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

FORM 8-K/A
(Amendment No. 1)

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **June 29, 2015**

Boot Barn Holdings, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**001-36711**	**90-0776290**
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

15776 Laguna Canyon Road, Irvine, California	**92618**
(Address of principal executive offices)	(Zip Code)

(949) 453-4400
(Registrant's telephone number, including area code)

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Explanatory Note

This Current Report on Form 8-K/A (Amendment No. 1) is being filed to amend and supplement Item 9.01 of the Current Report on Form 8-K filed by Boot Barn Holdings, Inc. (the “Company”) on July 2, 2015 (the “Initial Filing”). On June 29, 2015, pursuant an Agreement and Plan of Merger, (the “Merger Agreement”), dated as of May 29, 2015, by and among the Company, Boot Barn, Inc., Rodeo Acquisition Corp., a wholly owned subsidiary of Boot Barn, Inc. (“Merger Sub”), Sheplers Holding Corporation (“Sheplers Parent”) and Gryphon Partners III, L.P., individually solely in its capacity as Guarantor (as defined in the Merger Agreement) for purposes of Section 8.1(a)(i) thereto, and otherwise solely in its capacity as the Sellers’ Representative (as defined in the Merger Agreement), Merger Sub was merged with and into Sheplers Parent (the “Merger”), with Sheplers Parent continuing after the Merger as the surviving corporation and an indirect wholly-owned subsidiary of the Company. This Amendment No. 1 is being filed to include historical audited and unaudited financial statements and unaudited pro forma financial information required by Item 9.01 of Form 8-K. The required audited and unaudited financial statements and unaudited pro forma financial information are filed as exhibits to this report under Item 9.01.

Item 9.01 Financial Statement and Exhibits.

(a) Financial Statements of Business Acquired

The following financial statements are filed as Exhibits to this report and incorporated by reference:

- The consolidated audited financial statements of Sheplers Holding Corporation and Subsidiary as of July 27, 2014 and July 28, 2013 and for the years ended July 27, 2014 and July 28, 2013, and the notes related thereto, and the related independent auditors’ report of McGladrey LLP, are incorporated by reference to Exhibit 99.1 hereto.

- The unaudited interim consolidated financial statements of Sheplers Holding Corporation and Subsidiary as of April 26, 2015 and April 27, 2014 and for the nine months ended April 26, 2015 and April 27, 2014, and the notes related thereto are incorporated by reference to Exhibit 99.2 hereto.

(b) Unaudited Pro Forma Financial Information

The following information is filed as Exhibits to this report and incorporated by reference:

- The unaudited pro forma condensed combined consolidated balance sheet as of June 27, 2015 and the consolidated statements of operations for the year ended March 28, 2015 and for the three months ended June 27, 2015 is incorporated by reference to Exhibit 99.3 hereto.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description of Exhibits
Exhibit 23.1	Consent of McGladrey LLP.
Exhibit 99.1	The consolidated audited financial statements of Sheplers Holding Corporation and Subsidiary as of July 27, 2014 and July 28, 2013 and for the years ended July 27, 2014 and July 28, 2013, and the notes related thereto, and the related independent auditors' report of McGladrey LLP.
Exhibit 99.2	The unaudited interim consolidated financial statements of Sheplers Holding Corporation and Subsidiary as of April 26, 2015 and April 27, 2014 and for the nine months ended April 26, 2015 and April 27, 2014, and the notes related thereto.
Exhibit 99.3	The unaudited pro forma condensed combined consolidated balance sheet as of June 27, 2015 and the consolidated statements of operations for the year ended March 28, 2015 and for the three months ended June 27, 2015.

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 hereunto duly authorized.

BOOT BARN HOLDINGS, INC.

September 14, 2015

By: /s/ Gregory V. Hackman
Name: Gregory V. Hackman
Title: Chief Financial Officer

Exhibit List

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Exhibit 99.3	The unaudited pro forma condensed combined consolidated balance sheet as of June 27, 2015 and the consolidated statements of operations for the year ended March 28, 2015 and for the three months ended June 27, 2015.

Exhibit 23.1

Consent of Independent Auditor

We consent to the incorporation by reference in the Registration Statement (No. 333-199745) on Form S-8 of Boot Barn Holdings, Inc. of our report dated December 10, 2014, relating to our audit of the consolidated financial statements of Sheplers Holding Corporation and Subsidiary as of and for the years ended July 27, 2014 and July 28, 2013, included in this Current Report on Form 8-K/A of Boot Barn Holdings, Inc. dated September 11, 2015.

/s/ McGladrey LLP
Kansas City, Missouri
September 11, 2015

Exhibit 99.1

Sheplers Holding Corporation
and Subsidiary

Consolidated Financial Report
July 27, 2014

Contents

Independent Auditor's Report

To the Board of Directors
Sheplers Holding Corporation and Subsidiary
Wichita, Kansas

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Sheplers Holding Corporation and Subsidiary, which comprise the consolidated balance sheet as of July 27, 2014 and July 28, 2013, and the related consolidated statements of operations, changes in stockholders' equity (deficit) and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Sheplers Holding Corporation and Subsidiary as of July 27, 2014 and July 28, 2013, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

McGladrey LLP

Kansas City, Missouri
December 10, 2014

Sheplers Holding Corporation and Subsidiary

Consolidated Balance Sheets
July 27, 2014 and July 28, 2013

	2014	2013
Assets		
Current Assets		
Cash and cash equivalents	**$ 1,385,000**	$ 1,367,000
Restricted cash	**179,000**	263,000
Accounts receivable, net	**3,254,000**	1,100,000
Inventories	**27,112,000**	27,161,000
Deferred tax assets	**473,000**	—
Prepaid expenses and other current assets	**1,424,000**	978,000
Total current assets	**33,827,000**	30,869,000
Property and equipment, net	**22,888,000**	24,927,000
Goodwill	**8,635,000**	8,635,000
Intangible assets, net	**21,508,000**	21,887,000
Deferred tax assets	**3,621,000**	2,949,000
Other assets	**2,234,000**	3,087,000
Total assets	**$ 92,713,000**	$ 92,354,000
Liabilities and Stockholders' Deficit		
Current Liabilities		
Current maturities of long-term debt	**$ 1,152,000**	$ 981,000
Current maturities of capital lease obligations	**93,000**	86,000
Current portion of financing obligation arising from sale-leaseback transaction	**406,000**	387,000
Accounts payable	**8,862,000**	9,520,000
Accrued expenses	**6,984,000**	4,934,000
Book overdrafts	**3,147,000**	6,799,000
Deferred tax liability	**—**	123,000
Customer deposits	**1,248,000**	888,000
Total current liabilities	**21,712,000**	23,718,000
Long-term debt, less current maturities	**63,361,000**	60,801,000
Capital lease obligations, less current maturities	**997,000**	1,090,000
Financing obligation arising from sale-leaseback transaction, less current portion	**8,217,000**	8,623,000
Other noncurrent liabilities	**4,435,000**	2,049,000
Total liabilities	**98,722,000**	96,281,000
Commitments and Contingencies (Note 9)		
Stockholders' Deficit		
Common class A stock, $.001 par value; 450,000 shares authorized; shares issued and outstanding: 2014 - 299,858 shares; 2013 - 301,330 shares	**—**	—
Common class L stock, $.001 par value; 50,000 shares authorized; shares issued and outstanding: 2014 - 31,074 shares; 2013 - 31,236 shares (liquidation preference of $48,340,000)	**—**	—
Common class L-1 stock, $.001 par value; 100,000 shares authorized; 70,537 shares issued and outstanding	**—**	—
Additional paid-in capital	**8,963,000**	8,951,000
Accumulated deficit	**(14,972,000)**	(12,878,000)
Total stockholders' deficit	**(6,009,000)**	(3,927,000)
Total liabilities and stockholders' deficit	**$ 92,713,000**	$ 92,354,000

