



# ICR Conference Presentation

January 12, 2016



# Forward Looking Statements & Non-GAAP Measures



In this presentation, we will make statements about our future plans and prospects, including statements about our financial position, financial targets, business strategy and store opening pipeline, as well as statements about trends relating to the sale of firearms and ammunition, all of which constitute forward-looking statements.

Actual results may differ materially from those indicated by these forward looking statements due to risks relating to our retail-based business model, general economic conditions and consumer spending, our concentration of stores in the Western United States, competition in the outdoor activities and sporting goods market, changes in consumer demands, our expansion into new markets and planned growth, current and future government regulations, risks related to our continued retention of our key management, our distribution center, quality or safety concerns about our merchandise, events that may affect our vendors, trade restrictions, and other factors that are set forth in our filings with the Securities and Exchange Commission (the "SEC"), including under the caption "Risk Factors" in our Annual Report on Form 10-K for the quarter ended January 31, 2015, which was filed with the SEC on April 2, 2015 and our other public filings made with the SEC and available at [www.sec.gov](http://www.sec.gov). These factors should be considered carefully and undue reliance should not be placed on these forward-looking statements. We cannot ensure that actual results will not be materially different from those expressed or implied by these forward-looking statements.

In addition, all forward-looking statements represent our estimates only as of today and should not be relied upon as representing our estimates as of any subsequent date. While we may elect to update forward-looking statements at some point in the future, we specifically disclaim any obligation to do so, even if our estimates change.

In this presentation, we refer to "Adjusted EBITDA," "Adjusted EBITDA margin," and "Free Cash Flow" which are not financial measures prepared in accordance with Generally Accepted Accounting Principles ("GAAP"). For a reconciliation of these measures to the most directly comparable GAAP financial measure, see the Appendix to this presentation.

As used herein, unless the context otherwise requires, references to "Sportsman's Warehouse," "we," "us," and "our" refer to Sportsman's Warehouse Holdings, Inc. and its subsidiaries.



Our mission is to provide **outdoor enthusiasts, casual users, and first-time participants** with quality brand-name hunting, fishing, camping and shooting merchandise within a convenient shopping environment, serviced by **passionate, knowledgeable associates**, to create a memorable outdoor experience.

# Sportsman's Warehouse Overview



- High-growth outdoor sporting goods retailer
- One-stop shopping experience with **the right gear at the right time**
- Tailored merchandise and in-store events to meet local conditions and demand
- Passionate associates, highly knowledgeable about local market conditions
- Largest outdoor specialty store base in the Western US
- Adaptable store model suited to serve small and large markets
- TTM average double-digit four-wall adjusted EBITDA margins for stores that had been open for more than 12 months as of October 31, 2015
- **300+ store opportunity**



## Key Facts

<b>Year Founded</b>	1986	<b><u>FY 2014:</u></b>	
<b>Current Stores<sup>(1)</sup></b>	64	<b>Net Sales</b>	\$660.0 million
<b>States</b>	19	<b>Gross Profit</b>	\$215.2 million
<b>Average Store Size (sq. ft.)</b>	44,000	<b>Adjusted EBITDA<sup>(3)</sup></b>	\$66.3 million
<b>Avg. 4-Wall Adj. EBITDA Margin in Year 1<sup>(2)</sup></b>	14.1%	<b>Adjusted EBITDA Margin<sup>(3)</sup></b>	10.0%

(1) As of January 1, 2016.

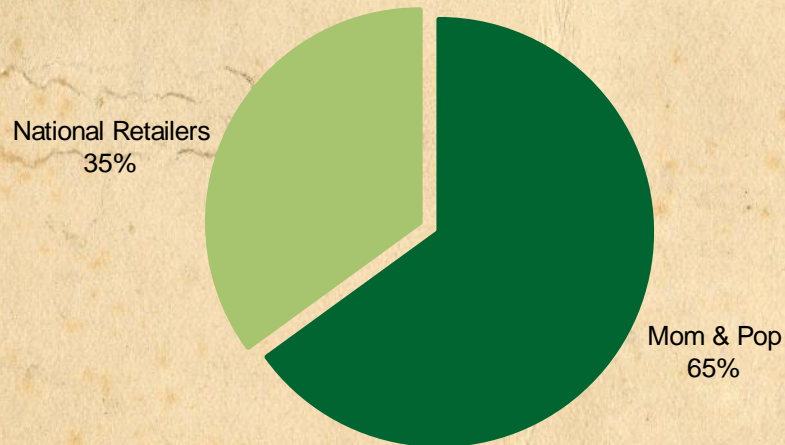
(2) Represents performance of 19 stores opened since 2010 that have been open for a full twelve months, excluding the 10 stores acquired in 2013. Four-wall Adjusted EBITDA means, for any period, a particular store's Adjusted EBITDA, excluding any allocations of corporate selling, general and administrative expenses allocated to that store. Four-wall Adjusted EBITDA margin means, for any period, a store's four-wall Adjusted EBITDA divided by that store's net sales.

(3) Adjusted EBITDA is calculated 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 results. See Appendix for a reconciliation of Adjusted EBITDA to Net Income. Adjusted EBITDA margin means, for any period, Adjusted EBITDA divided by net sales. **3**

# Large, Growing and Highly-Fragmented Outdoor Sporting Goods Industry

- Industry size estimated to be in excess of **\$50 billion**
- Sportsman's Warehouse is one of a select number of pure play outdoor specialty retailers
- Mom & Pop retailers estimated to represent 65% of industry
- Participation rates are rising across many key demographics, especially among women
- User-driven industry

