



# FOURTH QUARTER AND FULL YEAR 2021 EARNINGS CONFERENCE CALL

March 29, 2022

# FORWARD LOOKING STATEMENTS AND NON-GAAP MEASURES



This presentation includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 as contained in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements in this presentation include, but are not limited to, statements regarding our outlook for the fourth quarter and fiscal year 2020 opportunity for long-term growth via market share gains, ecommerce platform growth and new physical store expansion, opportunistic acquisitions, and the uncertainty of the coronavirus (COVID-19) pandemic. Investors can identify these statements by the fact that they use words such as "continue", "expect", "may", "opportunity", "plan", "future", "ahead" and similar terms and phrases. The Company cannot assure investors that future developments affecting the Company will be those that it has anticipated.

Actual results may differ materially from those indicated by these forward looking statements due to risks relating to, among other things, the potential effects of COVID-19 and measures intended to reduce its spread on our operations, our retail-based business model, general economic, market and other conditions, changes in consumer spending, our concentration of stores in the Western United States, competition in the outdoor activities and specialty retail market, changes in consumer demands or preferences, our expansion into new markets and planned growth, current and future government regulations, risks related to our continued retention of key management, our existing distribution center or our planned new distribution center, quality or safety concerns about our merchandise, events that may affect our vendors, trade restrictions, public health crises and social unrest, 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 year ended January 29, 2022, which will be filed with the SEC on March 30, 2022 and our other public filings made with the SEC and available at [www.sec.gov](http://www.sec.gov).

If one or more of these risks or uncertainties materialize, or if any of the Company's assumptions prove incorrect, the Company's actual results may vary in material respects from those projected in these forward-looking statements. Any forward-looking statement made by the Company in this release speaks only as of the date on which the Company makes it. Factors or events that could cause the Company's actual results to differ may emerge from time to time, and it is not possible for the Company to predict them all. The Company undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by any applicable securities laws.

In this presentation, we refer to "Adjusted EPS," "Adjusted Net Income," "Adjusted Income from Operations" and "Adjusted EBITDA," 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.

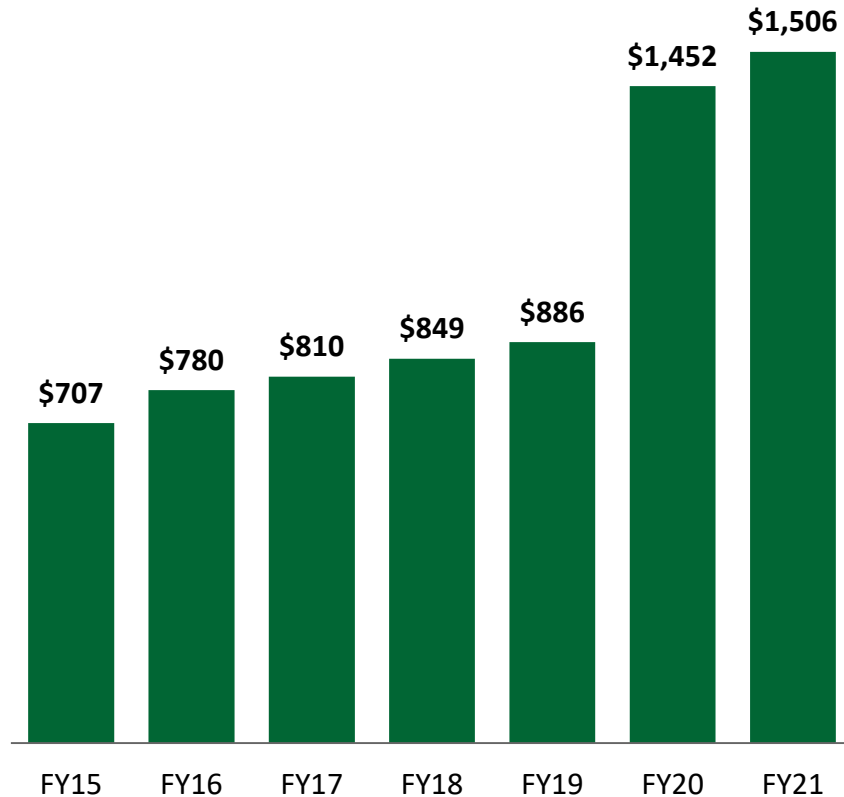
As used herein, unless the context otherwise requires, references to "Sportsman's," "Sportsman's Warehouse," "we," "us," and "our" refer to Sportsman's Warehouse Holdings, Inc.






