UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

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

For the quarterly period ended April 30, 2022

OR

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

Commission File Number: 001-36401

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

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

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

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

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

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

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

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

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

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

As of June 1, 2022, the registrant had 44,120,843 shares of common stock, $0.01 par value per share, outstanding.

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 first fiscal quarters ended April 30, 2022 and May 1, 2021 both consisted of 13 weeks and are referred to herein as the first quarter of fiscal year 2022 and the first quarter of fiscal year 2021 respectively. Fiscal year 2022 contains 52 weeks of operations and will end on January 28, 2023. Fiscal year 2021 contained 52 weeks of operations and ended on January 29, 2022.

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

STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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

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

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

- *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, which may not be successful; and*
- *the impact of COVID-19 pandemic 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 29, 2022 and "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations" and elsewhere in this 10-Q, as such disclosures may be amended, supplemented or superseded from time to time by other reports we file with the Securities and Exchange Commission, including subsequent Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q, and public communications. You should evaluate all forward-looking statements made in this 10-Q and otherwise in the context of these risks and uncertainties.

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

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	April 30, 2022	January 29, 2022
Assets		
Current assets:		
Cash and cash equivalents	$ 57,705	$ 57,018
Accounts receivable, net	1,254	1,937
Merchandise inventories	436,438	386,560
Prepaid expenses and other	20,878	21,955
Total current assets	516,275	467,470
Operating lease right of use asset	245,861	243,047
Property and equipment, net	133,871	128,304
Goodwill	1,496	1,496
Definite lived intangibles, net	252	264
Total assets	$ 897,755	$ 840,581
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 100,618	$ 58,916
Accrued expenses	93,038	109,012
Income taxes payable	10,091	9,500
Operating lease liability, current	41,697	40,924
Revolving line of credit	98,505	66,054
Total current liabilities	343,949	284,406
Long-term liabilities:		
Deferred income taxes	5,513	5,779
Operating lease liability, noncurrent	232,613	236,227
Total long-term liabilities	238,126	242,006
Total liabilities	582,075	526,412
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; 44,121 and 43,880 shares issued and outstanding, respectively	441	439
Additional paid-in capital	90,362	90,851
Accumulated earnings	224,877	222,879
Total stockholders' equity	315,680	314,169
Total liabilities and stockholders' equity	$ 897,755	$ 840,581

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	
	April 30, 2022	May 1, 2021
Net sales	$ 309,505	$ 326,992
Cost of goods sold	210,414	222,945
Gross profit	99,091	104,047
Selling, general, and administrative expenses	96,085	90,419
Income from operations	3,006	13,628
Interest expense	567	226
Income before income taxes	2,439	13,402
Income tax expense	441	2,952
Net income	$ 1,998	$ 10,450
Earnings per share:		
Basic	$ 0.05	$ 0.24
Diluted	$ 0.05	$ 0.23
Weighted average shares outstanding:		
Basic	43,938	43,690
Diluted	44,221	44,514

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 April 30, 2022 and May 1, 2021

	Common Stock		Restricted nonvoting Common Stock		Additional paid-in-capital	Accumulated (deficit) earnings	Total stockholders' equity
	Shares	Amount	Shares	Amount	Amount	Amount	Amount
Balance at January 30, 2021	43,623	$ 436	—	$ —	$ 89,815	$ 114,409	$ 204,660
Vesting of restricted stock units	208	2	—	—	(2)	—	—
Payment of withholdings on restricted stock units	—	—	—	—	(2,269)	—	(2,269)
Stock based compensation	—	—	—	—	1,016	—	1,016
Net Income	—	—	—	—	—	10,450	10,450
Balance at May 1, 2021	43,831	$ 438	—	$ —	$ 88,560	$ 124,859	$ 213,857
Balance at January 29, 2022	43,880	$ 439	—	$ —	$ 90,851	$ 222,879	$ 314,169
Vesting of restricted stock units	241	2	—	—	(2)	—	—
Payment of withholdings on restricted stock units	—	—	—	—	(1,845)	—	(1,845)
Stock based compensation	—	—	—	—	1,358	—	1,358
Net income	—	—	—	—	—	1,998	1,998
Balance at April 30, 2022	44,121	$ 441	—	$ —	$ 90,362	$ 224,877	$ 315,680

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)

	Thirteen Weeks Ended	
	April 30, 2022	May 1, 2021
Cash flows from operating activities:		
Net income	$ 1,998	$ 10,450
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation of property and equipment	7,387	5,767
Amortization of deferred financing fees	63	66
Amortization of definite lived intangible	24	10
Noncash lease expense	3,535	1,386
Deferred income taxes	(266)	(56)
Stock-based compensation	1,358	1,016
Change in operating assets and liabilities, net of amounts acquired:		
Accounts receivable, net	683	7
Operating lease liabilities	(9,191)	(7,235)
Merchandise inventories	(49,878)	(43,643)
Prepaid expenses and other	1,014	(910)
Accounts payable	41,241	34,128
Accrued expenses	(15,402)	(7,951)
Income taxes payable and receivable	591	2,955
Net cash used in operating activities	(16,843)	(4,010)
Cash flows from investing activities:		
Purchase of property and equipment, net of amounts acquired	(12,001)	(5,615)
Net cash used in investing activities	(12,001)	(5,615)
Cash flows from financing activities:		
Net borrowings on line of credit	32,451	—
Increase in book overdraft, net	(1,075)	6,088
Payment of withholdings on restricted stock units	(1,845)	(2,269)
Net cash provided by financing activities	29,531	3,819
Net change in cash and cash equivalents	687	(5,806)
Cash and cash equivalents at beginning of period	57,018	65,525
Cash and cash equivalents at end of period	$ 57,705	$ 59,719
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest, net of amounts capitalized	$ 490	$ 226
Income taxes, net of refunds	116	53
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	$ 6,378	$ 5,559
Purchases of property and equipment included in accounts payable and accrued expenses	$ 4,785	$ 4,285

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

**SPORTSMAN'S WAREHOUSE HOLDINGS, INC.
AND SUBSIDIARIES**

Notes to Condensed Consolidated Financial Statements (Unaudited)

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

(1) Description of Business and Basis of Presentation

Description of Business

Sportsman's Warehouse Holdings, Inc., a Delaware corporation ("Holdings"), and its subsidiaries (collectively, the "Company") operate retail sporting goods stores. As of April 30, 2022, the Company operated 125 stores in 29 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 29, 2022 was derived from the Company's audited consolidated balance sheet as of that date. All other condensed consolidated financial statements contained herein are unaudited and reflect all adjustments that are, in the opinion of management, necessary to summarize fairly our condensed consolidated financial statements for the periods presented. All of these adjustments are of a normal recurring nature. The results of the fiscal quarter ended April 30, 2022 are not necessarily indicative of the results to be obtained for the year ending January 28, 2023. 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 29, 2022 filed with the SEC on March 30, 2022 (the "Fiscal 2021 Form 10-K").

(2) Summary of Significant Accounting Policies

The Company's significant accounting policies are described in Note 2 to the Company's Fiscal 2021 Form 10-K. Except for the changes below, the Company has consistently applied the accounting policies to all periods presented in these condensed consolidated financial statements.

Recently Issued Accounting Pronouncements

In March 2020, the FASB issued (ASU) 2020-04, *Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting*. This ASU provides temporary optional expedients and exceptions to existing guidance on contract modifications and hedge accounting to facilitate the market transition from existing reference rates, such as the London Inter-Bank Offered Rate ("LIBOR"), certain tenors of which were phased out in 2021, to alternate reference rates, such as the Secured Overnight Financing Rate.

The standard is currently effective and upon adoption may be applied prospectively to contract modifications made on or before December 31, 2022. The provisions have impact as contract modifications and other changes occur while LIBOR is phased out. The Company is in the process of evaluating the optional relief guidance provided within this ASU. Management will continue its assessment and monitor regulatory developments during the LIBOR transition period.

(3) Revenue Recognition

Revenue recognition accounting policy

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

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

- Retail store sales
- E-commerce sales
- Gift cards and loyalty 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 exist. 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 recognized revenue for the breakage of loyalty reward points as revenue in proportion to the pattern of customer redemption of the points by applying a historical breakage rate of 25%.