## Market Share – Retail Stores

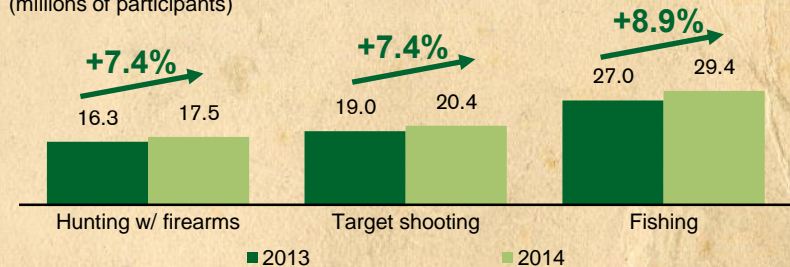


**> \$50 billion**

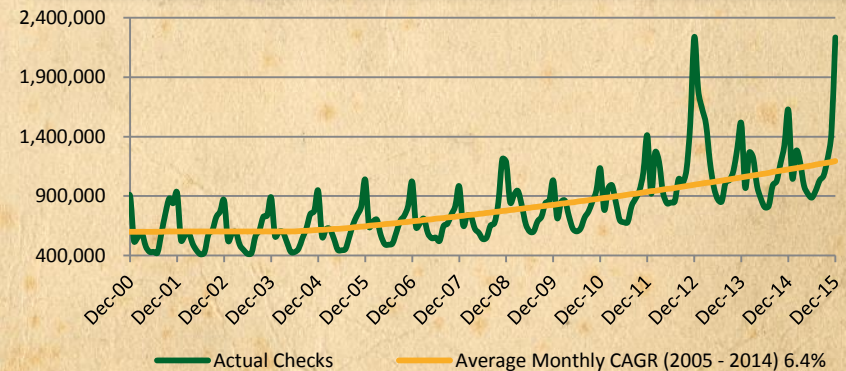
## Increasing Participation

### Trends in Outdoor Sporting Goods<sup>(1)</sup>

(millions of participants)



### NSSF Adjusted NICS<sup>(2)</sup>



(1) Sports Participation in the United States, 2015 Edition.  
 (2) National Shooting Sports Foundation.

# Unique Customer Value Proposition



Mom & Pop

Area of Concentration	West	All	South	East	Midwest	All
US Stores <sup>(1)</sup>	73	75	87	160	19	NA
Western Penetration of Stores <sup>(1)</sup>	66	19	10	2	None	NA
Depth of Merchandise Selection	One-stop ~70,000 SKUs	One-stop ~160,000 SKUs	One-stop (NA)	One-stop (NA)	One-stop (NA)	Narrow
Customer Draw	Convenience / Destination	Destination / Entertainment	Destination / Entertainment	Destination / Convenience	Destination / Convenience	Convenience
Box Size (sq. ft.)	15k-65k	40k-246k	20k-300k	21k-123k	40k-63k	NA
Cost to Open New Units	Lower	Higher	Higher	NA	Higher	NA
Branded Product Priority / Focus	Higher	Lower	Lower	NA	Higher	Similar
Pricing Strategy	Everyday Low Prices	Competitive	Competitive	Competitive	Competitive	Varies

(1) Includes announced stores

Source: Company SEC filings and websites. Store counts updated as of January 7, 2016.

# 300+ Store Opportunity with Attractive Store Economics

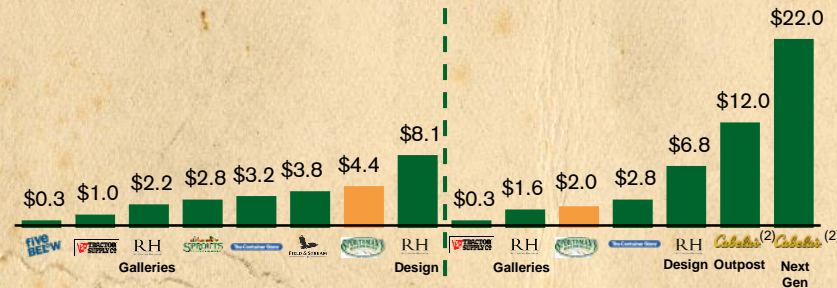


## Low Initial Investment per Store<sup>(1)</sup>

(\$ in millions)

**Including initial inventory investment**

**Excluding initial inventory investment**



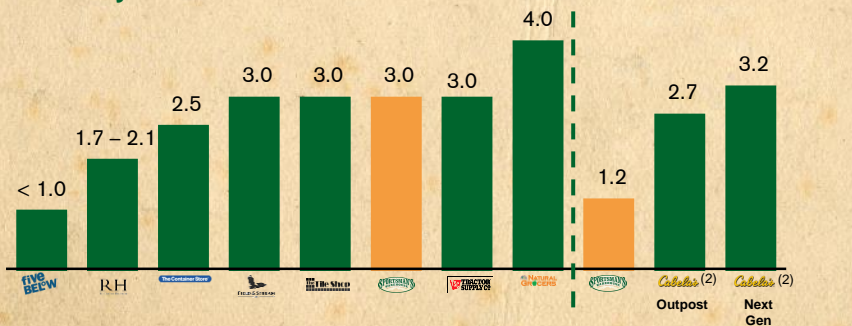
## New Store Economics

Net Investment	\$2.0 million	
Initial Inventory	\$2.4 million	
Year 1 ROIC <sup>(3)</sup>	Excluding Inventory: 98.3%	Including Inventory: 34.2%
Avg. Pre-Tax Payback <sup>(3)</sup>	~ 1 year	~ 3 years

## Average New Store Payback Period (years)<sup>(4)</sup>

**Including initial inventory investment**

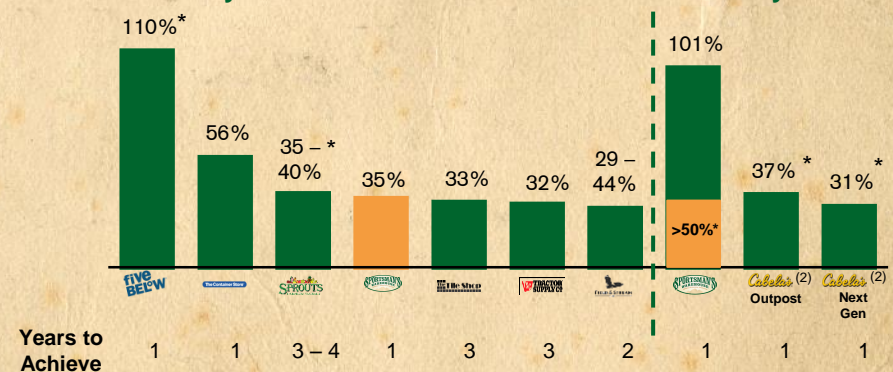
**Excluding initial inventory investment**