See Notes to Consolidated Financial Statements.

Sheplers Holding Corporation and Subsidiary

Consolidated Statements of Operations
Years Ended July 27, 2014 and July 28, 2013

	2014	2013
Net sales	**$ 149,528,000**	$ 137,096,000
Cost of good sold	**91,008,000**	81,884,000
Gross profit	**58,52,000**	55,212,000
Operating expenses:		
Selling, general and administrative (including amortization of $1,090,000 and $1,184,000, respectively)	**46,416,000**	44,446,000
Depreciation and amortization	**4,623,000**	4,638,000
Store opening costs	**237,000**	695,000
Store closing costs	**—**	56,000
Data breach loss	**1,500,000**	—
	52,776,000	49,835,000
Operating income	**5,744,000**	5,377,000
Interest expense, net	**9,026,000**	9,166,000
(Loss) before income tax provision (benefit)	**(3,282,000)**	(3,789,000)
Income tax (benefit) provision	**(1,188,000)**	1,627,000
Net (loss)	**$ (2,094,000)**	$ (5,416,000)

See Notes to Consolidated Financial Statements.

Sheplers Holding Corporation and Subsidiary

Consolidated Statements of Changes in Stockholders' Equity (Deficit)
Years Ended July 27, 2014 and July 28, 2013

	Common Class A Stock		Common Class L Stock		Common Class L-1 Stock		Additional Paid-in Capital	Accumulated Deficit	Total
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount			
Balance, July 29, 2012	305,123	$ —	31,652	$ —	70,537	$ —	$8,907,000	$ (7,462,000)	$ 1,445,000
Stock compensation expense	—	—	—	—	—	—	44,000	—	44,000
Forfeited restricted stock	(3,793)	—	(416)	—	—	—	—	—	—
Net (loss)	—	—	—	—	—	—	—	(5,416,000)	(5,416,000)
Balance, July 28, 2013	301,330	—	31,236	—	70,537	—	8,951,000	(12,878,000)	(3,927,000)
Stock compensation expense	—	—	—	—	—	—	12,000	—	12,000
Forfeited restricted stock	(1,472)	—	(162)	—	—	—	—	—	—
Net (loss)	—	—	—	—	—	—	—	(2,094,000)	(2,094,000)
Balance, July 27, 2014	**299,858**	**$ —**	**31,074**	**$ —**	**70,537**	**$ —**	**$8,963,000**	$(14,972,000)	$(6,009,000)

See Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows
Years Ended July 27, 2014 and July 28, 2013

	2014	2013
Cash Flows from Operating Activities:		
Net (loss)	**$ (2,094,000)**	$ (5,416,000)
Adjustments to reconcile net (loss) to net cash provided by operating activities:		
Depreciation and amortization	**5,713,000**	5,822,000
Provision for excess and obsolete inventory	**1,000**	8,000
Amortization of debt issuance costs	**851,000**	859,000
Accumulated PIK interest	**591,000**	551,000
Stock compensation expense	**12,000**	44,000
Deferred taxes	**(1,268,000)**	1,518,000
Changes in assets and liabilities:		
Accounts receivable	**(2,154,000)**	828,000
Inventories	**48,000**	(842,000)
Prepaid expenses, other current assets and other assets	**(444,000)**	152,000
Accounts payable	**(838,000)**	(131,000)
Accrued expenses	**2,050,000**	(624,000)
Customer deposits	**360,000**	(62,000)
Other noncurrent liabilities	**2,386,000**	116,000
Net cash provided by operating activities	**5,214,000**	2,823,000
Cash Flows from Investing Activities:		
Purchase of property and equipment	**(3,295,000)**	(2,987,000)
Decrease in restricted cash	**84,000**	178,000
Net cash (used in) investing activities	**(3,211,000)**	(2,809,000)
Cash Flows from Financing Activities:		
Change in book overdraft	**(3,652,000)**	4,386,000
Net borrowings (repayments) on revolving line of credit	**3,122,000**	(3,237,000)
Principal payments on long-term debt	**(982,000)**	(756,000)
Payments on sale-leaseback financing obligation	**(387,000)**	(370,000)
Principal payments on capital lease obligations	**(86,000)**	(107,000)
Net cash (used in) financing activities	**(1,985,000)**	(84,000)
Net increase (decrease) in cash and cash equivalents	**18,000**	(70,000)
Cash and Cash Equivalents:		
Beginning	**1,367,000**	1,437,000
Ending	**$ 1,385,000**	$ 1,367,000
Supplemental Cash Flow Information:		
Cash paid for interest	**$ 8,488,000**	$ 8,610,000
Cash paid for income taxes	**$ 80,000**	$ 109,000

See Notes to Consolidated Financial Statements.

Note 1. Nature of Business and Significant Accounting Policies

Nature of business: Sheplers Holding Corporation (the “Company”), a Delaware corporation, was formed by a private equity partner and certain of its affiliates (collectively the “Private Equity Partner”), to acquire Sheplers, Inc. and its subsidiaries (“Sheplers, Inc.”) on July 30, 2007. Sheplers, Inc., a Kansas corporation, was founded in 1898 and is a retailer of western wear apparel, footwear and related accessories and gifts. In addition to its retail store operations, the Company sells its products to customers throughout the United States and various international markets through its mail order catalog and internet operations. The Company operates 21 stores located in Arizona, Colorado, Florida, Kansas, Missouri, Nebraska, Nevada, New Mexico, Oklahoma and Texas. The Company has headquarters in Wichita, Kansas and Dallas, Texas.

A summary of the Company’s significant accounting policies follows:

Principles of consolidation: The consolidated financial statements include the Company and its wholly owned subsidiary, Sheplers, Inc. All significant inter-company balances and transactions have been eliminated in consolidation.

