UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended October 28, 2023

OR

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

For the transition period from_______to_______

Commission File Number: 001-36401

SPORTSMAN'S WAREHOUSE HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

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

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

Securities registered pursuant to Section 12(b) of the Act:

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

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

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

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

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

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

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

The number of shares of the registrant's common stock, $0.01 par value per share, outstanding as of December 1, 2023 was 37,412,194.

SPORTSMAN'S WAREHOUSE HOLDINGS, INC.

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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 third fiscal quarters ended October 28, 2023 and October 29, 2022 both consisted of 13 weeks and are referred to herein as the third quarter of fiscal year 2023 and the third quarter of fiscal year 2022, respectively. Fiscal year 2023 contains 53 weeks of operations and will end on February 3, 2024. Fiscal year 2022 contained 52 weeks of operations and ended on January 28, 2023.

References throughout this document to "Sportsman's Warehouse," "we," "us," and "our" refer to Sportsman's Warehouse Holdings, Inc. and its subsidiaries, and references to "Holdings" refer to Sportsman's Warehouse Holdings, Inc. excluding its subsidiaries. References to (i) "fiscal year 2023" refer to our fiscal year ending February 3, 2024; (ii) "fiscal year 2022" refer to our fiscal year ended January 28, 2023; and (iii) "fiscal year 2021" refer to our fiscal year ended January 29, 2022.

SPECIAL NOTE 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," "could," "due," "estimate," "expect," "goal," "intend," "likely," "may," "objective," "plan," "positioned," "potential," "predict," "should," "target," "will," "would" and other words and terms of similar meaning in connection with any discussion of the timing or nature of future operating or financial performance or other events or trends. For example, all statements we make relating to our plans and objectives for future operations, growth or initiatives and strategies are forward-looking statements.

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

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

- *current and future government regulations, in particular regulations relating to the sale of firearms and ammunition, which may impact the supply and demand for our products and our ability to conduct our business;*
- *our retail-based business model which is impacted by general economic and market conditions and economic, market and financial uncertainties that may cause a decline in consumer spending;*
- *our concentration of stores in the Western United States which makes us susceptible to adverse conditions in this region, and could affect our sales and cause our operating results to suffer;*
- *the highly fragmented and competitive industry in which we operate and the potential for increased competition;*
- *changes in consumer demands, including regional preferences, which we may not be able to identify and respond to in a timely manner;*
- *our entrance into new markets or operations in existing markets, including our plans to open additional stores in future periods, which may not be successful;*
- *our implementation of a plan to reduce expenses in response to adverse macroeconomic conditions, including an increased focus on financial discipline and rigor throughout our organization; and*
- *the impact of general macroeconomic conditions, such as labor shortages, inflation, rising interest rates, economic slowdowns, recessions or market corrections, liquidity concerns at, and failures of, banks and other financial institutions, and tightening credit markets on our operations.*

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 28, 2023 (our "Fiscal 2022 Form 10-K") and "Part I., 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 Par Value Data
(unaudited)

	October 28, 2023	January 28, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 2,915	$ 2,389
Accounts receivable, net	3,105	2,053
Income tax receivable	622	—
Merchandise inventories	446,324	399,128
Prepaid expenses and other	29,615	22,326
Total current assets	482,581	425,896
Operating lease right of use asset	296,328	268,593
Property and equipment, net	199,555	162,586
Goodwill	1,496	1,496
Definite lived intangibles, net	344	389
Total assets	$ 980,304	$ 858,960
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 83,296	$ 61,948
Accrued expenses	88,851	99,976
Income taxes payable	—	932
Operating lease liability, current	48,254	45,465
Revolving line of credit	185,388	87,503
Total current liabilities	405,789	295,824
Long-term liabilities:		
Deferred income taxes	2,880	9,544
Operating lease liability, noncurrent	299,379	260,479
Total long-term liabilities	302,259	270,023
Total liabilities	708,048	565,847
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $.01 par value; 20,000 shares authorized; 0 shares issued and outstanding	—	—
Common stock, $.01 par value; 100,000 shares authorized; 37,411 and 37,541 shares issued and outstanding, respectively	374	375
Additional paid-in capital	80,760	79,743
Accumulated earnings	191,122	212,995
Total stockholders' equity	272,256	293,113
Total liabilities and stockholders' equity	$ 980,304	$ 858,960

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

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

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022
Net sales	$ 340,569	$ 359,720	$ 917,593	$ 1,020,246
Cost of goods sold	237,384	238,898	633,547	682,794
Gross profit	103,185	120,822	284,046	337,452
Selling, general, and administrative expenses	100,113	102,322	301,450	295,430
Income (loss) from operations	3,072	18,500	(17,404)	42,022
Interest expense	3,944	1,187	9,518	2,521
(Loss) income before income taxes	(872)	17,313	(26,922)	39,501
Income tax expense (benefit)	459	4,436	(6,664)	10,012
Net (loss) income	$ (1,331)	$ 12,877	$ (20,258)	$ 29,489
(Loss) earnings per share:				
Basic	$ (0.04)	$ 0.34	$ (0.54)	$ 0.71
Diluted	$ (0.04)	$ 0.33	$ (0.54)	$ 0.71
Weighted average shares outstanding:				
Basic	37,393	38,414	37,500	41,438
Diluted	37,393	38,681	37,500	41,672

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

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

For the Thirteen Weeks Ended October 28, 2023 and October 29, 2022

	Common Stock		Restricted nonvoting Common Stock		Treasury Stock		Additional paid-in-capital	Accumulated (deficit) earnings	Total stockholders' equity
	Shares	Amount	Shares	Amount	Shares	Amount	Amount	Amount	Amount
Balance at July 30, 2022	44,215	$ 442	—	$ —	5,348	$ (52,057)	$ 91,976	$ 239,491	$ 279,852
Repurchase of treasury stock	—	—	—	—	1,193	(10,354)	—	—	(10,354)
Retirement of treasury stock	(6,541)	(65)			(6,541)	62,411	(13,738)	(48,608)	—
Vesting of restricted stock units	23	—	—	—	—	—	—	—	—
Payment of withholdings on restricted stock units	—	—	—	—	—	—	(146)	—	(146)
Stock-based compensation	—	—	—	—	—	—	1,077	—	1,077
Net income	—	—	—	—	—	—	—	12,877	12,877
Balance at October 29, 2022	37,697	$ 377	—	$ —	—	$ —	$ 79,169	$ 203,760	$ 283,306
Balance at July 29, 2023	37,381	$ 374	—	$ —	—	$ —	$ 79,887	$ 192,453	$ 272,714
Repurchase of treasury stock	—	—	—	—	—	—	—	—	—
Retirement of treasury stock	—	—	—	—	—	—	—	—	—
Vesting of restricted stock units	30	—	—	—	—	—	—	—	—
Payment of withholdings on restricted stock units	—	—	—	—	—	—	(92)	—	(92)
Issuance of common stock for cash per employee stock purchase plan	—	—	—	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	—	—	965	—	965
Net loss	—	—	—	—	—	—	—	(1,331)	(1,331)
Balance at October 28, 2023	37,411	$ 374	—	$ —	—	$ —	$ 80,760	$ 191,122	$ 272,256

For the Thirty-Nine Weeks Ended October 28, 2023 and October 29, 2022

	Common Stock		Restricted nonvoting common stock		Treasury Stock		Additional paid-in-capital	Accumulated (deficit) earnings	Total stockholders equity
	Shares	Amount	Shares	Amount	Shares	Amount	Amount	Amount	Amount
Balance at January 29, 2022	43,880	$ 439	—	$ —	—	$ —	$ 90,851	$ 222,879	$ 314,169
Repurchase of treasury stock	—	—	—	—	6,541	(62,411)	—	—	(62,411)
Retirement of treasury stock	(6,541)	(65)	—	—	(6,541)	62,411	(13,738)	(48,608)	—
Vesting of restricted stock units	294	2	—	—	—	—	(2)	—	—
Payment of withholdings on restricted stock units	—	—	—	—	—	—	(1,993)	—	(1,993)
Issuance of common stock for cash per employee stock purchase plan	64	1	—	—			525		526
Stock based compensation	—	—	—	—	—	—	3,526	—	3,526
Net income	—	—	—	—	—	—	—	29,489	29,489
Balance at October 29, 2022	37,697	$ 377	—	$ —	—	$ —	$ 79,169	$ 203,760	$ 283,306
Balance at January 28, 2023	37,541	$ 375	—	$ —	—	$ —	$ 79,743	$ 212,995	$ 293,113
Repurchase of treasury stock	—	—	—	—	529	(2,748)	—	—	(2,748)
Retirement of treasury stock	(529)	(5)	—	—	(529)	2,748	(1,128)	(1,615)	—
Vesting of restricted stock units	326	3	—	—	—	—	(3)	—	—
Payment of withholdings on restricted stock units	—	—	—	—	—	—	(1,649)	—	(1,649)
Issuance of common stock for cash per employee stock purchase plan	73	1	—	—	—	—	456	—	457
Stock based compensation	—	—	—	—	—	—	3,341	—	3,341
Net income	—	—	—	—	—	—	—	(20,258)	(20,258)
Balance at October 28, 2023	37,411	$ 374	—	$ —	—	$ —	$ 80,760	$ 191,122	$ 272,256

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

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

	Thirty-Nine Weeks Ended	
	October 28, 2023	October 29, 2022
Cash flows from operating activities:		
Net (loss) income	$ (20,258)	$ 29,489
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation of property and equipment	28,367	22,961
Amortization of deferred financing fees	114	146
Amortization of definite lived intangible	45	51
Noncash lease expense	24,493	21,169
Deferred income taxes	(6,664)	(1,486)
Stock-based compensation	3,341	3,526
Change in operating assets and liabilities, net of amounts acquired:		
Accounts receivable, net	(1,051)	252
Operating lease liabilities	(10,539)	(18,580)
Merchandise inventories	(47,196)	(98,596)
Prepaid expenses and other	(7,403)	3,135
Accounts payable	26,081	68,327
Accrued expenses	(4,413)	(11,369)
Income taxes payable and receivable	(1,554)	(4,516)
Net cash (used in) provided by operating activities	(16,637)	14,509
Cash flows from investing activities:		
Purchase of property and equipment, net of amounts acquired	(71,170)	(38,477)
Net cash used in investing activities	(71,170)	(38,477)
Cash flows from financing activities:		
Net borrowings on line of credit	97,885	39,010
Decrease in book overdraft	(5,611)	(5,113)
Proceeds from issuance of common stock per employee stock purchase plan	456	525
Payments to acquire treasury stock	(2,748)	(62,411)
Payment of withholdings on restricted stock units	(1,649)	(1,993)
Payment of deferred financing costs	—	(508)
Net cash provided by (used in) financing activities	88,333	(30,490)
Net change in cash and cash equivalents	526	(54,458)
Cash and cash equivalents at beginning of period	2,389	57,018
Cash and cash equivalents at end of period	$ 2,915	$ 2,560
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest, net of amounts capitalized	$ 8,551	$ 2,349
Income taxes, net of refunds	1,554	16,014
Supplemental schedule of noncash activities:		
Noncash change in operating lease right of use asset and operating lease liabilities from remeasurement of existing leases and addition of new leases	$ 52,314	$ 46,050
Purchases of property and equipment included in accounts payable and accrued expenses	$ 3,583	$ 7,223

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
Dollars in Thousands, except per share amounts (unaudited)

(1) Description of Business and Basis of Presentation

Description of Business

Sportsman’s Warehouse Holdings, Inc., a Delaware corporation (“Holdings”), and its subsidiaries (collectively, the “Company”) operate retail sporting goods stores. As of October 28, 2023, the Company operated 145 stores in 32 states. The Company also operates an e-commerce platform at www.sportsmans.com. The Company’s stores and website are aggregated into one 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 28, 2023 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 the Company's condensed consolidated financial statements for the periods presented. All of these adjustments are of a normal recurring nature. The results of the fiscal quarter ended October 28, 2023 are not necessarily indicative of the results to be obtained for the fiscal year ending February 3, 2024. 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 28, 2023 filed with the SEC on April 13, 2023 (the “Fiscal 2022 Form 10-K”).

(2) Summary of Significant Accounting Policies

The Company’s significant accounting policies are described in Note 2 to the Fiscal 2022 Form 10-K. Except for the changes below, the Company has consistently applied the accounting policies to all periods presented in the condensed consolidated financial statements presented herein.

(3) Revenue Recognition

Revenue recognition accounting policy

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

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

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

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

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

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

Contract liabilities are recognized primarily for gift card sales and the Company's loyalty reward program. Cash received from the sale of gift cards is recorded as a contract liability in accrued expenses, and the Company recognizes revenue upon the customer's redemption of the gift card. Gift card breakage is recognized as revenue in proportion to the pattern of customer redemptions by applying a historical breakage rate of 4.0% when no escheat liability to relevant jurisdictions exists. Based upon historical experience, gift cards are predominantly redeemed in the first two years following their issuance date. The Company does not sell or provide gift cards that carry expiration dates.

Accounting Standards Codification ("ASC") 606 requires the Company to allocate the transaction price between the goods and the loyalty reward points based on the relative standalone selling price. The Company recognizes revenue for the breakage of loyalty reward points as revenue in proportion to the pattern of customer redemption of the points by applying an estimated breakage rate of 20% using historical rates and future expectations.

As it relates to e-commerce sales, the Company accounts for shipping and handling as fulfillment activities, and not as a separate performance obligation. Accordingly, the Company recognizes revenue for only one performance obligation, the sale of the product, at the shipping point (when the customer gains control). The costs associated with fulfillment are recorded in costs of goods sold.

The Company offers promotional financing and credit cards issued by a third-party bank that manages and directly extends credit to the Company's customers. The Company provides a license to its brand and marketing services, and the Company facilitates credit applications in its stores and online. The banks are the sole owners of the accounts receivable generated under the program and, accordingly, the Company does not hold any customer receivables related to these programs and acts as an agent in the financing transactions with customers. The Company is eligible to receive a profit share from certain of its banking partners based on the annual performance of their corresponding portfolio, and the Company receives monthly payments based on forecasts of full-year performance. This is a form of variable consideration. The Company records such profit share as revenue over time using the most likely amount method, which reflects the amount earned each month when it is determined that the likelihood of a significant revenue reversal is not probable, which is typically monthly. Profit-share payments occur monthly, shortly after the end of each program month.