## Superior Store-Level ROIC<sup>(5)</sup> Over Time<sup>(4)</sup>

**Including initial inventory investment**

**Excluding initial inventory investment**



Note: Competitor information sourced from most recent reported quarterly or annual financial statement as of December 15, 2015.  
 (1) Initial investment per store figures excludes the two new sub 20K square foot stores.  
 (2) Cabela's does not report ROIC inclusive of initial inventory investment or the average amount of its initial inventory investment.  
 (3) Represents performance of 19 stores opened since 2010 that have been open for a full twelve months (excluding the 10 stores acquired in 2013).  
 (4) Sportsman's Warehouse data as of October 31, 2015.  
 (5) Defined as average pre-tax actual cash-on-cash returns for new stores for the periods indicated. Figures are based on publicly available data.  
 (\*) represents a target ROIC.

# Investment Highlights

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**1** Differentiated Outdoor Specialty Retail Experience

**2** Comprehensive, Locally Relevant Product Assortment and Merchandising Strategy

**3** Disciplined and Adaptable Real Estate Strategy

**4** Significant White Space Opportunity

**5** Passionate and Experienced Management Team with Proven Track Record





# Differentiated Shopping Experience and Engaging and Highly Knowledgeable Sales Associates

- Conveniently Located Stores with Easy-In, Easy-Out Access
- Locally Relevant Features
- Store Layout is Easy to Navigate with Wide Aisles and Clear Signage
- Test Latest Equipment
- Highly Trained and Passionate Employees with Experienced and “Localized” Knowledge





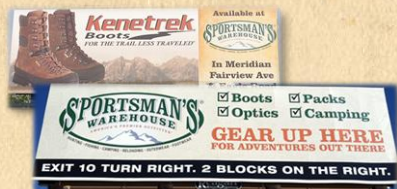
# Local Marketing Focus

## Effective "Localized" Advertising

### Regional inserts

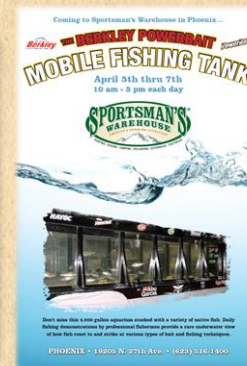
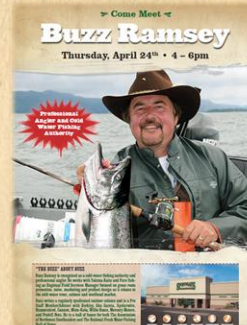


### Billboards



- Marketing budget is ~1% of sales

## Grass Roots Campaigns



## In-Store and Off-Site Events



Ladies Night



- Hold ~3,000 events annually

## Digital / E-Commerce Strategy



- ~13 million total visitors to website during FY 2014
- Numerous product videos and how-to videos available for public viewing



# Disciplined, Analytics-Driven Real Estate Strategy Maximizes Coverage and Returns

## Rigorous Site Selection Process

- Analyze market characteristics and economic viability with local real estate firms and internal committee
  - Density of hunting / fishing license holders
  - Abundance of outdoor recreation areas
- Flexible store model is adaptable to variety of real estate venues
  - Stores may be free-standing or located in power, neighborhood or lifestyle centers
- Low initial capital investment and “no frills” concept provide further flexibility
  - Convenient, easily accessible locations designed for supply replenishment
  - Ability to open multiple stores in local areas within major MSAs
- All stores are profitable, including average double-digit 4-wall Adjusted EBITDA margins<sup>(1)</sup> for the trailing twelve months ended October 31, 2015 in all stores that had been open for more than 12 months.
- Target ROIC<sup>(2)</sup> for first 12 full months of operation for a new store: 50% excluding initial inventory costs or 20% including initial inventory cost.
  - ROIC for the 19 new stores opened since 2010 and that had been open for more than twelve months (excluding the 10 stores acquired in 2013) was 98.3% excluding initial inventory cost (and 34.2% including initial inventory cost).

(1) Adjusted EBITDA is calculated 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 results. Four-wall Adjusted EBITDA means, for any period, a particular store's Adjusted EBITDA, excluding any allocations of corporate selling, general and administrative expenses allocated to that store. Four-wall Adjusted EBITDA margin means, for any period, a store's four-wall Adjusted EBITDA divided by that store's net sales.

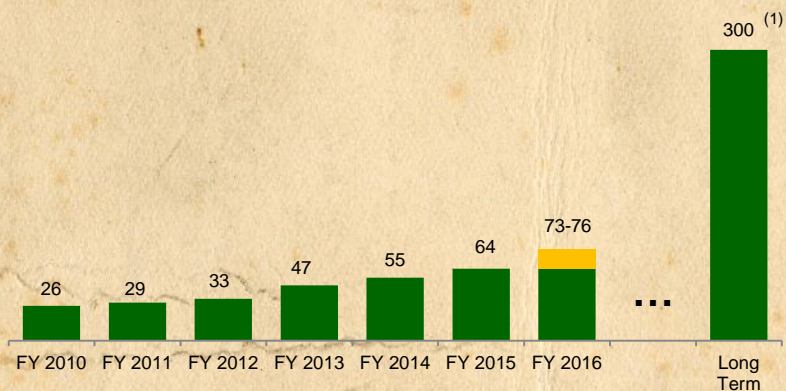
(2) ROIC (“return on invested capital”) means a store's four-wall Adjusted EBITDA for a given period divided by our initial cash investment in the store. We calculate ROIC both including and excluding the initial inventory cost.