Fiscal year: The Company’s fiscal year end is based upon a 52- or 53-week year ending on the last Sunday in July. All references herein to the year ended July 27, 2014 refer to the period which began on July 28, 2013 and ended on July 27, 2014, which consisted of 52 weeks. All references herein to the year ended July 28, 2013 refer to the period which began on July 29, 2012 and ended on July 28, 2013, which consisted of 52 weeks.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents: For purposes of reporting the statements of cash flows, the Company considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Company has a concentration of credit risk when cash deposits in banks are in excess of federally insured limits in the event of nonperformance by the related financial institution. Management does not anticipate nonperformance by these financial institutions.

Restricted cash: Restricted cash represents dividends held for the benefit of stockholders which will be disbursed at a later date. There is an equal liability for dividends payable included in accrued expenses.

Book overdrafts: Book overdrafts represent the total of all checks written from the zero balance disbursement account that have not been presented for payment as of July 27, 2014 and June 28, 2013.

Inventories: Inventories are stated at the lower of cost or market. Cost is determined utilizing the average cost method, whereby the cost associated with individual units purchased and sold are traced to determine the average cost of each individual unit.

The Company purchases inventory primarily from domestic vendors. For the years ended July 27, 2014 and July 28, 2013, the Company’s top 5 vendors accounted for approximately 49 percent and 50 percent, respectively, of inventory purchases.

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Property and equipment: Property and equipment are stated at cost, less accumulated depreciation. Depreciation and amortization are provided on the straight-line method over the estimated useful lives of the assets ranging from three to seven years. Leasehold improvements are amortized on the straight-line method over the shorter of the useful lives of the assets or the related lease term, generally five to ten years. When depreciable assets are sold or retired, the related cost and accumulated depreciation are removed from the accounts, and gains and losses are recognized in the period. Additions and betterments are capitalized. Maintenance and repairs that do not materially improve or extend the lives of the respective assets are charged to operations as the expenses are incurred.

Recoverability is assessed based on estimated undiscounted cash flows from the useful asset, pursuant to the provisions of Accounting Standards Codification 360, Plant, Property, and Equipment. If the carrying value of an asset is not recoverable, the Company records an impairment charge to write down the asset to its estimated fair value. The impairment charge, if any, is recorded in selling, general and administrative expenses. Management’s estimates and assumptions used in the projections are subject to a high degree of judgment and if actual results differ, additional losses may be recorded.

Costs associated with computer software projects during the preliminary project stage are expensed as incurred. Once management authorizes and commits to funding a project, appropriate application development stage costs are capitalized. Capitalized computer costs consist of costs to purchase, license and develop software. Capitalization ceases when the project is substantially complete and the software is ready for its intended use. Training and maintenance costs associated with software applications are expensed as incurred. Software costs are amortized over estimated useful lives ranging from three to seven years commencing when such assets are ready for their intended use. Unamortized computer software costs included in Property and Equipment totaled $7,189,000 and $8,780,000 at July 27, 2014 and July 28, 2013, respectively. Amortization related to capitalized software was $3,266,000 and $294,000 for the years ended July 27, 2014 and July 28, 2013, respectively.

Goodwill: The Company performs an annual goodwill impairment test at the reporting unit level as required by the authoritative guidance on intangibles and goodwill. Under updated authoritative guidance which was issued by the Financial Accounting Standards Board in September 2011, companies are permitted to perform a qualitative assessment to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. The Company performed a qualitative assessment of whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. In performing this qualitative assessment, the Company assessed relevant events and circumstances that may impact the fair value and the carrying amount of its reporting units. Factors that were considered included, but were not limited to, the following: (1) macroeconomic conditions; (2) industry and market conditions; (3) overall financial performance and expected financial performance; (4) other entity specific events, such as changes in management or key personnel; and (5) events affecting the Company’s reporting units, such as a change in the composition of net assets or any expected dispositions. Based on the results of this qualitative assessment, the Company determined that it is more likely than not that the carrying value of its reporting units is less than its fair value and, thus, the two-step quantitative analysis was not required. As a result, the Company concluded that no impairment of its goodwill existed for the periods presented.

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Intangible assets: Intangible assets represent acquired trademarks, favorable leases, customer relationships and noncompete agreements. Trademarks have been determined to have an indefinite useful life. Intangible assets with definite lives are being amortized using the straight-line method, unless a more appropriate method is determined based on the economic value of the assets. Favorable leases are amortized on a straight-line basis over the related lease term plus all option renewals and are recognized as selling, general and administrative expenses; these lives range from 3 to 24 years. The Company amortizes its customer relationships on a straight-line basis over the expected economic life of the customer relationships acquired, which is estimated to be five years. The Company amortizes its noncompete agreements on a straight-line basis over the contractual term of five years.

Impairment of long-lived assets: The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that their carrying values may not be recoverable. Intangible assets with indefinite lives are not amortized, but instead are tested for impairment annually or if events or circumstances indicate otherwise. Intangible assets with indefinite lives are also evaluated annually to determine whether events and circumstances continue to support an indefinite useful life. An impairment charge is recorded to the extent the carrying value exceeds fair value. The Company evaluates its intangible assets and other long-lived assets with definite lives when events or changes in circumstances indicate, in management's judgment, that the carrying value of such assets may not be recoverable.

No impairment was recorded in 2014 or 2013.

Income taxes: Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. The Company's temporary differences relate primarily to property and equipment, allowance for doubtful accounts, and deferred compensation accruals. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

The Company recognizes tax liabilities when, despite the Company's belief that its tax return positions are supportable, the Company believes that certain positions may not be fully sustained upon review by tax authorities. Benefits from tax positions are measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon settlement. The current portion of tax liabilities is included in other liabilities. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences impact income tax expense in the period in which such determination is made. Interest and penalties, if any, related to accrued liabilities for potential tax assessments are included in income tax expense. With few exceptions, the Company is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before July 24, 2011.

Deferred rent: Certain of the Company's store leases provide for free or reduced rent during an initial portion of the lease term or escalating rent payments. Deferred rent consists of the aggregate obligation for lease payments under these leases accrued on a straight-line basis over the lease term, including any free rent build-out periods and all renewal periods that are considered to be reasonably assured, in excess of amounts paid. In addition, deferred rent includes construction allowances received from landlords, which are amortized on a straight- line basis over the lease term.

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Deferred financing costs: Costs incurred to obtain financing are capitalized and amortized to interest expense on a straight-line basis, which approximates the effective interest method, over the terms of the related debt agreements. Net deferred financing costs were $2,203,000 and $3,054,000 as of July 27, 2014 and July 28, 2013, respectively, and are included in other assets on the consolidated balance sheets.

Revenue recognition: The Company recognizes revenue at the time the products are received by the customers, net of an estimate for customer refunds and product returns based on historical return trends, in accordance with the provisions of ASC 605-50, Customer Payments and Incentives. Revenue is recognized for retail store sales at the point at which the customer receives and pays for the merchandise at the register with either cash or a credit card. Revenue is recognized for mail order catalog and internet sales when the merchandise is received by the customer.

