributions, the Committee may establish a minimum amount for such direct payments prior to the start of the applicable Offering Period.
- (c) *Content and Duration of Subscription Agreements.* Subscription Agreements shall contain the Eligible Employee’s authorization and consent to the Corporation’s withholding from his or her Compensation the amount of his or her Contributions (or, if the Committee permits Participants to make direct payments of Contributions, the Eligible Employee’s agreement to make such contributions). An Eligible Employee’s Subscription Agreement, and his or her participation election and withholding consent thereon, shall remain valid for all Offering Periods until (1) the Eligible Employee’s participation terminates pursuant to the terms hereof, (2) the Eligible Employee files a new Subscription Agreement that becomes effective, or (3) the Committee requires that a new Subscription Agreement be executed and filed with the Corporation.

## 7. METHOD OF PAYMENT OF CONTRIBUTIONS

- (a) *Participation Accounts.* The Corporation shall maintain on its books, or cause to be maintained by a recordkeeper, an Account in the name of each Participant. The percentage of Compensation elected to be applied as Contributions by a Participant shall be deducted from such Participant’s Compensation on each payday during the period for payroll deductions set forth below and such payroll deductions shall be credited to that Participant’s Account as soon as administratively practicable after such date. A Participant may not make any additional payments to his or her Account unless the Committee permits Participants to make direct payments of Contributions prior to the start of the applicable Offering Period. A Participant’s Account shall be reduced by any amounts used to pay the Option Price of shares acquired, or by any other amounts distributed pursuant to the terms hereof.
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- (b) *Payroll Deductions.* Subject to such other rules as the Committee may adopt, payroll deductions with respect to an Offering Period shall commence on the first pay day which coincides with or immediately follows the applicable Grant Date and shall end on the last pay day which coincides with or immediately precedes the applicable Purchase Date, unless sooner terminated by the Participant as provided in Section 7(d) or until his or her participation terminates pursuant to Section 11.
- (c) *Changes in Contribution Elections for Next Offering Period.* A Participant may discontinue, increase, or decrease the level of his or her Contributions (within the Plan limits) by completing and filing with the Corporation, on such terms as the Committee (or its delegate) may prescribe, a new Subscription Agreement which indicates such election. Subject to any other timing requirements that the Committee may impose, an election pursuant to this Section 7(c) shall be effective with the first Offering Period that commences after the Corporation's receipt of such election. Except as contemplated by Section 7(d) and 7(e), changes in Contribution levels may not take effect during an Offering Period. Other modifications or suspensions of Subscription Agreements are not permitted.
- (d) *Withdrawal During an Offering Period.* A Participant may terminate his or her Contributions during an Offering Period (and receive a distribution of the balance of his or her Account in accordance with Section 11) by completing and filing with the Corporation, in such form and on such terms as the Committee (or its delegate) may prescribe, a written withdrawal form which shall be signed by the Participant. Such termination shall be effective as soon as administratively practicable after its receipt by the Corporation. A withdrawal election pursuant to this Section 7(d) shall only be effective for a particular Offering Period, however, if it is received by the Corporation prior to the Purchase Date of that Offering Period (or such earlier deadline that the Committee may reasonably require to process the withdrawal prior to the applicable Purchase Date). Partial withdrawals of Accounts are not permitted.
- (e) *Discontinuance of Contributions During an Offering Period.* A Participant may discontinue his or her Contributions at any time during an Offering Period by completing and filing with the Corporation, on such terms as the Committee (or its delegate) may prescribe, a new Subscription Agreement which indicates such election. If a Participant elects to discontinue his or her Contributions pursuant to this Section 7(e), the Contributions previously credited to the Participant's Account for that Offering Period shall be used to exercise the Participant's Option as of the applicable Purchase Date in accordance with Section 9 (unless the Participant makes a timely withdrawal election in accordance with Section 7(d), in which case such Participant's Account shall be paid to him or her in cash in accordance with Section 11(a)).
- (f) *Leaves of Absence.* During leaves of absence approved by the Corporation or a Participating Subsidiary and meeting the requirements of Regulation Section 1.421-1(h)(2) under the Code, a Participant may continue participation in this Plan by cash payments to the Corporation on his or her normal paydays equal to the reduction in his Plan Contributions caused by his or her leave.

## 8. GRANT OF OPTION

- (a) *Grant Date; Number of Shares.* On each Grant Date, each Eligible Employee who is a Participant during that Offering Period shall automatically be granted an Option to purchase a number of shares of Common Stock. The Option shall be exercised on the Purchase Date for that Offering Period. The number of shares of Common Stock to be purchased upon exercise of the Option on the Purchase Date shall be determined by dividing the Participant's Account balance as of that Purchase Date by the Option Price, subject to the limits of Section 8(c).
  - (b) *Option Price.* The Option Price per share of the shares subject to an Option for an Offering Period shall be the lesser of: (i) 85% of the Fair Market Value of a Share on the Grant Date of the Offering Period; or (ii) 85% of the Fair Market Value of a Share on the Purchase Date of that Offering Period; provided, however, that the Committee may provide prior to the start of any Offering Period that the Option Price for that Offering Period shall be determined by applying a discount amount (not to exceed 15%) to either (1) the Fair Market Value of a share of Common Stock on the Grant Date of the Offering Period, or (2) the Fair Market Value of a share of Common Stock on the Purchase Date of that Offering Period, or (3) the lesser of the Fair Market Value of a share of Common Stock on the Grant Date of the Offering Period or the Fair Market Value of a share of Common Stock on the Purchase Date of that Offering Period. Notwithstanding anything to the contrary in the preceding provisions of this Section 8(b), in no event shall the Option Price per share be less than the par value of a share of Common Stock.
  - (c) *Limits on Share Purchases.* Notwithstanding anything else contained herein, the maximum number of shares subject to an Option for an Offering Period shall be subject to the Individual Limit in effect on the Grant Date of that Offering Period (subject to adjustment pursuant to Section 17) and any person who is otherwise an Eligible
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Employee shall not be granted any Option (or any Option granted shall be subject to compliance with the following limitations) or other right to purchase shares under this Plan to the extent:

- (1) it would, if exercised, cause the person to own stock (within the meaning of Section 423(b)(3) of the Code) possessing 5% or more of the total combined voting power or value of all classes of stock of the Corporation, or of any Parent, or of any Subsidiary; or
- (2) such Option causes such individual to have rights to purchase stock under this Plan and any other plan of the Corporation, any Parent, or any Subsidiary which is qualified under Section 423 of the Code which accrue at a rate which exceeds \$25,000 of the fair market value of the stock of the Corporation, of any Parent, or of any Subsidiary (determined at the time the right to purchase such stock is granted, before giving effect to any discounted purchase price under any such plan) for each calendar year in which such right is outstanding at any time.