As it relates to e-commerce sales, the Company accounts for shipping and handling as fulfillment activities, and not as 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). Revenue associated with shipping and handling is not material. 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 April 30, 2022 and January 29, 2022:

	April 30, 2022	January 29, 2022
Right of return assets, which are included in prepaid expenses and other	$ 2,154	$ 2,142
Estimated gift card contract liability, net of breakage	(21,458)	(23,128)
Estimated loyalty contract liability, net of breakage	(5,467)	(7,211)
Sales return liabilities, which are included in accrued expenses	(3,215)	(3,197)

For the 13 weeks ended April 30, 2022, the Company recognized approximately $434 in gift card breakage and approximately $604 in loyalty reward breakage. For the 13 weeks ended May 1, 2021, the Company recognized approximately $381 in gift card breakage and approximately $1,175 in loyalty reward breakage. For the 13 weeks ended April 30, 2022, the Company recognized revenue of $10,588 relating to contract liabilities that existed at January 29, 2022.

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

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by department. The percentage of net sales related to the Company's departments for the 13 weeks ended April 30, 2022 and May 1, 2021, was approximately:

		Thirteen Weeks Ended	
Department	**Product Offerings**	**April 30, 2022**	**May 1, 2021**
Camping	Backpacks, camp essentials, canoes and kayaks, coolers, outdoor cooking equipment, sleeping bags, tents and tools	10.8%	11.3%
Apparel	Camouflage, jackets, hats, outerwear, sportswear, technical gear and work wear	6.9%	6.4%
Fishing	Bait, electronics, fishing rods, flotation items, fly fishing, lines, lures, reels, tackle and small boats	10.4%	11.5%
Footwear	Hiking boots, socks, sport sandals, technical footwear, trail shoes, casual shoes, waders and work boots	6.3%	6.1%
Hunting and Shooting	Ammunition, archery items, ATV accessories, blinds and tree stands, decoys, firearms, reloading equipment and shooting gear	60.3%	58.6%
Optics, Electronics, Accessories, and Other	Gift items, GPS devices, knives, lighting, optics, two-way radios, and other license revenue, net of revenue discounts	5.3%	6.1%
Total		100.0%	100.0%

(4) Property and Equipment

Property and equipment as of April 30, 2022 and January 29, 2022 were as follows:

	April 30, 2022	January 29, 2022
Furniture, fixtures, and equipment	$ 118,949	$ 115,597
Leasehold improvements	145,453	143,064
Construction in progress	12,237	5,007
Total property and equipment, gross	276,639	263,668
Less accumulated depreciation and amortization	(142,768)	(135,364)
Total property and equipment, net	$ 133,871	$ 128,304

(5) Accrued Expenses

Accrued expenses consisted of the following as of April 30, 2022 and January 29, 2022:

	April 30, 2022	January 29, 2022
Book overdraft	$ 15,177	$ 16,252
Unearned revenue	39,477	42,058
Accrued payroll and related expenses	14,805	26,309
Sales and use tax payable	6,386	8,788
Accrued construction costs	919	416
Other	16,274	15,189
Total accrued expenses	$ 93,038	$ 109,012

(6) Leases

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

In the 13 weeks ended April 30, 2022, the Company recorded a non-cash increase of $6,378 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:

	Thirteen Weeks Ended	
	April 30, 2022	May 1, 2021
Operating lease expense	$ 14,395	$ 13,866
Variable lease expense	4,302	4,275
Short-term lease expense	270	257
Total lease expense	$ 18,967	$ 18,398

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

	Thirteen Weeks Ended	
	April 30, 2022	May 1, 2021
Operating cash flows from operating leases	$ (15,520)	$ (14,561)
Cash paid for lease liabilities - operating leases	(15,520)	(14,561)
	As of April 30, 2022	As of May 1, 2021
Right-of-use assets obtained in exchange for new or remeasured operating lease liabilities	$ 6,378	$ 5,559
Terminated right-of-use assets and liabilities	—	—
Weighted-average remaining lease term - operating leases	5.66	5.96
Weighted-average discount rate - operating leases	8.21%	8.39%

In accordance with ASC 842, maturities of operating lease liabilities as of April 30, 2022 were as follows:

Year Endings:		Operating Leases
2022 (remainder)	$	47,761
2023		60,016
2024		51,513
2025		44,953
2026		39,789
Thereafter		133,835
Undiscounted cash flows	$	377,867
Reconciliation of lease liabilities:		
Present values	$	274,310
Lease liabilities - current		41,697
Lease liabilities - noncurrent		232,613
Lease liabilities - total	$	274,310
Difference between undiscounted and discounted cash flows	$	103,557

The Company has excluded in the table above approximately $24.0 million of leases (undiscounted basis) that were entered into as of June 1, 2022. These leases will commence in 2022 and 2023 with lease terms of 10 years.

(7) Revolving Line of Credit

On May 23, 2018, Sportsman's Warehouse, Inc. ("SWI"), a wholly owned subsidiary of the Company, as lead borrower, and Wells Fargo Bank, National Association ("Wells Fargo"), with a consortium of banks led by Wells Fargo, entered into an Amended and Restated Credit Agreement (as amended, restated, supplemented or otherwise modified, the "Credit Agreement"). The Credit Agreement governs the Company's senior secured revolving credit facility ("Revolving Line of Credit") and a $40,000 term loan (the "Term Loan"). The Revolving Line of Credit provides borrowing capacity of up to $250,000, subject to a borrowing base calculation. The Term Loan was repaid in full during the 39-week period ended May 1, 2021.

In conjunction with the Credit Agreement, the Company incurred $1,331 of fees paid to various parties which were capitalized. Fees associated with the Revolving Line of Credit were recorded in prepaid expenses and other assets.

As of April 30, 2022 and January 29, 2022, the Company had $112,544 and $76,976, 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 $14,039 and $10,923 as of April 30, 2022 and January 29, 2022, respectively. As of April 30, 2022, the Company had 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, at the Company's option, the base rate or LIBOR, in each case plus an applicable margin. The base rate is the higher of (1) Wells Fargo's prime rate, (2) the federal funds rate (as defined in the credit agreement) plus 0.50% and (3) the one-month LIBOR (as defined in the Credit Agreement) plus 1.00%. The applicable margin for loans under the Revolving Line of Credit, which varies based on the average daily availability, ranges from 0.25% to 0.75% per year for base rate loans and from 1.25% to 1.75% per year for LIBOR loans.

The 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% of the gross borrowing base and contains customary events of default. The Revolving Line of Credit matures on May 23, 2023.

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 the Holdings' tangible and intangible assets and the tangible and intangible assets of all of Holdings' subsidiaries, including a pledge of all capital stock of each of 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 April 30, 2022 and January 29, 2022, the Credit Agreement had $270 and $333, respectively, in deferred financing fees. During the 13 weeks ended April 30, 2022 and May 1, 2021, the Company recognized $63 of non-cash interest expense with respect to the amortization of deferred financing fees.

As of April 30, 2022 and May 1, 2021, gross borrowings under the Revolving Line of Credit were $372,716 and $357,478, respectively. As of April 30, 2022 and May 1, 2021, gross paydowns under the Revolving Line of Credit were $337,639 and $357,640, 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 April 30, 2022, from being used to pay any dividends without prior written consent from the financial institutions party to the Company's Revolving Line of Credit.

(8) Income Taxes

The Company recognized income tax expense of $441 and $2,952, respectively, in the 13 weeks ended April 30, 2022 and May 1, 2021. The Company's effective tax rate for the 13 weeks ended April 30, 2022 and May 1, 2021 was 18.1% and 22.0%, 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) 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 common share:

	Thirteen Weeks Ended	
	April 30, 2022	May 1, 2021
Net income	$ 1,998	$ 10,450
Weighted-average shares of common stock outstanding:		
Basic	43,938	43,690
Dilutive effect of common stock equivalents	283	824
Diluted	44,221	44,514
Basic earnings per share	$ 0.05	$ 0.24
Diluted earnings per share	$ 0.05	$ 0.23
Restricted stock units considered anti-dilutive and excluded in the calculation	128	1

(10) Stock-Based Compensation

Stock-Based Compensation

During the 13 weeks ended April 30, 2022 the Company recognized total stock-based compensation expense of $1,358. During the 13 weeks ended May 1, 2021, the Company recognized total stock-based compensation expense of $1,016. 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 April 30, 2022, the number of shares available for awards under the 2019 Performance Incentive Plan (the “2019 Plan”) was 1,626. As of April 30, 2022, there were 1,389 unvested stock awards outstanding under the 2019 Plan.

Employee Stock Purchase Plan

The Company also has an Employee Stock Purchase Plan (“ESPP”) that was approved by shareholders in fiscal year 2015, under which 800 shares of common stock were authorized. For the 13 weeks ended April 30, 2022, no shares were issued under the ESPP and, as of April 30, 2022, the number of shares available for issuance was 374.