The Company sells gift certificates and gift cards with no expiration dates. At the time gift cards are sold, no revenue is recognized; rather a liability is established for the value of the certificate or card. The liability is relieved and revenue is recognized when the gift certificates or cards are redeemed by the customer for merchandise. The liability for unredeemed gift certificates, gift cards and store credits aggregated to $694,000 and $695,000 at July 27, 2014 and July 28, 2013, respectively and is included in accrued expenses on the consolidated balance sheet.

Cost of sales: Cost of sales includes product costs, inbound freight, shipping costs to customers, inventory shrinkage and warehousing, distribution costs and inter-store freight transportation expenses.

Fair value measurements: The Company has adopted Accounting Standards Codification 820-10, Fair Value Measurements, for nonfinancial assets and nonfinancial liabilities that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis. Based on this approach, the Company utilizes certain assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs may be readily observable or generally unobservable inputs. The Company utilizes valuation techniques that use observable and unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Company is required to provide the following information according to the fair value hierarchy outlined in Accounting Standards Codification 820-10. The fair value hierarchy ranks the quality and reliability of the information used to determine fair value. The determination of fair value in goodwill impairment testing is classified and disclosed in one of the following three categories:

Level 1 — Valuations derived from quoted market prices in active markets for identical assets or liabilities.

Level 2 — Valuations derived from quoted prices for similar assets or liabilities in active markets or other observable inputs.

Level 3 — Valuations derived from other valuation methodologies based on unobservable inputs such as discounted cash flow models.

Fair value of financial instruments: The carrying amounts of financial instruments, including cash, accounts receivable, accounts payable and accrued expenses, approximate fair value due to the short maturity of these instruments. The carrying amount of long-term debt is estimated to approximate fair value because the interest rates fluctuate with market interest rates, or the fixed rates are based on estimated current rates offered to the Company for debt with similar terms and maturities.

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Advertising expense: For the years ended July 27, 2014 and July 28, 2013, the Company recognized $8,851,000 and $8,257,000 of advertising, net of vendor allowances of $724,000 and $812,000, respectively. Advertising costs are expensed as incurred except for catalog production and postage costs. Catalog production and postage costs are deferred as prepaid expenses when incurred and amortized over a period not exceeding six months. The amortization is based on the estimated percentage of monthly catalog sales to the total estimated sales for the period expected to benefit from the related catalog.

The Company receives certain allowances from various vendors through a variety of promotional programs and arrangements as a result of purchasing and promoting their products in the normal course of business. The Company considers vendor allowances received to be a reduction in the price of a vendor's products and records them as a component of inventory until the product is sold, at which point they are recorded as a component of cost of goods sold unless the allowances represent reimbursement of specific, incremental and identifiable costs incurred to promote a vendor's products. In this case, the allowances are recorded when earned as an offset to the associated expense incurred to promote the applicable products in accordance with Accounting Standards Codification 605, Revenue Recognition.

Recently issued accounting guidance: In February 2013, the Financial Accounting Standards Board (FASB) issued ASU No. 2013-02, Comprehensive Income (ASC Topic 220) Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income. The ASU requires an entity to report information, either on the face of the statement where net income is presented or in the notes, about the amounts reclassified out of accumulated other comprehensive income by component and to report significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income. ASU 2013-02 is effective for fiscal years beginning after December 15, 2013. The Company is currently evaluating the impact of our pending adoption of ASU 2013-02 on the consolidated financial statements.

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, "Revenue from Contracts with Customers," (ASU 2014-09) which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. This guidance will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. The new standard is effective for us on July 1, 2017. Early application is not permitted. The standard permits the use of either the retrospective or cumulative effect transition method. We are evaluating the effect that ASU 2014-09 will have on our consolidated financial statements and related disclosures. We have not yet selected a transition method nor have we determined the effect of the standard on our ongoing financial reporting.

Subsequent events: Subsequent events have been evaluated through December 10, 2014, which is the date the audited financial statements were available to be issued.

Sheplers Holding Corporation, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 2. Accounts Receivable

Accounts receivable as of July 27, 2014 and July 28, 2013 consist of the following:

	2014	2013
Vendor receivables	$ 185,000	$ 549,000
Postage receivable	—	128,000
Construction allowances	2,450,000	234,000
Other	670,000	191,000
	3,305,000	1,102,000
Less: allowance for doubtful accounts	(2,000)	(2,000)
	$ 3,303,000	$ 1,100,000

Note 3. Property and Equipment, Net

Property and equipment as of July 27, 2014 and July 28, 2013 consists of the following:

	2014	2013
Land and buildings	$ 11,050,000	$ 11,050,000
Furniture and equipment	34,566,000	32,122,000
Leasehold improvements	6,200,000	5,349,000
	51,816,000	48,521,000
Less: Accumulated depreciation and amortization	(28,928,000)	(23,594,000)
	$ 22,888,000	$ 24,927,000

Depreciation expense was $5,334,000 and $5,404,000 for the years ended July 27, 2014 and July 28, 2013, respectively.

Sheplers Holding Corporation, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 4. Goodwill and Intangible Assets

Goodwill and intangible assets as of July 27, 2014 and July 28, 2013 consist of the following:

	2014	2013
Intangible Assets Subject to Amortization:		
Noncompete agreements	$ 3,000,000	$ 3,000,000
Less: Accumulated amortization	(3,000,000)	(3,000,000)
	—	—
Favorable leases	7,922,000	7,922,000
Less: Accumulated amortization	(4,814,000)	(4,435,000)
	3,108,000	3,487,000
Customer relationships	4,000,000	4,000,000
Less: Accumulated amortization	(4,000,000)	(4,000,000)
	—	—
Indefinite Lived Intangible Assets:		
Trademarks	18,400,000	18,400,000
Total intangible assets, net	$ 21,508,000	$ 21,887,000

	2014	2013
Goodwill	$ 8,635,000	$ 8,635,000

There were no changes to goodwill for the years ended July 27, 2014 and July 28, 2013.