For purposes of the foregoing, a right to purchase stock accrues when it first become exercisable during the calendar year. In determining whether the stock ownership of an Eligible Employee equals or exceeds the 5% limit set forth above, the rules of Section 424(d) of the Code (relating to attribution of stock ownership) shall apply, and stock which the Eligible Employee may purchase under outstanding options shall be treated as stock owned by the Eligible Employee.

## 9. EXERCISE OF OPTION

- (a) *Purchase of Shares.* Unless a Participant withdraws pursuant to Section 7(d) or the Participant's Plan participation is terminated as provided in Section 11, his or her Option for the purchase of shares shall be exercised automatically on the Purchase Date for that Offering Period, without any further action on the Participant's part, and the maximum number of whole shares of Common Stock subject to such Option (subject to the limits of Section 8(c)) shall be purchased at the Option Price with the balance of such Participant's Account.
- (b) *Account Balance Remaining After Purchase.* If any amount which is not sufficient to purchase a whole share remains in a Participant's Account after the exercise of his or her Option on the Purchase Date: (1) such amount shall be credited to such Participant's Account for the next Offering Period, if he or she is then a Participant; or (2) if such Participant is not a Participant in the next Offering Period, or if the Committee so elects, such amount shall be refunded to such Participant as soon as administratively practicable after such date. If the share limit of Section 4(a) is reached, any amount that remains in a Participant's Account after the exercise of his or her Option on the Purchase Date to purchase the number of shares that he or she is allocated shall be refunded to the Participant as soon as administratively practicable after such date. If any amount which exceeds the limits of Section 8(c) remains in a Participant's Account after the exercise of his or her Option on the Purchase Date, such amount shall be refunded to the Participant as soon as administratively practicable after such date. The Participant's Account shall be reduced on a dollar-for-dollar basis by any amount used to purchase shares hereunder or any amount refunded to the Participant.

## 10. DELIVERY OF SHARES

As soon as administratively practicable after the Purchase Date, the Corporation shall, in its discretion, either deliver to each Participant a certificate representing the shares of Common Stock purchased upon exercise of his or her Option, provide for the crediting of such shares in book entry form in the name of the Participant, or provide for an alternative arrangement for the delivery of such shares to a broker or recordkeeping service for the benefit of the Participant. In the event the Corporation is required to obtain from any commission or agency authority to issue any such certificate or otherwise deliver such shares, the Corporation will seek to obtain such authority. If the Corporation is unable to obtain from any such commission or agency authority which counsel for the Corporation deems necessary for the lawful issuance of any such certificate or other delivery of such shares, or if for any other reason the Corporation cannot issue or deliver shares of Common Stock and satisfy Section 21, the Corporation shall be relieved from liability to any Participant except that the Corporation shall return to each Participant to whom such shares cannot be issued or delivered the amount of the balance credited to his or her Account that would have otherwise been used for the purchase of such shares.

## 11. TERMINATION OF EMPLOYMENT; CHANGE IN ELIGIBLE STATUS

- (a) *General.* Except as provided in Section 11(b) below, if a Participant ceases to be an Eligible Employee for any reason (including, without limitation, due to the Participant's death, disability, resignation or retirement, or due to a layoff or other termination of employment with or without cause), or if the Participant elects to withdraw from the Plan pursuant to Section 7(d), at any time prior to the last day of an Offering Period in which he or she participates, such Participant's Account shall be paid to him or her (or, in the event of the Participant's death, to the person or
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persons entitled thereto under Section 13) in cash, and such Participant's Option and participation in the Plan shall automatically terminate as of the time that the Participant ceased to be an Eligible Employee.

- (b) *Change in Eligible Status; Leave.* If a Participant (1) ceases to be an Eligible Employee during an Offering Period but remains an employee of the Corporation or a Subsidiary through the Purchase Date for that Offering Period (for example, and without limitation, due to a change in the Participant's employer from the Corporation or a Participating Subsidiary to a non-Participating Subsidiary, if the Participant's employer ceases to maintain the Plan as a Participating Subsidiary but otherwise continues as a Subsidiary, or if the Participant's customary level of employment no longer satisfies the requirements set forth in the definition of Eligible Employee), or (2) during an Offering Period commences a sick leave, military leave, or other leave of absence approved by the Corporation or a Participating Subsidiary, and the leave meets the requirements of Treasury Regulation Section 1.421-1(h)(2) and the Participant is an employee of the Corporation or a Subsidiary or on such leave as of the applicable Purchase Date, such Participant's Contributions shall cease (subject to Section 7(d) and Section 7(f)), and the Contributions previously credited to the Participant's Account for that Offering Period shall be used to exercise the Participant's Option as of the applicable Purchase Date in accordance with Section 9 (unless the Participant makes a timely withdrawal election in accordance with Section 7(d), in which case such Participant's Account shall be paid to him or her in cash in accordance with Section 11(a)).
- (c) *Re-Enrollment.* A Participant's termination from Plan participation precludes the Participant from again participating in this Plan during that Offering Period. However, such termination shall not have any effect upon his or her ability to participate in any succeeding Offering Period, provided that the applicable eligibility and participation requirements are again then met. A Participant's termination from Plan participation shall be deemed to be a revocation of that Participant's Subscription Agreement and such Participant must file a new Subscription Agreement to resume Plan participation in any succeeding Offering Period.
- (d) *Change in Subsidiary Status.* For purposes of this Plan, if a Subsidiary ceases to be a Subsidiary, each person employed by that Subsidiary will be deemed to have terminated employment for purposes of this Plan, unless the person continues as an employee of the Corporation or another Subsidiary.