Nonvested Performance-Based Stock Awards

During the 13 weeks ended April 30, 2022, the Company issued 141 nonvested performance-based stock awards to employees at a weighted average grant date fair value of $11.29 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 EPS. If minimum threshold performance targets are not achieved, no shares will vest. The maximum number of shares subject to the award is 282, and the “target” number of shares subject to the award is 141 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.

During the 13 weeks ended May 1, 2021, the Company did not issue any nonvested performance-based stock awards.

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 29, 2022	487	$ 5.13
Grants	141	11.29
Forfeitures	(39)	5.63
Vested	(168)	3.49
Balance at April 30, 2022	421	$ 7.81

	Shares	Weighted average grant-date fair value
Balance at January 30, 2021	624	$ 5.13
Grants	—	—
Forfeitures	(13)	5.63
Vested	(22)	4.91
Balance at May 1, 2021	589	$ 5.13

Nonvested Stock Unit Awards

During the 13 weeks ended April 30, 2022, the Company issued 308 nonvested stock units, respectively, to employees of the Company at an average value of $11.28 per share. The shares issued to employees of the Company vest over a three-year period with one third of the shares vesting on each grant date anniversary.

During the 13 weeks ended May 1, 2021, the Company issued 221 nonvested stock units to employees of the Company at an average value of $17.27 per share. The shares issued to employees of the Company vest over a three year period with one third of the shares vesting on each grant date anniversary.

The 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 29, 2022	929	$ 11.56
Grants	308	11.28
Forfeitures	(21)	11.70
Vested	(248)	7.96
Balance at April 30, 2022	968	$ 12.39

	Shares	Weighted average grant-date fair value
Balance at January 30, 2021	779	$ 5.19
Grants	221	17.27
Forfeitures	(18)	7.33
Vested	(303)	5.05
Balance at May 1, 2021	679	$ 9.15

(11) Fair Value Measurements

Fair value measurements are reported based upon three categories, with the lowest level of measurement available applied. The levels of fair value measurement are as follows: Level 1 - quoted prices on active markets; Level 2 - observable market inputs other than quoted prices on active markets; Level 3 - unobservable data requiring the Company to develop its own approach that cannot be corroborated by market data.

The following table shows the fair value measurements of the Company on a recurring basis:

Asset	Type	Measurement Level	Fair Value as of April 30, 2022	Fair Value as of January 29, 2022
Short-term Investments (1)	Cash and Cash Equivalents (2)	Level 1	$ 55,006	$ 55,000

(1) Fair value approximates carrying value because maturities are less than three months.
(2) Cash equivalents are money market funds held by the Company.

(12) Commitments and Contingencies

Legal Matters

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

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

(13) Subsequent Events

On May 27, 2022, SWI, as lead borrower, the Company and other subsidiaries of the Company, each as borrowers or guarantors, amended and restated the Credit Agreement governing the Revolving Line of Credit with a consortium of banks led by Wells Fargo (the "Amended Credit Agreement"). The Amended Credit Agreement, among other things, increased the maximum borrowing capacity under the Revolving Line of Credit from $250,000 to $350,000, subject to a borrowing base calculation, extended the maturity date from May 23, 2023 to May 27, 2027 and-replaced LIBOR with Term SOFR as the benchmark interest rate and made certain conforming changes related thereto. As of May 27, 2022, the Company had $138,543 outstanding under the Revolving Line of Credit and stand-by commercial letters of credit of $1,967 under the terms of the Revolving Line of Credit.

Pursuant to the Amended Credit Agreement, borrowings under the Revolving Line of Credit will bear interest based on either the base rate or Term SOFR, 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 Amended Credit Agreement) plus 0.50% or (4) the one-month Term SOFR (as defined in the Amended 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. The Company is 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 Line of Credit.

Each of the subsidiaries of Holdings continues to be 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. 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.

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

The discussion below contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those which are discussed in "Part I. Item 1A. Risk Factors" in our Fiscal 2021 Form 10-K. Also see "Statement Regarding Forward-Looking Statements" preceding Part I in this 10-Q.

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

Overview

We are an outdoor sporting goods retailer focused on meeting the everyday needs of the seasoned outdoor veteran, the first-time participant and 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 125 stores in 29 states, totaling approximately 4.8 million gross square feet. We list the locations of our stores on our website, *www.sportsmans.com*. We also operate an e-commerce platform at *www.sportsmans.com*.

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

COVID-19 Pandemic

Since the beginning of the COVID-19 pandemic in mid-March 2020 and continuing into the first quarter of 2022, we experienced a significant increase in sales from pre-pandemic sales. A larger than normal portion of those sales came from certain product categories, particularly firearms and ammunition. While our same store sales decreased by 11.6% during the first quarter of 2022 compared to the first quarter of 2021, when compared to the first quarters of 2020 and 2019, same store sales increased by 11.1% and 38.2%, respectively.

In addition, we continue to see some interruption with various vendors as a result of restrictions or limitations on their operations, including labor shortages, due to the pandemic. We have been working closely with our vendors to limit such disruption and we have been successful in building up our inventory in recent months. The pandemic and current economic conditions have also resulted in a short supply of qualified employees.

We cannot predict the future impact on us of the COVID-19 outbreak. The future impact of the COVID-19 pandemic will depend on a number of future developments, which are highly uncertain and cannot be predicted, including, but not limited to the duration, spread and severity of the COVID-19 outbreak, any resurgence of COVID-19, the effects of the outbreak on our customers and vendors and the remedial actions and stimulus measures adopted by local and federal governments. Further, we may experience a decrease in sales if the increased demand we experienced during the pandemic subsides.

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 to be included in same store sales. We include net sales from a store in same store sales on the first day of the 13th full fiscal month following the store's opening or acquisition by us. We exclude sales from stores that were closed during the period from our same store sales calculation. We include net sales from e-commerce in our calculation of same store sales. 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:

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

Opening new stores and acquiring store locations is also an important part of our growth strategy. While our target is to grow square footage at a rate of greater than 5%-10% annually, we may deviate from this target if attractive opportunities are presented to open stores or acquire new store locations outside of our target growth rate.

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

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

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

Gross Margin

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

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

Selling, General, and Administrative Expenses

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

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

We expect that our selling, general, and administrative expenses will increase in future periods due to our continuing growth. In addition, we have experienced increased payroll expenses due to increased minimum wages and generally increasing salaries and wages due to a competitive labor market and inflation.

Income from Operations

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

Adjusted EBITDA

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

Results of Operations

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

	Thirteen Weeks Ended	
	April 30, 2022	May 1, 2021
Percentage of net sales:		
Net sales	100.0%	100.0%
Cost of goods sold	68.0	68.2
Gross profit	32.0	31.8
Selling, general, and administrative expenses	31.0	27.7
Income from operations	1.0	4.1
Interest expense	0.2	0.1
Income before income taxes	0.8	4.0
Income tax expense	0.1	0.9
Net income	0.7%	3.1%
Adjusted EBITDA	4.2%	7.2%

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

		Thirteen Weeks Ended	
Department	Product Offerings	April 30, 2022	May 1, 2021
Camping	Backpacks, camp essentials, canoes and kayaks, coolers, outdoor cooking equipment, sleeping bags, tents and tools	10.8%	11.3%
Apparel	Camouflage, jackets, hats, outerwear, sportswear, technical gear and work wear	6.9%	6.4%
Fishing	Bait, electronics, fishing rods, flotation items, fly fishing, lines, lures, reels, tackle and small boats	10.4%	11.5%
Footwear	Hiking boots, socks, sport sandals, technical footwear, trail shoes, casual shoes, waders and work boots	6.3%	6.1%
Hunting and Shooting	Ammunition, archery items, ATV accessories, blinds and tree stands, decoys, firearms, reloading equipment and shooting gear	60.3%	58.6%
Optics, Electronics, Accessories, and Other	Gift items, GPS devices, knives, lighting, optics, two-way radios, and other license revenue, net of revenue discounts	5.3%	6.1%
Total		100.0%	100.0%

Thirteen Weeks Ended April 30, 2022 Compared to Thirteen Weeks Ended May 1, 2021

Net Sales. Net sales decreased by $17.5 million, or 5.3%, to $309.5 million during the 13 weeks ended April 30, 2022 compared to $327.0 million in the corresponding period of fiscal year 2021. Our net sales decreased primarily due to lower demand across all product categories as we anniversaried the increased demand during the first quarter of fiscal 2021 driven by the COVID-19 economic stimulus package (the American Rescue Plan) and social unrest, partially offset by our opening of 13 new stores since May 1, 2021. Stores that have been open for less than 12 months and were, therefore, not included in our same store sales, contributed $20.0 million to net sales. Same store sales decreased by 11.6% for the 13 weeks ended April 30, 2022 compared to the comparable 13-week period of fiscal year 2021, primarily driven by a decrease in demand across all product categories as we anniversaried the prior year same store sales increase of 24.1% experienced in the 13 weeks ended May 1, 2021.