Amortization expense for the years ended July 27, 2014 and July 28, 2013 was $379,000 and $418,000, respectively. The estimated amortization expense related to intangible assets is as follows:

Fiscal Year Ending:	
2015	$ 337,000
2016	309,000
2017	287,000
2018	267,000
2019	248,000
Thereafter	1,660,000
	$ 3,108,000

Note 5. Accrued Expenses

Accrued expenses as of July 27, 2014 and July 28, 2013 consist of the following:

	2014	2013
Salaries and related taxes	$ 1,164,000	$ 334,000
Accrued other operating expenses	2,485,000	966,000
Real estate, personal property and sales tax payable	843,000	1,145,000
Accrued interest	1,798,000	1,794,000
Gift certificates and gift cards	694,000	695,000
	$ 6,984,000	$ 4,934,000

Note 6. Pledged Assets and Long-Term Debt

As of July 27, 2014 and July 28, 2013, long-term debt consisted of the following:

	2014	2013
Senior term loan A	$ 10,762,000	$ 11,744,000
Senior term loan B	34,354,000	34,354,000
Senior subordinated note	8,832,000	8,241,000
Revolving loan agreement	10,565,000	7,443,000
	64,513,000	61,782,000
Less current maturities	(1,152,000)	(981,000)
	$ 63,361,000	$ 60,801,000

The Company has a Term Loan Agreement consisting of Term Loan A of $12,500,000 and Term Loan B of $34,354,000 and has a maturity date of December 20, 2016. The proceeds were used to retire the existing indebtedness and fund a dividend to the stockholders of the Company. Under the provisions of Term Loan A, the outstanding amount is reduced quarterly by principal payments $175,000 from July 2012 through January 2013. The quarterly principal payments increase to $231,000 from April 2013 through February 2014, with the principal payments increasing to $288,000 starting May 2014 and quarterly thereafter. Under the provisions for Term Loan B, there are no principal payments required until maturity. Interest on outstanding borrowings is payable at the end of the Company’s fiscal quarter at 8.5 percent for Term Loan A. Interest on outstanding borrowings for Term Loan B is at the banks’ prime rate plus a percentage, or LIBOR plus a percentage at the Company’s discretion (13.15 percent and 11.65 percent as of July 27, 2014 and July 28, 2013, respectively). The Term Loan Agreement is subject to customary covenants, and substantially all of the assets of the Company, except those associated with the Credit Agreement defined below, serve as collateral. At the time of the filing of the Company’s fourth quarter and year-end lender required compliance certificates, the Company determined that the assessment from the credit card brands resulting from the data breach would need to be recognized as a fiscal 2014 expense and liability. Such recognition would have caused the Company to be in violation of its debt covenants as currently defined in the amended credit agreements. The Company requested and has received an amendment to the credit agreement covenants that would allow the Company to be in compliance post-recognition of the data breach liability.

Note 6. Long-Term Debt (Continued)

The Company also has a note purchase agreement which consists of a Senior Subordinated Note for $7,500,000 which has a maturity date of December 20, 2017. The proceeds were used to retire the existing indebtedness and fund a dividend to the stockholders of the Company. This note bears interest at the rate of 17 percent. Of the total interest paid, 10 percent of the interest is payable in arrears on a quarterly basis through the maturity date. The remaining interest, which is 7 percent, is accrued during the period from the inception date of the note and compounded on a quarterly basis until the maturity date, at which time all of the principal and deferred interest is due. Alternatively, the Company may choose to accrue all interest at 18.5 percent on a quarterly compounded basis and pay the full amount of principal and accrued interest at the maturity date. The note is subject to customary covenants and substantially all assets of the Company serve as collateral. As of July 27, 2014 and July 28, 2013, the outstanding balance was $8,832,000 and $8,241,000, respectively. The outstanding balance includes $1,332,000 and $741,000, respectively, of accrued interest.

The Company also has a Revolving Loan which is limited to $22,500,000 and has a maturity date of December 20, 2016. Under the agreement, the Company is subject to certain borrowing base limitations. The Company’s revolving line of credit bears interest at the bank’s prime rate plus a percentage based on availability or LIBOR plus a percentage based on availability (4.75 percent as of July 27, 2014 and July 28, 2013). Interest payments are due the last day of each calendar month for prime rate borrowings, or for LIBOR loans at the last day of each interest period, or not less than every three months. The outstanding borrowings under the facility plus any outstanding letters of credit shall not exceed $22,500,000, of which up to $10,000,000 may be in the form of outstanding letters of credit. The outstanding borrowings against the line were $10,565,000 and $7,443,000 with no outstanding letters of credit as of July 27, 2014 and July 28, 2013, respectively. The Revolving Loan is subject to customary covenants, and the merchandise inventories and accounts receivable serve as collateral. At the time of the filing of the Company’s fourth quarter and year-end lender required compliance certificates, the Company determined that the assessment from the credit card brands resulting from the data breach would need to be recognized as a fiscal 2014 expense and liability. Such recognition would have caused the Company to be in violation of its debt covenants as currently defined in the amended credit agreements. The Company requested and has received an amendment to the credit agreement covenants that would allow the Company to be in compliance post-recognition of the data breach liability.

The annual maturities of long-term debt as of July 27, 2014 are as follows:

Fiscal Year Ending:	
2015	$ 1,152,000
2016	1,152,000
2017	53,377,000
2018	8,832,000
	$ 64,513,000

Note 7. Sale Leaseback Transaction

As part of the financing for the acquisition on July 30, 2007, Sheplers, Inc. sold two retail stores, one distribution center facility and some excess land (in total, three separate properties) for $11,050,000, to an unrelated third party real estate company, and simultaneously entered into a lease agreement with the real estate company whereby Sheplers, Inc. leased back the three properties (the “sale-Ieaseback”). Because Sheplers, Inc. retained certain responsibilities during the lease term, this transaction is recorded as a financing obligation and the assets and related financing obligation under the new lease remained on the balance sheet and were included in the net assets acquired by the Company.

Sheplers Holding Corporation, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 7. Sale Leaseback Transaction (Continued)

The lease agreement has a 20-year term expiring in 2027 with renewal options and includes certain default provisions requiring the Company to make timely rent payments, and to maintain service, repair and insure the buildings and equipment.

The land and buildings involved in this transaction are included in property and equipment as follows:

	2014	2013
Land and building	$ 11,050,000	$ 11,050,000
Less accumulated depreciation	(3,867,000)	(3,315,000)
	$ 7,183,000	$ 7,735,000

Depreciation on the building will continue until a sale has been recognized.

Future minimum payments required on the leaseback as of July 27, 2014, are due as follows:

Fiscal Year Ending:	
2015	$ 1,043,000
2016	1,047,000
2017	1,047,000
2018	1,047,000
2019	1,047,000
Thereafter	8,376,000
	13,607,000
Less amounts representing interest	(4,984,000)
	8,623,000
Less current obligation	406,000
Financing obligation	$ 8,217,000

Interest expense relating to this financing agreement was $636,000 and $637,000 for 2014 and 2013 respectively.