## 12. ADMINISTRATION

- (a) *The Committee.* The Board shall appoint the Committee, which shall be composed of not less than two members of the Board. The Board may, at any time, increase or decrease the number of members of the Committee, may remove from membership on the Committee all or any portion of its members, and may appoint such person or persons as it desires to fill any vacancy existing on the Committee, whether caused by removal, resignation, or otherwise. The Board may also, at any time, assume the administration of all or a part of this Plan, in which case references (or relevant references in the event the Board assumes the administration of only certain aspects of this Plan) to the "Committee" shall be deemed to be references to the Board. Action of the Committee with respect to this Plan shall be taken pursuant to a majority vote or by the unanimous written consent of its members. No member of the Committee shall be entitled to act on or decide any matter relating solely to himself or herself or solely to any of his or her rights or benefits under this Plan.
  - (b) *Powers and Duties of the Committee.* Subject to the express provisions of this Plan, the Committee shall supervise and administer this Plan and shall have the full authority and discretion: (1) to construe and interpret this Plan and any agreements defining the rights and obligations of the Corporation, any Subsidiary, and Participants under this Plan; (2) to further define the terms used in this Plan; (3) to prescribe, amend and rescind rules and regulations relating to the administration of this Plan (including, without limitation, deadlines for making elections or for providing any notices contemplated by this Plan, which deadlines may be more restrictive than any deadlines otherwise contemplated by this Plan); and (4) to make all other determinations and take such other action as contemplated by this Plan or as may be necessary or advisable for the administration of this Plan or the effectuation of its purposes. Notwithstanding anything else contained in this Plan to the contrary, the Committee may also adopt rules, procedures, separate offerings or sub-plans applicable to particular Subsidiaries or locations, which sub-plans may be designed to be outside the scope of Section 423 of the Code and need not comply with the otherwise applicable provisions of this Plan. Without limiting the generality of the foregoing, the Committee (or its delegate) may provide forms and procedures for elections contemplated by this Plan, and may provide for any such elections to be in electronic format.
  - (c) *Decisions of the Committee are Binding.* Any action taken by, or inaction of, the Corporation, any Subsidiary, the Board or the Committee relating or pursuant to this Plan and within its authority hereunder or under applicable law shall be within the absolute discretion of that entity or body and shall be conclusive and binding upon all persons.
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- (d) *Indemnification.* Neither the Board nor any Committee, nor any member thereof or person acting at the direction thereof, shall be liable for any act, omission, interpretation, construction or determination made in good faith in connection with this Plan, and all such persons shall be entitled to indemnification and reimbursement by the Corporation in respect of any claim, loss, damage or expense (including, without limitation, attorneys' fees) arising or resulting therefrom to the fullest extent permitted by law and/or under any directors and officers liability insurance coverage that may be in effect from time to time.
- (e) *Reliance on Experts.* In making any determination or in taking or not taking any action under this Plan, the Committee or the Board, as the case may be, may obtain and may rely upon the advice of experts, including professional advisors to the Corporation. No director, officer or agent of the Corporation or any Participating Subsidiary shall be liable for any such action or determination taken or made or omitted in good faith.
- (f) *Delegation.* The Committee may delegate ministerial, non-discretionary functions to individuals who are officers or employees of the Corporation or a Subsidiary.

### **13. DESIGNATION OF BENEFICIARY**

If the Committee permits beneficiary designations with respect to this Plan, then each Participant may file, on a form and in a manner prescribed by the Committee (or its delegate), a written designation of a beneficiary who is to receive any shares or cash from or with respect to such Participant's Account under this Plan in the event of such Participant's death. If a Participant is married and the designated beneficiary is not solely his or her spouse, spousal consent shall be required for such designation to be effective unless it is established (to the satisfaction of the Committee or its delegate) that there is no spouse or that the spouse cannot be located. The Committee may rely on the last designation of a beneficiary filed by a Participant in accordance with this Plan. Beneficiary designations may be changed by the Participant (and his or her spouse, if required) at any time on forms provided and in the manner prescribed by the Committee (or its delegate).

If a Participant dies with no validly designated beneficiary under this Plan who is living at the time of such Participant's death (or in the event the Committee does not permit beneficiary designations under this Plan), the Corporation shall deliver all shares and/or cash payable pursuant to the terms hereof to the executor or administrator of the estate of the Participant, or if no such executor or administrator has been appointed, the Corporation, in its discretion, may deliver such shares and/or cash to the spouse or to any one or more dependents or relatives of the Participant, or if no spouse, dependent or relative is known to the Corporation, then to such other person as the Corporation may designate.

If a Participant's death occurs before the end of an Offering Period or subsequent to the end of an Offering Period but prior to the delivery to him or her or for his or her benefit of any shares deliverable under the terms of this Plan, and the Corporation has notice of the Participant's death, then any shares purchased for that Offering Period and any remaining balance of such Participant's Account shall be paid to such beneficiary (or such other person entitled to such payment pursuant to this Section 13). If the Committee permits beneficiary designations with respect to this Plan, any such designation shall have no effect with respect to shares purchased and actually delivered (or credited, as the case may be) to or for the benefit of the Participant.

### **14. TRANSFERABILITY**

Neither Contributions credited to a Participant's Account nor any Options or rights with respect to the exercise of Options or right to receive shares under this Plan may be anticipated, alienated, encumbered, assigned, transferred, pledged or otherwise disposed of in any way (other than by will, the laws of descent and distribution, or as provided in Section 13) by the Participant. Any such attempt at anticipation, alienation, encumbrance, assignment, transfer, pledge or other disposition shall be without effect and all amounts shall be paid and all shares shall be delivered in accordance with the provisions of this Plan. Amounts payable or shares deliverable pursuant to this Plan shall be paid or delivered only to (or credited in the name of, as the case may be) the Participant or, in the event of the Participant's death, the Participant's beneficiary pursuant to Section 13.

### **15. USE OF FUNDS; INTEREST**

All Contributions received or held by the Corporation under this Plan will be included in the general assets of the Corporation and may be used for any corporate purpose. Notwithstanding anything else contained herein to the contrary, no interest will be paid to any Participant or credited to his or her Account under this Plan (in respect of Account balances, refunds of Account balances, or otherwise). Amounts payable under this Plan shall be payable in shares of Common Stock or from the general assets of the Corporation and, except for any shares that may be reserved on the books of the Corporation for issuance with respect to this Plan, no special or separate reserve, fund or deposit shall be made to assure payment of amounts that may be due with respect to this Plan.

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## 16. REPORTS

Statements shall be provided (either electronically or in written form, as the Committee may provide from time to time) to Participants as soon as administratively practicable following each Purchase Date. Each Participant's statement shall set forth, as of such Purchase Date, that Participant's Account balance immediately prior to the exercise of his or her Option, the Option Price, the number of whole shares purchased and his or her remaining Account balance, if any.

## 17. ADJUSTMENTS OF AND CHANGES IN THE STOCK

Upon or in contemplation of any reclassification, recapitalization, stock split (including a stock split in the form of a stock dividend), or reverse stock split; any merger, combination, consolidation, or other reorganization; split-up, spin-off, or any similar extraordinary dividend distribution in respect of the Common Stock (whether in the form of securities or property); any exchange of Common Stock or other securities of the Corporation, or any similar, unusual or extraordinary corporate transaction in respect of the Common Stock; or a sale of substantially all the assets of the Corporation as an entirety occurs; then the Committee shall equitably and proportionately adjust (1) the number and type of shares or the number and type of other securities that thereafter may be made the subject of Options (including the specific maxima and numbers of shares set forth elsewhere in this Plan), (2) the number, amount and type of shares (or other securities or property) subject to any or all outstanding Options, (3) the Option Price of any or all outstanding Options, and/or (4) the securities, cash or other property deliverable upon exercise of any outstanding Options, in each case to the extent necessary to preserve (but not increase) the level of incentives intended by this Plan and the then-outstanding Options.