Our apparel department saw an increase of $0.3 million in the first quarter of fiscal year 2022 compared to the comparable 13-week period of fiscal year 2021 due to the opening of 13 new stores since May 1, 2021. Our fishing, hunting and shooting, camping, optics, electronics and accessories and footwear categories saw decreases of $5.4 million, $5.1 million, $3.5 million, $2.8 million and $0.3 million, respectively, in the first quarter of fiscal year 2022 compared to the comparable 13-week period of fiscal year 2021. Within the hunting and shooting department, our firearm category saw a decrease of $8.8 million or 9.9%, while our ammunition category saw an increase of $7.6 million or 13.9% in the first quarter of fiscal year 2022 compared to the comparable 13-week period of fiscal year 2021. The decrease seen in the firearm category is primarily due to lower demand as we anniversaried the increased demand during the first quarter of fiscal 2021 driven by the COVID-19 economic stimulus package (the American Rescue Plan) and social unrest, partially offset by the opening of 13 new stores since May 1, 2021. The increase in the ammunition category is due to improvements in the supply chain disruptions seen in this category over the past two fiscal years as well as the opening of 13 new stores since May 1, 2021.

With respect to same store sales, during the 13 weeks ended April 30, 2022, our fishing, optics, electronics and accessories, camping, hunting and shooting, footwear and apparel departments saw decreases of 19.4%, 15.7%, 14.9%, 10.0%, 6.7% and 4.4%, respectively, as we anniversaried the increased demand during the first quarter of fiscal 2021 driven by the COVID-19 economic stimulus package (the American Rescue Plan) and social unrest. As of April 30, 2022, we had 113 stores included in our same store sales calculation.

Gross Profit. Gross profit decreased to $99.1 million during the 13 weeks ended April 30, 2022 compared to $104.0 million for the corresponding period of fiscal year 2021. As a percentage of net sales, gross profit increased to 32.0% for the 13 weeks ended April 30, 2022, compared to 31.8% for the corresponding period of fiscal year 2021 primarily driven by favorable product sales mix and increased product margins across most departments, partially offset by higher freight costs. We expect higher transportation costs to continue to impact the business during the remainder of fiscal 2022 and beyond.

Selling, General, and Administrative Expenses. Selling, general, and administrative expenses increased by $5.7 million, or 6.3%, to $96.1 million during the 13 weeks ended April 30, 2022 from $90.4 million for the comparable 13-week period of fiscal year 2021. This increase was primarily due to an increase in other selling, general and administrative expenses of $4.5 million, which was largely the result of a return to pre-pandemic levels of marketing and travel activities compared to the comparable 13-week period of fiscal 2021. We also had increased pre-opening expenses of $0.8 million due to the timing of opening new stores, as well as increases in depreciation, payroll and rent of $1.6 million, $0.8 million, $0.6 million, respectively, during the 13 weeks ended April 30, 2022 primarily related to the opening of 13 new stores since May 1, 2021. These increases were offset by a decrease in acquisition costs of $2.8 million due to the terminated merger with Great Outdoors Group. As a percentage of net sales, selling, general, and administrative expenses increased to 31.0% of net sales in the first quarter of fiscal year 2022, compared to 27.7% of net sales in the first quarter of fiscal year 2021, due to the same reasons disclosed for the increase in selling, general, and administrative expenses.

Interest Expense. Interest expense increased by $0.4 million, or 200.0%, to $0.6 million during the 13 weeks ended April 30, 2022 from $0.2 million for the comparable 13-week period of fiscal year 2021. Interest expense increased primarily as a result of increased borrowings on our revolving credit facility during the first quarter of fiscal year 2022 compared to the first quarter of fiscal year 2021.

Income Taxes. We recognized income tax expense of $0.4 million during the 13 weeks ended April 30, 2022 compared to an income tax expense of $3.0 million during the comparable 13-week period of fiscal year 2021. Our effective tax rates for the 13 weeks ended April 30, 2022 and May 1, 2021 were 18.1% and 22.0%, respectively. Our effective tax rate will generally differ from the U.S. Federal statutory rate of 21.0%, due to state taxes, permanent items, and discrete items relating to stock award deductions.

Seasonality

Due to the openings of hunting season across the country and consumers' holiday buying patterns, net sales are typically higher in the third and fourth fiscal quarters than in the first and second fiscal quarters. We also incur additional expenses in the third and fourth fiscal quarters due to higher sales volume and increased staffing in our stores. We anticipate that 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.

Liquidity and Capital Resources

Overview; Sources and Uses of Cash

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 sources of liquidity to meet these needs have primarily been borrowings under our revolving credit facility, operating cash flows and short and long-term debt financings from banks and financial institutions. We believe that our cash on hand, cash generated by operating activities and funds available under our revolving credit facility will be sufficient to finance our operating activities for at least the next twelve months and beyond. In addition, on December 2, 2021, we received a $55.0 million cash payment from Great Outdoors Group, LLC ("Great Outdoors Group") in connection with the termination of our previously pending merger with a subsidiary of Great Outdoors Group.

Material Cash Requirements

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

Capital Expenditures. For the 13 weeks ended April 30, 2022, we incurred approximately $12.0 million in capital expenditures primarily related to the construction of new stores and the refurbishment of existing stores during the period. We expect capital expenditures between $48 million and $55 million for fiscal year 2022 primarily to refurbish some of our existing stores and to open 10 new stores in fiscal year 2022. 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 $250.0 million revolving credit facility. As of April 30, 2022, $112.5 million was outstanding under the revolving credit facility. Assuming no additional repayments or borrowings on our revolving credit facility after April 30, 2022 our interest payments would be approximately $2.3 million for fiscal year 2022 based on the interest rate at April 30, 2022. See below under "Indebtedness" for additional information regarding our revolving credit facility, including the interest rate applicable to any borrowing under such facility.

Operating Lease Obligations. 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. For the remainder of 2022, our expected operating lease payments will be $47.8 million and our total committed lease payments are $377.9 million as of April 30, 2022. Other operating lease obligations consist of distribution center equipment. Additional information regarding our operating leases is available in our Fiscal 2021 Form 10-K.

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.

Share Repurchase Authorization. In addition, our board recently authorized a share repurchase program to allow for the repurchase of up to $75.0 million of outstanding shares of our common stock for the period from March 31, 2022 to March 31, 2023. 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.

Cash Flows

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

	Thirteen Weeks Ended	
	April 30, 2022	May 1, 2021
	(in thousands)	
Cash flows used in operating activities	$ (16,843)	$ (4,010)
Cash flows used in investing activities	(12,001)	(5,615)
Cash provided by financing activities	29,531	3,819
Cash at end of period	57,705	59,719

Net cash used in operating activities was $16.8 million for the 13 weeks ended April 30, 2022, compared to cash used in operating activities of $4.0 million for the corresponding period of fiscal year 2021, a change of approximately $12.8 million. The decrease in our cash flows from operating activities was primarily the result of our buildup of inventory during the first 13 weeks of fiscal 2022 and a reduction in accrued expenses.

Net cash used in investing activities was $12.0 million for the 13 weeks ended April 30, 2022 compared to $5.6 million for the corresponding period of fiscal year 2021. For the 13 weeks ended April 30, 2022, we incurred capital expenditures related to the construction of new stores and the refurbishment of existing stores.

Net cash provided by financing activities was $29.5 million for the 13 weeks ended April 30, 2022, compared to net cash provided in financing activities of $3.8 million for the corresponding period of fiscal year 2021. During the 13 weeks ended April 30, 2022, we had an increase in borrowings under our revolving line of credit, primarily to pay for the increased capital expenditures associated with the opening of new stores and refurbishing of existing stores and the buildup of our inventory.

Indebtedness

As of April 30, 2022, we maintained a $250.0 million revolving credit facility, with $112.5 million was outstanding under the revolving credit facility. 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. As of April 30, 2022, we had $110.5 million available for borrowing, subject to certain borrowing base restrictions, and $2.0 million in stand-by commercial letters of credit.

On May 27, 2022, we amended and restated the credit agreement governing our revolving credit facility. The amendment, among other things, increased the maximum borrowing capacity under the revolving credit facility to $350.0 million, subject to a borrowing base calculation, extended the maturity date from May 23, 2023 to May 27, 2027 and-replaced LIBOR with Term SOFR as the benchmark interest rate and made certain conforming changes related thereto. As of May 27, 2022, the Company had $138,543 outstanding under the Revolving Line of Credit and stand-by commercial letters of credit of $1,967 under the terms of the Revolving Line of Credit.