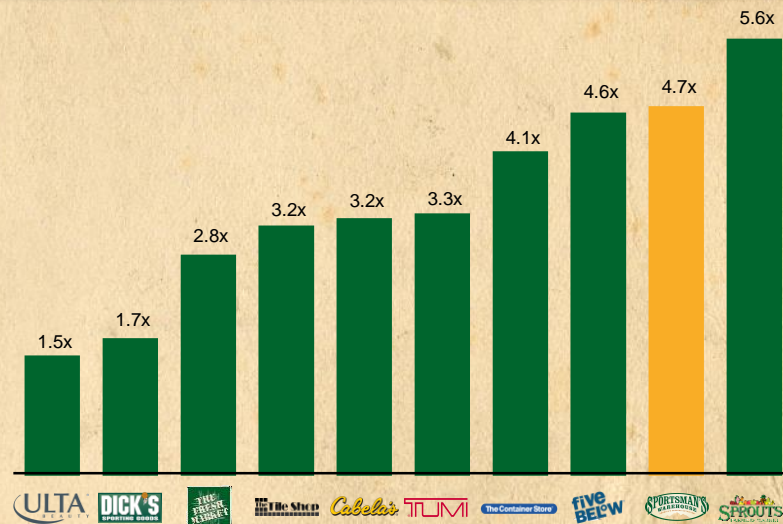
# Significant White Space Opportunity

## Significant White Space Opportunity

Number of Sportsman's Warehouse stores



## Relative White Space<sup>(1)</sup>



## New Store Pipeline

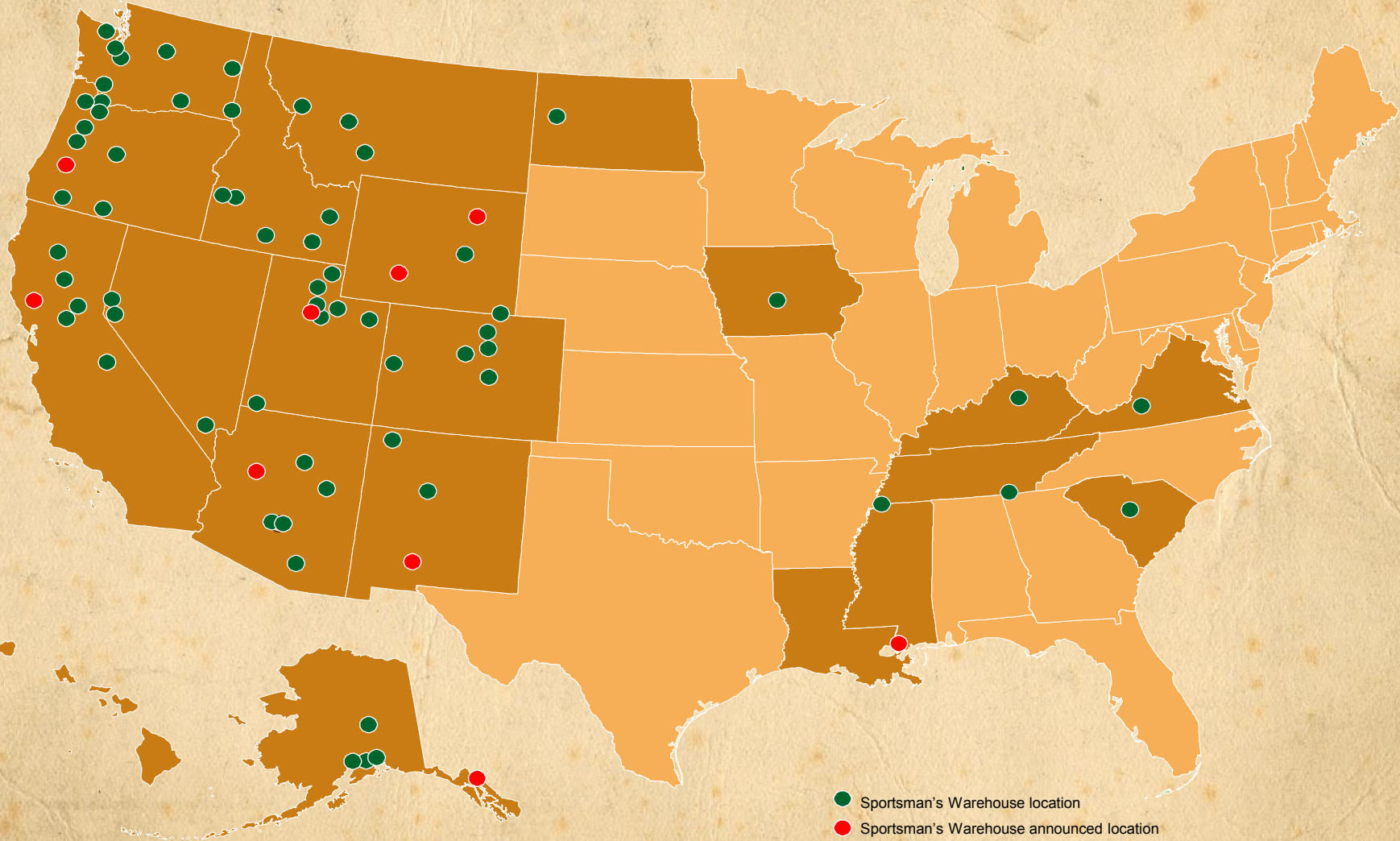
- 9-12 new stores expected in FY 2016
- Plan to grow store base at a rate of greater than 10% annually for the next several years
- Existing infrastructure, including IT, loss prevention and employee training, is scalable to support our growth up to an estimated 100 stores without significant additional capital investment

Source: Company SEC filings, investor presentations, websites and earnings call transcripts; Buxton research.

(1) Defined as total store base potential as a multiple of current store count. Store counts as of last reported quarter.