**Jon Barker**  
*Chief Executive Officer*

# **COMPANY & STRATEGIC OVERVIEW**

## Net Sales (\$M)



## DIFFERENTIATED OUTDOOR SPECIALTY RETAILER

-  **The largest, fastest growing public, pure-play outdoor specialty** retailer serving participants of all experience levels
-  **Largest omni-channel hunting and shooting sports offering** of any retailer, responsibly operating with industry-leading compliance
-  **Currently operating 122 stores across 29 states**, with locally-relevant product assortment and merchandising strategy

# LARGE, GROWING INDUSTRY WITH STRONG PARTICIPATION AND RETENTION



ESTIMATED INDUSTRY SIZE<sup>1</sup>

**\$70B+**



## INCREASING OUTDOOR PARTICIPATION

Hunting and Shooting Sports <sup>2</sup>	<p>↑ <b>12 million</b> new gun owners since start of 2020</p>	Increased Outdoor Participation <sup>3</sup>	<p><b>53%</b> of Americans participate in outdoor activities. Highest participation rate on record</p>
Repeat Customers <sup>2</sup>	<p><b>22.1%</b> of customers purchased a second firearm within 18 months of initial purchase</p>	High Outdoor Participation by Younger Demographic <sup>3</sup>	<p>Hiking, Camping, and Fishing have the highest participation rates among ages 6-24 with 49.1 million participants</p>
Broad Industry Participation Increase <sup>2</sup>	<p><b>44.5%</b> of first time gun buyers in 2021 were under the age of 40</p>	Hunting and Fishing Licenses <sup>4</sup>	<p>↑ <b>YOY increases</b></p>
Diverse Industry Participation <sup>2</sup>	<p>YOY increase in first time firearm ownership among Women, African American, Hispanic American, and Asian American population</p>	Camping and National Park Use <sup>5</sup>	<p>↑ <b>YOY increases</b></p>