After the date of the amendment, borrowings under the revolving credit facility bear interest based on either the base rate or Term SOFR, 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 continues to be 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. 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 April 30, 2022, we were in compliance with all covenants under the credit agreement governing our revolving credit facility.

Critical Accounting Policies and Estimates

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

There have been no significant changes to our critical accounting policies as described in our Fiscal 2021 Form 10-K.

Off Balance Sheet Arrangements

We are not party to any off balance sheet arrangements.

Non-GAAP Measures

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

The following table presents a reconciliation of net income, the most directly comparable financial measure presented in accordance with GAAP, to Adjusted EBITDA for the 13 weeks ended April 30, 2022 and May 1, 2021.

	Thirteen Weeks Ended	
	April 30, 2022	May 1, 2021
	(dollars in thousands)	
Net income (loss)	$ 1,998	$ 10,450
Interest expense	567	226
Income tax expense (benefit)	441	2,952
Depreciation and amortization	7,411	5,777
Stock-based compensation expense (1)	1,358	1,016
Pre-opening expenses (2)	951	195
Acquisition costs (3)	—	2,845
Executive transition costs (4)	222	—
Adjusted EBITDA	$ 12,948	$ 23,461
Net sales	$ 309,505	$ 326,992
Net income margin	0.6%	3.2%
Adjusted EBITDA margin (5)	4.2%	7.2%

(1) Stock-based compensation expense represents non-cash expenses related to equity instruments granted to employees under our 2019 Performance Incentive Plan and Employee Stock Purchase Plan.
(2) Pre-opening expenses include expenses incurred in the preparation and opening of a new store location, such as payroll, travel and supplies, but do not include the cost of the initial inventory or capital expenditures required to open a location.
(3) For the 13 weeks ended May 1, 2021, includes $2.8 million of expenses incurred relating to the terminated merger with Great Outdoors Group.
(4) Expenses incurred relating to the recruitment and hiring of various key members of our senior management team. These events are not expected to be recurring.
(5) 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. Our revolving credit facility and term loan carry floating interest rates that are tied to LIBOR, the federal funds rate and the prime rate, and, therefore, our income and cash flows will be exposed to changes in interest rates to the extent that we do not have effective hedging arrangements in place. We historically have not used interest rate swap agreements to hedge the variable cash flows associated with the interest on our credit facilities. Based on a sensitivity analysis at April 30, 2022, 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 $1.1 million. We do not expect that the change in interest rates as a result of the amendment to our credit agreement entered into after April 30, 2022 will materially increase our interest rates. 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 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 defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act), as of the end of the period covered by this Report. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of April 30, 2022.

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 during the 13 weeks ended April 30, 2022 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

See Note 12, “Commitments and Contingencies” to our condensed consolidated financial statements for additional information, which is incorporated herein by reference.

ITEM 1A. RISK FACTORS

Our business faces significant risks and uncertainties. Certain important factors may have a material adverse effect on our business prospects, financial condition and results of operations, and you should carefully consider them. There have been no material changes in our assessment of our risk factors from those set forth in our Fiscal 2021 Form 10-K.

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

Our board has authorized a share repurchase program to allow for the repurchase of up to $75.0 million of outstanding shares of our common stock for the period from March 31, 2022 to March 31, 2023. 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 its 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. We did not repurchase any of our Class A common stock during the three months ended April 30, 2022.

ITEM 6. EXHIBITS

Exhibit Number	Description
10.1	First Amendment to Amended and Restated Credit Agreement, dated May 27, 2022, by and among Sportsman's Warehouse, Inc. as lead borrower, the other borrowers and guarantors party thereto, Wells Fargo Bank, National Association, as administrative agent, and the lenders party thereto
10.2*+	Form of Time-Based Restricted Stock Unit Agreement for Executive Officers
10.3*+	Form of Performance-Based Restricted Stock Unit Agreement for Executive Officers
10.4*+	Sportsman's Warehouse Holdings, Inc. Directors' Compensation Policy (as amended March 16, 2022, effective May 25, 2022)
31.1*	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1**	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. 1350, as created by Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS*	Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH*	XBRL Taxonomy Extension Schema Document.
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Document.
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101)

* Filed herewith.
** Furnished herewith
\+ Management contract or compensatory plan or arrangement

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: June 1, 2022	By:	/s/ Jon Barker
		Jon Barker
		President and Chief Executive Officer
		(Principal Executive Officer)
Date: June 1, 2022	By:	/s/ Jeff White
		Jeff White
		Chief Financial Officer
		(Principal Financial and Accounting Officer)

SPORTSMAN'S WAREHOUSE HOLDINGS, INC.
2019 PERFORMANCE INCENTIVE 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. 2019 Performance Incentive 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**"). 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 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 Section ____of Participant's [Employment/Severance] Agreement with the Corporation dated ___________, 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*

SPORTSMAN'S WAREHOUSE HOLDINGS, INC.
2019 PERFORMANCE INCENTIVE PLAN
PERFORMANCE RESTRICTED STOCK UNIT AWARD AGREEMENT

THIS PERFORMANCE RESTRICTED STOCK UNIT AWARD AGREEMENT (this "**Agreement**") is dated as of [_______, ____] 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. 2019 Performance Incentive 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 a "target" of _______ restricted stock units (subject to adjustment as provided in Section 7.1 of the Plan) (the "**Stock Units**") (such number of Stock Units subject to the Award is referred to as the "**Target Stock Units**"). 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. **Performance-Based and Time-Based Vesting**. Subject to Section 8 below, between 0% and 200% of one-third of the Target Stock Units subject to the Award shall become eligible to vest based on the achievement of certain performance goals in each of the Corporation's 20__, 20__ and 20__ fiscal years (each, a "**Performance Year**," and collectively, the "**Performance Period**") as set forth in Section 3(a) of this Agreement and, with respect to any Stock Units subject to the Award that become eligible to vest in accordance with Section 3(a) of this Agreement, such units shall vest and become nonforfeitable based on the achievement of the time-based vesting requirements set forth in Section 3(b) of this Agreement.

(a) Eligibility to Vest Based Upon Corporate Performance. The percentage of the Target Stock Units that become eligible to vest, if any, based on the achievement of the performance goals with respect to the applicable Performance Year, as determined in accordance with Exhibit A attached hereto, are referred to as the "**Eligible Stock Units**." (For purposes of clarity, in no event shall the maximum number of stock units that are deemed to be Eligible

Stock Units for any applicable Performance Year exceed 200% of one-third of the Target Stock Units subject to the Award.) Any Stock Units corresponding to a particular Performance Year (one-third of the Target Stock Units subject to the Award) that the Administrator determines shall not be Eligible Stock Units for the applicable Performance Year in accordance with this Section 3(a) shall terminate and be forfeited as of the last day of such Performance Year, and the Participant shall have no further rights with respect to any such Stock Units corresponding to the Performance Year that are determined not to be Eligible Stock Units for such Performance Year in accordance with this Section 3(a).

(b) Vesting. Subject to the terms and conditions of this Agreement, the number of Stock Units that (1) the Administrator has determined are Eligible Stock Units in accordance with Section 3(a) of this Agreement and (2) do not otherwise vest in accordance with Section 8 of this Agreement, if any, shall vest and shall become nonforfeitable on [_______, ____], subject to the Participant's continuous employment or service to the Corporation or a Subsidiary through such 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 3(a) or 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 the period of time that the Participant has to consider the release contemplated by Sections (c)(i), (c)(ii) and (c)(iii) hereof and Section _____ of the Participant's [Employment/Severance] Agreement with the Corporation dated ______(the "[**Employment/Severance] Agreement**"), plus any applicable revocation period, spans two calendar years, payment of any Stock Units that accelerate and become vested as of the Severance Date shall be made as provided in Section 7 but in the second of such two calendar years. 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 [_______, ____], and the Participant's Severance Date is the result of the death or Permanent Disability (as defined below) of the Participant, the following shall apply with respect to the Award:

(i) If the Severance Date occurs on or before [_______, ____]: (A) the Stock Units subject to the Award corresponding to the fiscal 20__ Performance Year will continue to be eligible to vest in accordance with Section 3(a) hereof with respect to that Performance Year as though the Participant's employment or service had not terminated; (B) any Stock Units subject to the Award that are deemed to be Eligible Stock Units for the fiscal 20__ Performance Year in accordance with Section 3(a) hereof shall immediately vest and become nonforfeitable as of the last day of such Performance Year; and (C) the remaining unvested Stock Units subject to the Award, after giving effect to the preceding clause (B), shall terminate in accordance with Section 8(a) of this Agreement.