Note 8. Other Noncurrent Liabilities

Other noncurrent liabilities as of July 27, 2014 and July 28, 2013 consist of the following:

	2014	2013
Dividends payable	$ 89,000	$ 179,000
Deferred rent	4,346,000	1,870,000
	$ 4,435,000	$ 2,049,000

Sheplers Holding Corporation, Inc. and Subsidiary

Notes to Consolidated Financial Statements

Note 9. Income Taxes

Net deferred tax assets (liabilities) consist of the following components:

	2014	2013
Deferred tax assets:		
Inventories	$ 391,000	$ 136,000
Property and equipment	791,000	—
Accrued expenses, reserves, and gift certificates and cards	1,612,000	706,000
Net operating loss carryforwards	8,268,000	8,207,000
	11,062,000	9,049,000
Valuation allowance	(2,886,000)	(2,886,000)
Total deferred tax assets	8,176,000	6,163,000
Deferred tax liabilities:		
Prepaid expenses	(334,000)	(270,000)
Intangibles and other assets	(3,748,000)	(2,969,000)
Property and equipment	—	(98,000)
Total deferred tax liabilities	(4,082,000)	(3,337,000)
Net deferred tax assets	$ 4,094,000	$ 2,826,000

The above net deferred tax asset is presented on the consolidated balance sheets as follows:

	2014	2013
Deferred tax asset - current	$ 473,000	$ —
Deferred tax asset - long-term	3,621,000	2,949,000
Deferred tax liability - current	—	(123,000)
Net deferred tax asset	$ 4,094,000	$ 2,826,000

The components of income tax provision (benefit) for the years ended July 27, 2014 and July 28, 2013 are as follows:

	2014	2013
Current:		
State	$ 80,000	$ 109,000
Deferred:		
Federal	(1,165,000)	1,341,000
State	(103,000)	177,000
	(1,268,000)	1,518,000
Income tax provision (benefit)	$ (1,188,000)	$ 1,627,000

Note 9. Income Taxes (Continued)

The income tax provision (benefit) differs from the amount of income tax expense (benefit) determined by applying the U.S. federal income tax rate to pre-tax income for the years ended July 27, 2014 and July 28, 2013 due to the following:

	2014	2013
Computed “expected” tax expense (benefit)	$ (1,116,000)	$ (1,288,000)
Increase (decrease) in income taxes resulting from:		
State income tax (benefit) (net of federal benefit)	(50,000)	(5,000)
Permanent items	23,000	69,000
Other	(45,000)	—
Change in valuation allowance	—	2,851,000
Provision for income tax expense (benefit)	$ (1,188,000)	$ 1,627,000

The Company’s deferred tax assets primarily result from federal and state net operating loss carryforwards (“NOLs”). As of July 27, 2014, the Company has federal NOLs of approximately $22.3 million. The federal NOLs have a 20-year carryforward period and begin expiring in 2028. The Company also has NOLs in various states, totaling approximately $17.2 million. State NOLs begin to expire in 2014.

As of July 27, 2014, the Company has a valuation allowance of $2,851,000 recorded on the deferred tax assets to reduce the total to an amount that management believes will ultimately be realized. Realization of deferred tax assets is dependent upon sufficient future taxable income during the period that deductible temporary differences and carryforwards are expected to be available to reduce taxable income.

The Company did not recognize a change in the liability for unrecognized tax benefits and does not expect that its unrecognized tax benefits will significantly increase or decrease during the fiscal year beginning July 28, 2014.

Note 10. Capital Leases, Lease Commitments, and Total Rent Expense

The Company leases certain retail stores and other property and equipment under various noncancelable capital and operating lease agreements which expire at various dates through 2031. Initial terms are typically 10 to 25 years, followed by renewal options at five-year intervals and may include rent escalation clauses. The leases provide for monthly fixed rental amounts or contingent rentals based upon sales in excess of stated amounts and normally require the Company to pay real estate taxes, insurance, common area maintenance costs and other occupancy costs. The commencement date of all lease terms is the earlier of the date the Company becomes legally obligated to make rent payments or the date the Company has the right to control the property. Additionally, the Company recognizes rent expense on a straight-line basis over a time period that equals or exceeds the time period used for depreciation of buildings on leased land or other leasehold improvements.

Note 10. Capital Leases, Lease Commitments, and Total Rent Expense (Continued)

Property and equipment includes the following amounts related to capital leases:

	2014	2013
Furniture and equipment	$ 11,662,000	$ 11,662,000
Accumulated ammortization	(8,886,000)	(8,014,000)
	$ 2,776,000	$ 3,648,000

As of July 27, 2014, future minimum rental commitments under capital leases and noncancelable operating leases with initial or remaining terms in excess of one year consists of the following:

	Operating Leases	Capital Lease Obligation
2015	$ 4,573,000	$ 190,000
2016	4,573,000	190,000
2017	4,789,000	190,000
2018	3,471,000	190,000
2019	3,596,000	190,000
Thereafter	14,390,000	656,000
	$ 35,392,000	1,606,000
Less: Amount representing interest		(516,000)
Present value of future minimum lease payments		1,090,000
Less: Current obligation		(93,000)
		$ 997,000

Rental expense for operating leases was $4,297,000 and $5,223,000 for the years ended July 27, 2014 and July 28, 2013.

Note 11. Related Party Transactions

In connection with the acquisition of Sheplers, Inc., the Company entered into an Advisory Agreement (“Agreement”) with its majority shareholder. For the remaining term of the Agreement, the fees will be the lesser of $500,000 or 2 percent of the aggregate equity investment in the Company led or sponsored by the stockholder. There are requirements for additional fees due upon the consummation of a variety of transactions. The Agreement provides for certain consulting services from time to time. The Agreement continues in effect until mutual written consent to terminate it; change of ownership of more than 75 percent of the total combined voting stock of the Company; sale, transfer or other disposition of substantially all of the Company’s assets; or liquidation or dissolution of the Company. This stockholder received fees of $500,000 for the years ended July 27, 2014 and July 28, 2013.

Note 12. Savings and Investment Plan

The Company has established a savings and investment plan to cover substantially all employees. This plan allows participants to defer, via payroll deductions, from 1 percent to 100 percent of their annual compensation, limited to certain annual maximum amounts set by the Internal Revenue Code. The Company matched one-quarter of the employee contribution, up to 1.5 percent. The Company’s costs associated with the plan were $59,000 and $80,000 for the years ended July 27, 2014 and July 28, 2013, respectively.

Note 13. Stockholders’ Equity

The holders of Class A shares are entitled to one vote per share on all matters to be voted on by the Company’s stockholders, and the holders of Class L-1 and Class L shares have no rights to vote in these matters. In the event of a liquidation of the Company, such distribution is to be made first to the holders of the Class L shares on a pro rata basis to include a liquidation preference, which is to be calculated quarterly at the rate of 15 percent per annum and using an original cost per share of $1,000. Further distributions are to be made of the original cost per share of the Class L shares. Finally, the remaining distributions are to be made to the Class A, Class L, and Class L-1 shareholders equally based on the number of shares held.

The Company may not enter into any agreement which would result in a change of control or initial public offering without the prior written agreement of the holders of the majority of the then outstanding Class L-1 and Class L shares.