Upon the occurrence of any event described in the preceding paragraph, or any other event in which the Corporation does not survive (or does not survive as a public company in respect of its Common Stock); then the Committee may make provision for a cash payment or for the substitution or exchange of any or all outstanding Options for cash, securities or property to be delivered to the holders of any or all outstanding Options based upon the distribution or consideration payable to holders of the Common Stock upon or in respect of such event.

The Committee may adopt such valuation methodologies for outstanding Options as it deems reasonable in the event of a cash or property settlement and, without limitation on other methodologies, may base such settlement solely upon the excess (if any) of the amount payable upon or in respect of such event over the Option Price of the Option.

In any of such events, the Committee may take such action sufficiently prior to such event to the extent that the Committee deems the action necessary to permit the Participant to realize the benefits intended to be conveyed with respect to the underlying shares in the same manner as is or will be available to stockholders generally.

## 18. POSSIBLE EARLY TERMINATION OF PLAN AND OPTIONS

Upon a dissolution or liquidation of the Corporation, or any other event described in Section 17 that the Corporation does not survive or does not survive as a publicly-traded company in respect of its Common Stock, as the case may be, and the Committee does not make provision for a cash payment or for the substitution or exchange of outstanding Options in accordance with Section 17, then any Offering Period then in progress shall be shortened and a new Purchase Date shall be established by the Committee (the "**New Purchase Date**"), as of which date the Plan and any Offering Period then in progress will terminate. The New Purchase Date shall be on or before the date of the consummation of the transaction and the Committee shall notify each Participant in writing at least ten (10) days prior to the New Purchase Date that the Purchase Date for his or her outstanding Option has been changed to the New Purchase Date and that his or her Option will be exercised automatically on the New Purchase Date, unless prior to such date he or she has withdrawn from the Offering Period in accordance with Section 7(d). The Option Price on the New Purchase Date shall be determined as provided in Section 8(b), and, if applicable, the New Purchase Date shall be treated as the "Purchase Date" for purposes of determining such Option Price.

## 19. TERM OF PLAN; AMENDMENT OR TERMINATION

- (a) *Effective Date; Termination.* Subject to Section 19(b), this Plan shall become effective as of the Effective Date. No new Offering Periods shall commence on or after the tenth (10<sup>th</sup>) anniversary of the Effective Date, and this Plan shall terminate as of the Purchase Date on or immediately following such date unless sooner terminated pursuant to Section 18 or this Section 19. In the event that during a particular Offering Period all of the shares of Common Stock made available under this Plan are subscribed prior to the expiration of this Plan, this Plan and all outstanding Options hereunder shall terminate at the end of that Offering Period and the shares available shall be allocated for purchase by Participants in that Offering Period on a pro-rata basis determined with respect to Participants' Account balances.
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- (b) *Board Amendment Authority.* The Board may, at any time, terminate or, from time to time, amend, modify or suspend this Plan, in whole or in part and without notice. Stockholder approval for any amendment or modification shall not be required, except to the extent required by law or applicable stock exchange rules, or required under Section 423 of the Code in order to preserve the intended tax consequences of this Plan. No Options may be granted during any suspension of this Plan or after the termination of this Plan, but the Committee will retain jurisdiction as to Options then outstanding in accordance with the terms of this Plan. No amendment, modification, or termination pursuant to this Section 19(b) shall, without written consent of the Participant, affect in any manner materially adverse to the Participant any rights or benefits of such Participant or obligations of the Corporation under any Option granted under this Plan prior to the effective date of such change. Changes contemplated by Section 17 or Section 18 shall not be deemed to constitute changes or amendments requiring Participant consent.
- (c) *Certain Additional Committee Authority.* Notwithstanding the amendment provisions of Section 19(b) and without limiting the Board's authority thereunder and without limiting the Committee's authority pursuant to any other provision of this Plan, the Committee shall have the right (1) to designate from time to time the Subsidiaries whose employees may be eligible to participate in this Plan (including, without limitation, any Subsidiary that may first become such after the date stockholders first approve this Plan) (each a "**Participating Subsidiary**"), and (2) to change the service and other qualification requirements set forth under the definition of Eligible Employee in Section 2 (subject to the requirements of Section 423(b) of the Code and applicable rules and regulations thereunder). Any such change shall not take effect earlier than the first Offering Period that starts on or after the effective date of such change. Any such change shall not require stockholder approval.

## 20. NOTICES

All notices or other communications by a Participant to the Corporation contemplated by this Plan shall be deemed to have been duly given when received in the form and manner specified by the Committee (or its delegate) at the location, or by the person, designated by the Committee (or its delegate) for that purpose.

## 21. CONDITIONS UPON ISSUANCE OF SHARES

This Plan, the granting of Options under this Plan and the offer, issuance and delivery of shares of Common Stock are subject to compliance with all applicable federal and state laws, rules and regulations (including but not limited to state and federal securities laws) and to such approvals by any listing, regulatory or governmental authority as may, in the opinion of counsel for the Corporation, be necessary or advisable in connection therewith. The person acquiring any securities under this Plan will, if requested by the Corporation and as a condition precedent to the exercise of his or her Option, provide such assurances and representations to the Corporation as the Committee may deem necessary or desirable to assure compliance with all applicable legal requirements.