(ii) If the Severance Date occurs after [_______, ____] but on or before [_______, ____]: (A) any Stock Units subject to the Award that are deemed to be Eligible Stock Units for the fiscal 20__ Performance Year shall immediately vest and become nonforfeitable as of the Participant's Severance Date; (B) the Stock Units subject to the Award corresponding to the fiscal 20__ Performance Year will continue to be eligible to vest in accordance with Section 3(a) hereof with respect to that Performance Year as though the Participant's employment or service had not terminated; (C) any Stock Units subject to the Award that are deemed to be Eligible Stock Units for the fiscal 20__ Performance Year in accordance with Section 3(a) hereof shall immediately vest and become nonforfeitable as of the last day of such Performance Year; and (D) the remaining unvested Stock Units subject to the Award, after giving effect to the preceding clauses (A) and (C), shall terminate in accordance with Section 8(a) of this Agreement.

(iii) If the Severance Date occurs after [_______, ____] but on or before [_______, ____]: (A) any Stock Units subject to the Award that are deemed to be Eligible Stock Units for the fiscal 20__ Performance Year or for the fiscal 20__ Performance Years shall immediately vest and become nonforfeitable as of the Participant's Severance Date; (B) the Stock Units subject to the Award corresponding to the fiscal 20__ Performance Year will continue to be eligible to vest in accordance with Section 3(a) hereof with respect to that Performance Year as though the Participant's employment or service had not terminated; (C) any Stock Units subject to the Award that are deemed to be Eligible Stock Units for the fiscal 20__ Performance Year in accordance with Section 3(a) hereof shall immediately vest and become nonforfeitable as of the last day of such Performance Year; and (D) the remaining unvested Stock Units subject to the Award, after giving effect to the preceding clauses (A) and (C), shall terminate in accordance with Section 8(a) of this Agreement.

(c) Change of Control. Notwithstanding anything to the contrary in Section 7 of the Plan, in the event a Change of Control (as defined below) occurs prior to [_______, ____] and prior to the Participant's Severance Date, the following shall apply with respect to the Award:

(i) If the Award is assumed, substituted, exchanged, or otherwise continued following the Change of Control, and in the event the Participant's Severance Date occurs as a result of a termination of employment by the Corporation or a Subsidiary without Cause or by the Participant for Good Reason upon or following the Change of Control and on or before [_______, ____] (in lieu of any accelerated vesting provided for in Section ______ of the [Employment/Severance] Agreement; subject to the Participant satisfying the release requirement of Section _____ of the [Employment/Severance] Agreement), the Target Stock Units shall be subject to adjustment and pro-rated vesting as provided in the next sentence. In such circumstances, the number of Target Stock Units that will become eligible to vest will be the sum of: (1) the greater of: (A) the number of Eligible Stock Units with respect to the fiscal 20__ Performance Year determined as though the fiscal 20__ Performance Year ended as of the Severance Date, with the Adjusted EPS and Total Revenue performance goals set forth on Exhibit A for the fiscal 20__ Performance Year pro-rated based on the ratio of the number of calendar days in the fiscal 20__ Performance Year that occurred while the Participant was employed by or providing services to the Corporation or a Subsidiary to the total number of calendar days in the fiscal 20__ Performance Year, and with performance for the fiscal 20__ Performance Year determined based on actual performance for such shortened period against the pro-rated Adjusted EPS and Total Revenue goals, and (B) one-third of the number of Target Stock Units, and (2) two-thirds of the number of Target Stock Units. Any Stock Units subject to the Award that are deemed eligible to vest in accordance with the preceding provisions of this Section 8(c)(i) 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.

(ii) If the Award is assumed, substituted, exchanged, or otherwise continued following the Change of Control, and in the event the Participant's Severance Date occurs as a result of a termination of employment by the Corporation or a Subsidiary without Cause or by the Participant for Good Reason upon or following the Change of Control and after [_______, ____] but on or before [_______, ____] (in lieu of any accelerated vesting provided for in Section ____ of the [Employment/Severance] Agreement; subject to the Participant satisfying the release requirement of Section _____ of the [Employment/Severance] Agreement), the Target Stock Units shall be subject to adjustment and pro-rated vesting as provided in the next sentence. In such circumstances, the number of Target Stock Units that will become eligible to vest will be the sum of: (1) any Stock Units subject to the Award that are deemed to be Eligible Stock Units for the fiscal 20__ Performance Year, (2) the greater of: (A) the number of Eligible Stock Units with respect to the fiscal 20__ Performance Year determined as though the fiscal 20__ Performance Year ended as of the Severance Date, with the Adjusted EPS and Total Revenue performance goals set forth on Exhibit A for the fiscal 20__ Performance Year pro-rated based on the ratio of the number of calendar days in the fiscal 20__ Performance Year that occurred while the Participant was employed by or providing services to the Corporation or a Subsidiary to the total number of calendar days in the fiscal 20__ Performance Year, and with performance for the fiscal 20__ Performance Year determined based on actual performance for such shortened period against the pro-rated Adjusted EPS and Total Revenue goals, and (B) one-third of the number of Target Stock Units, and (3) one-third of the number of Target Stock Units. Any Stock Units subject to the Award that are deemed eligible to vest in accordance with the preceding provisions of this Section 8(c)(ii) 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.

(iii) If the Award is assumed, substituted, exchanged, or otherwise continued following the Change of Control, and in the event the Participant's Severance Date occurs as a result of a termination of employment by the Corporation or a Subsidiary without Cause or by the Participant for Good Reason upon or following the Change of Control and after [_______, ____] but on or before [_______, ____] (in lieu of any accelerated vesting provided for in Section____of the [Employment/Severance] Agreement; subject to the Participant satisfying the release requirement of Section____of the [Employment/Severance] Agreement), the Target Stock Units shall be subject to adjustment and pro-rated vesting as provided in the next sentence. In such circumstances, the number of Target Stock Units that will become eligible to vest will be the sum of: (1) any Stock Units subject to the Award that are deemed to be Eligible Stock Units for the fiscal 20__ Performance Year plus any Stock Units subject to the Award that are deemed to be Eligible Stock Units for the fiscal 20__ Performance Year and (2) the greater of: (A) the number of Eligible Stock Units with respect to the fiscal 20__ Performance Year determined as though the fiscal 20__ Performance Year ended as of the Severance Date, with the Adjusted EPS and Total Revenue performance goals set forth on Exhibit A for the fiscal 20__ Performance Year pro-rated based on the ratio of the number of calendar days in the fiscal 20__ Performance Year that occurred while the Participant was employed by or providing services to the Corporation or a Subsidiary to the total number of calendar days in the fiscal 20__ Performance Year, and with performance for the fiscal 20__ Performance Year determined based on actual performance for such shortened period against the pro-rated Adjusted EPS and Total Revenue goals, and (B) one-third of the Target Stock Units. Any Stock Units subject to the Award that are deemed eligible to vest in accordance with the preceding provisions of this Section 8(c)(iii) 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.

(iv) If the Award is not assumed, substituted, exchanged, or otherwise continued following the Change of Control, and the Change of Control occurs on or before [_______, ____], the Target Stock Units shall be subject to adjustment and pro-rated vesting as provided in the next sentence. In such circumstances, the number of Target Stock Units that will become eligible to vest will be the sum of: (1) the greater of: (A) the number of Eligible Stock Units with respect to the fiscal 20__ Performance Year determined as though the fiscal 20__ Performance Year ended as of the date of the Change of Control, with the Adjusted EPS and Total Revenue performance goals set forth on Exhibit A for the fiscal 20__ Performance Year pro-rated based on the ratio of the number of calendar days in the fiscal 20__ Performance Year that occurred prior to the date of the Change of Control to the total number of calendar days in the fiscal 20__ Performance Year, and with performance for the fiscal 20__ Performance Year determined based on actual performance for such shortened period against the pro-rated Adjusted EPS and Total Revenue goals, and (B) one-third of the Target Stock Units, and (2) two-third of the number of Target Stock Units. Any Stock Units subject to the Award that are deemed eligible to vest in accordance with the preceding provisions of this Section 8(c)(iv) shall immediately vest and become nonforfeitable as of (or, as necessary to give effect to such acceleration, immediately prior to) the Change of Control. The remaining unvested portion of the Stock Units subject to the Award, after giving effect to the preceding sentence, shall terminate as of the date of the Change of Control.