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

Sales returns

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

Contract balances

The following table provides information about right of return assets, contract liabilities, and sales return liabilities with customers as of October 28, 2023 and January 28, 2023:

	October 28, 2023	January 28, 2023
Right of return assets, which are included in prepaid expenses and other	$ 2,631	$ 1,951
Estimated gift card contract liability, net of breakage	(25,738)	(29,174)
Estimated loyalty contract liability, net of breakage	(4,271)	(5,383)
Sales return liabilities, which are included in accrued expenses	(3,927)	(2,912)

During the 13 and 39 weeks ended October 28, 2023, the Company recognized approximately $338 and $1,137 in gift card breakage and approximately $583 and $2,513 in loyalty reward breakage. During the 13 and 39 weeks ended October 29, 2022, the Company recognized approximately $333 and $1,118 in gift card breakage and approximately $829 and $2,425 in loyalty reward breakage. During the 13 and 39 weeks ended October 28, 2023, the Company recognized revenue of $2,974 and $17,187 relating to contract liabilities that existed at January 28, 2023.

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

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by department. The percentage of net sales related to the Company's departments during the 13 and 39 weeks ended October 28, 2023 and October 29, 2022, was approximately:

		Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
Department	**Product Offerings**	**October 28, 2023**	**October 29, 2022**	**October 28, 2023**	**October 29, 2022**
Camping	Backpacks, camp essentials, canoes and kayaks, coolers, outdoor cooking equipment, sleeping bags, tents and tools	11.1%	12.6%	12.1%	13.5%
Apparel	Camouflage, jackets, hats, outerwear, sportswear, technical gear and work wear	10.9%	10.5%	8.4%	8.2%
Fishing	Bait, electronics, fishing rods, flotation items, fly fishing, lines, lures, reels, tackle and small boats	7.4%	6.8%	10.3%	10.2%
Footwear	Hiking boots, socks, sport sandals, technical footwear, trail shoes, casual shoes, waders and work boots	7.7%	7.2%	7.1%	6.7%
Hunting and Shooting	Ammunition, archery items, ATV accessories, blinds and tree stands, decoys, firearms, reloading equipment and shooting gear	55.8%	54.9%	56.0%	55.0%
Optics, Electronics, Accessories, and Other	Gift items, GPS devices, knives, lighting, optics, two-way radios, and other license revenue, net of revenue discounts	7.1%	8.0%	6.1%	6.4%
Total		100.0%	100.0%	100.0%	100.0%

(4) Property and Equipment

Property and equipment consisted of the following as of October 28, 2023 and January 28, 2023:

	October 28, 2023	**January 28, 2023**
Furniture, fixtures, and equipment	$ 164,924	$ 138,004
Leasehold improvements	221,348	170,494
Construction in progress	7,128	20,875
Total property and equipment, gross	393,400	329,373
Less accumulated depreciation and amortization	(193,845)	(166,787)
Total property and equipment, net	$ 199,555	$ 162,586

(5) Accrued Expenses

Accrued expenses consisted of the following as of October 28, 2023 and January 28, 2023:

	October 28, 2023	January 28, 2023
Book overdraft	$ 15,112	$ 20,723
Unearned revenue	34,459	41,203
Accrued payroll and related expenses	10,070	15,820
Sales and use tax payable	9,177	5,896
Accrued real estate tax payable	4,681	2,714
Accrued construction costs	371	1,469
Other	14,981	12,151
Total accrued expenses	$ 88,851	$ 99,976

(6) Leases

At the inception of the lease, the Company's operating leases have lease terms of up to 15 years, which typically includes multiple options for the Company to extend the lease which are not reasonably certain.

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

During the 13 and 39 weeks ended October 28, 2023, the Company recorded a non-cash increase of $6,233 and $52,314 to the right of use assets and operating lease liabilities resulting from lease remeasurements from the exercise of lease extension options, acquired leases, and new leases added.

The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In accordance with ASC 842, total lease expense was comprised of the following for the periods presented:

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022
Operating lease expense	$ 16,448	$ 14,729	$ 48,165	$ 43,674
Variable lease expense	5,474	4,635	16,702	13,697
Short-term lease expense	385	337	994	921
Total lease expense	$ 22,307	$ 19,701	$ 65,861	$ 58,292

In accordance with ASC 842, other information related to leases was as follows for the periods presented:

	Thirty-Nine Weeks Ended	
	October 28, 2023	October 29, 2022
Operating cash flows from operating leases	$ (51,849)	$ (47,402)

	As of October 28, 2023	As of October 29, 2022
Right-of-use assets obtained in exchange for new or remeasured operating lease liabilities	$ 52,314	$ 46,050
Terminated right-of-use assets and liabilities	—	—
Weighted-average remaining lease term - operating leases	5.83	5.83
Weighted-average discount rate - operating leases	7.76 %	8.06 %

In accordance with ASC 842, maturities of operating lease liabilities as of October 28, 2023 were as follows:

Fiscal Year Ending:	**Operating Leases**
2023 (remainder)	$ 18,129
2024	71,934
2025	65,851
2026	60,797
2027	53,252
Thereafter	188,817
Undiscounted cash flows	$ 458,780
Reconciliation of lease liabilities:	
Present values	$ 347,633
Lease liabilities - current	48,254
Lease liabilities - noncurrent	299,379
Lease liabilities - total	$ 347,633
Difference between undiscounted and discounted cash flows	$ 111,147

The Company has excluded in the table above approximately $7.9 million of leases (undiscounted basis) that were entered into as of December 7, 2023. These leases will commence in 2025 with lease terms of 12 years.

(7) Revolving Line of Credit

On May 27, 2022, Sportsman's Warehouse, Inc. ("SWI"), a wholly owned subsidiary of Holdings, as lead borrower, Holdings and other subsidiaries of the Company, each as borrowers or guarantors, and Wells Fargo Bank, National Association ("Wells Fargo"), with a consortium of banks led by Wells Fargo, entered into an Amended and Restated Credit Agreement (as amended, restated, supplemented or otherwise modified, the "Credit Agreement"). The Credit Agreement governs the Company's senior secured revolving credit facility ("Revolving Line of Credit"). The Revolving Line of Credit provides borrowing capacity of up to $350,000, subject to a borrowing base calculation.

In conjunction with the Credit Agreement, the Company incurred $508 of fees paid to various parties which were capitalized. Fees associated with the Revolving Line of Credit were recorded in prepaid expenses and other assets.

As of October 28, 2023 and January 28, 2023, the Company had $202,047 and $96,892, 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 type arrangements, which were $16,659 and $9,389 as of October 28, 2023 and January 28, 2023, respectively. As of October 28, 2023, the Company had $110,985 available for borrowing, subject to certain borrowing base restrictions and stand-by commercial letters of credit of $1,967 under the terms of the Revolving Line of Credit.

Borrowings under the Revolving Line of Credit bear interest based on either the base rate or Term SOFR (as defined in the Credit Agreement), at the Company's option, in each case plus an applicable margin. The base rate is the greatest of (1) the floor rate (as defined in the Credit Agreement as a rate of interest equal to 0.0%) (2) Wells Fargo's prime rate, (3) the federal funds rate (as defined in the Credit Agreement) plus 0.50% or (4) the one-month Term SOFR (as defined in the Credit Agreement) plus 1.00%. The applicable margin for loans under the Revolving Line of Credit, which varies based on the average daily availability, ranges from 0.25% to 0.50% per year for base rate loans and from 1.35% to 1.60% per year for Term SOFR loans. The Company is required to pay a commitment fee for the unused portion of the Revolving Line of Credit, which will range from 0.20% to 0.225% per annum, depending on the average daily availability under the Revolving Line of Credit.

The Company may be required to make mandatory prepayments under the Revolving Line of Credit 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 Credit Agreement contains customary affirmative and negative covenants, including covenants that limit the Company's ability to incur, create or assume certain indebtedness, to create, incur or assume certain liens, to make certain investments, to make sales, transfers and dispositions of certain property and to undergo certain fundamental changes, including certain mergers, liquidations and consolidations. The Credit Agreement also requires the Company to maintain a minimum availability at all times of not less than 10.0% of the gross borrowing base and contains customary events of default. The Revolving Line of Credit matures on May 27, 2027.

Each of the subsidiaries of Holdings is a borrower under the Revolving Line of Credit, and all obligations under the Revolving Line of Credit are guaranteed by Holdings. All of the obligations under the Revolving Line of Credit are secured by a lien on substantially all of Holdings' tangible and intangible working capital assets and the tangible and intangible working capital assets of all of Holdings' subsidiaries, including a pledge of all capital stock of each of Holdings' subsidiaries. The lien securing the obligations under the Revolving Line of Credit is a first priority lien as to certain liquid assets, including cash, accounts receivable, deposit accounts and inventory.

As of October 28, 2023 and January 28, 2023, the Credit Agreement had $543 and $657, respectively, in deferred financing fees. During the 13 and 39 weeks ended October 28, 2023, the Company recognized $38 and $114 of non-cash interest expense with respect to the amortization of deferred financing fees. During the 13 and 39 weeks ended October 29, 2022, the Company recognized $38 and $146 of non-cash interest expense with respect to the amortization of deferred financing fees.

During the 13 and 39 weeks ended October 28, 2023, gross borrowings under the Revolving Line of Credit were $358,266 and $1,104,501, respectively. During the 13 and 39 weeks ended October 29, 2022, gross borrowing under the Company's prior revolving line of credit were $409,465 and $1,161,959, respectively. During the 13 and 39 weeks ended October 28, 2023, gross paydowns under the Revolving Line of Credit were $377,561 and $1,008,743. During the 13 and 39 weeks ended October 29, 2022, gross paydowns under the Company's prior revolving line of credit were $396,192 and $1,121,716, respectively.

Restricted Net Assets

The provisions of the Revolving Line of Credit restrict all of the net assets of the Company's consolidated subsidiaries, which constitute all of the net assets on the Company's condensed consolidated balance sheet as of October 28, 2023, from being used to pay any dividends without prior written consent from the financial institutions party to the Revolving Line of Credit.

(8) Income Taxes

The Company recognized income tax expense of $459 and $4,436, respectively, in the 13 weeks ended October 28, 2023 and October 29, 2022. The Company's effective tax rate during the 13 weeks ended October 28, 2023 and October 29, 2022 was -52.6% and 25.6%, respectively. The Company recognized income tax benefit of $6,664 and income tax expense of $10,012, respectively, in the 39 weeks ended October 28, 2023 and October 29, 2022. The Company's effective tax rate during the 39 weeks ended October 28, 2023 and October 29, 2022 was 24.8% and 25.3%, respectively. The Company's effective tax rate will generally differ from the U.S. Federal statutory rate of 21.0%, due to state taxes, permanent items, and discrete items relating to stock award deductions.

(9) Stockholders' Equity

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 earnings per share for the periods presented:

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022
Net (loss) income	$ (1,331)	$ 12,877	$ (20,258)	$ 29,489
Weighted average shares of common stock outstanding:				
Basic	37,393	38,414	37,500	41,438
Dilutive effect of common stock equivalents	—	267	—	234
Diluted	37,393	38,681	37,500	41,672
Basic (loss) earnings per share	$ (0.04)	$ 0.34	$ (0.54)	$ 0.71
Diluted (loss) earnings per share	$ (0.04)	$ 0.33	$ (0.54)	$ 0.71
Restricted stock units considered anti-dilutive and excluded in the calculation	483	136	354	171

Repurchase Program

On March 24, 2022 the Company announced that its Board of Directors had authorized a share repurchase program (the "Repurchase Program") to allow for the repurchase of up to $75.0 million of outstanding shares of the Company's common stock, $0.01 par value per share, commencing on March 31, 2022. On March 15, 2023, the Company's Board of Directors extended the term of the Repurchase Program through March 31, 2024. During the 13 weeks ended October 28, 2023, the Company did not repurchase any shares of its common stock. During the 39 weeks ended October 28, 2023, the Company repurchased approximately 0.5 million shares of its common stock for $2.7 million, utilizing cash on hand and available borrowings under its Revolving Line of Credit. The Company has retired all repurchased stock.

(10) Stock-Based Compensation

Stock-Based Compensation

During the 13 and 39 weeks ended October 28, 2023, the Company recognized total stock-based compensation expense of $965 and $3,341, respectively. During the 13 and 39 weeks ended October 29, 2022, the Company recognized total stock-based compensation expense of $1,077 and $3,526, respectively. Compensation expense related to the Company's stock-based payment awards is recognized in selling, general, and administrative expenses in the condensed consolidated statements of operations.

Employee Stock Plans

As of October 28, 2023, the number of shares available for awards under the 2019 Performance Incentive Plan (the "2019 Plan") was 1,391. As of October 28, 2023, there were 901 unvested stock awards outstanding under the 2019 Plan.

Inducement Plan

On September 21, 2023, the Company's Board of Directors adopted and approved the Sportsman’s Warehouse Holdings, Inc. Inducement Plan (the “Inducement Plan”) to reserve 1,000 shares of the Company’s common stock to be used exclusively for grants of awards to individuals that were not previously employees or directors of the Company (or following a bona fide period of non-employment) as an inducement material to the individual's entering into employment with the Company in accordance with Nasdaq Marketplace Rule 5635(c)(4). The Inducement Plan provides for the grant of options, stock appreciation rights, restricted stock, stock bonuses, stock units, restricted stock units, performance stock, deferred shares, phantom stock, dividend equivalent rights and other cash or share-based awards. Awards granted under the Inducement Plan must be approved by either a majority of the Company’s independent directors or the compensation committee of the Company’s Board of Directors. As of October 28, 2023, the number of shares available for awards under the Inducement Plan was 1,000. As of October 28, 2023, there were no unvested stock awards outstanding under the Inducement Plan.

Employee Stock Purchase Plan

The Company also maintains an Employee Stock Purchase Plan (the “ESPP”) that was approved by the Company’s stockholders in fiscal year 2015, under which 800 shares of common stock were authorized. During the 13 weeks ended October 28, 2023, no shares were issued under the ESPP and, as of October 28, 2023, the number of shares available for issuance was 197.