# EXECUTING ON GROWTH INITIATIVES



**Leverage  
Omni-Channel  
Platform**

**E-COMM 15%  
OF SALES**



**Grow Loyalty and  
Credit Card  
Programs**

**3.2M LOYALTY  
MEMBERS**



**Expand Store  
Footprint**

**UP TO 10 NEW  
STORES IN 2022**



**Strategic  
Acquisitions**

**ACCELERATING  
THE PIPELINE**



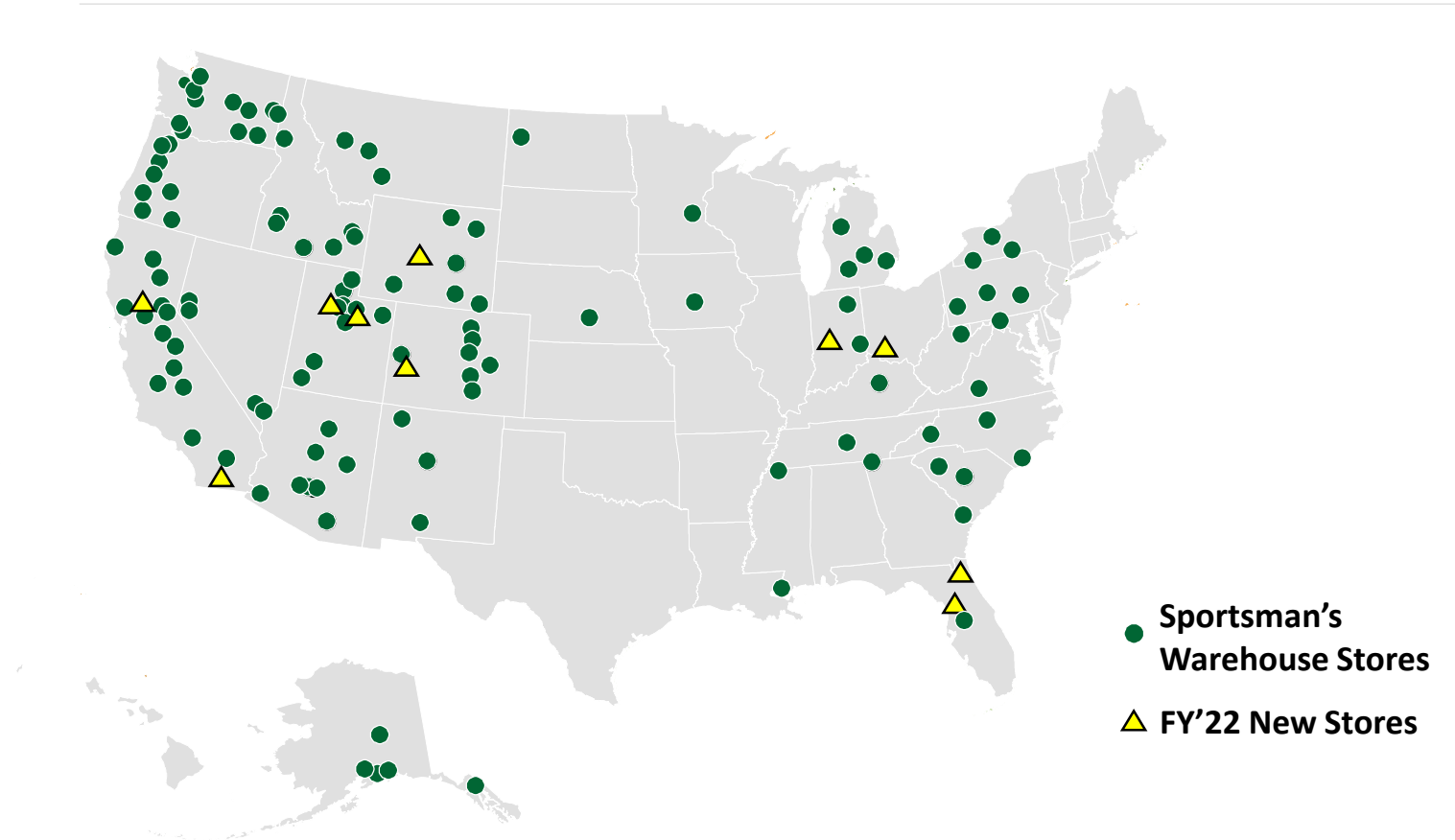
**Improved  
Product  
Merchandising**

**STORE WITHIN  
A STORE**

## HIGHLIGHTS

- Robust ecommerce sales growth with strong traffic to Sportsmans.com
- Announcing additional 5 new stores and expectation of up to 10 new stores in 2022
  - Stansbury, Utah
  - Saratoga Springs, Utah
  - Riverton, Wyoming
  - Santee, California
  - Cincinnati, Ohio
  - **Yuba City, California**
  - **Jacksonville, Florida**
  - **Seminole, Florida**
  - **Brownsburg, Indiana**
  - **Montrose, Colorado**

## U.S. FOOTPRINT





- “Spike Camp” concept stores (~10K sq. ft store)
- Greater reach to more geographies
- Value Engineering