Employee Equity Incentive Plan: Effective January 15, 2010, the Board of Directors approved the Sheplers Holding Corporation 2010 Equity Incentive Plan (the “2010 Plan”), which provides for the discretionary awards of restricted stock and phantom rights awards to the Company’s employees.

For both of the awards, the vesting for 40 percent of the stock is based on service and are fully vested after five years; 40 percent at the end of the second year, 60 percent at the end of the third year, 80 percent at the end of the fourth year and fully vested at the end of the fifth year. The remaining 60 percent of the stock vests based on achievement by the Company of certain performance goals set by the Board of Directors projected to be realized annually over the five years. In the event the performance goals are not achieved in any one year, the agreements provide for catch-up vesting if subsequent goals are reached. The Company recognizes compensation cost on a straight-line basis for restricted stock awards with time vesting conditions only. The Company recognizes compensation cost for restricted stock awards with performance conditions if and when the Company concludes that it is probable that the performance condition will be achieved. No expense was recorded in either 2014 or 2013 for the portion of the restricted stock awards that is based on performance because the goals were not achieved.

Note 13. Shareholders' Equity (Continued)

Activity related to restricted stock awards during the years ended July 27, 2014 and July 28, 2013 was as follows:

	Common L Shares			Common A Shares		
Restricted Stock — Time Vesting	**Number of Awards**	**Weighted Average Fair Value**	**Weighted Average Remaining Life (Years)**	**Number of Awards**	**Weighted Average Fair Value**	**Weighted Average Remaining Life (Years)**
Nonvested at July 29, 2012	1,266	$ 181.02	3.11	11,539	$ —	3.11
Forfeited	(166)	341.23		(1,517)	—	
Vested	694	152.02		6,318	—	
Nonvested at July 28, 2013	406	164.83	2.09	3,704	$ —	2.09
Forfeited	(65)	648.89		(589)	—	
Vested	864	136.47		7,876	—	
Nonvested at July 27, 2014	171	73.40	1.05	1,558	—	1.05

	Common L Shares			Common A Shares		
Restricted Stock — Performance Vesting	**Number of Awards**	**Weighted Average Fair Value**	**Weighted Average Remaining Life (Years)**	**Number of Awards**	**Weighted Average Fair Value**	**Weighted Average Remaining Life (Years)**
Nonvested at July 29, 2012	1,899	24.99	3.11	17,309	—	3.11
Forfeited	(250)	62.20		(2,276)		
Nonvested at July 28, 2013	1,649	24.99	2.09	15,033	—	2.09
Forfeited	(97)	133.65		(883)		
Nonvested at July 27, 2014	1,552	19.36	1.05	14,150	—	1.05

As of July 27, 2014, total unrecognized compensation expense related to nonvested restricted stock awards was approximately $47,000, which is expected to be recognized over a weighted average period of approximately 3 years. The total fair value of shares that vested during the year ended July 27, 2014 was $13,000. Compensation expense was $12,000 and $44,000 for the years ended July 27, 2014 and July 28, 2013, respectively.

Phantom rights: There were 5,290 and 5,682 Phantom Rights Awards ("PRAs") outstanding as of July 27, 2014 and July 28, 2013, respectively. The PRAs are held by members of senior management of the Company. Due to the contingency associated with the ultimate payment for the phantom rights awards, no expense is recognized associated with these awards until a triggering event occurs.

Note 14. Data Breach Loss

After the close of the fiscal year 2014, the Company experienced an event that has created an estimated liability that has been recognized in the consolidated financial statements. The Company determined that the payment systems for the retail stores had suffered a security breach in which hackers gained access to the systems and some customers' payment card information was exposed. As a result of the breach, the Company believes that it is highly probable that a liability assessment will be given to the Company from the credit card brands for recovery of their costs resulting from the breach. Although the Company made this determination subsequent to the close of fiscal 2014, since the breach occurred prior to the end of the fiscal year a recognition of the potential liability assessment is being recognized in fiscal year 2014. The Company recorded an estimated liability of approximately $1,500,000 as of July 27, 2014.

Exhibit 99.2

Sheplers Holding Corporation and Subsidiary

Consolidated Financial Report
Nine-Month Period Ending April 26, 2015

Contents

Sheplers Holding Corporation and Subsidiary

Consolidated Balance Sheets
April 26, 2015 and April 27, 2014
(Unaudited)

	2015	2014
Assets		
Current Assets		
Cash and cash equivalents	**$ 1,728,000**	$ 1,755,000
Restricted cash	**179,000**	179,000
Accounts receivable, net	**2,728,000**	700,000
Inventories	**33,486,000**	27,810,000
Deferred tax assets	**171,000**	—
Prepaid expenses and other current assets	**1,826,000**	1,850,000
Total current assets	**40,118,000**	32,294,000
Property and equipment, net	**25,194,000**	22,713,000
Goodwill	**8,635,000**	8,635,000
Intangible assets, net	**21,251,000**	21,598,000
Deferred tax assets	**3,145,000**	3,045,000
Other assets	**1,693,000**	2,447,000
Total assets	**$ 100,036,000**	$ 90,732,000
Liabilities and Stockholders' Deficit		
Current Liabilities		
Current maturities of long-term debt	**$ 66,730,000**	$ 1,150,000
Current maturities of capital lease obligations	**99,000**	91,000
Current portion of financing obligation arising from sale-leaseback transaction	**428,000**	407,000
Accounts payable	**13,199,000**	11,836,000
Accrued expenses	**7,817,000**	6,144,000
Book overdrafts	**3,729,000**	2,501,000
Deferred tax liability	**—**	72,000
Customer deposits	**1,597,000**	1,348,000
Total current liabilities	**93,599,000**	23,549,000
Long-term debt, less current maturities	**—**	59,592,000
Capital lease obligations, less current maturities	**921,000**	1,021,000
Financing obligation arising from sale-leaseback transaction, less current portion	**7,894,000**	8,315,000
Other noncurrent liabilities	**4,790,000**	2,302,000
Total liabilities	**107,204,000**	94,779,000
Commitments and Contingencies (Note 10)		
Stockholders' Deficit		
Common class A stock, $.001 par value; 450,000 shares authorized; shares issued and outstanding: April 26, 2015—299,858 shares; April 27, 2014—299,858 shares	**—**	—
Common class L stock, $.001 par value; 50,000 shares authorized; shares issued and outstanding: April 26, 2015—31,074 shares; April 27, 2014—31,074 shares (liquidation preference of $60,415,000)	**—**	—
Common class L-1 stock, $.001 par value; 100,000 shares authorized; 70,537 shares issued and outstanding	**—**	—
Additional paid-in capital	**8,976,000**	8,963,000
Accumulated deficit	**(16,144,000)**	(13,010,000)
Total stockholders' deficit	**(7,168,000)**	(4,047,000)
Total liabilities and stockholders' deficit	**$ 100,036,000**	$ 90,732,000

See Notes to Consolidated Financial Statements.