# Store Locations – Sportsman's Warehouse



- Sportsman's Warehouse location
- Sportsman's Warehouse announced location



# Available Markets

## Total U.S.



## Profitably Serve Small and Large MSAs with Attractive Economics

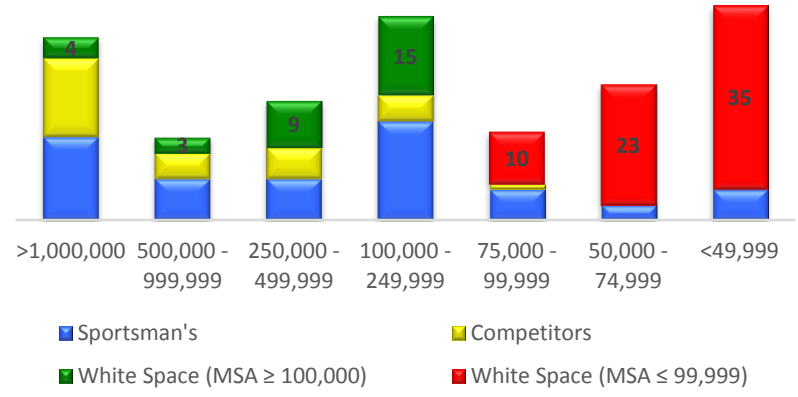
Store Distribution	
MSA Population Size	Current Sportsman's Warehouse Stores
Less than 100k	12
100k - 250k	16
250k - 500k	10
500k - 1 million	11
1 million or higher	18
<b>Total</b>	<b>73<sup>(1)</sup></b>

(1) Total store estimated count as of the end of fiscal year 2015. This number includes nine committed store openings in fiscal year 2016 in addition to the 64 stores open as of January 1, 2016.  
 (2) Defined as 4-wall EBITDA divided by net sales for the trailing twelve fiscal months for stores that have been open greater than 12 months as of October 31, 2015.