## LOYALTY REWARDS PROGRAM IS AMONG TOP IN THE INDUSTRY



**5x Points** earned on in-store purchases



**3.2M+** existing members



**~45% of Revenue** generated from program



**2x Spend** over non-members



**Exclusive Events** and sales for members

## CO-BRANDED VISA CREDIT CARD

- Sportsman's VISA including a store only credit card option with up to 12-month no-interest financing on large ticket items (\$300+)
- Extends customer benefits to current loyalty program through additional, personalized experiences (e.g., exclusive classes and events)
- Access to full suite of data-driven marketing services to further drive brand loyalty and sales
- Enhanced data analytics to understand customer shopping behavior within and outside our brand
- 100% issuance growth year-to-date



# IMPROVED MERCHANDISING – STORE WITHIN A STORE CONCEPT





**JEFF WHITE**

*Chief Financial Officer*

# **FINANCIAL RESULTS & OUTLOOK**

# FOURTH QUARTER 2021 FINANCIAL RESULTS



## For the Thirteen Weeks Ended

	<u>January 29, 2022</u>	<u>% of net sales</u>	<u>January 30, 2021</u>	<u>% of net sales</u>	<u>YOY Variance</u>
Net sales	\$ 416,288	100.0%	\$ 438,195	100.0%	\$(21,907)
Cost of goods sold	279,714	67.2%	296,190	67.6%	(16,476)
Gross profit	<u>136,574</u>	<u>32.8%</u>	<u>142,005</u>	<u>32.4%</u>	<u>(5,431)</u>
Operating expenses:					
Selling, general and administrative expenses	113,415	27.2%	102,630	23.4%	10,785
Income from operations	23,159	5.6%	39,375	9.0%	(16,216)
Merger termination payment	(55,000)	(13.2%)	-	0.0%	(55,000)
Interest expense	475	0.1%	419	0.1%	56
Income before income tax expense	77,684	5.5%	38,956	8.9%	38,728
Income tax expense	19,250	4.6%	9,389	2.1%	9,861
Net income	<u>\$ 58,434</u>	<u>0.9%</u>	<u>\$ 29,567</u>	<u>6.8%</u>	<u>\$ 28,867</u>
Earnings per share					
Basic	<u>\$ 1.33</u>		<u>\$ 0.68</u>		<u>\$ 0.65</u>
Diluted	<u>\$ 1.31</u>		<u>\$ 0.66</u>		<u>\$ 0.65</u>
Weighted average shares outstanding					
Basic	<u>43,880</u>		<u>43,622</u>		<u>258</u>
Diluted	<u>44,582</u>		<u>44,681</u>		<u>(99)</u>

# FULL YEAR 2021 FINANCIAL RESULTS



## For the Fifty-Two Weeks Ended

	<u>January 29, 2022</u>	<u>% of net sales</u>	<u>January 30, 2021</u>	<u>% of net sales</u>	<u>YOY Variance</u>
Net sales	\$ 1,506,072	100.0%	\$ 1,451,767	100.0%	\$ 54,305
Cost of goods sold	1,015,775	67.4%	975,313	67.2%	40,462
Gross profit	<u>490,297</u>	<u>32.6%</u>	<u>476,454</u>	<u>32.8%</u>	<u>13,843</u>
Operating expenses:					
Selling, general and administrative expenses	399,678	26.5%	353,706	24.4%	45,972
Income from operations	90,619	6.1%	122,748	8.4%	(32,129)
Bargain purchase gain	-	0.0%	(2,218)	(0.2%)	2,218
Merger termination payment	(55,000)	(3.7%)	-	0.0%	(55,000)
Interest expense	1,380	0.1%	3,506	0.2%	(2,126)
Income (loss) before income tax expense	144,239	6.0%	121,460	8.2%	22,779
Income tax expense (benefit)	35,769	2.4%	30,080	2.1%	5,689
Net Income	<u>\$ 108,470</u>	<u>3.6%</u>	<u>\$ 91,380</u>	<u>6.1%</u>	<u>\$ 17,090</u>
Earnings per share					
Basic	<u>\$ 2.47</u>		<u>\$ 2.10</u>		<u>\$ 0.38</u>
Diluted	<u>\$ 2.44</u>		<u>\$ 2.06</u>		<u>\$ 0.38</u>
Weighted average shares outstanding					
Basic	<u>43,827</u>		<u>43,525</u>		<u>302</u>
Diluted	<u>44,543</u>		<u>44,430</u>		<u>113</u>