Nonvested Performance-Based Stock Awards

During the 13 weeks ended October 28, 2023, the Company did not issue any nonvested performance-based stock awards to employees. During the 39 weeks ended October 28, 2023, the Company issued 36 nonvested performance-based stock awards to employees at a weighted average grant date fair value of $8.40 per share. The nonvested performance-based stock awards issued to employees vest in full on the third anniversary of the grant date. The number of shares issued is contingent on management achieving fiscal year 2023, 2024, and 2025 performance targets for percentage of total return on invested capital and total operating income percentage. If minimum threshold performance targets are not achieved, no shares will vest. The maximum number of shares subject to the award is 72, and the “target” number of shares subject to the award is 36 as reported below. Following the end of the performance period (fiscal years 2023, 2024, and 2025), the number of shares eligible to vest, based on actual performance, will be fixed and vesting will then be subject to each employee’s continued employment over the remaining service period.

During the 13 weeks ended October 29, 2022, the Company did not issue nonvested performance-based stock awards to employees. During the 39 weeks ended October 29, 2022, the Company issued 188 nonvested performance-based stock awards to employees at a weighted average grant date fair value of $10.88 per share. The nonvested performance-based stock awards issued to employees vest in full on the third anniversary of the grant date. The number of shares issued is contingent on management achieving fiscal year 2022, 2023, and 2024 performance targets for total revenue growth and adjusted earnings per share. If minimum threshold performance targets are not achieved, no shares will vest. The maximum number of shares subject to the award is 376, and the "target" number of shares subject to the award is 188 as reported below. Following the end of the performance period (fiscal years 2022, 2023, and 2024), the number of shares eligible to vest, based on actual performance, will be fixed and vesting will then be subject to each employee's continued employment over the remaining service period.

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

	Shares	Weighted average grant-date fair value
Balance at January 28, 2023	313	$ 7.72
Grants	36	8.40
Forfeitures	(64)	11.28
Vested	(221)	6.20
Balance at October 28, 2023	64	$ 9.67

	Shares	Weighted average grant-date fair value
Balance at January 29, 2022	487	$ 5.13
Grants	188	10.88
Forfeitures	(169)	7.93
Vested	(168)	3.49
Balance at October 29, 2022	338	$ 7.75

Nonvested Stock Unit Awards

During the 13 and 39 weeks ended October 28, 2023, the Company issued 79 and 754 nonvested stock units, respectively, to employees and directors of the Company at an average value of $3.96 and $7.25 per share, respectively. The shares issued to employees of the Company vest over a three-year period with one third of the shares vesting on each anniversary of the grant date. The shares issued to directors of the Company vest over a 12 month period with one twelfth of the shares vesting each month.

During the 13 and 39 weeks ended October 29, 2022, the Company issued 6 and 424 nonvested stock units, respectively, to employees and directors of the Company at an average value of $10.06 and $10.81 per share, respectively. The shares issued to employees of the Company vest over a three-year period with one third of the shares vesting on each anniversary of the grant date. The shares issued to directors of the Company vest over a 12 month period with one twelfth of the shares vesting each month.

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

	Shares	Weighted average grant-date fair value
Balance at January 28, 2023	721	$ 12.16
Grants	754	7.25
Forfeitures	(314)	10.45
Vested	(324)	10.31
Balance at October 28, 2023	837	$ 9.10

	Shares	Weighted average grant-date fair value
Balance at January 29, 2022	929	$ 11.56
Grants	424	10.81
Forfeitures	(173)	11.12
Vested	(317)	9.40
Balance at October 29, 2022	863	$ 12.07

(11) Commitments and Contingencies

Legal Matters

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

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 the "Risk Factors" section in Part I., Item 1A. of our Fiscal 2022 Form 10-K. Also see "Special Note Regarding Forward-Looking Statements" preceding Part I. of this 10-Q. Additionally, our historical results are not necessarily indicative of the results that may be expected or achieved for any future period.

The following discussion and analysis should be read in conjunction with, and is qualified in its entirety by reference to, the unaudited condensed consolidated financial statements and the notes thereto included in this 10-Q.

Overview

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

Our business was founded in 1986 as a single retail store in Midvale, Utah. Today, we operate 145 stores in 32 states, totaling approximately 5.4 million gross square feet. We also operate an e-commerce platform at *www.sportsmans.com*. We do not incorporate the information on or accessible through our website into this 10-Q, and you should not consider any information on or accessible through our website as part of this 10-Q.

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

Impact of Macroeconomic Conditions

Our financial results and operations have been, and will continue to be, impacted by events outside of our control.

During the COVID-19 pandemic we experienced increases in net sales compared to pre-pandemic levels, primarily driven by historically high sales in certain product categories, particularly firearms and ammunition. However, while our net sales and same store sales for fiscal year 2023 remain elevated as compared to pre-COVID periods, we have experienced decreases in net sales and same store sales during fiscal year 2023 from the COVID-driven peak levels in fiscal year 2021.

Global economic and business activities continue to face widespread macroeconomic uncertainties, including labor shortages, inflation and monetary supply shifts, liquidity concerns at, and failures of, banks and other financial institutions, rising interest rates, recession risks and potential disruptions from the Russia-Ukraine conflict and the Israel-Hamas war. Starting in the second half of 2022 and continuing into the third quarter of 2023, our business was impacted by consumer inflationary pressures and recession concerns. As a result of our recent performance, we have begun to take steps to reduce our total inventory, implement cost reduction measures to reflect current sales trends and reduce investments in future new store openings. We currently do not plan to open any new stores during fiscal year 2024.

We continue to actively monitor the impact of these macroeconomic factors on our financial condition, liquidity, operations, suppliers, industry and workforce. The extent of the impact of these factors on our operational and financial performance, including our ability to execute our business strategies and initiatives in the expected timeframe, will depend on future developments, and the impact on our customers, partners and employees, all of which are uncertain and cannot be predicted; however, any continued or renewed disruption resulting from these factors could negatively impact our business.

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 earnings before interest, taxes, depreciation and amortization (“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 and include each 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 grand opening or acquisition by us. We exclude sales from stores that were closed during the period from our same store sales calculation. We include net sales from e-commerce in our calculation of same store sales. For fiscal years consisting of 53 weeks, we exclude net sales during the 53rd week from our calculation of same store sales. Some of our competitors and other retailers may calculate same store sales differently than we do. As a result, data regarding our same store sales may not be comparable to similar data made available by other retailers.

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

- macroeconomic factors, such as the ongoing impact of the COVID-19 pandemic, political trends, social unrest, inflationary pressures, recessionary trends, labor shortages, monetary supply shifts, rising interest rates, tightening of credit markets, liquidity concerns at, and failures of, banks and other financial institutions and potential disruptions from the ongoing Russia-Ukraine conflict and Israel-Hamas war;
- consumer preferences, buying trends and overall economic trends;
- changes or anticipated changes to laws and government regulations related to some of the products we sell, in particular regulations relating to the sale of firearms and ammunition;
- our ability to identify and respond effectively to local and regional trends and customer preferences;
- our ability to provide quality customer service that will increase our conversion of shoppers into paying customers;
- the success of our omni-channel strategy and our e-commerce platform;
- competition in the regional market of a store;
- atypical weather;
- new product introductions and changes in our product mix; and
- changes in pricing and average ticket sales.

We operate in a complex regulatory and legal environment that could negatively impact the demand for our products, which could significantly affect our operations and financial results. State, local and federal laws and regulations relating to products that we sell may change, sometimes significantly, as a result of political, economic or social events. For instance, in November 2022, the State of Oregon passed legislation that will, among other things, impose complex permitting and training requirements for the purchases of firearms. As a result, sales of firearms in Oregon may be halted or substantially diminished until such permitting and training programs are developed by the state, which may take a significant amount of time. If that were to occur, it could result in a substantial decline in our sales of firearms and related products and reduce traffic to our stores in Oregon, which could have a substantial impact on our sales and gross margin. On December 6, 2022 a state court judge in Oregon temporarily blocked the enforcement of such legislation pending trial, and a decision is expected before calendar year end. The measure is also being challenged in a related case in federal court and is currently on appeal in the U.S. Court of Appeals for the Ninth Circuit. We currently operate eight stores in the State of Oregon.

Opening new stores and acquiring store locations is also an important part of our growth strategy. During fiscal year 2022, we opened nine stores, and we currently plan to open 15 new stores in fiscal year 2023, of which we had opened 14 stores as of October 28, 2023. We currently do not plan to open any new stores during fiscal year 2024. We may deviate from this target if attractive opportunities are presented to open stores or acquire new store locations outside of our target growth rate.

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

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

- increasing and improving same store sales in our existing markets;
- increasing our total gross square footage by opening new stores and through strategic acquisitions;
- increasing customer visits to our stores and improving our conversion rate through focused marketing efforts and continually high standards of customer service;
- expanding our omni-channel capabilities through larger assortment and inventory, expanded content and expertise and better user experience; and
- growing our loyalty and credit card programs.

Gross Margin

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

We believe the key drivers to improving our gross margin are increasing the product mix to higher margin products, particularly apparel and footwear, increasing foot traffic within our stores and traffic to our website, improving buying opportunities with our vendor partners and coordinating pricing strategies among our stores and our merchandise group. Our ability to properly manage our inventory can also impact our gross margin. Successful inventory management ensures we have sufficient high margin products in stock at all times to meet customer demand, while overstocking of items could lead to markdowns in order to help a product sell. During 2023, we commenced an effort to reduce our inventory. We have initiated various strategic promotional efforts as part of this plan. While these efforts are decreasing our gross margins, the inventory reduction plan is progressing as planned. We intend to continue this effort during the remainder of fiscal year 2023 and expect our gross margins to be reduced by 600 to 800 points in the fourth quarter of fiscal year 2023 compared to the corresponding period of fiscal year 2022. We believe that the overall growth of our business can also help improve our gross margins, because increased merchandise volumes will enable us to maintain our strong relationships with our vendors. If we see significant declines in sales or increases in overstocked inventory, we may experience a decline in gross margins as we use promotions to drive traffic and reduce inventory.

Selling, General, and Administrative Expenses

We closely manage our selling, general, and administrative expenses. Our selling, general, and administrative expenses are comprised of payroll, rent and occupancy, depreciation and amortization, acquisition expenses, pre-opening expenses and other operating expenses, including stock-based compensation expense. Pre-opening expenses include expenses incurred in the preparation and opening of a new store location, such as payroll, travel and supplies, but do not include the cost of the initial inventory or capital expenditures required to open a location.

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

In response to persistent consumer inflationary pressures and adverse weather conditions in the Western United States during the first half of fiscal year 2023, we have implemented a company-wide plan to reduce expenses, with increased focus on financial discipline and rigor throughout the organization. We expect this plan may result in up to $25 million in annualized cost savings.

Income from Operations

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

Adjusted EBITDA

We define Adjusted EBITDA as net income plus interest expense, income tax expense, depreciation and amortization, stock-based compensation expense, transition and severance costs related to director and officer transitions and our cost reduction plan, and other gains, losses and expenses that we do not believe are indicative of our ongoing expenses. We define Adjusted EBITDA margin as Adjusted EBITDA divided by net sales. In evaluating our business, we use 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. See "—Non-GAAP Financial Measures."

Results of Operations

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

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022
Percentage of net sales:				
Net sales	100.0%	100.0%	100.0%	100.0%
Cost of goods sold	69.7	66.4	69.0	66.9
Gross profit	30.3	33.6	31.0	33.1
Selling, general, and administrative expenses	29.4	28.4	32.9	29.0
Income (loss) from operations	0.9	5.2	(1.9)	4.1
Interest expense	1.2	0.3	1.0	0.2
(Loss) income before income taxes	(0.3)	4.9	(2.9)	3.9
Income tax expense (benefit)	0.1	1.2	(0.7)	1.0
Net (loss) income	(0.4)%	3.7%	(2.2)%	2.9%
Adjusted EBITDA	4.8%	7.7%	2.1%	6.8%

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

		Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
Department	**Product Offerings**	**October 28, 2023**	**October 29, 2022**	**October 28, 2023**	**October 29, 2022**
Camping	Backpacks, camp essentials, canoes and kayaks, coolers, outdoor cooking equipment, sleeping bags, tents and tools	11.1 %	12.6 %	12.1 %	13.5 %
Apparel	Camouflage, jackets, hats, outerwear, sportswear, technical gear and work wear	10.9 %	10.5 %	8.4 %	8.2 %
Fishing	Bait, electronics, fishing rods, flotation items, fly fishing, lines, lures, reels, tackle and small boats	7.4 %	6.8 %	10.3 %	10.2 %
Footwear	Hiking boots, socks, sport sandals, technical footwear, trail shoes, casual shoes, waders and work boots	7.7 %	7.2 %	7.1 %	6.7 %
Hunting and Shooting	Ammunition, archery items, ATV accessories, blinds and tree stands, decoys, firearms, reloading equipment and shooting gear	55.8 %	54.9 %	56.0 %	55.0 %
Optics, Electronics, Accessories, and Other	Gift items, GPS devices, knives, lighting, optics, two-way radios, and other license revenue, net of revenue discounts	7.1 %	8.0 %	6.1 %	6.4 %
Total		100.0 %	100.0 %	100.0 %	100.0 %

Thirteen Weeks Ended October 28, 2023 Compared to Thirteen Weeks Ended October 29, 2022

Net Sales and Same Store Sales. Net sales decreased by $19.2 million, or 5.3%, to $340.6 million during the 13 weeks ended October 28, 2023 compared to $359.7 million in the corresponding period of fiscal year 2022. Our net sales decreased primarily due to the continued impact of consumer inflationary pressures and recessionary concerns on discretionary spending, resulting in a decline in store traffic and lower demand across most product categories. This decrease was partially offset by our opening of 15 new stores since October 29, 2022 and increased demand in certain categories as a result of social unrest. Stores that have been open for less than 12 months and were, therefore, not included in our same store sales, contributed $23.7 million to net sales. E-commerce driven sales comprised more than 15% of total sales for the 13 weeks ended October 28, 2023. Same store sales decreased by 11.4% during the 13 weeks ended October 28, 2023 compared to the corresponding 13-week period of fiscal year 2022, primarily as a result of the factors discussed above that impacted net sales.

Our Fishing and Footwear departments saw net sales increases of $0.7 million and $0.5 million, respectively, in the third quarter of fiscal year 2023 compared to the corresponding period of fiscal year 2022 primarily driven by our promotional efforts to reduce inventory in these areas. Our Camping, Hunting and Shooting, Optics, Electronics and Accessories and Apparel departments saw net sales decreases of $7.8 million, $7.3 million, $4.7 million and $0.8 million, respectively, in the third quarter of fiscal year 2023 compared to the corresponding period of fiscal year 2022. Within our Hunting and Shooting department, our firearm category saw an increase of $1.8 million or 2.8% while our ammunition category saw a decrease of $2.6 million or 4.7%, in the third quarter of fiscal year 2023 compared to the corresponding period of fiscal year 2022. The increase in our firearm category was due to the opening of 15 new stores since October 29, 2022 and increased demand in certain categories as a result of social unrest.