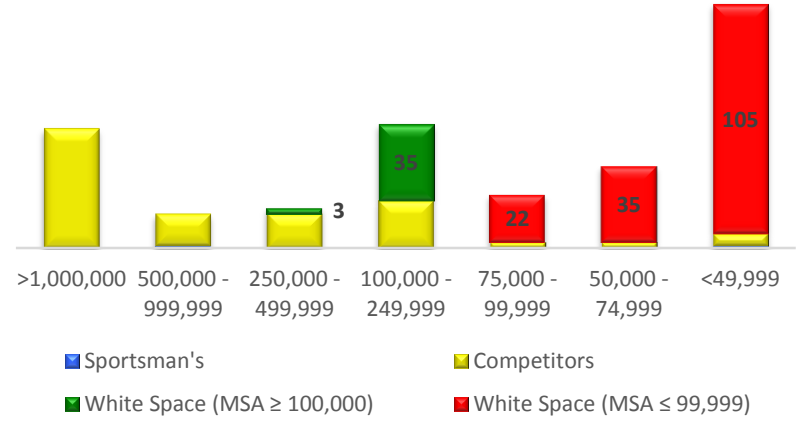


# Available Markets

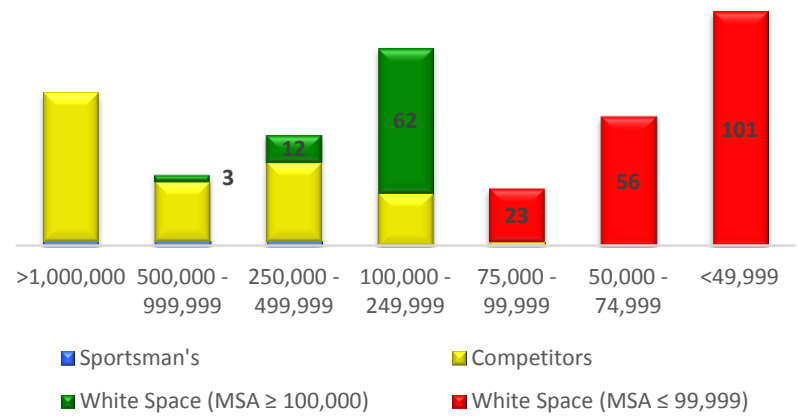
## Region: West



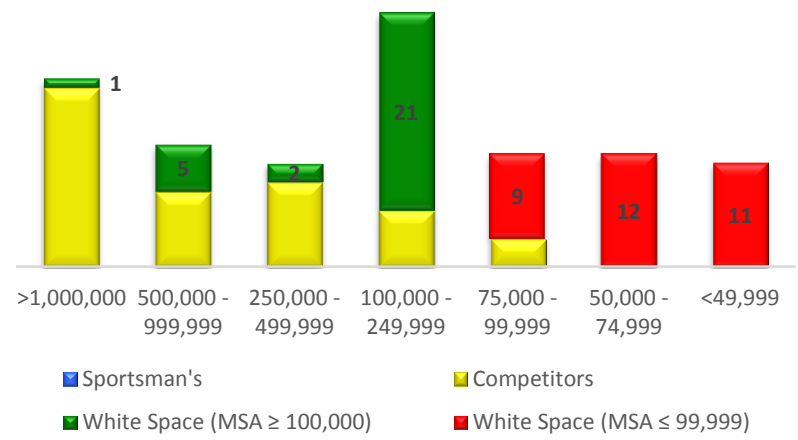
## Region: Midwest



## Region: South



## Region: Northeast





# Passionate and Experienced Management Team with Proven Track Record

Name	Position	Years at Sportsman's Warehouse	Background
<b>John Schaefer</b>	Chief Executive Officer	6	<ul style="list-style-type: none"> <li>Directed successful consumer and E-Commerce retail companies including Eastbay, Cornerstone Brands and Team Express</li> <li>Received a BBA in Business Administration from the University of Wisconsin; former CPA</li> </ul>
<b>Kevan Talbot</b>	Chief Financial Officer	13	<ul style="list-style-type: none"> <li>Served as the Controller and Vice President of Finance for Sportsman's prior to CFO</li> <li>Began career in audit and business advisory at Arthur Andersen LLP and is a CPA</li> <li>Holds a Bachelor of Science degree and a Master of Accountancy degree from Brigham Young University</li> </ul>
<b>Jeremy Sage</b>	Senior Vice President, Stores	14	<ul style="list-style-type: none"> <li>Joined Sportsman's Warehouse as a Store Manager and also worked as a District Manager before assuming the Senior Vice President role</li> </ul>
<b>Larry Knight</b>	Senior Vice President, Merchandising	18	<ul style="list-style-type: none"> <li>Has worked in the sporting goods industry for over 24 years, including various positions at Sportsman's Warehouse before assuming the Senior Vice President role</li> <li>Holds a Bachelor of Science degree in Business Administration from Southern Utah University</li> </ul>
<b>Karen Seaman</b>	Chief Marketing Officer	6	<ul style="list-style-type: none"> <li>Has worked in the retail field for more than 23 years</li> <li>Holds a bachelor's degree from Western Michigan University and an MBA from University of Dayton</li> </ul>
<b>Mike Van Orden</b>	Chief Technology Officer	15	<ul style="list-style-type: none"> <li>Has worked in information technology for over 25 years</li> <li>Holds a Bachelor of Science degree in Business Management from the University of Utah</li> </ul>
<b>Matthew French</b>	Vice President, Compliance	18	<ul style="list-style-type: none"> <li>Has worked in the sporting goods industry for over 20 years, including various positions at Sportsman's Warehouse involving management of the hunting department</li> <li>Holds Bachelor of Science degree in Economics from Montana State University</li> </ul>
<b>Travis Mann</b>	Vice President, Field Merchandising	16	<ul style="list-style-type: none"> <li>Joined Sportsman's Warehouse as a Hunting Manager and also worked as a store manager</li> <li>Most recently served as District Manager before assuming Vice President role</li> </ul>
<b>Steve Coffey</b>	Vice President, Business Development	22	<ul style="list-style-type: none"> <li>Joined Sportsman's as a fishing department buyer and also worked as the Manager of the fishing department of the Midvale, Utah store before assuming the Vice President role</li> <li>Has worked in the merchandising and buying field for over 19 years</li> </ul>



# Recent events relating to firearms as compared to 2012



2012	2015
Significant influx of first time buyers	Higher proportion of current firearm owners as buyers
Focus on any available firearm	Focus more on handguns and broad range of long guns
Heavy and continuous demand for ALL calibers of ammunition including Rimfire - stockpiling	Ammunition purchases focused on calibers of firearms being purchased - no current sign of stockpiling
First time firearm purchases also purchased accessories such as cleaning supplies, gun cases, etc	Purchases focus on firearms with minimal incremental accessory purchases
Surge correlated to dramatic event as well as Presidential election and Democratic controlled Senate	Surge correlates to dramatic event and Presidential actions with Republican controlled Congress
Surge occurred just as Democratic President was elected for second term	Surge occurring 11 months prior to presidential election

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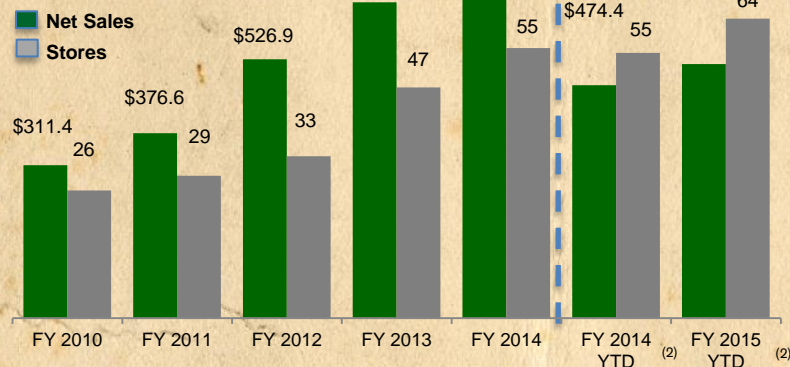
## Financial Highlights

# Historical Financial Overview



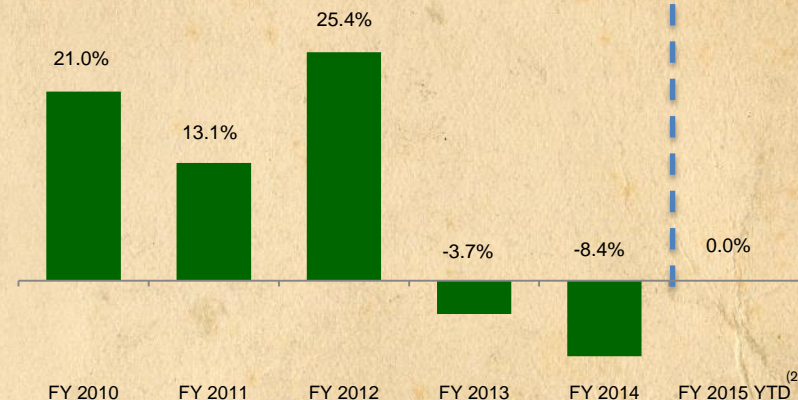
## Net Sales and Store Count

(Net sales are in in \$millions)



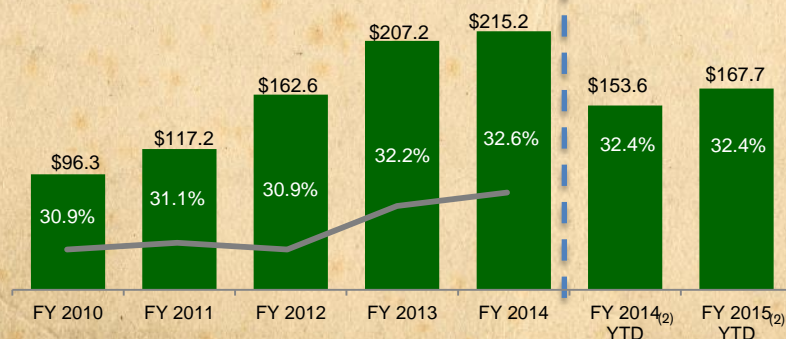
## Same Store Sales<sup>(1)</sup>

(% increase over prior year)



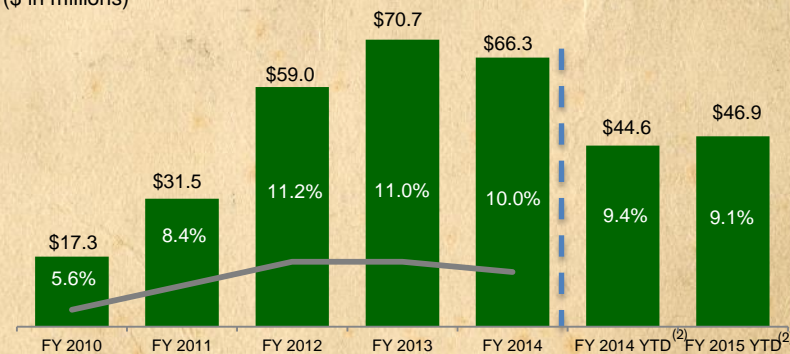
## Gross Profit

(\$ in millions)



## Adjusted EBITDA<sup>(3)</sup>

(\$ in millions)



Note: FY 2012 reflects 53 weeks of operations.