(v) If the Award is not assumed, substituted, exchanged, or otherwise continued following the Change of Control, and the Change of Control occurs after [_______, ____] but on or before [_______, ____], the Target Stock Units shall be subject to adjustment and pro-rated vesting as provided in the next sentence. In such circumstances, the number of Target Stock Units that will become eligible to vest will be the sum of: (1) any Stock Units subject to the Award that are deemed to be Eligible Stock Units for the fiscal 20__ Performance Year, (2) the greater of: (A) the number of Eligible Stock Units with respect to the fiscal 20__ Performance Year determined as though the fiscal 20__ Performance Year ended as of the date of the Change of Control, with the Adjusted EPS and Total Revenue performance goals set forth on Exhibit A for the fiscal 20__ Performance Year pro-rated based on the ratio of the number of calendar days in the fiscal 20__ Performance Year that occurred prior to the date of the Change of Control to the total number of calendar days in the fiscal 20__ Performance Year, and with performance for the fiscal 20__ Performance Year determined based on actual performance for such shortened period against the pro-rated Adjusted EPS and Total Revenue goals, and (B) one-third of the number of Target Stock Units, and (3) one-third of the number of Target Stock Units. Any Stock Units subject to the Award that are deemed eligible to vest in accordance with the preceding provisions of this Section 8(c)(v) shall immediately vest and become nonforfeitable as of (or, as necessary to give effect to such acceleration, immediately prior to) the Change of Control. The remaining unvested portion of the Stock Units subject to the Award, after giving effect to the preceding sentence, shall terminate as of the date of the Change of Control.

(vi) If the Award is not assumed, substituted, exchanged, or otherwise continued following the Change of Control, and the Change of Control occurs after [_______, ____] but on or before [_______, ____], the Target Stock Units shall be subject to adjustment and pro-rated vesting as provided in the next sentence. In such circumstances, the number of Target Stock Units that will become eligible to vest will be the sum of: (1) any Stock Units subject to the Award that are deemed to be Eligible Stock Units for the fiscal 20__ Performance Year plus any Stock Units subject to the Award that are deemed to be Eligible Stock Units for the fiscal 20__ Performance Year and (2) the greater of: (A) the number of Eligible Stock Units with respect to the fiscal 20__ Performance Year determined as though the fiscal 20__

Performance Year ended as of the date of the Change of Control, with the Adjusted EPS and Total Revenue performance goals set forth on Exhibit A for the fiscal 20__ Performance Year pro-rated based on the ratio of the number of calendar days in the fiscal 20__ Performance Year that occurred prior to the date of the Change of Control to the total number of calendar days in the fiscal 20__ Performance Year, and with performance for the fiscal 20__ Performance Year determined based on actual performance for such shortened period against the pro-rated Adjusted EPS and Total Revenue goals, and (B) one-third of the number of Target Stock Units. Any Stock Units subject to the Award that are deemed eligible to vest in accordance with the preceding provisions of this Section 8(c)(vi) shall immediately vest and become nonforfeitable as of (or, as necessary to give effect to such acceleration, immediately prior to) the Change of Control. The remaining unvested portion of the Stock Units subject to the Award, after giving effect to the preceding sentence, shall terminate as of the date of the Change of Control.

(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 Section ___ of the [Employment/Severance] Agreement, 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) 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 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

PERFORMANCE-BASED VESTING REQUIREMENTS

This Exhibit A is subject to the other provisions of the Agreement (including, without limitation, Sections 4, 8 and 9 of the Agreement).

One-third of the Target Stock Units subject to the Award will correspond to each Performance Year. The aggregate percentage of the Target Stock Units that shall be deemed to be Eligible Stock Units for each Performance Year in accordance with Section 3(a) of the Agreement shall be determined as follows: (1) fifty percent (50%) of one-third of the Target Stock Units shall become eligible to vest based on the Corporation's level of Total Revenue (as defined below) for the applicable Performance Year; and (2) fifty percent (50%) of one-third of the Target Stock Units shall become eligible to vest based on the Corporation's Adjusted EPS (as defined below) for such Performance Year. The aggregate percentage of the Target Stock Units that shall be deemed to be Eligible Stock Units for the applicable Performance Year in accordance with Section 3(a) of the Agreement shall be determined in accordance with the tables below as follows:

FY 20__ Total Revenue	
Actual Level of Total Revenue for the Performance Year	***Vesting Eligibility Percentage***
$ [_________]	0%
$ [_________]	10%
$ [_________]	20%
$ [_________]	30%
$ [_________]	40%
$ [_________]	50%
$ [_________]	60%
$ [_________]	70%
$ [_________]	80%
$ [_________]	90%
$ [_________]	100%
$ [_________]	110%
$ [_________]	120%
$ [_________]	130%
$ [_________]	140%
$ [_________]	150%
$ [_________]	175%
$ [_________]	200%

FY 20__ Adjusted EPS	
Actual Level of Adjusted EPS for the Performance Year	***Vesting Eligibility Percentage***
$ [_________]	0%
$ [_________]	10%
$ [_________]	20%
$ [_________]	30%
$ [_________]	40%
$ [_________]	50%
$ [_________]	60%
$ [_________]	70%
$ [_________]	80%
$ [_________]	90%
$ [_________]	100%
$ [_________]	110%
$ [_________]	120%
$ [_________]	130%
$ [_________]	140%
$ [_________]	150%
$ [_________]	175%
$ [_________]	200%

FY 20__ Total Revenue	
Actual Level of Total Revenue for the Performance Year	***Vesting Eligibility Percentage***
$ [__________]	0%
$ [__________]	10%
$ [__________]	20%
$ [__________]	30%
$ [__________]	40%
$ [__________]	50%
$ [__________]	60%
$ [__________]	70%
$ [__________]	80%
$ [__________]	90%
$ [__________]	100%
$ [__________]	110%
$ [__________]	120%
$ [__________]	130%
$ [__________]	140%
$ [__________]	150%
$ [__________]	175%
$ [__________]	200%

FY 20__ Adjusted EPS	
Actual Level of Adjusted EPS for the Performance Year	***Vesting Eligibility Percentage***
$ [__________]	0%
$ [__________]	10%
$ [__________]	20%
$ [__________]	30%
$ [__________]	40%
$ [__________]	50%
$ [__________]	60%
$ [__________]	70%
$ [__________]	80%
$ [__________]	90%
$ [__________]	100%
$ [__________]	110%
$ [__________]	120%
$ [__________]	130%
$ [__________]	140%
$ [__________]	150%
$ [__________]	175%
$ [__________]	200%

FY 20__ Total Revenue	
Actual Level of Total Revenue for the Performance Year	*Vesting Eligibility Percentage*
$ [_________]	0%
$ [_________]	10%
$ [_________]	20%
$ [_________]	30%
$ [_________]	40%
$ [_________]	50%
$ [_________]	60%
$ [_________]	70%
$ [_________]	80%
$ [_________]	90%
$ [_________]	100%
$ [_________]	110%
$ [_________]	120%
$ [_________]	130%
$ [_________]	140%
$ [_________]	150%
$ [_________]	175%
$ [_________]	200%

FY 20__ Adjusted EPS	
Actual Level of Adjusted EPS for the Performance Year	*Vesting Eligibility Percentage*
$ [_________]	0%
$ [_________]	10%
$ [_________]	20%
$ [_________]	30%
$ [_________]	40%
$ [_________]	50%
$ [_________]	60%
$ [_________]	70%
$ [_________]	80%
$ [_________]	90%
$ [_________]	100%
$ [_________]	110%
$ [_________]	120%
$ [_________]	130%
$ [_________]	140%
$ [_________]	150%
$ [_________]	175%
$ [_________]	200%

For actual Total Revenue or Adjusted EPS achievement results between two points in the preceding tables, the actual vesting eligibility percentage shall be determined on a straight-line bases between the two closest points based on the actual level of achievement of the Total Revenue or Adjusted EPS, as applicable, with the actual vesting eligibility percentage in each case rounded to the nearest two decimal places.

Determination. As soon as practicable (and in all events within two and one-half months) after the last day of each Performance Year, the Administrator shall determine performance for the applicable Performance Year and whether and the extent to which the Target Stock Units shall be deemed to be Eligible Stock Units that will be eligible to become vested in accordance with the time-based requirements under Section 3(b) of this Agreement. The number of Target Stock Units that will be deemed to be Eligible Stock Units for the Performance Year shall be determined as follows: (1) fifty percent (50%) of one-third of the number of Target Stock Units will be multiplied by the Total Revenue Vesting Eligibility Percentage determined pursuant to the preceding tables (based on the actual level of Sales for the Performance Year); and (2) fifty percent (50%) of one-third of the number of Target Stock Units will be multiplied by the Adjusted EPS Percentage determined pursuant to the preceding tables (based on the actual Adjusted EPS for the Performance Year). The total number of Eligible Stock Units (the sum of the two amounts in clauses (1) and (2) of the preceding sentence) will be rounded down to the nearest whole unit. All such determinations shall be made by the Administrator whose determinations shall be final and binding.