The decrease in our ammunition category was primarily due to the continued impact of consumer inflationary pressures and recessionary concerns on discretionary spending. This was partially offset by our opening of 15 new stores since October 29, 2022.

With respect to same store sales, during the 13 weeks ended October 28, 2023, our Camping, Optics, Electronics and Accessories, Hunting and Shooting, Apparel, Fishing and Footwear departments saw decreases of 21.6%, 19.2%, 10.6%, 7.6%, 5.8% and 4.1%, respectively, compared to the corresponding period of fiscal year 2022 , as a result of a decline in store traffic and the continued impact of consumer inflationary pressures and recessionary concerns on discretionary spending. As of October 28, 2023, 129 stores were included in our same store sales calculation.

Gross Profit. Gross profit decreased by $17.6 million, or 14.6%, to $103.2 million during the 13 weeks ended October 28, 2023 compared to $120.8 million for the corresponding period of fiscal year 2022. As a percentage of net sales, gross profit decreased to 30.3% during the 13 weeks ended October 28, 2023, compared to 33.6% for the corresponding period of fiscal year 2022, primarily driven by reduced product margins in our ammunition category within our Hunting and Shooting department, as the margins from ammunition sales begin to normalize, and driven by lower margins in our Apparel and Footwear departments, resulting from our increased promotional efforts to drive additional customer traffic online and to our stores and to reduce inventory.

Selling, General, and Administrative Expenses. Selling, general, and administrative expenses decreased by $2.2 million, or 2.2%, to $100.1 million during the 13 weeks ended October 28, 2023, compared to $102.3 million for the corresponding period of fiscal year 2022. This decrease was primarily the result of decreases in payroll and other operating expenses of $6.2 million and $2.2 million, respectively, during the 13 weeks ended October 28, 2023 primarily related to our ongoing expense cutting efforts. These decreases were partially offset by increases of $2.8 million and $2.6 million in depreciation and rent expenses, respectively, during the 13 weeks ended October 28, 2023 primarily the result of opening 15 new stores since October 29, 2022. We incurred $1.2 million in Chief Executive Officer transitional expenses during the 13 weeks ended October 28, 2023, due to the retirement of our Chief Executive Officer in April 2023. Additionally, we incurred $0.4 million of severance expenses related to the implementation of our cost reduction plan.

On a per store basis, our payroll and other operating expenses were down approximately 22% and 19%, respectively, compared to the corresponding period of fiscal year 2022. As a percentage of net sales, selling, general, and administrative expenses increased to 29.4% of net sales in the third quarter of fiscal year 2023, compared to 28.4% of net sales in the third quarter of fiscal year 2022, as a result of the factors discussed above. New store pre-opening expenses decreased by $0.4 million to $1.0 million during the 13 weeks ended October 28, 2023 compared to $1.4 million in the corresponding period of fiscal year 2022.

Interest Expense. Interest expense increased by $2.8 million, or 233%, to $3.9 million during the 13 weeks ended October 28, 2023, compared to $1.2 million for the corresponding period of fiscal year 2022. Interest expense increased primarily because of increased borrowings on our revolving credit facility and higher interest rates during the third quarter of fiscal year 2023 compared to the corresponding period of fiscal year 2022.

Income Taxes. We recognized income tax expense of $0.5 million during the 13 weeks ended October 28, 2023 compared to an income tax expense of $4.4 million during the corresponding period of fiscal year 2022. Our effective tax rates during the 13 weeks ended October 28, 2023 and October 29, 2022 were -52.6% and 25.6%, respectively. Our effective tax rate will generally differ from the U.S. Federal statutory rate of 21.0%, due to state taxes, permanent items, and discrete items relating to stock award deductions.

Thirty-Nine Weeks Ended October 28, 2023 Compared to Thirty-Nine Weeks Ended October 29, 2022

Net Sales and Same Store Sales. Net sales decreased by $102.7 million, or 10.1%, to $917.6 million during the 39 weeks ended October 28, 2023 compared to $1,020.2 million in the corresponding period of fiscal year 2022. Our net sales decreased primarily from the continued impact of consumer inflationary pressures and recessionary concerns on discretionary spending, resulting in a decline in store traffic and lower demand across all product categories. Additionally, net sales declined due to extended winter conditions in the Western United States, leading to decreased outdoor participation. This decrease was partially offset by our opening of 15 new stores since October 29, 2022 and increased demand in certain categories as a result of social unrest. Stores that have been open for less than 12 months and were, therefore, not included in our same store sales, contributed $55.8 million to net sales. E-commerce driven sales comprised more than 15% of total sales for the 39 weeks ended October 28, 2023. Same store sales decreased by 15.0% during the 39 weeks ended October 28, 2023 compared to the corresponding 39-week period ended October 29, 2022, primarily as a result of the factors discussed above that impacted net sales.

Our Hunting and Shooting, Camping, Optics, Electronics and Accessories Fishing, Apparel, and Footwear departments saw net sales decreases of $47.8 million, $26.9 million, $9.6 million, $9.4 million, $7.4 million and $3.6 million, respectively, in the 39 weeks ended October 28, 2023 compared to the corresponding period of fiscal year 2022. Within our Hunting and Shooting department, our firearm and ammunition categories saw decreases of $3.5 million and $35.5 million or 1.6% and 19.9%, respectively, in the 39 weeks ended October 28, 2023 compared to the corresponding period of fiscal year 2022. The decrease in our firearm category was due to a softening in demand related to the impact of consumer inflationary pressures. The decrease in our ammunition category was driven by the continued normalization of sales during the 39 weeks ended October 28, 2023 compared to the pull forward of ammunition sales that occurred during the 39-week period ended October 29, 2022 as we returned to normal in-stocks for ammunition during that period and the continued impact of consumer inflationary pressures and recessionary concerns on discretionary spending. This was partially offset by our opening of 15 new stores since October 29, 2022 and increased demand in certain categories as a result of social unrest.

With respect to same store sales, during the 39 weeks ended October 28, 2023, our Camping, Optics, Electronics and Accessories, Fishing, Hunting and Shooting, Apparel and Footwear departments saw decreases of 23.1%, 18.1%, 15.3%, 13.8%, 13.7% and 9.7%, respectively, compared to the corresponding period of fiscal year 2022, as a result of a decline in store traffic and the continued impact of consumer inflationary pressures and recessionary concerns on discretionary spending. As of October 28, 2023, 129 stores were included in our same store sales calculation.

Gross Profit. Gross profit decreased by $53.4 million, or 15.8%, to $284.0 million during the 39 weeks ended October 28, 2023 compared to $337.5 million for the corresponding period of fiscal year 2022. As a percentage of net sales, gross profit decreased to 31.0% during the 39 weeks ended October 28, 2023, compared to 33.1% for the corresponding period of fiscal year 2022, primarily driven by reduced product margins in our ammunition category within our Hunting and Shooting department, as the margins from ammunition sales begin to normalize and lower margins in our Apparel and Footwear departments, resulting from our increased promotional efforts to drive additional customer traffic online and to our stores and to reduce inventory.

Selling, General, and Administrative Expenses. Selling, general, and administrative expenses increased by $6.0 million, or 2.0%, to $301.5 million during the 39 weeks ended October 28, 2023, compared to $295.4 million for the corresponding period of fiscal year 2022. This increase was primarily the result of increases in rent and depreciation expenses of $7.6 million and $5.4 million, respectively, during the 39 weeks ended October 28, 2023 primarily related to the opening of 15 new stores since October 29, 2022. We incurred $3.1 million in transitional expenses after the retirement of our Chief Executive Officer in April 2023. Additionally, we incurred $1.2 million of severance expenses related to the implementation of our cost reduction plan and $0.7 million related to a one-time legal settlement and related fees and expenses. These increases were partially offset by a decreases of $9.5 million and $3.7 million in payroll and other operating expenses, respectively, driven by our ongoing cost cutting measures and increased operational efficiencies across our retail stores.

On a per store basis, our payroll and other operating expenses were down approximately 15% and 14%, respectively, compared to the corresponding period of fiscal year 2022. As a percentage of net sales, selling, general, and administrative expenses increased to 32.9% of net sales in the 39 weeks ended October 28, 2023 compared to 29.0% of net sales in the corresponding period of fiscal year 2022, as a result of the factors discussed above. New store pre-opening expenses increased by $2.5 million to $5.4 million during the 39 weeks ended October 28, 2023 compared to $2.9 million in the corresponding period of fiscal year 2022.

Interest Expense. Interest expense increased by $7.0 million, or 280.0%, to $9.5 million during the 39 weeks ended October 28, 2023, compared to $2.5 million for the corresponding period of fiscal year 2022. Interest expense increased primarily as a result of increased borrowings on our revolving credit facility and higher interest rates during the 39 weeks ended October 28, 2023 compared to the corresponding period of fiscal year 2022.

Income Taxes. We recognized an income tax benefit of $6.7 million during the 39 weeks ended October 28, 2023 compared to an income tax expense of $10.0 million during the comparable 39-week period ended October 29, 2022. Our effective tax rates during the 39 weeks ended October 28, 2023 and October 29, 2022 were 24.8% and 25.3%, respectively. Our effective tax rate will generally differ from the U.S. Federal statutory rate of 21.0%, due to state taxes, permanent items, and discrete items relating to stock award deductions.

Seasonality

Due to the openings of hunting season across the country and consumer holiday buying patterns, net sales are typically higher in our third and fourth fiscal quarters than in our first and second fiscal quarters. We also incur additional expenses in our third and fourth fiscal quarters due to higher sales 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 non-recurring expenses related to opening each new retail store, which are expensed as they are incurred. Second, most store expenses generally vary proportionately with net sales, but there is also a fixed cost component, which includes occupancy costs. These fixed costs typically result in lower store profitability during the initial period after a new retail store opens. Due to both of these factors, new retail store openings may result in a temporary decline in operating profit, in dollars and/or as a percentage of net sales.

Weather conditions affect outdoor activities and the demand for related apparel and equipment. Customers' demand for our products, and, therefore, our net sales, can be significantly impacted by weather patterns on a local, regional and national basis. For example, weather conditions were a significant headwind for us in the first half of fiscal year 2023, especially in the western half of the United States. A combination of unusually high amounts of rain and snow influenced the timing of the spring fishing and camping seasons, pushing them to later than normal.

Liquidity and Capital Resources

Overview; Uses and Sources of Cash

As of October 28, 2023, we had cash and cash equivalents of $2.9 million and working capital, consisting of current assets less current liabilities, of $76.8 million. As of January 28, 2023, we had cash and cash equivalents of $2.4 million and working capital, consisting of current assets less current liabilities, of $130.1 million.

Our primary cash requirements are for seasonal working capital needs and capital expenditures related to opening and acquiring new store locations. For both the short-term and the long-term, our primary sources of cash are borrowings under our $350.0 million senior secured revolving credit facility, operating cash flows and short and long-term debt financings from other 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 and meet our cash requirements for at least the next twelve months and beyond.

Material Cash Requirements

Our material cash requirements from known contractual and other obligations are primarily for opening and acquiring new store locations, along with our general operating expenses and other expenses discussed below.

Purchase Obligations. In the ordinary course of business, we enter into arrangements with vendors to purchase merchandise in advance of expected delivery. We or the vendor can generally terminate the purchase orders at any time. These purchase orders do not contain any termination payments or other penalties if cancelled. Our inventory reduction during the 13 weeks ended October 28, 2023, was driven by our strategic promotional efforts, primarily related to apparel and footwear and the execution to lower our overall operating costs. While it is weighing on our gross margins, moving this inventory is progressing as planned. We will continue this effort during the remainder of fiscal year 2023 and expect our gross margins to be reduced by 600 to 800 basis points in the fourth quarter of fiscal year 2023 when compared to the corresponding period of fiscal year 2022.

Operating Lease Obligations. Operating lease commitments consist principally of leases for our retail stores, corporate office and distribution center. Our leases often include options which allow us to extend the terms beyond the initial lease term. As of October 28, 2023 our expected operating lease payments for the remainder of fiscal year 2023 are $18.1 million and our total committed lease payments are $458.8 million. Other operating lease obligations consist of distribution center equipment. See Note 6, “Leases” to our unaudited condensed consolidated financial statements included in this 10-Q.

Capital Expenditures. For the 39 weeks ended October 28, 2023, we incurred approximately $54.1 million in capital expenditures, net of $17.1 million in tenant allowances, primarily related to the construction of new stores and the refurbishment of existing stores during the period. We expect capital expenditures, net of tenant allowances, between $56 million and $60 million for fiscal year 2023 (inclusive of amounts spent during the 39 weeks ended October 28, 2023) primarily to refurbish some of our existing stores and to open 15 new stores in fiscal year 2023. We intend to fund these capital expenditures with our operating cash flows, cash on hand 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.

Principal and Interest Payments. We maintain a $350.0 million revolving credit facility. As of October 28, 2023, $202.0 million was outstanding under the revolving credit facility. Assuming no additional repayments or borrowings on our revolving credit facility after October 28, 2023 our interest payments would be approximately $3.5 million for the remainder of fiscal year 2023 based on the interest rate as of October 28, 2023. See below under “Indebtedness” for additional information regarding our revolving credit facility, including the interest rate applicable to any borrowing under such facility.

Share Repurchase Authorization. Our board of directors authorized a share repurchase program to provide for the repurchase of up to $75.0 million of outstanding shares of our common stock during the period from March 31, 2022 to March 31, 2023. On March 15, 2023, our board of directors extended the term of the share repurchase program through March 31, 2024. We may repurchase shares of our common stock at any time or from time to time, without prior notice, subject to market conditions and other considerations. Our repurchases may be made through Rule 10b5-1 plans, accelerated share repurchase transactions, open market purchases, privately negotiated transactions, tender offers, block purchases or other transactions. We intend to fund repurchases under the repurchase program using cash on hand or available borrowings under our revolving credit facility. We have no obligation to repurchase any shares of our common stock under the share repurchase program and we may modify, suspend or discontinue it at any time. As of October 28, 2023, we had repurchased 7,326,507 shares of our common stock for $67.5 million, utilizing cash on hand and available borrowings under our revolving credit facility. As of October 28, 2023, $7.5 million remained available to us for repurchases of outstanding shares of our common stock pursuant to the share repurchase program.