(1) Net sales from a store are included in same store sales on the first day of the 13<sup>th</sup> full month following the store's opening or acquisition by us. We exclude net sales from e-commerce from our calculation of same store sales, and for fiscal years consisting 53 weeks, we exclude net sales during the 53<sup>rd</sup> week from our calculation of same store sales. The figures shown represent growth over the corresponding period in the prior fiscal year.

(2) YTD indicates the 39 weeks ended October 31, 2015 or the 39 weeks ended November 1, 2014.

(3) Adjusted EBITDA is calculated 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 results. See Appendix for a reconciliation of Adjusted EBITDA to Net Income. Adjusted EBITDA margin means, for any period, Adjusted EBITDA divided by net sales.

# Capitalization, Capital Expenditures and Free Cash Flow



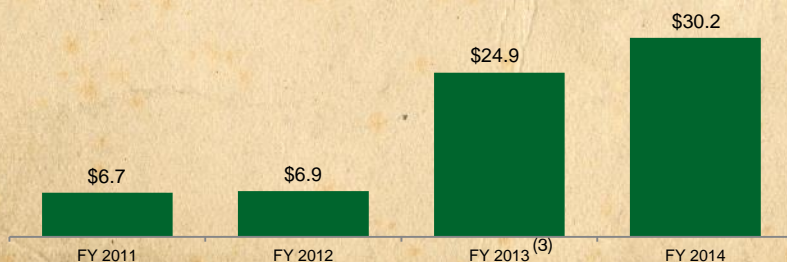
## Capitalization

### Q3 2015

(\$ in millions)	10/31/2015	xAdj. EBITDA <sup>(1)</sup>
ABL Working Capital Facility	49.7	0.7x
Term Loan, Net of Discount	157.0	2.3x
<b>Total Debt</b>	<b>\$206.7</b>	<b>3.0x</b>

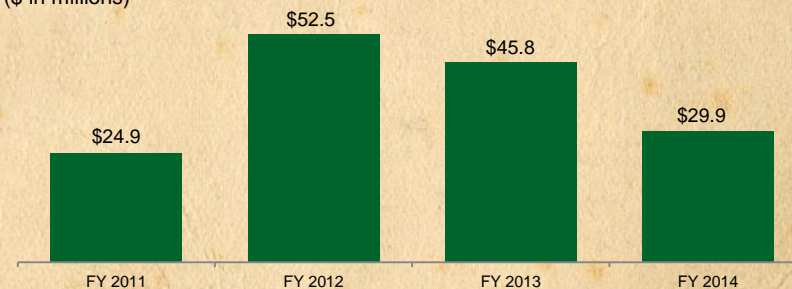
## Capital Expenditures

(\$ in millions)



## Free Cash Flow<sup>(2)</sup>

(\$ in millions)



(1) Based on Adjusted EBITDA for the TTM ended 10/31/2015. Adjusted EBITDA is calculated 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 results. See Appendix for a reconciliation of Adjusted EBITDA to Net Income.

(2) Free Cash Flow calculated as Adjusted EBITDA less capital expenditures. See Appendix for a reconciliation of Free Cash Flow to Net Income.

(3) Includes \$4.5 million for fixed assets in connection with the acquisition of our ten previously operated stores in Montana, Oregon and Washington.

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## Appendix: GAAP Reconciliations

# Reconciliation of Net Income to Adjusted EBITDA and Free Cash Flow



	Fiscal Year Ended					
	January 29, 2011	January 28, 2012	February 2, 2013	February 1, 2014	January 31, 2015	October 31, 2015 (8)
(\$ in thousands)						
<b>Net Income</b>	<b>\$ 5,244</b>	<b>\$ 33,694</b>	<b>\$ 28,074</b>	<b>\$ 21,750</b>	<b>\$ 13,784</b>	<b>\$ 19,554</b>
Plus:						
Interest expense	5,676	4,392	6,321	25,447	22,480	19,560
Income tax expense (benefit)	-	(11,467)	19,076	12,838	8,628	12,234
Depreciation and amortization	2,488	3,108	3,431	6,277	9,150	11,176
Stock-based compensation (1)	-	-	-	365	3,293	2,184
Pre-opening expenses (2)	322	774	1,441	1,653	2,717	3,055
Bankruptcy-related expenses (benefit) (3)	3,536	919	(263)	55	-	-
Acquisition expenses (4)	-	-	959	2,331	-	-
IPO Bonus (5)	-	-	-	-	2,200	-
Litigation accrual (6)	-	-	-	-	4,000	-
Secondary offering costs (7)	-	-	-	-	-	727
E-commerce start-up costs	100	126	-	-	-	-
<b>Adjusted EBITDA</b>	<b>\$ 17,366</b>	<b>\$ 31,546</b>	<b>\$ 59,039</b>	<b>\$ 70,716</b>	<b>\$ 66,252</b>	<b>\$ 68,490</b>
(-) Capital expenditures		6,651	6,856	24,916	30,167	36,449
<b>Free Cash Flow</b>		<b>\$ 24,895</b>	<b>\$ 52,183</b>	<b>\$ 45,800</b>	<b>\$ 36,085</b>	<b>\$ 32,041</b>