## 22. PLAN CONSTRUCTION

- (a) *Section 16.* It is the intent of the Corporation that transactions involving Options under this Plan (other than "Discretionary Transactions" as that term is defined in Rule 16b-3(b)(1) promulgated by the Commission under Section 16 of the Exchange Act, to the extent there are any Discretionary Transactions under this Plan), in the case of Participants who are or may be subject to the prohibitions of Section 16 of the Exchange Act, satisfy the requirements for exemption under Rule 16b-3(c) promulgated by the Commission under Section 16 of the Exchange Act to the maximum extent possible. Notwithstanding the foregoing, the Corporation shall have no liability to any Participant for Section 16 consequences of Options or other events with respect to this Plan.
- (b) *Section 423.* Except as the Committee may expressly provide in the case of one or more sub-plans adopted pursuant to Section 12(b), this Plan and Options are intended to qualify under Section 423 of the Code. Accordingly, all Participants are to have the same rights and privileges (within the meaning of Section 423(b)(5) of the Code and except as not required thereunder to qualify this Plan under Section 423) under this Plan, subject to differences in Compensation among Participants and subject to the Contribution and share limits of this Plan.
- (c) *Interpretation.* If any provision of this Plan or of any Option would otherwise frustrate or conflict with the intents expressed above, that provision to the extent possible shall be interpreted so as to avoid such conflict. If the conflict remains irreconcilable, the Committee may disregard the provision if it concludes that to do so furthers the interest of the Corporation and is consistent with the purposes of this Plan as to such persons in the circumstances.
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## 23. EMPLOYEES' RIGHTS

- (a) *No Employment Rights.* Nothing in this Plan (or in any Subscription Agreement or other document related to this Plan) will confer upon any Eligible Employee or Participant any right to continue in the employ or other service of the Corporation or any Subsidiary, constitute any contract or agreement of employment or other service or effect an employee's status as an employee at will, nor shall interfere in any way with the right of the Corporation or any Subsidiary to change such person's compensation or other benefits or to terminate his or her employment or other service, with or without cause. Nothing contained in this Section 23(a), however, is intended to adversely affect any express independent right of any such person under a separate employment or service contract other than a Subscription Agreement.
- (b) *No Rights to Assets of the Company.* No Participant or other person will have any right, title or interest in any fund or in any specific asset (including shares of Common Stock) of the Corporation or any Subsidiary by reason of any Option hereunder. Neither the provisions of this Plan (or of any Subscription Agreement or other document related to this Plan), nor the creation or adoption of this Plan, nor any action taken pursuant to the provisions of this Plan will create, or be construed to create, a trust of any kind or a fiduciary relationship between the Corporation or any Subsidiary and any Participant, beneficiary or other person. To the extent that a Participant, beneficiary or other person acquires a right to receive payment pursuant to this Plan, such right will be no greater than the right of any unsecured general creditor of the Corporation.
- (c) *No Stockholder Rights.* A Participant will not be entitled to any privilege of stock ownership as to any shares of Common Stock not actually delivered to and held of record by the Participant. Except as provided in Section 17 or as otherwise expressly provided by the Committee, no adjustment will be made for dividends or other rights as a stockholder for which a record date is prior to such date of delivery.

## 24. MISCELLANEOUS

- (a) *Governing Law.* This Plan, the Options, Subscription Agreements and other documents related to this Plan shall be governed by, and construed in accordance with, the laws of the State of Delaware, notwithstanding any Delaware or other conflict of law provision to the contrary.
  - (b) *Severability.* If any provision shall be held by a court of competent jurisdiction to be invalid and unenforceable, the remaining provisions of this Plan shall continue in effect.
  - (c) *Captions and Headings.* Captions and headings are given to the sections of this Plan solely as a convenience to facilitate reference. Such captions and headings shall not be deemed in any way material or relevant to the construction of interpretation of this Plan or any provision hereof.
  - (d) *No Effect on Other Plans or Corporate Authority.* The existence of this Plan, the Subscription Agreements and the Options granted hereunder shall not limit, affect or restrict in any way the right or power of the Corporation or any Subsidiary (or any of their respective shareholders, boards of directors or committees thereof, as the case may be) to make or authorize: (a) any adjustment, recapitalization, reorganization or other change in the capital structure or business of the Corporation or any Subsidiary, (b) any merger, amalgamation, consolidation or change in the ownership of the Corporation or any Subsidiary, (c) any issue of bonds, debentures, capital, preferred or prior preference stock ahead of or affecting the capital stock (or the rights thereof) of the Corporation or any Subsidiary, (d) any dissolution or liquidation of the Corporation or any Subsidiary, (e) any sale or transfer of all or any part of the assets or business of the Corporation or any Subsidiary, or (f) any other award, grant, or payment of incentives or other compensation under any other plan or authority (or any other action with respect to any benefit, incentive or compensation), or (g) any other corporate act or proceeding by the Corporation or any Subsidiary. No Participant, beneficiary or any other person shall have any claim under this Plan or any Subscription Agreement against any member of the Board or the Committee, or the Corporation or any employees, officers or agents of the Corporation or any Subsidiary, as a result of any such action.
  - (e) *Other Benefit Plans.* Benefits received by a Participant under this Plan (or any Options under this Plan, as the case may be) shall not be deemed a part of a Participant's compensation for purposes of the determination of benefits under any other employee welfare or benefit plans or arrangements, if any, provided by the Corporation or any Subsidiary, except where the Committee expressly otherwise provides or authorizes in writing.
  - (f) *Clawback Policy.* The Options granted under this Plan are subject to the terms of the Corporation's recoupment, clawback or similar policy as it may be in effect from time to time, as well as any similar provisions of applicable
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law, any of which could in certain circumstances require repayment or forfeiture of Options or any shares of Common Stock or other cash or property received with respect to the Options (including any value received from a disposition of the shares acquired under this Plan).

**25. TAX WITHHOLDING**

Notwithstanding anything else contained in this Plan herein to the contrary, the Corporation may deduct from a Participant's Account balance as of a Purchase Date, before the exercise of the Participant's Option is given effect on such date, the amount of taxes (if any) which the Corporation reasonably determines it or any Subsidiary may be required to withhold with respect to such exercise. In such event, the maximum number of whole shares subject to such Option (subject to the other limits set forth in this Plan) shall be purchased at the Option Price with the balance of the Participant's Account (after reduction for the tax withholding amount).

Should the Corporation for any reason be unable, or elect not to, satisfy its or any Subsidiary's tax withholding obligations in the manner described in the preceding paragraph with respect to a Participant's exercise of an Option, or should the Corporation or any Subsidiary reasonably determine that it or an affiliated entity has a tax withholding obligation with respect to a disposition of shares acquired pursuant to the exercise of an Option prior to satisfaction of the holding period requirements of Section 423 of the Code, the Corporation or Subsidiary, as the case may be, shall have the right at its option to (1) require the Participant to pay or provide for payment of the amount of any taxes which the Corporation or Subsidiary reasonably determines that it or any affiliate is required to withhold with respect to such event or (2) deduct from any amount otherwise payable to or for the account of the Participant the amount of any taxes which the Corporation or Subsidiary reasonably determines that it or any affiliate is required to withhold with respect to such event.

**26. NOTICE OF SALE**

Any person who has acquired shares under this Plan shall give prompt written notice to the Corporation of any sale or other transfer of the shares if such sale or transfer occurs (1) within the two-year period after the Grant Date of the Offering Period with respect to which such shares were acquired, or (2) within the twelve-month period after the Purchase Date of the Offering Period with respect to which such shares were acquired.