Defined Terms. For purposes of the Award, the following definitions will apply.

"**Adjusted EPS**" means the Corporation's earnings per share of common stock for the applicable fiscal year as determined by the Corporation in accordance with GAAP and reflected in its financial statements, without taking into account cash bonuses paid with respect such fiscal year and adjusted as provided below.

"**GAAP**" means U.S. generally accepted accounting principles.

"Total Revenue" means the Corporation's net sales for the applicable fiscal year, as determined by the Corporation in accordance with its standard practices and procedures reflected in its financial statements.

Adjustments. For purposes of determining Adjusted EPS and Total Revenue under the Award for the Performance Year, the Administrator shall adjust (without duplication) the Corporation's Adjusted EPS and Total Revenue (each as determined before giving effect to such adjustments), for the unbudgeted impact of the following items that occur during the Performance Year:

(a) any new changes in accounting standards announced during the year that are required to be applied during the year in accordance with GAAP;

(b) any restructuring;

(c) any acquisitions or spin-off transaction (including any related expenses, regardless of whether such acquisition or spin-off transaction is successful);

(d) any disposal of a business or segment of a business;

(e) any stock dividend, stock split, combination or exchange of stock;

(f) any amortization of acquired intangible assets;

(g) any changes in tax laws;

(h) any new licensing or partnership arrangements;

(i) any asset impairment charges;

(j) any gains or losses for litigation, arbitration and contractual settlements;

(k) any costs related to store closings;

(l) any costs related to executive transitions; and

(m) any natural disasters and related insurance recoveries.

The Administrator’s determination of whether an adjustment is required, and the nature and extent of any such adjustment, shall be final and binding.

* * * * *

Exhibit 10.4

SPORTSMAN'S WAREHOUSE HOLDINGS, INC.

DIRECTORS' COMPENSATION POLICY

As Amended March 16, 2022, Effective May 25, 2022

Directors of Sportsman's Warehouse Holdings, Inc., a Delaware corporation (the "Company"), who are not employed by the Company or one of its subsidiaries ("non-employee directors") are entitled to the compensation set forth below for their service as a member of the Company's Board of Directors (the "Board"). The Board has the right to amend this policy from time to time.

Cash Compensation		
Annual Retainer	$	75,000
Additional Chair Retainer	$	130,000
Additional Lead Independent Director Retainer	$	15,000
Additional Committee Chair Retainers:		
Audit Committee Chair	$	30,000
Compensation Committee Chair	$	25,000
Nominating and Governance Committee Chair	$	25,000
Equity Compensation		
Annual Equity Award	$	75,000
Annual Chair Equity Award	$	115,000

Cash Compensation

Each non-employee director will be entitled to a cash retainer while serving on the Board in the amount set forth above (the "Annual Retainer"). A non-employee director who serves as the Chair of the Board will be entitled to an additional cash retainer while serving in that position in the amount set forth above (the "Additional Chair Retainer"). A non-employee director who serves as the Lead Independent Director will be entitled to an additional cash retainer while serving in that position in the amount set forth above (the "Additional Lead Independent Director Retainer"); provided that, unless otherwise provided by the Board, an Additional Lead Independent Director Retainer shall not be paid if a non-employee director is then serving as Chair of the Board. A non-employee director who serves as the Chair of the Audit Committee, the Compensation Committee, or the Nominating and Governance Committee of the Board will be entitled to an additional cash retainer while serving in that position in the applicable amount set forth above (an "Additional Committee Chair Retainer").

The amounts of the Annual Retainer, Additional Chair Retainer, Additional Lead Independent Director Retainer and Additional Committee Chair Retainers reflected above are expressed as annualized amounts. These retainers will be paid in quarterly installments, in advance, with an installment payable promptly following the start of each fiscal quarter; provided that an installment will be pro-rated, based on calendar days, if a non-employee director commences service (or commences service in the corresponding position, as the case may be) after the start of the particular fiscal quarter.

Equity Awards

On the date of each annual meeting of the Company's stockholders, each non-employee director in office immediately following such meeting will automatically be granted an award of restricted stock units (an "Annual RSU Award") determined by dividing (1) the Annual Equity Award grant value set forth above (or, if a non-employee director is then serving as Chair of the Board, the Annual Chair Equity

Award grant value set forth above in the case of the award to the non-employee director then serving as Chair of the Board) by (2) the per-share closing price (in regular trading) of the Company's common stock on The Nasdaq Stock Market on the date of such annual meeting (or the most recent trading day on The Nasdaq Stock Market if such date is not a trading day), rounded down to the nearest whole unit. Each Annual RSU Award will vest in twelve (12) substantially equal installments, subject to the non-employee director's continued service as a director through each vesting date, with the first installment vesting one month following the date of grant and an additional installment vesting on each monthly anniversary of the date of grant thereafter for the next eleven (11) months; provided, however, that the outstanding and unvested portion of the Annual RSU Award will vest in full immediately prior to the first to occur of (a) the first annual meeting of the Company's stockholders for the year following the year of grant of the award should such annual meeting occur before the first annual anniversary of the date of grant or (b) a Change in Control of the Company (as Change in Control is defined in the form of award agreement approved by the Board to evidence such award). In the event that more than one annual meeting of the Company's stockholders occurs during a given fiscal year, automatic Annual RSU Awards will be made only in connection with the first such meeting to occur in that year. If any Annual Meeting is adjourned to a later date, the grant and vesting will be triggered as of the date the Annual Meeting was initially scheduled.

For each new non-employee director appointed or elected to the Board other than on the date of an annual meeting of the Company's stockholders, the Board has discretion to provide that the new non-employee director will be entitled to a pro-rata portion of the Annual RSU Award on such terms and conditions that the Board shall, in its discretion, establish at the time of any such new non-employee director's initial appointment or election to the Board

Each Annual RSU Award will be made under and subject to the terms and conditions of the Company's 2019 Performance Incentive Plan or any successor equity compensation plan approved by the Company's stockholders and in effect at the time of grant (the "2019 Plan"), and will be evidenced by, and subject to the terms and conditions of, an award agreement in the form approved by the Board to evidence such type of grant pursuant to this policy (the "Form of Award Agreement"). To the extent then vested, restricted stock units will generally be paid in an equal number of shares of the Company's common stock in accordance with the applicable Form of Award Agreement. Restricted stock unit awards granted under the 2019 Plan are generally forfeited as to the unvested portion of the award upon the non-employee director's termination of service as a director for any reason.

Non-employee directors are entitled to receive dividend equivalents with respect to outstanding and unpaid restricted stock units granted pursuant to this policy. Dividend equivalents, if any, are paid in the form of a credit of additional restricted stock units under the 2019 Plan and are subject to the same vesting, payment and other provisions as the underlying restricted stock units.

The foregoing general provisions are, in the case of a particular award, subject to the terms and conditions of the applicable Form of Award Agreement.

<u>Expense Reimbursement</u>

All non-employee directors are entitled to reimbursement from the Company for their reasonable travel (including airfare and ground transportation), lodging and meal expenses incident to meetings of the Board or committees thereof or in connection with other Board related business. The Company will make reimbursement to a non-employee director promptly following submission by the non-employee director of reasonable written substantiation for the expenses (and, as required for purposes of Internal Revenue Code Section 409A, in all events not later than the end of the calendar year following the calendar year in which the related expense was incurred).

Exhibit 31.1

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

I, Jon Barker, certify that:

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

Date: June 1, 2022

/s/ Jon Barker

Jon Barker

President and Chief Executive Officer

Exhibit 31.2

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

I, 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: June 1, 2022

/s/ Jeff White

Jeff White
Chief Financial Officer and Secretary

Exhibit 32.1

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

In connection with the Quarterly Report on Form 10-Q of Sportsman's Warehouse Holdings, Inc. (the "Registrant") for the fiscal quarter ended April 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), Jon Barker, as President and Chief Executive Officer of the Registrant, and Jeff White, the Chief Financial Officer, hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that, to the best of their knowledge:

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

Date: June 1, 2022

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

Date: June 1, 2022

/s/ Jeff White
Jeff White
Chief Financial Officer and Secretary

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