- (1) Stock-based compensation expense is a non-cash expense related to the issuance of restricted stock units by the Company in fiscal years 2013, 2014, and 2015 under the Company's 2013 Performance Incentive Plan.
- (2) Pre-opening expenses include expenses incurred in the preparation and opening of a new store location, such as payroll, travel and supplies, but do not include the cost of the initial inventory or capital expenditures required to open a location. For the periods presented, these pre-opening costs were not concentrated in any quarter.
- (3) We incurred certain costs related to our restructuring and emergence from Chapter 11 bankruptcy and included a liability as part of the reorganization value at August 14, 2009, the date of emergence from bankruptcy. Bankruptcy-related expenses are those amounts that are greater than the initial estimated restructuring costs, whereas bankruptcy-related benefits are those amounts that are less than the initial estimated costs. They are expensed as incurred.
- (4) Acquisition expenses for fiscal year 2013 relate to the costs associated with the acquisition of our ten previously operated stores in Montana, Oregon and Washington. Acquisition expenses for fiscal year 2012 relate to legal and consulting expenses related to potential merger and acquisition activity.
- (5) As a result of the completion of our initial public offering and pursuant to the terms of the employment agreements with our executive officers, we paid \$2.2 million in bonuses to our executive officers.
- (6) On March 9, 2015, a jury awarded \$11.9 million against a group of defendants. In conjunction with the award, we recorded a \$4.0 million accrual related to this case in fiscal year 2014. We subsequently reversed this accrual in fiscal year 2015.
- (7) On September 30, 2015, 6,250,000 shares of common stock were sold in a secondary offering by certain existing shareholders, including affiliates of Seidler Equity Partners III, L.P. We received no proceeds from the secondary offering but incurred \$0.7 million in offering expenses. On October 26, 2015, the underwriters of the secondary offering of common stock partially exercised the option granted at the time of the secondary offering to purchase an additional 649,022 shares of common stock at the secondary offering price of \$12.25 per share, less underwriting discounts and commissions, which consists solely of shares sold by affiliates of Seidler Equity Partners III, L.P. We received no proceeds from the partial exercise of the option but incurred minimal offering expenses. Total expenses incurred related to the secondary offering and the exercise of the option was \$0.7 million and is recorded in selling, general and administrative expenses in the accompanying statements of income.
- (8) This column represents TTM ended October 31, 2015.

# GAAP and Non-GAAP Measures (Unaudited)



	For the Thirteen Weeks Ended		For the Thirty Nine Weeks Ended	
	October 31, 2015	November 1, 2014	October 31, 2015	November 1, 2014
Income from operations	\$ 19,169	\$ 18,625	\$ 37,203	\$ 30,747
IPO bonus (1)	-	-	-	2,200
Litigation accrual reversal (2)	-	-	(4,000)	-
Secondary offering expenses (3)	727	-	727	-
<b>Adjusted income from operations</b>	<b>\$ 19,896</b>	<b>\$ 18,625</b>	<b>\$ 33,930</b>	<b>\$ 32,947</b>
Numerator:				
Net income	\$ 9,541	\$ 8,916	\$ 16,381	\$ 10,611
IPO bonus (1)	-	-	-	2,200
Litigation accrual reversal (2)	-	-	(4,000)	-
Secondary offering expenses (3)	727	-	727	-
Less tax benefit related to litigation accrual reversal	(280)	-	1,260	(847)
<b>Adjusted net income</b>	<b>\$ 9,988</b>	<b>\$ 8,916</b>	<b>\$ 14,368</b>	<b>\$ 11,964</b>
Denominator:				
Diluted weighted average shares outstanding	42,362	41,931	42,286	39,553
Initial public offering shares issuance (4)	-	-	-	2,476
<b>Adjusted diluted weighted average shares outstanding</b>	<b>42,362</b>	<b>41,931</b>	<b>42,286</b>	<b>42,029</b>
Reconciliation of earnings per share:				
Diluted earnings per share	\$ 0.23	\$ 0.21	\$ 0.39	\$ 0.27
Impact of adjustments to numerator and denominator	0.01	-	(0.05)	0.01
<b>Adjusted diluted earnings per share</b>	<b>\$ 0.24</b>	<b>\$ 0.21</b>	<b>\$ 0.34</b>	<b>\$ 0.28</b>
Net income	\$ 9,541	\$ 8,916	\$ 16,381	\$ 10,611
Interest expense	3,659	4,122	10,567	13,487
Income tax expense	5,969	5,587	10,255	6,649
Depreciation and amortization	3,033	2,468	8,564	6,538
Stock-based compensation expense (5)	594	522	1,671	2,780
Pre-opening expenses (6)	606	230	2,697	2,359
IPO bonus (1)	-	-	-	2,200
Litigation accrual reversal (2)	-	-	(4,000)	-
Secondary offering expenses (3)	727	-	727	-
<b>Adjusted EBITDA</b>	<b>\$ 24,129</b>	<b>\$ 21,845</b>	<b>\$ 46,862</b>	<b>\$ 44,624</b>

# GAAP and Non-GAAP Measures (Unaudited)

## Key Notes and Assumptions

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- (1) As a result of the completion of our initial public offering and pursuant to the terms of the employment agreements with our executive officers, we paid \$2.2 million in bonuses to our executive officers.
- (2) On March 9, 2015, a jury awarded \$11.9 million against a group of defendants. In conjunction with the award, we recorded a \$4.0 million accrual related to this case in fiscal year 2014. We subsequently reversed this accrual in fiscal year 2015.
- (3) On September 30, 2015, 6,250,000 shares of common stock were sold in a secondary offering by certain existing shareholders, including affiliates of Seidler Equity Partners III, L.P. We received no proceeds from the secondary offering but incurred \$0.7 million in offering expenses. On October 26, 2015, the underwriters of the secondary offering of common stock partially exercised the option granted at the time of the secondary offering to purchase an additional 649,022 shares of common stock at the secondary offering price of \$12.25 per share, less underwriting discounts and commissions, which consists solely of shares sold by affiliates of Seidler Equity Partners III, L.P. We received no proceeds from the partial exercise of the option but incurred minimal offering expenses. Total expenses incurred related to the secondary offering and the exercise of the option was \$0.7 million and is recorded in selling, general and administrative expenses in the accompanying statements of income.
- (4) Assumes our initial public offering was effective as of February 3, 2013, the first day of our fiscal year 2013.
- (5) Stock-based compensation expense is a non-cash expense related to the issuance of restricted stock units by the Company in fiscal years 2013, 2014, and 2015 under the Company's 2013 Performance Incentive Plan.
- (6) 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.