**IN WITNESS WHEREOF**, the Corporation has caused its duly authorized officer to execute this Plan on this 24<sup>th</sup> day of June, 2015.

SPORTSMAN'S WAREHOUSE HOLDINGS, INC.

By: Kevan P. Talbot

Its: Chief Financial Officer

**JOINDER AND SIXTH AMENDMENT TO CREDIT AGREEMENT**

This Joinder and Sixth Amendment to Credit Agreement (this "Amendment") is made as of August 26, 2015, by and among:

SPORTSMAN'S WAREHOUSE, INC., a Utah corporation (the "Lead Borrower");

the Persons named on Schedule I hereto (together with the Lead Borrower, individually, an "Existing Borrower", and collectively, the "Existing Borrowers");

SPORTSMAN'S WAREHOUSE DEVELOPMENT II, LLC, a Delaware limited liability company (the "New Borrower", and together with the Existing Borrowers, individually, a "Borrower", and collectively, the "Borrowers");

the Persons named on Schedule II hereto (individually, a "Guarantor", and collectively, the "Guarantors", and together with the Borrowers, individually, a "Loan Party", and collectively the "Loan Parties");

the LENDERS party hereto; and

WELLS FARGO BANK, NATIONAL ASSOCIATION (as successor by merger to Wells Fargo Retail Finance, LLC), as Administrative Agent, Collateral Agent, and Swing Line Lender;

in consideration of the mutual covenants herein contained and benefits to be derived herefrom.

**WITNESSETH:**

WHEREAS, reference is made to that certain Credit Agreement, dated as of May 28, 2010 (as amended, restated, supplemented or otherwise modified and in effect from time to time, the "Credit Agreement"), by and among the Loan Parties (other than the New Guarantor), the Lenders party thereto from time to time, and Wells Fargo Bank, National Association (as successor by merger to Wells Fargo Retail Finance, LLC), as Administrative Agent, Collateral Agent and Swing Line Lender;

WHEREAS, the Loan Parties have advised the Administrative Agent and the Lenders that on June 19, 2015, the Loan Parties formed the New Borrower for the primary purpose of developing real estate. The New Borrower is a Delaware limited liability company wholly owned by the Lead Borrower. It is a requirement pursuant to Section 6.12 of the Credit Agreement, that the New Borrower become a party to, and be bound by the terms of, the Credit Agreement and the other Loan Documents;

WHEREAS, pursuant to the terms of the Credit Agreement, in order for the New Borrower to become party to the Credit Agreement and the other Loan Documents as provided herein, the New Borrower and the Existing Borrowers and Existing Guarantors are required to execute this Amendment; and

WHEREAS, the parties hereto have agreed to amend certain provisions of the Credit Agreement as set forth herein.

NOW, THEREFORE, in consideration of the premises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. Defined Terms. Capitalized terms used in this Amendment shall have the respective meanings assigned to such terms in Credit Agreement unless otherwise defined herein.
2. Joinder and Assumption of Obligations. Effective as of the date of this Amendment, the New Borrower hereby acknowledges that the New Borrower has received and reviewed a copy of the Credit Agreement, the Security Agreement and the other Loan Documents, and hereby:
  - (a) joins in the execution of, and becomes a party to, the Credit Agreement, the Security Agreement and the other Loan Documents as a Borrower (and, in the case of the Security Agreement, a Pledgor) thereunder, as indicated with its signature below;

- (b) covenants and agrees to be bound by all covenants, agreements, liabilities and acknowledgments of a Borrower under the Credit Agreement, the Security Agreement and the other Loan Documents as of the date hereof, in each case, with the same force and effect as if the New Borrower was a signatory to the Credit Agreement, the Security Agreement and the other Loan Documents and was expressly named as a Borrower therein;
- (c) makes all representations, warranties, and other statements of a Borrower under the Credit Agreement, the Security Agreement and the other Loan Documents, as of the date hereof, in each case, with the same force and effect as if the New Borrower was a signatory to the Credit Agreement, the Security Agreement and the other Loan Documents and was expressly named as a Borrower therein; and
- (d) assumes and agrees to perform all applicable duties and Obligations of the Existing Borrowers under the Credit Agreement, the Security Agreement and the other Loan Documents.

3. Grant of Security Interest. Without limiting the generality of Section 1(a) hereof, the New Borrower hereby pledges and grants to the Collateral Agent for its benefit and for the benefit of the Credit Parties, as collateral security for the payment and performance in full of all the Secured Obligations (as defined in the Security Agreement), a lien on and security interest in and to all of the right, title and interest of the New Borrower in, to and under all Collateral (as defined in the Security Agreement), and expressly assumes all obligations and liabilities of a Borrower and “Pledgor” under the Security Agreement. The New Borrower hereby authorizes the Administrative Agent to file financing statements describing the Collateral (as defined in the Security Agreement) as “all assets of the debtor, wherever located, whether now owned or hereafter acquired or arising,” or words of similar import.

4. Supplemental Schedules. To the extent that any changes in any representations, warranties, and covenants require any amendments to the schedules to the Credit Agreement, the Security Agreement and or any of the other Loan Documents, such schedules are hereby updated, as evidenced by any supplemental schedules (if any) annexed to this Amendment (it being understood and agreed that any representations made in any Loan Document “as of the Closing Date”, “as of the Fifth Amendment Effective Date” or any similar reference shall be deemed made, with respect to the New Borrower only, as of the date of this Amendment).

5. Amendments to Credit Agreement.

(a) The provisions of Article I of the Credit Agreement are hereby amended as follows:

(i) By amending the definition of “Applicable Margin” as follows:

(A) By deleting the pricing grid in its entirety therefrom and substituting in its stead the following new pricing grid:

<b>Level</b>	<b>Average Daily Availability</b>	<b>LIBOR Margin</b>	<b>Base Rate Margin</b>
I	Greater than or equal to 50% of the Loan Cap	1.50%	0.50%
II	Greater than or equal to 25% of the Loan Cap but less than 50% of the Loan Cap	1.75%	0.75%
III	Less than 25% of the Loan Cap	2.00%	1.00%

(B) By adding the following new sentence at the end of such definition:

Notwithstanding anything to the contrary, for the period commencing on August 5, 2015 and ending on the day immediately preceding the next subsequent Adjustment Date, the Applicable Margin shall be set at the percentages set forth in Level I of the pricing grid set forth herein.