Cash Flows

Cash flows provided by (used in) operating, investing and financing activities are shown in the following table:

	Thirty-Nine Weeks Ended	
	October 28, 2023	October 29, 2022
	(in thousands)	
Cash flows (used in) provided by operating activities	$ (16,637)	$ 14,509
Cash flows used in investing activities	(71,170)	(38,477)
Cash provided by (used in) financing activities	88,333	(30,490)
Cash at end of period	2,915	2,560

Net cash used in operating activities was $16.6 million for the 39 weeks ended October 28, 2023, compared to net cash provided by operating activities of $14.5 million for the corresponding period of fiscal year 2022, a change of approximately $31.1 million. The increase in our cash flows used in operating activities was primarily driven by a net loss of $20.3 million in the 39 weeks ended October 28, 2023 compared to net income of $29.5 million for the corresponding period of fiscal year 2022.

Net cash used in investing activities was $71.2 million for the 39 weeks ended October 28, 2023, compared to $38.5 million for the corresponding period of fiscal year 2022, an increase of approximately $32.7 million, which was primarily driven by capital expenditures related to the construction of new stores and the refurbishment of existing stores incurred during the 39 weeks ended October 28, 2023. As of the fiscal period ended October 28, 2023, net cash used by capital expenditures related to the construction of new stores represents nearly all of the estimated fiscal year 2023 net cash use for new store construction.

Net cash provided by financing activities was $88.3 million for the 39 weeks ended October 28, 2023, compared to net cash used in financing activities of $30.5 million for the corresponding period of fiscal year 2022, a change of approximately $118.8 million. The increase in cash provided by financing activities was primarily the result of increased borrowings under our revolving credit facility.

Indebtedness

We maintain our $350.0 million revolving credit facility, with $202.0 million outstanding as of October 28, 2023. Borrowings under our revolving credit facility are subject to a borrowing base calculation. Our revolving credit facility is governed by an amended and restated credit agreement with a consortium of banks led by Wells Fargo Bank, National Association ("Wells Fargo"). As of October 28, 2023, we had $111.0 million available for borrowing, subject to certain borrowing base restrictions, and $2.0 million in stand-by commercial letters of credit.

Borrowings under the revolving credit facility bear interest based on either the base rate or Term SOFR (as defined by the credit agreement governing the revolving credit facility), at our option, in each case plus an applicable margin. The base rate is the greatest of (1) the floor rate (as defined in the credit agreement as a rate of interest equal to 0.0%) (2) Wells Fargo's prime rate, (3) the federal funds rate (as defined in the credit agreement) plus 0.50% or (4) the one-month Term SOFR (as defined in the credit agreement) plus 1.00%. The applicable margin for loans under the revolving credit facility, which varies based on the average daily availability, ranges from 0.25% to 0.50% per year for base rate loans and from 1.35% to 1.60% per year for Term SOFR loans. We are required to pay a commitment fee for the unused portion of the revolving credit facility, which will range from 0.20% to 0.225% per annum, depending on the average daily availability under the revolving credit facility.

Each of the subsidiaries of Holdings is a borrower under the revolving credit facility, and all obligations under the revolving credit facility are guaranteed by Holdings. All of the obligations under the revolving credit facility are secured by a lien on substantially all of Holdings' tangible and intangible working capital assets and the tangible and intangible working capital assets of all of Holdings' subsidiaries, including a pledge of all capital stock of each of Holdings' 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.

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.

Our revolving credit facility requires us to maintain a minimum availability at all times of not less than 10% of the gross borrowing base. In addition, the credit agreement governing our revolving credit facility 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 credit agreement also contains customary events of default. As of October 28, 2023, we were in compliance with all covenants under the credit agreement governing our revolving credit facility.

Critical Accounting Estimates

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

There have been no significant changes to our critical accounting estimates as described in "Part II., Item 7., Management's Discussion and Analysis of Financial Condition and Results of Operations" of our Fiscal 2022 Form 10-K.

Off Balance Sheet Arrangements

We are not party to any off balance sheet arrangements.

Non-GAAP Financial 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 (loss) income plus interest expense, income tax (benefit) expense, depreciation and amortization, stock-based compensation expense, director and officer transition costs, cost related to the implementation of our cost reduction plan and a one-time legal settlement and related fees and expenses. Beginning with the three months ended October 28, 2023, we no longer add back new store pre-opening expenses to our net (loss) income to determine Adjusted EBITDA. The presentation of past periods has been conformed to the current presentation. Net (loss) income is the most comparable GAAP financial measure to Adjusted EBITDA. We define Adjusted EBITDA margin as, for any period, the Adjusted EBITDA for that period divided by the net sales for that period. We consider Adjusted EBITDA and Adjusted EBITDA margin important supplemental measures of our operating performance and believe they are frequently used by analysts, investors and other interested parties in the evaluation of companies in our industry. Other companies in our industry, however, may calculate Adjusted EBITDA and Adjusted EBITDA margin differently than we do. Management also uses Adjusted EBITDA and Adjusted EBITDA margin as additional measurement tools for purposes of business decision-making, including evaluating store performance, developing budgets and managing expenditures. Management believes Adjusted EBITDA and Adjusted EBITDA margin allow investors to evaluate our operating performance and compare our results of operations from period to period on a consistent basis by excluding items that management does not believe are indicative of our core operating performance.

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

- Adjusted EBITDA does not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;
- Adjusted EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted EBITDA may be defined differently by other companies, and, therefore, it may not be directly comparable to the results of other companies in our industry;

- Adjusted EBITDA does not reflect the interest expense, or the cash requirements necessary to service interest or principal payments, on our debt; and
- Adjusted EBITDA does not reflect income taxes or the cash requirements for any tax payments.

A reconciliation of net income, to Adjusted EBITDA and a calculation of Adjusted EBITDA margin is set forth below for the periods presented (amounts in thousands):

	Thirteen Weeks Ended		Thirty-Nine Weeks Ended	
	October 28, 2023	October 29, 2022	October 28, 2023	October 29, 2022
	(dollars in thousands)			
Net (loss) income (1)	$ (1,331)	$ 12,877	$ (20,258)	$ 29,489
Interest expense	3,944	1,187	9,518	2,521
Income tax expense (benefit)	459	4,436	(6,664)	10,012
Depreciation and amortization	10,663	7,839	28,412	23,012
Stock-based compensation expense (2)	965	1,077	3,341	3,526
Director and officer transition costs (3)	1,180	289	3,067	1,214
Cost reduction plan (4)	351	—	1,216	—
Legal settlement (5)	—	—	687	—
Adjusted EBITDA	$ 16,231	$ 27,705	$ 19,319	$ 69,774
Net sales	$ 340,569	$ 359,720	$ 917,593	$ 1,020,246
Net (loss) income margin	(0.4)%	3.6%	(2.2)%	2.9%
Adjusted EBITDA margin (6)	4.8%	7.7%	2.1%	6.8%

(1) Beginning with the three months ended October 28, 2023, we no longer add back new store pre-opening expenses to our net (loss) income to determine Adjusted EBITDA. The presentation of past periods has been conformed to the current presentation. For the 13 and 39 weeks ended October 28, 2023 we incurred $1.0 million and $5.4 million, respectively, in new store pre-opening expenses compared to $1.4 million and $2.9 million, respectively, for the 13 and 39 weeks ended October 29, 2022.

(2) Stock-based compensation expense represents non-cash expenses related to equity instruments granted to employees under the Sportsman's Warehouse Holdings, Inc. 2019 Performance Incentive Plan and the Sportsman's Warehouse Holdings, Inc. Employee Stock Purchase Plan.

(3) Expenses incurred relating to departure of directors and officers and the recruitment of directors and key members of our senior management team. For the 39 weeks ended October 28, 2023, we incurred $3.1 million in expenses for employee retention bonuses after the retirement of our Chief Executive Officer in April 2023, professional fees for the engagement of a search firm to identify director candidates and candidates for Chief Executive Officer and an executive signing bonus and relocation reimbursement.

(4) Severance expenses paid as part of our cost reduction plan implemented during the 39 weeks ended October 28, 2023.

(5) Represents a one-time legal settlement and related fees and expenses.

(6) We calculate net income margin as net income divided by net sales and we define Adjusted EBITDA margin as Adjusted EBITDA divided by net sales.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our principal exposure to market risk relates to changes in interest rates. Borrowings under our revolving credit facility carry a floating interest rate tied to Term SOFR, 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. Based on a sensitivity analysis at October 28, 2023, 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 have increased our interest expense by $2.0 million. 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

Our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) are designed to ensure that information required to be disclosed in the reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms and to ensure that information required to be disclosed is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding required disclosures. Our management has evaluated, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures as of the end of the period covered by this 10-Q. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of October 28, 2023.

Inherent Limitations in Effectiveness of Controls

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures, or our internal controls, will prevent all error and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the company have been detected. These inherent limitations include the realities that judgments in decision making can be faulty, and that breakdowns can occur because of simple error or mistake or fraud. Additionally, controls can be circumvented by individuals or groups of persons or by an unauthorized override of the controls. Accordingly, because of the inherent limitations in our control system, misstatements in our public reports due to error or fraud may occur and not be detected.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting (as defined in Rules 13a-15(d) and 15d-15(d) under the Exchange Act) during the 13 weeks ended October 28, 2023 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

From time to time, we may be involved in legal proceedings arising in the ordinary course of business. We believe there is no pending or threatened litigation that could have, individually or in the aggregate, a material adverse effect on our financial position, results of operations or cash flows.

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 risk factors from those set forth in our Fiscal 2022 Form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation of Sportsman's Warehouse Holdings, Inc. (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, filed with the SEC on June 8, 2023).
3.2	Third Amended and Restated Bylaws of Sportsman's Warehouse Holdings, Inc. (incorporated by reference to Exhibit (incorporated by reference to Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q, filed with the SEC on September 7, 2023).
10.1*	Form of Restricted Stock Unit Award Agreement (CEO) under the Sportsman's Warehouse Holdings, Inc. Inducement Plan.
10.2*	Form of Restricted Stock Unit Award Agreement (VP and Above) under the Sportsman's Warehouse Holdings, Inc. Inducement Plan.
10.3	Employment Agreement, dated September 22, 2023, between the Company and Paul Stone (incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K, filed with the SEC on September 26, 2023).
10.4	Employee Confidential Information and Inventions Assignment Agreement, dated September 22, 2023, between the Company and Paul Stone (incorporated by reference to Exhibit 10.2 to the Company's Current Report on Form 8-K, filed with the SEC on September 26, 2023).
10.5	Sportsman's Warehouse Holdings, Inc. Inducement Plan (incorporated by reference to Exhibit 10.3 to the Company's Current Report on Form 8-K, filed with the SEC on September 26, 2023).
31.1*	Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002.
99.1	Description of Capital Stock of Sportsman's Warehouse Holdings, Inc. (incorporated by reference to Exhibit 99.2 to the Company's Current Report on Form 8-K, filed with the SEC on September 26, 2023)
101.INS*	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	XBRL Taxonomy Extension Schema Document.
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document.

104*	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Filed herewith.
** Furnished herewith.

SIGNATURES

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

		SPORTSMAN'S WAREHOUSE HOLDINGS, INC.
Date: December 7, 2023	By:	/s/Paul Stone
		Paul Stone
		President and Chief Executive Officer
		(Principal Executive Officer)
Date: December 7, 2023	By:	/s/Jeff White
		Jeff White
		Chief Financial Officer
		(Principal Financial and Accounting Officer)

SPORTSMAN'S WAREHOUSE HOLDINGS, INC.
INDUCEMENT PLAN
RESTRICTED STOCK UNIT AWARD AGREEMENT

THIS RESTRICTED STOCK UNIT AWARD AGREEMENT (this "**Agreement**") is dated as of [__________] (the "**Grant Date**") by and between Sportsman's Warehouse Holdings, Inc., a Delaware corporation (the "**Corporation**"), and [______] (the "**Participant**").

W I T N E S S E T H

WHEREAS, pursuant to the Sportsman's Warehouse Holdings, Inc. Inducement Plan (the "**Plan**"), the Corporation has granted to the Participant effective as of the date hereof (the "**Award Date**"), a credit of stock units under the Plan (the "**Award**"), upon the terms and conditions set forth herein and in the Plan;

NOW THEREFORE, in consideration of services to be rendered by the Participant, and the mutual promises made herein and the mutual benefits to be derived therefrom, the parties agree as follows:

1. Defined Terms. Capitalized terms used herein and not otherwise defined herein shall have the meaning assigned to such terms in the Plan.

2. Grant. Subject to the terms of this Agreement, the Corporation hereby grants to the Participant an Award with respect to an aggregate of [___________] restricted stock units (subject to adjustment as provided in Section 7.1 of the Plan) (the "**Stock Units**"). The Stock Units are granted in compliance with Nasdaq Listing Rule 5635(c)(4) as a material inducement to the Participant entering into employment with the Corporation. As used herein, the term "stock unit" shall mean a non-voting unit of measurement which is deemed for bookkeeping purposes to be equivalent to one outstanding share of the Corporation's Common Stock (subject to adjustment as provided in Section 7.1 of the Plan) solely for purposes of the Plan and this Agreement. The Stock Units shall be used solely as a device for the determination of the payment to eventually be made to the Participant if such Stock Units vest pursuant to Section 3. The Stock Units shall not be treated as property or as a trust fund of any kind.

3. Vesting. Subject to Section 8 below, the Award shall vest and become nonforfeitable with respect to one-third (1/3) of the total number of Stock Units (subject to adjustment under Section 7.1 of the Plan) on each of [__________], [__________] and [__________] (each, a "**Vesting Tranche**", and the last such scheduled vesting date, the "**Final Vesting Date**").

4. Continuance of Employment/Service Required; No Employment/Service Commitment. Except as otherwise expressly provided in Section 8, the vesting schedule in Section 3 requires continued employment or service through each applicable vesting date as a condition to the vesting of the applicable installment of the Award and the rights and benefits under this Agreement. Employment or service for only a portion of the vesting period, even if a substantial portion, will not entitle the Participant to any proportionate vesting or avoid or mitigate a termination of rights and benefits upon or following a termination of employment or services as provided in Section 8 below or under the Plan (except as otherwise expressly provided in Section 8).