# BALANCE SHEET HIGHLIGHTS



## BALANCE SHEET HIGHLIGHTS (as of year end)

(\$ in Millions)	January 29, 2022	February 1, 2020	YoY Δ
<b>Total Liquidity</b> <i>Cash Plus Availability on Revolving Credit Facility</i>	<b>\$203.0</b>	\$46.0	341%
<b>Cash</b>	<b>\$57.0</b>	\$1.7	
<b>Revolving Credit Facility</b>	<b>\$77.0</b>	\$123.5	(38%)
<b>Term Loan</b>	<b>\$0</b>	\$29.7	(100%)
<b>Total Debt</b>	<b>\$77.0</b>	\$153.2	(100%)
<b>Stockholders' Equity</b>	<b>\$314.2</b>	\$110.3	185%

**Total Liquidity Up Significantly**  
Up \$157M since 2019

**Authorized Share Buyback**  
Program - \$75 million available

**\$9.1M of Net Debt**

Net Sales	SSS	Adj. EPS	Adj. EBITDA	CAPEX
<p><b><u>Q1 2022:</u></b> \$300 – \$310 million</p>	<p><b><u>Q1 2022:</u></b> (14)% – (11)%</p>	<p><b><u>Q1 2022:</u></b> \$(0.01) – \$0.01</p>	<p><b><u>FY 2022:</u></b> High Single-Digits</p>	<p><b><u>FY 2022:</u></b> \$48.0 – \$55.0 million</p>



SPORTSMAN'S  
WAREHOUSE

# APPENDIX

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# NON-GAAP TO GAAP RECONCILIATION TABLE (1 OF 2)



## Reconciliation of GAAP net income and GAAP dilutive earnings per share to adjusted net income and adjusted diluted earnings per share:

	For the Thirteen Weeks Ended		For the Fifty-Two Weeks Ended	
	January 29, 2022	January 30, 2021	January 29, 2022	January 30, 2021
<b>Numerator:</b>				
Net income	\$ 58,434	\$ 29,567	\$ 108,470	\$ 91,380
Hazard pay (3)	-	1,926	-	6,526
Acquisition costs (4)	3,314	3,379	9,733	3,710
Bargain purchase (5)	-	-	-	(2,218)
Legal accrual (6)	-	-	-	2,125
Store closing write-off (7)	-	-	-	1,039
Retention pay (8)	2,549	-	2,549	-
Merger termination payment (9)	(55,000)	-	(55,000)	-
Less tax benefit	12,677	(1,385)	11,021	(3,497)
Adjusted net income	<u>\$ 21,974</u>	<u>\$ 33,487</u>	<u>\$ 76,773</u>	<u>\$ 99,065</u>
<b>Denominator:</b>				
Diluted weighted average shares outstanding	44,582	44,681	44,543	44,430
<b>Reconciliation of earnings per share:</b>				
Dilutive earnings per share	\$ 1.31	\$ 0.66	\$ 2.44	\$ 2.06
Impact of adjustments to numerator and denominator	<u>(0.82)</u>	<u>0.09</u>	<u>(0.72)</u>	<u>0.17</u>
Adjusted diluted earnings per share	<u>\$ 0.49</u>	<u>\$ 0.75</u>	<u>\$ 1.72</u>	<u>\$ 2.23</u>

(3) Expense relating to bonuses and increased wages paid to front-line and back office associates due to the COVID-19 pandemic.