- (ii) By deleting the definition of “Fee Letter” in its entirety therefrom and substituting in its stead the following new definition:

“Fee Letter” means, collectively, (i) the letter agreement, dated May 28, 2010, among the Lead Borrower and the Administrative Agent, (ii) the letter agreement, dated October 27, 2011, by and among the Borrowers and the Administrative Agent, (iii) the Third Amendment Fee Letter, (iv) the Fifth Amendment Fee Letter, and (v) the Sixth Amendment Fee Letter.
- (iii) By deleting the definition of “Early Termination Fee” therefrom in its entirety.
- (iv) By adding the following new definitions thereto in appropriate alphabetical order:

“Sixth Amendment Fee Letter” means the letter agreement, dated as of the Sixth Amendment Effective Date, by and among the Borrowers and the Administrative Agent.

“Sixth Amendment Effective Date” means August 26, 2015.

(b) The provisions of Article II of the Credit Agreement are hereby amended as follows:

- (i) By amending Section 2.06 thereof by deleting the phrase “Early Termination Fees,” from clause (c) thereof.
- (ii) By amending Section 2.09 thereof by deleting clause (b) thereof in its entirety and substituting in its stead the following new clause (b):
  - (b) Reserved.

(c) The provisions of Section 6.17 of the Credit Agreement are hereby amended by adding the following new clause (g) at the end thereof:

(g) Without limiting the other provisions of this Agreement or the other Loan Documents (including, without limitation, any other provision of this Section 6.17 or Section 6.20 hereof), in the event that any Real Property owned by any Loan Party constitutes a Material Real Property (as defined in the Security Agreement) on or after the Sixth Amendment Effective Date, the Loan Parties shall promptly (but in no event later than fifteen (15) days following such constituting a Material Real Property) deliver to the Collateral Agent a duly executed Mortgage together with all other items required pursuant to Section 6.20 with respect to such Real Estate.

(d) The provisions of Section 8.03 of the Credit Agreement are hereby amended by deleting the phrase “but excluding any Early Termination Fees” in its entirety from clause Fifth thereof.

6. Ratification of Loan Documents. Except as otherwise expressly provided herein, all terms and conditions of the Credit Agreement, the Security Agreement, the Facility Guaranty and the other Loan Documents remain in full force and effect. The Loan Parties hereby ratify, confirm, and reaffirm that all representations and warranties of the Loan Parties (including, without limitation, the New Borrower) contained in the Credit Agreement, the Security Agreement and each other Loan Document are true and correct in all material respects on and as of the date hereof, except to the extent that (x) such representations and warranties specifically refer to an earlier date, in which case they are true and correct in all material respects on and as of such earlier date, or (y) such representations and warranties are subject to “materiality” or “Material Adverse Effect” or similar language, in which case they are true and correct in all respects. The Guarantors hereby acknowledge, confirm and agree that the Guaranteed Obligations of the Guarantors under, and as defined in, the Facility Guaranty include, without limitation, all Obligations of the Loan Parties at any time and from time to time outstanding under the Credit Agreement and the other Loan Documents, as such Obligations have been amended pursuant to this Amendment. The Loan Parties hereby acknowledge, confirm and agree that the Security Documents and any and all Collateral previously pledged to the Collateral Agent, for the benefit of the Credit Parties, pursuant thereto, shall continue to secure all applicable Obligations of the Loan Parties at any time and from time to time outstanding under the Credit Agreement and the other Loan Documents.

7. Conditions to Effectiveness. This Amendment shall not be effective until each of the following conditions precedent has been fulfilled to the reasonable satisfaction of the Administrative Agent:
- (a) The Administrative Agent shall have received counterparts of this Amendment duly executed and delivered by each of the parties hereto.
  - (b) All action on the part of the Loan Parties (including, without limitation, the New Borrower) necessary for the valid execution, delivery and performance by the Loan Parties of this Amendment and the documents, instruments and agreements to be executed in connection herewith shall have been duly and effectively taken and evidence thereof reasonably satisfactory to the Administrative Agent shall have been provided to the Administrative Agent.
  - (c) The Loan Parties shall have paid in full all reasonable costs and expenses of the Agents (including, without limitation, reasonable attorneys' fees) in connection with the preparation, negotiation, execution and delivery of this Amendment and related documents.
  - (d) No Default or Event of Default shall have occurred and be continuing.
  - (e) No "Default" or "Event of Default" (each as defined in the Term Credit Agreement) shall have occurred and be continuing or would result from the entering into of this Amendment or the performance by the Loan Parties of their obligations hereunder.
  - (f) The Administrative Agent shall have received, in form and substance reasonably satisfactory to the Administrative Agent, an opinion of Reed Smith LLP, which shall cover such matters with respect to Sportsman's Warehouse Development II, LLC as the Administrative Agent may reasonably request.
  - (g) The New Borrower (and each other Loan Party, to the extent requested by the Administrative Agent) shall each have delivered the following to the Administrative Agent, in form and substance reasonably satisfactory to the Administrative Agent:
    - (i) Certificate of Legal Existence and Good Standing, if applicable, issued by the Secretary of the State of its incorporation or organization.
    - (ii) A certificate of an authorized officer of the due adoption, continued effectiveness, and setting forth the text, of each corporate resolution adopted in connection with the assumption of obligations under the Credit Agreement, the Security Agreement and the other Loan Documents, and attesting to the true signatures of each Person authorized as a signatory to any of the Loan Documents, together with true and accurate copies of all Organization Documents.
  - (h) The Administrative Agent shall have received an acknowledgment in respect of the Intercreditor Agreement, in form and substance reasonably satisfactory to the Administrative Agent and duly executed by the Loan Parties and Term Agent.
  - (i) Subject to Section 8 below, the Collateral Agent shall have received all documents and instruments, including UCC financing statements and Blocked Account Agreements, required by Law or reasonably requested by the Administrative Agent or the Collateral Agent to create or perfect the Lien intended to be created under the Security Agreement and all such documents and instruments shall have been so filed, registered or recorded to the satisfaction of the Administrative Agent.
  - (j) All reasonable fees and Credit Party Expenses incurred by the Agents and the other Credit Parties in connection with the preparation and negotiation of this Amendment and related documents (including the reasonable fees and expenses of counsel to the Agents) shall have been paid in full by the Loan Parties.
  - (k) The Administrative Agent shall have received such additional documents, instruments, and agreements as any Agent may reasonably request in connection with the transactions contemplated hereby.
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8. Post-Sixth Amendment Effective Date Covenant. Within ninety (90) days after the Sixth Amendment Effective Date, the Loan Parties shall deliver to the Collateral Agent such Blocked Account Agreements and Securities Account Control Agreements, or amendments thereto, as may be reasonably required by the Collateral Agent, in each case in form and substance reasonably satisfactory to the Collateral Agent and duly executed by the parties thereto. The Loan Parties acknowledge and agree that the failure to comply with any of the covenants set forth in this Section 8 shall constitute an immediate Event of Default pursuant to Section 8.01(b) of the Credit Agreement.
9. Representations and Warranties. To induce the Credit Parties to enter into this Agreement, each Loan Party represents and warrants to the Administrative Agent and the other Credit Parties that:
- (a) The execution, delivery and performance by each Loan Party of this Amendment and the performance of each Loan Party's obligations hereunder have been duly authorized by all necessary corporate or other organizational action, do not and shall not: (i) contravene the terms of any of such Person's Organization Documents; (ii) conflict with or result in any breach, termination, or contravention of, or constitute a default under, or require any payment to be made under (x) any Material Contract or any Material Indebtedness to which such Person is a party or affecting such Person or the properties of such Person or any of its Subsidiaries, or (y) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Person or its property is subject; (iii) result in or require the creation of any Lien upon any asset of any Loan Party (other than Liens in favor of the Collateral Agent under the Security Documents); or (iv) violate any Law.
  - (b) This Amendment has been duly executed and delivered by each Loan Party. This Amendment constitutes a legal, valid and binding obligation of each Loan Party, enforceable against each Loan Party in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.
  - (c) After giving effect to the transactions contemplated by this Amendment and the Term Documents, the Loan Parties, on a Consolidated basis, are and will be Solvent. No transfer of property has been or will be made by any Loan Party and no obligation has been or will be incurred by any Loan Party in connection with the transactions contemplated by this Amendment or the other Loan Documents with the intent to hinder, delay, or defraud either present or future creditors of any Loan Party.
  - (d) There has been no event or circumstance since February 1, 2014 that has had or could be reasonably expected to have, either individually or in the aggregate, a Material Adverse Effect.
  - (e) No consents, licenses or approvals are required in connection with the execution, delivery and performance by any Loan Party, and the validity against such Loan Party, of this Amendment or any other Loan Document to which it is a party.
  - (f) No Default or Event of Default has occurred and is continuing.
  - (g) No "Default" or "Event of Default" (each as defined in the Term Credit Agreement) has occurred and is continuing or would result from the execution of this Amendment or the performance by the Loan Parties of their obligations hereunder.
10. Miscellaneous.
- (a) Each of the Loan Parties hereby acknowledges and agrees that it has no offsets, defenses, claims, or counterclaims against the Agents, the other Credit Parties, or their respective parents, affiliates, predecessors, successors, or assigns, or their officers, directors, employees, attorneys, or representatives, with respect to the Obligations, and that if any of the Loan Parties now has, or ever did have, any offsets, defenses, claims, or counterclaims against such Persons, whether known or unknown, at law or in equity, from the beginning of the world through this date and through the time of execution of this Amendment, all of them are hereby expressly WAIVED, and each of the Loan Parties hereby RELEASES such Persons from any liability therefor.