Nothing contained in this Agreement or the Plan constitutes an employment or service commitment by the Corporation, affects the Participant's status, if he or she is an employee, as an employee at will who is subject to termination without cause, confers upon the Participant any right to remain employed by or in service to the Corporation or any Subsidiary, interferes in any way with the right of the Corporation or any Subsidiary at any time to terminate such employment or services, or affects the right of the Corporation or any Subsidiary to increase or decrease the Participant's other compensation or benefits. Nothing in this Agreement, however, is intended to adversely affect any independent contractual right of the Participant without his or her consent thereto.

5. Dividend and Voting Rights.

(a) **Limitations on Rights Associated with Units**. The Participant shall have no rights as a stockholder of the Corporation, no dividend rights (except as expressly provided in Section 5(b) with respect to Dividend Equivalent Rights) and no voting rights, with respect to the Stock Units and any shares of Common Stock underlying or issuable in respect of such Stock Units until such shares of Common Stock are actually issued to and held of record by the Participant. No adjustments will be made for dividends or other rights of a holder for which the record date is prior to the date of issuance of such shares.

(b) **Dividend Equivalent Rights Distributions**. As of any date that the Corporation pays an ordinary cash dividend on its Common Stock, the Corporation shall credit the Participant with an additional number of Stock Units equal to (i) the per share cash dividend paid by the Corporation on its Common Stock on such date, multiplied by (ii) the total number of Stock Units (including any dividend equivalents previously credited hereunder) (with such total number adjusted pursuant to Section 7.1 of the Plan) subject to the Award as of the related dividend payment record date, divided by (iii) the fair market value of a share of Common Stock on the date of payment of such dividend. Any Stock Units credited pursuant to the foregoing provisions of this Section 5(b) shall be subject to the same vesting, payment and other terms, conditions and restrictions as the original Stock Units to which they relate. No crediting of Stock Units shall be made pursuant to this Section 5(b) with respect to any Stock Units which, as of such record date, have either been paid pursuant to Section 7 or terminated pursuant to Section 8.

6. Restrictions on Transfer and Other Restrictions. Neither the Award, nor any interest therein or amount or shares payable in respect thereof may be sold, assigned, transferred, pledged or otherwise disposed of, alienated or encumbered, either voluntarily or involuntarily, except as set forth in Section 5.6 of the Plan. The Amended and Restated Articles of Incorporation (the "**Articles**") and Bylaws of the Corporation, as either of them may be amended from time to time, may provide for additional restrictions and limitations with respect to the Common Stock (including additional restrictions and limitations on the transfer of shares). To the extent that these restrictions and limitations are greater than those set forth in this Agreement, such restrictions and limitations shall apply to the shares of Common Stock issuable with respect to the Award and are incorporated herein by this reference. Such restrictions and limitations are not, however, in lieu of, nor shall they in any way reduce or eliminate, any limitation or restriction on the shares of Common Stock acquired pursuant to the Award imposed under the Plan or this Agreement.

7. Timing and Manner of Payment of Stock Units. On or as soon as administratively practical following each vesting of the applicable portion of the total Award pursuant to Section 3 or 8 hereof or Section 7 of the Plan (and in all events not later than two and one-half months after the applicable vesting date), the Corporation shall deliver to the Participant a number of shares of Common Stock (either by delivering one or more certificates for such shares or by entering such shares in book entry form, as determined by the Corporation in its discretion) equal to the number of Stock Units subject to this Award that vest on the applicable vesting date, unless such Stock Units terminate prior to the given vesting date pursuant to Section 8. The Corporation's obligation to deliver shares of Common Stock or otherwise make payment with respect to vested Stock Units is subject to the condition precedent that the Participant or other person entitled under the Plan to receive any shares with respect to the vested Stock Units deliver to the Corporation any representations or other documents or assurances required pursuant to Section 8.1 of the Plan. The Participant shall have no further rights with respect to any Stock Units that are paid or that terminate pursuant to Section 8.

8. Effect of Termination of Employment or Service.

(a) General. If the Participant ceases to be employed by or ceases to provide services to the Corporation or a Subsidiary regardless of the reason for the termination of the Participant's employment or service with the Corporation or a Subsidiary, whether with or without cause, voluntarily or involuntarily, the Participant's Stock Units shall, except as expressly provided below, terminate as of the Severance Date (as defined below) to the extent such units have not become vested pursuant to Section 3 hereof, Section 8(b) hereof, or Section 8(c) hereof upon the Severance Date. If any unvested Stock Units are terminated hereunder, such Stock Units shall automatically terminate and be cancelled as of the applicable Severance Date without payment of any consideration by the Corporation and without any other action by the Participant, or the Participant's beneficiary or personal representative, as the case may be.

(b) Termination Due to Death or Permanent Disability. In the event the Participant's Severance Date occurs prior to the Final Vesting Date and other than on one of the vesting dates set forth in Section 3, and the Participant's Severance Date is the result of the death or Permanent Disability (as defined below) of the Participant, the next Vesting Tranche of the Award that is scheduled to vest following the Participant's Severance Date shall immediately vest and become nonforfeitable as of the Participant's Severance Date. The remaining unvested portion of the Stock Units subject to the Award, after giving effect to the preceding sentence, shall terminate in accordance with Section 8(a) of this Agreement.

(c) Change of Control. In the event a Change of Control (as defined below) occurs prior to the Final Vesting Date and prior to the Participant's Severance Date, if the Participant's Severance Date is the result of a termination of the Participant's employment by the Corporation or a Subsidiary absent Gross Misconduct (and not due to the Participant's death or Permanent Disability) or by the Participant for Good Reason, in either case within twelve (12) months following the effective date of the Change of Control, the unvested portion of the Award shall immediately vest and become nonforfeitable as of the Participant's Severance Date, subject to the Participant's compliance with Section 6.1(c) of the Executive Employment Agreement.

(d) Defined Terms. The following definitions shall apply for purposes of this Agreement:

(i) "**Change of Control**" means the occurrence of any of the following after the Award Date:

(A) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act (a "**Person**")) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of more than 30% of either (1) the then-outstanding shares of common stock of the Corporation (the "**Outstanding Company Common Stock**") or (2) the combined voting power of the then-outstanding voting securities of the Corporation entitled to vote generally in the election of directors (the "**Outstanding Company Voting Securities**"); provided, however, that, for purposes of this clause (A), the following acquisitions shall not constitute a Change of Control; (a) any acquisition directly from the Corporation, (b) any acquisition by the Corporation, (c) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Corporation or any affiliate of the Corporation or a successor, (d) any acquisition by a Person or affiliate of a Person who owned more than 30% of the Outstanding Company Common Stock or Outstanding Company Voting Securities on the Award Date, or (e) any acquisition by any entity pursuant to a transaction that complies with clauses (C)(1), (2) and (3) below;

(B) Individuals who, as of the Award Date, constitute the Board (the "**Incumbent Board**") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the Award Date whose election, or nomination for election by the Corporation's stockholders, was approved by a vote of at least two-thirds of the directors then comprising the Incumbent Board (including for these purposes, the new members whose election or nomination was so approved, without counting the member and his or her predecessor twice) shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board;

(C) Consummation of a reorganization, merger, statutory share exchange or consolidation or similar corporate transaction involving the Corporation or any of its Subsidiaries, a sale or other disposition of all or substantially all of the assets of the Corporation, or the acquisition of assets or stock of another entity by the Corporation or any of its Subsidiaries (each, a "**Business Combination**"), in each case unless, following such Business Combination, (1) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity that, as a result of such transaction, owns the Corporation or all or substantially all of the Corporation's assets directly or through one or more subsidiaries (a "**Parent**")) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Common Stock and the Outstanding Company Voting Securities, as the case may be, (2) no Person (excluding any entity resulting from such Business Combination or a Parent or any employee benefit plan (or related trust) of the Corporation or such entity resulting from such Business Combination or Parent) beneficially owns, directly or indirectly, more than 30% of, respectively, the then-outstanding shares of common stock of the entity resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such entity, except to the extent that the ownership in excess of 30% existed prior to the Business Combination, and (3) at least a majority of the members of the board of directors or trustees of the entity resulting from such Business Combination or a Parent were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination; or

(D) Approval by the stockholders of the Corporation of a complete liquidation or dissolution of the Corporation other than in the context of a Business Combination.

(ii) "**CIIAA**" means the Employee Confidential Information and Invention Assignment Agreement by and between the Participant and the Corporation dated September 22, 2023.

(iii) "**Executive Employment Agreement**" means the Executive Employment Agreement by and between the Participant and the Corporation dated September 22, 2023.

(iv) "**Good Reason**" has the meaning ascribed to such term in the Executive Employment Agreement.

(v) "**Gross Misconduct**" has the meaning ascribed to such term in the Executive Employment Agreement.

(vi) "**Permanent Disability**" with respect to the Participant means any mental or physical illness or disability that renders the Participant incapable of performing the Participant's duties, even with a reasonable accommodation, for more than twelve (12) consecutive weeks in any twelve-month period, unless a longer period is required by law. The date of Permanent Disability will be the date on which the Administrator declares the incapacity on the grounds described above.

(vii) "**Severance Date**" means the last day that the Participant is employed by or provides services to the Corporation or a Subsidiary. A termination of employment shall not be considered to have occurred for purposes of the Award if the Participant is employed by the Corporation and such employment terminates but immediately following such termination of employment the Participant continues as an employee of a Subsidiary or if the Participant is employed by a Subsidiary and such employment terminates but immediately following such termination of employment the Participant continues as an employee of the Corporation or another Subsidiary.

9. <u>Adjustments Upon Specified Events.</u> Upon the occurrence of certain events relating to the Corporation's stock contemplated by Section 7.1 of the Plan (including, without limitation, an extraordinary cash dividend on such stock), the Administrator shall make adjustments in accordance with such section in the number of Stock Units then outstanding and the number and kind of securities that may be issued in respect of the Award. No such adjustment shall be made with respect to any ordinary cash dividend for which dividend equivalents are credited pursuant to Section 5(b).

10.<u>Restrictive Covenants</u>. The Participant agrees to abide by and be subject to the non-competition restrictions, non-solicitation restrictions, confidentiality restrictions, and other restrictive covenants as set forth in the CIIAA (the "**Restrictive Covenants**").

11.<u>Tax Withholding</u>. Subject to Section 8.1 of the Plan, upon any distribution of shares of Common Stock in respect of the Stock Units, the Corporation shall automatically reduce the number of shares to be delivered by (or otherwise reacquire) the appropriate number of whole shares, valued at their then fair market value (with the "fair market value" of such shares determined in accordance with the applicable provisions of the Plan), to satisfy any withholding obligations of the Corporation or its Subsidiaries with respect to such distribution of shares. In the event that the Corporation cannot legally satisfy such withholding obligations by such reduction of shares, or in the event of a cash payment or any other withholding event in respect of the Stock Units, the Corporation (or a Subsidiary) shall be entitled to require a cash payment by or on behalf of the Participant and/or to deduct from other compensation payable to the Participant any sums required by federal, state or local tax law to be withheld with respect to such distribution or payment.

12.<u>Notices</u>. Any notice to be given under the terms of this Agreement shall be in writing and addressed to the Corporation at its principal office to the attention of the Secretary, and to the Participant at the Participant's last address reflected on the Corporation's records, or at such other address as either party may hereafter designate in writing to the other. Any such notice shall be given only when received, but if the Participant is no longer an employee of or in service to the Corporation, shall be deemed to have been duly given by the Corporation when enclosed in a properly sealed envelope addressed as aforesaid, registered or certified, and deposited (postage and registry or certification fee prepaid) in a post office or branch post office regularly maintained by the United States Government.

13.<u>Plan</u>. The Award and all rights of the Participant under this Agreement are subject to the terms and conditions of the provisions of the Plan, incorporated herein by reference. The Participant agrees to be bound by the terms of the Plan and this Agreement. The Participant acknowledges having read and understanding the Plan, the Prospectus for the Plan, and this Agreement. Unless otherwise expressly provided in other sections of this Agreement, provisions of the Plan that confer discretionary authority on the Board or the Administrator do not (and shall not be deemed to) create any rights in the Participant unless such rights are expressly set forth herein or are otherwise in the sole discretion of the Board or the Administrator so conferred by appropriate action of the Board or the Administrator under the Plan after the date hereof.

14.Entire Agreement. This Agreement, the Plan, the Executive Employment Agreement and the CIIAA together constitute the entire agreement and supersede all prior understandings and agreements, written or oral, of the parties hereto with respect to the subject matter hereof. The Plan and this Agreement may be amended pursuant to Section 8.6 of the Plan. Such amendment must be in writing and signed by the Corporation. The Corporation may, however, unilaterally waive any provision hereof in writing to the extent such waiver does not adversely affect the interests of the Participant hereunder, but no such waiver shall operate as or be construed to be a subsequent waiver of the same provision or a waiver of any other provision hereof.

15.Limitation on Participant's Rights. Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Corporation as to amounts payable and shall not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. The Participant shall have only the rights of a general unsecured creditor of the Corporation with respect to amounts credited and benefits payable, if any, with respect to the Stock Units, and rights no greater than the right to receive the Common Stock as a general unsecured creditor with respect to Stock Units, as and when payable hereunder.

16.Counterparts. This Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

17.Section Headings. The section headings of this Agreement are for convenience of reference only and shall not be deemed to alter or affect any provision hereof.

18.Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware without regard to conflict of law principles thereunder.

19.Construction. It is intended that the terms of the Award will not result in the imposition of any tax liability pursuant to Section 409A of the Code. This Agreement shall be construed and interpreted consistent with that intent.

20.Clawback Policy. The Stock Units 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 law, any of which could in certain circumstances require repayment or forfeiture of the Stock Units or any shares of Common Stock or other cash or property received with respect to the Stock Units (including any value received from a disposition of the shares acquired upon payment of the Stock Units).

21.No Advice Regarding Grant. The Participant is hereby advised to consult with his or her own tax, legal and/or investment advisors with respect to any advice the Participant may determine is needed or appropriate with respect to the Stock Units (including, without limitation, to determine the foreign, state, local, estate and/or gift tax consequences with respect to the Award). Neither the Corporation nor any of its officers, directors, affiliates or advisors makes any representation (except for the terms and conditions expressly set forth in this Award Agreement) or recommendation with respect to the Award. Except for the withholding rights set forth in Section 11 above, the Participant is solely responsible for any and all tax liability that may arise with respect to the Award.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Corporation has caused this Agreement to be executed on its behalf by a duly authorized officer and the Participant has hereunto set his or her hand as of the date and year first above written.