(4) Includes \$237 of expenses incurred relating to the acquisition of cash, inventory, furniture, fixtures, and equipment, and certain other assets related to Field & Stream stores operated by DICK'S in fiscal year 2020. Also includes \$3,473 and \$9,733 of expenses incurred relating to the proposed merger with Great Outdoors Group on December 21, 2020, respectively, for fiscal year 2020 and fiscal year 2021.

(5) Excess of the fair value over the purchase price of tangible assets acquired in connection with the Field & Stream stores acquired during fiscal year 2020. See Note 3 to the financial statements for additional information.

(6) Accrual relating to pending labor litigation in the state of California.

(7) Costs and impairments recorded relating to the closure of one store during the first quarter of 2020. These costs were recorded as a component of selling, general, and administration expenses on the condensed consolidated statement of operations.

(8) Expense relating to retention bonuses paid to certain senior employees in response to the terminated merger with Great Outdoors Group.

(9) Represents a one-time \$55 million termination payment received in connection with the terminated merger with Great Outdoors Group.

# NON-GAAP TO GAAP RECONCILIATION TABLE (2 OF 2)



## Reconciliation of net income to adjusted EBITDA:

	For the Thirteen Weeks Ended		For the Fifty-Two Weeks Ended	
	January 29, 2022	January 30, 2021	January 29, 2022	January 30, 2021
Net income	\$ 58,434	\$ 29,567	\$ 108,470	\$ 91,380
Interest expense	474	419	1,379	3,506
Income tax expense (benefit)	19,250	9,389	35,769	30,080
Depreciation and amortization	7,425	5,816	26,226	21,830
Stock-based compensation expense (1)	1,091	867	3,328	3,302
Pre-opening expenses (2)	1,008	164	4,098	1,942
Hazard pay (3)	-	1,926	-	6,526
Acquisition costs (4)	3,314	3,379	9,733	3,710
Bargain purchase (5)	-	-	-	(2,218)
Legal accrual (6)	-	-	-	2,125
Store closing write-off (7)	-	-	-	1,039
Retention pay (8)	2,549	-	2,549	-
Merger termination payment (9)	(55,000)	-	(55,000)	-
Adjusted EBITDA	\$ 38,545	\$ 51,527	\$ 136,552	\$ 163,222

(1) Stock-based compensation expense represents non-cash expenses related to equity instruments granted to employees under our 2019 Performance Incentive Plan and Employee Stock Purchase Plan.

(2) Pre-opening expenses include expenses incurred in the preparation and opening of a new store location, such as payroll, travel and supplies, but do not include the cost of the initial inventory or capital expenditures required to open a location.

(3) Expense relating to bonuses and increased wages paid to front-line and back office associates due to the COVID-19 pandemic.

(4) Includes \$237 of expenses incurred relating to the acquisition of cash, inventory, furniture, fixtures, and equipment, and certain other assets related to Field & Stream stores operated by DICK'S in fiscal year 2020. Also includes \$3,473 and \$9,733 of expenses incurred relating to the proposed merger with Great Outdoors Group on December 21, 2020, respectively, for fiscal year 2020 and fiscal year 2021.

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# RECONCILIATION TO GUIDANCE TABLE



## Reconciliation of first quarter 2022 guidance:

	Estimated Q1 '22	
	Low	High
Numerator:		
Net income (loss)	\$ (897)	\$ 23
Acquisition costs (1)	\$ 452	\$ 452
Adjusted net income (loss)	\$ (445)	\$ 475
Denominator:		
Diluted weighted average shares outstanding	44,500	44,500
Reconciliation of earnings per share:		
Diluted earnings (loss) per share	\$ (0.01)	\$ 0.01
Impact of adjustments to numerator and denominator	-	-
Adjusted diluted earnings (loss) per share	\$ (0.01)	\$ 0.01

(1) Includes \$452 of expenses incurred relating to the terminated merger with Great Outdoors Group on December 21, 2020.