- (b) This Amendment may be executed in several counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page to this Amendment by telecopy or other electronic transmission shall be effective as delivery of a manually executed counterpart of this Amendment.
- (c) This Amendment and the other Loan Documents constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. No prior negotiations or discussions shall limit, modify, or otherwise affect the provisions hereof.
- (d) If any provision of this Amendment is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Amendment shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.
- (e) The Loan Parties represent and warrant that they have consulted with independent legal counsel of their selection in connection with this Amendment and are not relying on any representations or warranties of the Agents or the other Credit Parties or their respective counsel in entering into this Amendment.
- (f) This Amendment shall be governed by, and construed in accordance with, the laws of the State of New York.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties have hereunto caused this Amendment to be executed and their seals to be hereto affixed as of the date first above written.

SPORTSMAN'S WAREHOUSE, INC., a Utah corporation, as  
Lead Borrower and as a Borrower

By: /s/ Kevan Talbot  
Name: Kevan Talbot  
Title: Chief Financial Officer

SPORTSMAN'S WAREHOUSE SOUTHWEST, INC., a  
California corporation, as a Borrower

By: /s/ Kevan Talbot  
Name: Kevan Talbot  
Title: Chief Financial Officer

MINNESOTA MERCHANDISING CORP., a Minnesota  
corporation, as a Borrower

By: /s/ Kevan Talbot  
Name: Kevan Talbot  
Title: Chief Financial Officer

PACIFIC FLYWAY WHOLESale, LLC, a Delaware limited  
liability company, as a Borrower

By: Sportsman's Warehouse, Inc., its Sole Member  
By: /s/ Kevan Talbot  
Name: Kevan Talbot  
Title: Chief Financial Officer

SPORTSMAN'S WAREHOUSE DEVELOPMENT I, LLC, a  
Delaware limited liability company, as a Borrower

By: Sportsman's Warehouse, Inc., its Sole Member  
By: /s/ Kevan Talbot  
Name: Kevan Talbot  
Title: Chief Financial Officer

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SPORTSMAN'S WAREHOUSE DEVELOPMENT II, LLC, a Delaware limited liability company, as a Borrower and as the New Borrower

By: Sportsman's Warehouse, Inc., its Sole Member

By: /s/ Kevan Talbot

Name: Kevan Talbot

Title: Chief Financial Officer

SPORTSMAN'S WAREHOUSE HOLDINGS, INC., a Delaware corporation, as a Guarantor

By: /s/ Kevan Talbot

Name: Kevan Talbot

Title: Chief Financial Officer

WELLS FARGO BANK, NATIONAL ASSOCIATION (as successor by merger to Wells Fargo Retail Finance, LLC), as Administrative Agent, Collateral Agent, Lender and Swing Line Lender

By: /s/ Peter A. Foley

Name: Peter A. Foley

Title: Duly Authorized Signatory

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

I, John V. Schaefer, 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)) 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. 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
  - c. 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: August 28, 2015

*/s/ John V. Schaefer*

**John V. Schaefer**  
*President and Chief Executive Officer*

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

I, Kevan P. Talbot, 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)) 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. 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
  - c. 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: August 28, 2015

/s/ Kevan P. Talbot  
**Kevan P. Talbot**  
*Chief Financial Officer and Secretary*

**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 August 1, 2015, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), John V. Schaefer, as President and Chief Executive Officer of the Registrant, and Kevan P. Talbot, 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: August 28, 2015

/s/ John V. Schaefer

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**John V. Schaefer**  
*President and Chief Executive Officer*

Date: August 28, 2015

/s/ Kevan P. Talbot

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**Kevan P. Talbot**  
*Chief Financial Officer and Secretary*