SPORTSMAN'S WAREHOUSE HOLDINGS, INC., **a Delaware corporation**	**PARTICIPANT**
By:___________________________________ Print Name: ____________________ Its: ___________________________	____________________________________ *Signature* ____________________________________ *Print Name*

SPORTSMAN'S WAREHOUSE HOLDINGS, INC.
INDUCEMENT PLAN
RESTRICTED STOCK UNIT AWARD AGREEMENT

THIS RESTRICTED STOCK UNIT AWARD AGREEMENT (this "**Agreement**") is dated as of [_________] (the "**Grant Date**") by and between Sportsman's Warehouse Holdings, Inc., a Delaware corporation (the "**Corporation**"), and [_______] (the "**Participant**").

W I T N E S S E T H

WHEREAS, pursuant to the Sportsman's Warehouse Holdings, Inc. Inducement Plan (the "**Plan**"), the Corporation has granted to the Participant effective as of the date hereof (the "**Award Date**"), a credit of stock units under the Plan (the "**Award**"), upon the terms and conditions set forth herein and in the Plan;

NOW THEREFORE, in consideration of services rendered and to be rendered by the Participant, and the mutual promises made herein and the mutual benefits to be derived therefrom, the parties agree as follows:

1. Defined Terms. Capitalized terms used herein and not otherwise defined herein shall have the meaning assigned to such terms in the Plan.

2. Grant. Subject to the terms of this Agreement, the Corporation hereby grants to the Participant an Award with respect to an aggregate of [___________] restricted stock units (subject to adjustment as provided in Section 7.1 of the Plan) (the "**Stock Units**"). The Stock Units are granted in compliance with Nasdaq Listing Rule 5635(c)(4) as a material inducement to the Participant entering into employment with the Corporation. As used herein, the term "stock unit" shall mean a non-voting unit of measurement which is deemed for bookkeeping purposes to be equivalent to one outstanding share of the Corporation's Common Stock (subject to adjustment as provided in Section 7.1 of the Plan) solely for purposes of the Plan and this Agreement. The Stock Units shall be used solely as a device for the determination of the payment to eventually be made to the Participant if such Stock Units vest pursuant to Section 3. The Stock Units shall not be treated as property or as a trust fund of any kind.

3. Vesting. Subject to Section 8 below, the Award shall vest and become nonforfeitable with respect to [_____________________] (each, a "**Vesting Tranche**", and the last such scheduled vesting date, the "**Final Vesting Date**").

4. Continuance of Employment/Service Required; No Employment/Service Commitment. Except as otherwise expressly provided in Section 8, the vesting schedule in Section 3 requires continued employment or service through each applicable vesting date as a condition to the vesting of the applicable installment of the Award and the rights and benefits under this Agreement. Employment or service for only a portion of the vesting period, even if a substantial portion, will not entitle the Participant to any proportionate vesting or avoid or mitigate a termination of rights and benefits upon or following a termination of employment or services as provided in Section 8 below or under the Plan (except as otherwise expressly provided in Section 8).

Nothing contained in this Agreement or the Plan constitutes an employment or service commitment by the Corporation, affects the Participant's status, if he or she is an employee, as an employee at will who is subject to termination without cause, confers upon the Participant any right to remain employed by or in service to the Corporation or any Subsidiary, interferes in any way with the right of the Corporation or any Subsidiary at any time to terminate such employment or services, or affects the right of the Corporation or any Subsidiary to increase or decrease the Participant's other compensation or benefits. Nothing in this Agreement, however, is intended to adversely affect any independent contractual right of the Participant without his or her consent thereto.

5. Dividend and Voting Rights.

(a) **Limitations on Rights Associated with Units**. The Participant shall have no rights as a stockholder of the Corporation, no dividend rights (except as expressly provided in Section 5(b) with respect to Dividend Equivalent Rights) and no voting rights, with respect to the Stock Units and any shares of Common Stock underlying or issuable in respect of such Stock Units until such shares of Common Stock are actually issued to and held of record by the Participant. No adjustments will be made for dividends or other rights of a holder for which the record date is prior to the date of issuance of such shares.

(b) **Dividend Equivalent Rights Distributions**. As of any date that the Corporation pays an ordinary cash dividend on its Common Stock, the Corporation shall credit the Participant with an additional number of Stock Units equal to (i) the per share cash dividend paid by the Corporation on its Common Stock on such date, multiplied by (ii) the total number of Stock Units (including any dividend equivalents previously credited hereunder) (with such total number adjusted pursuant to Section 7.1 of the Plan) subject to the Award as of the related dividend payment record date, divided by (iii) the fair market value of a share of Common Stock on the date of payment of such dividend. Any Stock Units credited pursuant to the foregoing provisions of this Section 5(b) shall be subject to the same vesting, payment and other terms, conditions and restrictions as the original Stock Units to which they relate. No crediting of Stock Units shall be made pursuant to this Section 5(b) with respect to any Stock Units which, as of such record date, have either been paid pursuant to Section 7 or terminated pursuant to Section 8.

6. Restrictions on Transfer and Other Restrictions. Neither the Award, nor any interest therein or amount or shares payable in respect thereof may be sold, assigned, transferred, pledged or otherwise disposed of, alienated or encumbered, either voluntarily or involuntarily, except as set forth in Section 5.6 of the Plan. The Amended and Restated Articles of Incorporation (the "**Articles**") and Bylaws of the Corporation, as either of them may be amended from time to time, may provide for additional restrictions and limitations with respect to the Common Stock (including additional restrictions and limitations on the transfer of shares). To the extent that these restrictions and limitations are greater than those set forth in this Agreement, such restrictions and limitations shall apply to the shares of Common Stock issuable with respect to the Award and are incorporated herein by this reference. Such restrictions and limitations are not, however, in lieu of, nor shall they in any way reduce or eliminate, any limitation or restriction on the shares of Common Stock acquired pursuant to the Award imposed under the Plan or this Agreement.

7. Timing and Manner of Payment of Stock Units. On or as soon as administratively practical following each vesting of the applicable portion of the total Award pursuant to Section 3 or 8 hereof or Section 7 of the Plan (and in all events not later than two and one-half months after the applicable vesting date), the Corporation shall deliver to the Participant a number of shares of Common Stock (either by delivering one or more certificates for such shares or by entering such shares in book entry form, as determined by the Corporation in its discretion) equal to the number of Stock Units subject to this Award that vest on the applicable vesting date, unless such Stock Units terminate prior to the given vesting date pursuant to Section 8. The Corporation's obligation to deliver shares of Common Stock or otherwise make payment with respect to vested Stock Units is subject to the condition precedent that the Participant or other person entitled under the Plan to receive any shares with respect to the vested Stock Units deliver to the Corporation any representations or other documents or assurances required pursuant to Section 8.1 of the Plan. The Participant shall have no further rights with respect to any Stock Units that are paid or that terminate pursuant to Section 8.

8. Effect of Termination of Employment or Service.

(a) General. If the Participant ceases to be employed by or ceases to provide services to the Corporation or a Subsidiary regardless of the reason for the termination of the Participant's employment or service with the Corporation or a Subsidiary, whether with or without cause, voluntarily or involuntarily, the Participant's Stock Units shall, except as expressly provided below, terminate as of the Severance Date (as defined below) to the extent such units have not become vested pursuant to Section 3 hereof, Section 8(b) hereof, or Section 8(c) hereof upon the Severance Date. If any unvested Stock Units are terminated hereunder, such Stock Units shall automatically terminate and be cancelled as of the applicable Severance Date without payment of any consideration by the Corporation and without any other action by the Participant, or the Participant's beneficiary or personal representative, as the case may be.

(b) Termination Due to Death or Permanent Disability. In the event the Participant's Severance Date occurs prior to the Final Vesting Date and other than on one of the vesting dates set forth in Section 3, and the Participant's Severance Date is the result of the death or Permanent Disability (as defined below) of the Participant, the next Vesting Tranche of the Award that is scheduled to vest following the Participant's Severance Date shall immediately vest and become nonforfeitable as of the Participant's Severance Date. The remaining unvested portion of the Stock Units subject to the Award, after giving effect to the preceding sentence, shall terminate in accordance with Section 8(a) of this Agreement.

(c) Change of Control. In the event a Change of Control (as defined below) occurs prior to the Final Vesting Date and prior to the Participant's Severance Date, if the Participant's Severance Date is the result of a termination of the Participant's employment by the Corporation or a Subsidiary without Cause or by the Participant for Good Reason, in either case upon or within two years following the Change of Control, the unvested portion of the Award shall immediately vest and become nonforfeitable as of the Participant's Severance Date.

(d) Defined Terms. The following definitions shall apply for purposes of this Agreement:

(i) "**Cause**" with respect to the Participant means the definition of "Cause" expressly provided in any written employment agreement (or offer letter or similar written agreement) between the Participant and the Corporation or any Subsidiary that defines such term (or substantially similar term, such as (without limitation) "gross misconduct") in the context of the Participant's employment. If the Participant is not covered by such an agreement with the Corporation or a Subsidiary that defines such term, then "Cause" with respect to the Participant means that one or more of the following has occurred, as reasonably determined by the Board based on the information then known to it: (A) the Participant's commission of any felony; (B) the Participant takes any actions or omissions intentionally causing the Corporation or any Subsidiary to violate any law, rule or regulation (other than technical violations that have no material adverse impact on the Corporation or Subsidiary, as applicable); (C) the Participant's willful or reckless act or omission that injures the reputation or business of the Corporation or any Subsidiary in any material way or is otherwise demonstrably detrimental to the Corporation or a Subsidiary; (D) the Participant willfully fails or refuses to follow the legal and clear directives of the Board or any superior to whom the Participant reports (unless the following of such directive would be a violation of applicable law); (E) the Participant has been dishonest in connection with his employment activities or committed or engaged in an act of theft, embezzlement or fraud; or (F) the Participant has materially breached any provision of any agreement to which the Participant is a party with the Corporation or any Subsidiary or any fiduciary duty the Participant owes to the Corporation or any Subsidiary, provided in the event of a breach of such an agreement or duty in which a cure is reasonably possible in the circumstances, the Corporation or Subsidiary (as the case may be) provides written notice to the Participant of the condition(s) claimed to constitute such breach and the Participant fails to remedy such condition(s) within thirty (30) days after the date of such notice.

(ii) "**Change of Control**" means the occurrence of any of the following after the Award Date:

(A) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act (a "**Person**")) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of more than 30% of either (1) the then-outstanding shares of common stock of the Corporation (the "**Outstanding Company Common Stock**") or (2) the combined voting power of the then-outstanding voting securities of the Corporation entitled to vote generally in the election of directors (the "**Outstanding Company Voting Securities**"); provided, however, that, for purposes of this clause (A), the following acquisitions shall not constitute a Change of Control; (a) any acquisition directly from the Corporation, (b) any acquisition by the Corporation, (c) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Corporation or any affiliate of the Corporation or a successor, (d) any acquisition by a Person or affiliate of a Person who owned more than 30% of the Outstanding Company Common Stock or Outstanding Company Voting Securities on the Award Date, or (e) any acquisition by any entity pursuant to a transaction that complies with clauses (C)(1), (2) and (3) below;

(B) Individuals who, as of the Award Date, constitute the Board (the "**Incumbent Board**") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the

Award Date whose election, or nomination for election by the Corporation's stockholders, was approved by a vote of at least two-thirds of the directors then comprising the Incumbent Board (including for these purposes, the new members whose election or nomination was so approved, without counting the member and his predecessor twice) shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board;

(C) Consummation of a reorganization, merger, statutory share exchange or consolidation or similar corporate transaction involving the Corporation or any of its Subsidiaries, a sale or other disposition of all or substantially all of the assets of the Corporation, or the acquisition of assets or stock of another entity by the Corporation or any of its Subsidiaries (each, a "**Business Combination**"), in each case unless, following such Business Combination, (1) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity that, as a result of such transaction, owns the Corporation or all or substantially all of the Corporation's assets directly or through one or more subsidiaries (a "**Parent**")) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Common Stock and the Outstanding Company Voting Securities, as the case may be, (2) no Person (excluding any entity resulting from such Business Combination or a Parent or any employee benefit plan (or related trust) of the Corporation or such entity resulting from such Business Combination or Parent) beneficially owns, directly or indirectly, more than 30% of, respectively, the then-outstanding shares of common stock of the entity resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such entity, except to the extent that the ownership in excess of 30% existed prior to the Business Combination, and (3) at least a majority of the members of the board of directors or trustees of the entity resulting from such Business Combination or a Parent were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination; or

(D) Approval by the stockholders of the Corporation of a complete liquidation or dissolution of the Corporation other than in the context of a Business Combination.

(iii) "**Good Reason**" with respect to the Participant means the definition of "Good Reason" expressly provided in any written employment agreement (or offer letter or similar written agreement) between the Participant and Corporation or any Subsidiary that defines such term (or substantially similar term) in the context of the Participant's employment. If the Participant is not covered by such an agreement with the Corporation or a

Subsidiary that defines such term, then "Good Reason" with respect to the Participant means the occurrence (without the Participant's consent) of any one or more of the following conditions: (A) a significant and material diminution by the Corporation in the Participant's position, responsibilities, reporting responsibilities or title, or a reduction by the Corporation in the Participant's base salary; or (B) a material breach by the Corporation of a written employment agreement to which the Corporation and the Participant are a party; provided, however, that any such condition or conditions, as applicable, shall not constitute grounds for a termination for Good Reason unless both (x) the Participant provides written notice to the Corporation of the condition claimed to constitute grounds for Good Reason within sixty (60) days of the initial existence of such condition(s), and (y) the Corporation fails to remedy such condition(s) within thirty (30) days of receiving such written notice thereof; and provided, further, that in all events the termination of the Participant's employment shall not constitute a termination for Good Reason unless such termination occurs not more than one hundred and eighty (180) days following the initial existence of the condition claimed to constitute grounds for Good Reason.

(iv) "**Permanent Disability**" with respect to the Participant means any mental or physical illness or disability that renders the Participant incapable of performing the Participant's duties, even with a reasonable accommodation, for more than twelve (12) consecutive weeks in any twelve-month period, unless a longer period is required by law. The date of Permanent Disability will be the date on which the Administrator declares the incapacity on the grounds described above.

(v) "**Severance Date**" means the last day that the Participant is employed by or provides services to the Corporation or a Subsidiary. A termination of employment shall not be considered to have occurred for purposes of the Award if the Participant is employed by the Corporation and such employment terminates but immediately following such termination of employment the Participant continues as an employee of a Subsidiary or if the Participant is employed by a Subsidiary and such employment terminates but immediately following such termination of employment the Participant continues as an employee of the Corporation or another Subsidiary.

9. Adjustments Upon Specified Events. Upon the occurrence of certain events relating to the Corporation's stock contemplated by Section 7.1 of the Plan (including, without limitation, an extraordinary cash dividend on such stock), the Administrator shall make adjustments in accordance with such section in the number of Stock Units then outstanding and the number and kind of securities that may be issued in respect of the Award. No such adjustment shall be made with respect to any ordinary cash dividend for which dividend equivalents are credited pursuant to Section 5(b).

10.Restrictive Covenants. The Participant agrees to abide by and be subject to the non-competition restrictions, non-solicitation restrictions, confidentiality restrictions, non-disparagement restrictions and other restrictive covenants as set forth in the attached Exhibit A, incorporated herein by this reference (the "**Restrictive Covenants**").

11.Tax Withholding. Subject to Section 8.1 of the Plan, upon any distribution of shares of Common Stock in respect of the Stock Units, the Corporation shall automatically reduce the number of shares to be delivered by (or otherwise reacquire) the appropriate number of whole shares, valued at their then fair market value (with the "fair market value" of such shares determined in accordance with the applicable provisions of the Plan), to satisfy any withholding obligations of the Corporation or its Subsidiaries with respect to such distribution of shares. In the event that the Corporation cannot legally satisfy such withholding obligations by such reduction of shares, or in the event of a cash payment or any other withholding event in respect of the Stock Units, the Corporation (or a Subsidiary) shall be entitled to require a cash payment by or on behalf of the Participant and/or to deduct from other compensation payable to the Participant any sums required by federal, state or local tax law to be withheld with respect to such distribution or payment.

12.__**Notices**__. Any notice to be given under the terms of this Agreement shall be in writing and addressed to the Corporation at its principal office to the attention of the Secretary, and to the Participant at the Participant's last address reflected on the Corporation's records, or at such other address as either party may hereafter designate in writing to the other. Any such notice shall be given only when received, but if the Participant is no longer an employee of or in service to the Corporation, shall be deemed to have been duly given by the Corporation when enclosed in a properly sealed envelope addressed as aforesaid, registered or certified, and deposited (postage and registry or certification fee prepaid) in a post office or branch post office regularly maintained by the United States Government.

13.__**Plan**__. The Award and all rights of the Participant under this Agreement are subject to the terms and conditions of the provisions of the Plan, incorporated herein by reference. The Participant agrees to be bound by the terms of the Plan and this Agreement. The Participant acknowledges having read and understanding the Plan, the Prospectus for the Plan, and this Agreement. Unless otherwise expressly provided in other sections of this Agreement, provisions of the Plan that confer discretionary authority on the Board or the Administrator do not (and shall not be deemed to) create any rights in the Participant unless such rights are expressly set forth herein or are otherwise in the sole discretion of the Board or the Administrator so conferred by appropriate action of the Board or the Administrator under the Plan after the date hereof.

14.__**Entire Agreement**__. This Agreement (including the Restrictive Covenants attached hereto) and the Plan together constitute the entire agreement and supersede all prior understandings and agreements, written or oral, of the parties hereto with respect to the subject matter hereof. The Plan and this Agreement may be amended pursuant to Section 8.6 of the Plan. Such amendment must be in writing and signed by the Corporation. The Corporation may, however, unilaterally waive any provision hereof in writing to the extent such waiver does not adversely affect the interests of the Participant hereunder, but no such waiver shall operate as or be construed to be a subsequent waiver of the same provision or a waiver of any other provision hereof.

15.__**Limitation on Participant's Rights**__**.** Participation in the Plan confers no rights or interests other than as herein provided. This Agreement creates only a contractual obligation on the part of the Corporation as to amounts payable and shall not be construed as creating a trust. Neither the Plan nor any underlying program, in and of itself, has any assets. The Participant shall have only the rights of a general unsecured creditor of the Corporation with respect to amounts credited and benefits payable, if any, with respect to the Stock Units, and rights no greater than the right to receive the Common Stock as a general unsecured creditor with respect to Stock Units, as and when payable hereunder.

16.Counterparts. This Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

17.Section Headings. The section headings of this Agreement are for convenience of reference only and shall not be deemed to alter or affect any provision hereof.

18.Governing Law. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of Delaware without regard to conflict of law principles thereunder.

19.Construction. It is intended that the terms of the Award will not result in the imposition of any tax liability pursuant to Section 409A of the Code. This Agreement shall be construed and interpreted consistent with that intent.

20.Clawback Policy. The Stock Units 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 law, any of which could in certain circumstances require repayment or forfeiture of the Stock Units or any shares of Common Stock or other cash or property received with respect to the Stock Units (including any value received from a disposition of the shares acquired upon payment of the Stock Units).

21.No Advice Regarding Grant. The Participant is hereby advised to consult with his or her own tax, legal and/or investment advisors with respect to any advice the Participant may determine is needed or appropriate with respect to the Stock Units (including, without limitation, to determine the foreign, state, local, estate and/or gift tax consequences with respect to the Award). Neither the Corporation nor any of its officers, directors, affiliates or advisors makes any representation (except for the terms and conditions expressly set forth in this Award Agreement) or recommendation with respect to the Award. Except for the withholding rights set forth in Section 11 above, the Participant is solely responsible for any and all tax liability that may arise with respect to the Award.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Corporation has caused this Agreement to be executed on its behalf by a duly authorized officer and the Participant has hereunto set his or her hand as of the date and year first above written.

SPORTSMAN'S WAREHOUSE HOLDINGS, INC., **a Delaware corporation** By:___________________________________ Print Name: [__________] Its: [__________]	**PARTICIPANT** ____________________________________ *Signature* ____________________________________ *Print Name*

EXHIBIT A

RESTRICTIVE COVENANTS

The Participant agrees to abide by and be subject to the covenants set forth in this Exhibit A. If the Participant previously received one or more awards under the Plan, the provisions of this Exhibit A also replace the covenants set forth in any similar restrictive covenant exhibit to any award agreement(s) evidencing such prior award(s) (the "**Prior Restrictive Covenants**"). In the event of any conflict or inconsistency between this Exhibit A and any Prior Restrictive Covenants, this Exhibit A controls.

1. Confidentiality.

The Participant will not, during the term of his/her employment with the Corporation or at any time thereafter, (a) directly or indirectly, divulge, furnish, publish, distribute, disclose, exploit or otherwise make available to any person or entity, whether or not a competitor of the Corporation, or (b) otherwise use Confidential Information for any purpose except as necessary to perform such Participant's duties to the Corporation. In addition, and without limiting the generality of the foregoing, the Participant will not make any Unauthorized disclosure of Confidential Information. All references herein to the "Corporation" will be deemed to include its subsidiaries and affiliates.

As used herein, the term:

(a) "**Confidential Information**" means trade secrets, confidential or proprietary information, and all other information, documents or materials, relating to, owned, developed or possessed by the Corporation, whether in tangible or intangible form. Confidential Information includes, but is not limited to, financial information, products, product and service costs, prices, profits and sales, new business, technical or other ideas, proposals, plans and designs, business strategies, product and service plans, marketing plans and studies, forecasts, budgets, projections, computer programs, data bases and the documentation and information contained therein, computer access codes and similar information, source codes, know-how, technologies, concepts and designs, including, without limitation, patent applications, research projects and all information connected with research and development efforts, records, business relationships, methods and recommendations, existing or prospective client, customer, vendor and supplier information (including, but not limited to, identities, needs, transaction histories, volumes, characteristics, agreements, prices, identities of individual contacts, and spending preferences or habits), training manuals and similar materials used by the Corporation in conducting its business operations, skills, responsibilities, compensation and personnel files of employees, directors and independent contractors of the Corporation, competitive analyses, contracts, product formulations, and other confidential or proprietary information that has not been made available to the general public by the Corporation. Confidential Information will not include information that (i) is or becomes generally available to the public through no act or omission on the part of the Participant, (ii) is hereafter received on a non-confidential basis by the Participant from a third party who has the lawful right to disclose such information, or (iii) the Participant is required to disclose pursuant to court order or law.

(b) "**Unauthorized**" means: in contravention of or otherwise inconsistent with (i) this Award Agreement or the policies or procedures of the Corporation; (ii) any measures taken by the Corporation to protect its interests in the Confidential Information; (iii) lawful instruction or directive, either written or oral, of a director, officer or employee of the Corporation empowered to issue such instruction or directive; (iv) any duty existing under law or contract; or (v) the Corporation's best interests.

The Participant further agrees to take all reasonable measures to prevent unauthorized persons or entities from obtaining or using Confidential Information. Promptly upon termination, for any reason, of the Participant's employment with the Corporation, the Participant agrees to deliver to the Corporation all property and materials within the Participant's possession or control that belong to the Corporation or contain Confidential Information.

Notwithstanding anything in this Award Agreement or in a prior equity award or other agreement with the Corporation or any of its affiliates to the contrary: (1) the Participant may truthfully respond to a lawful and valid subpoena or other legal process, but shall give the Corporation the earliest possible notice thereof, shall, as much in advance of the return date as possible, make available to the Corporation and its counsel the documents and other information sought, and shall assist the Corporation and such counsel in resisting or otherwise responding to such process; and (2) no provision in this Award Agreement or any such other agreement limits the Participant's right (i) to discuss the terms, wages, and working conditions of the Participant's employment to the extent permitted and/or protected by applicable labor laws, (ii) to report Confidential Information in a confidential manner either to a federal, state or local government official or to an attorney where such disclosure is solely for the purpose of reporting or investigating a suspected violation of law, or (iii) to disclose Confidential Information in an anti-retaliation lawsuit or other legal proceeding, so long as that disclosure or filing is made under seal and the Participant does not otherwise disclose such Confidential Information, except pursuant to court order. The Corporation encourages the Participant, to the extent legally permitted, to give the Corporation the earliest possible notice of any such report or disclosure.

2. <u>Non-Competition; Non-Solicitation; Non-Disparagement</u>.

(a) In consideration for the rights granted to Participant under this Award Agreement, during the applicable Restriction Period, as described below, the Participant will not, directly or indirectly, in any Restricted Area, own, manage, engage in, operate, control, work for, consult with, render services for, do business with, maintain any interest in (proprietary, financial or otherwise), lend money or reputation to, or participate in the ownership, management, operation or control of, any business or entity, whether in corporate, proprietorship or partnership form or otherwise, that directly or indirectly competes with the Corporation, whether on a retail or e-commerce basis, including, without limitation, any business that owns or operates, directly or indirectly, stores commonly referred to as Cabela's, Bass Pro Shops, Scheels or Gander Outdoors (in each case a "**Restricted Business**"); provided, however, that the restrictions in this Section 2(a) will not restrict the acquisition by the Participant, directly or indirectly, of less than 2% of the outstanding capital stock of any publicly traded company engaged in a Restricted Business. As used herein, "**Restricted Area**" means North America.

(b) During the applicable Restriction Period, the Participant will not, directly or indirectly:

(i) hire, offer to hire, solicit, divert, entice away, or in any other manner persuade, or attempt to do any of the foregoing ("**Solicit**"), any person who is an officer, employee or consultant of the Corporation to accept employment with a third party (including, for purposes of this Section 2(b), any business or entity that is not an affiliate of the Corporation, even if the business or entity is affiliated with a stockholder of the Corporation);

(ii) solicit any person or entity who was, at any time within six months prior to the Solicitation, an officer, employee, agent or consultant of the Corporation to work for a third party engaged in a Restricted Business;

(iii) publish or communicate (other than statements made while employed by the Corporation or one of its affiliates in connection with carrying out the Participant's duties and responsibilities for the Corporation or any of its affiliates), in a manner intended to be public or that should reasonably be expected to become public (including, without limitation, through social media), disparaging or derogatory statements or opinions about the Corporation or any of its affiliates, stockholders, officers, employees, directors, or customers; provided that it shall not be a breach of this clause (iv) for the Participant to testify truthfully in any judicial or administrative proceeding or to make statements or allegations in legal filings that are based on the Participant's reasonable belief and are not made in bad faith; or

(iv) solicit, (A) any actual or prospective customer, supplier or distributor of the Corporation to become a customer, supplier or distributor of any third party engaged in a Restricted Business or (B) any customer, supplier or distributor to cease doing business with the Corporation or reduce its dealings with the Corporation.

(c) "**Restriction Period**" means the duration of the Participant's employment by the Corporation, and:

(i) with respect to Section 2(a) above, the 12 months following the cessation of Participant's employment; provided, however, that if the shares of Common Stock that are issued pursuant to the Award are redeemed by the Corporation pursuant to the Articles, the Restriction Period for purposes of Section 2(a) will end;

(ii) with respect to Sections 2(b)(i), 2(b)(ii) and 2(b)(iv), three years following the termination of such employment; and

(iii) with respect to Section 2(b)(iii), indefinitely thereafter.

Exhibit 31.1

CERTIFICATION OF THE PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Paul Stone, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Sportsman's Warehouse Holdings, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: December 7, 2023

/s/ Paul Stone

Paul Stone
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

**CERTIFICATION OF THE PRINCIPAL FINANCIAL OFFICER
PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Jeff White, certify that:

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

Date: December 7, 2023

/s/ Jeff White

Jeff White
Chief Financial Officer and Secretary
(Principal Financial and Accounting Officer)

Exhibit 32.1

CERTIFICATIONS
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED
PURSUANT TO SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Sportsman's Warehouse Holdings, Inc. (the "Registrant") for the fiscal quarter ended October 28, 2023, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Paul Stone, President and Chief Executive Officer of the Registrant, and Jeff White, Chief Financial Officer and Secretary of the Registrant, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of their knowledge:

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

Date: December 7, 2023

/s/ Paul Stone

Paul Stone
President and Chief Executive Officer
(Principal Executive Officer)

Date: December 7, 2023

/s/ Jeff White

Jeff White
Chief Financial Officer and Secretary
(Principal Financial and Accounting Officer)

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