Sheplers Holding Corporation and Subsidiary

Consolidated Statements of Operations
Nine-Month Periods Ended April 26, 2015 and April 27, 2014
(Unaudited)

	2015	2014
Net sales	**$ 131,637,000**	$ 119,006,000
Cost of good sold	**82,022,000**	72,366,000
Gross profit	**49,615,000**	46,640,000
Operating expenses:		
Selling, general and administrative (including amortization of $756,000 and $828,000, respectively)	**37,215,000**	36,357,000
Depreciation and amortization	**3,122,000**	3,698,000
Store opening costs	**1,010,000**	59,000
Data breach loss	**1,713,000**	—
	43,060,000	40,114,000
Operating income	**6,555,000**	6,526,000
Interest expense, net	**6,874,000**	6,732,000
(Loss) before income tax provision (benefit)	**(319,000)**	(206,000)
Income tax provision (benefit)	**853,000**	(74,000)
Net (loss)	**$ (1,172,000)**	$ (132,000)

See Notes to Consolidated Financial Statements.

Sheplers Holding Corporation and Subsidiary

Consolidated Statements of Changes in Stockholders' Equity (Deficit)
Nine-Month Periods Ended April 26, 2015 and April 27, 2014
(Unaudited)

	Common Class A Stock		Common Class L Stock		Common Class L-1 Stock		Additional Paid-in Capital	Accumulated Deficit	Total
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount			
Balance, July 28, 2013	301,330	$ —	31,236	$ —	70,537	$ —	$8,951,000	$(12,878,000)	$(3,927,000)
Stock compensation expense	—	—	—	—	—	—	12,000	—	12,000
Forfeited restricted stock	(1,472)	—	(162)	—	—	—	—	—	—
Net (loss)	—	—	—	—	—	—	—	(132,000)	(132,000)
Balance April 27, 2014	**299,858**	**$ —**	**31,074**	**$ —**	**70,537**	**$ —**	**$8,963,000**	**$(13,010,000)**	**$(4,047,000)**
Balance, July 27, 2014	299,858	$ —	31,074	$ —	70,537	$ —	$8,963,000	$(14,972,000)	$(6,009,000)
Stock compensation expense	—	—	—	—	—	—	13,000	—	13,000
Net (loss)	—	—	—	—	—	—	—	(1,172,000)	(1,172,000)
Balance April 26, 2015	**299,858**	**$ —**	**31,074**	**$ —**	**70,537**	**$ —**	**$8,976,000**	**$(16,144,000)**	**$(7,168,000)**

See Notes to Consolidated Financial Statements.

Sheplers Holding Corporation and Subsidiary

Consolidated Statements of Cash Flows
Nine-Month Periods Ending April 26, 2015 and April 27, 2014
(Unaudited)

	2015	2014
Cash Flows From Operating Activities		
Net (loss)	**$ (1,172,000)**	$ (132,000)
Adjustments to reconcile net (loss) to net cash provided by operating activities:		
Depreciation and amortization	**3,878,000**	4,526,000
Provision for excess and obsolete inventory	**731,000**	413,000
Amortization of debt issuance costs	**639,000**	818,000
Accumulated PIK interest	**471,000**	440,000
Stock compensation expense	**13,000**	12,000
Deferred taxes	**778,000**	(147,000)
Changes in assets and liabilities:		
Accounts receivable	**526,000**	400,000
Inventories	**(7,105,000)**	(1,062,000)
Prepaid expenses, other current assets and other assets	**(500,000)**	(1,050,000)
Accounts payable	**4,517,000**	2,316,000
Accrued expenses	**833,000**	1,210,000
Customer deposits	**349,000**	460,000
Other noncurrent liabilities	**355,000**	253,000
Net cash provided by operating activities	**4,313,000**	8,457,000
Cash Flows From Investing Activities		
Purchase of property and equipment	**(5,927,000)**	(2,023,000)
Decrease in restricted cash	**—**	84,000
Net cash (used in) investing activities	**(5,927,000)**	(1,939,000)
Cash Flows From Financing Activities		
Change in book overdraft	**582,000**	(4,298,000)
Net borrowings (repayments) on revolving line of credit	**2,608,000**	(786,000)
Principal payments on long-term debt	**(862,000)**	(694,000)
Payments on sale-leaseback financing obligation	**(301,000)**	(288,000)
Principal payments on capital lease obligations	**(70,000)**	(64,000)
Net cash provided by (used in) financing activities	**1,957,000**	(6,130,000)
Net increase in cash and cash equivalents	**343,000**	388,000
Cash and Cash Equivalents		
Beginning	**1,385,000**	1,367,000
Ending	**$ 1,728,000**	$ 1,755,000
Supplemental Cash Flow Information:		
Cash paid for interest	**$ 6,395,000**	$ 6,304,000
Cash paid for income taxes	**$ 3,000**	$ —

See Notes to Consolidated Financial Statements.

Note 1. Nature of Business and Significant Accounting Policies

Nature of business: Sheplers Holding Corporation (the Company), a Delaware corporation, was formed by a private equity partner and certain of its affiliates (collectively the Private Equity Partner), to acquire Sheplers, Inc. and its subsidiaries (Sheplers, Inc.) on July 30, 2007. Sheplers, Inc., a Kansas corporation, was founded in 1898 and is a retailer of western wear apparel, footwear and related accessories and gifts. In addition to its retail store operations, the Company sells its products to customers throughout the United States and various international markets through its mail order catalog and internet operations. The Company operates 25 stores located in Arizona, Colorado, Florida, Kansas, Missouri, Nebraska, Nevada, New Mexico, Oklahoma and Texas. The Company has headquarters in Wichita, Kansas and Dallas, Texas.

A summary of the Company's significant accounting policies follows:

Principles of consolidation: The consolidated financial statements include the Company and its wholly owned subsidiary, Sheplers, Inc. All significant inter-company balances and transactions have been eliminated in consolidation.

Fiscal year: The Company's fiscal year end is based upon a 52- or 53-week year ending on the last Sunday in July. All references herein to the nine-month period ended April 26, 2015 refer to the period which began on July 28, 2014 and ended on April 26, 2015, which consisted of 39 weeks. All references herein to the nine-month period ended April 27, 2014 refer to the period which began on July 29, 2013 and ended on April 27, 2014, which consisted of 39 weeks.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents: For purposes of reporting the statements of cash flows, the Company considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Company has a concentration of credit risk when cash deposits in banks are in excess of federally insured limits in the event of nonperformance by the related financial institution. Management does not anticipate nonperformance by these financial institutions.

Restricted cash: Restricted cash represents dividends held for the benefit of stockholders which will be disbursed at a later date. There is an equal liability for dividends payable included in accrued expenses.

Book overdrafts: Book overdrafts represent the total of all checks written from the zero balance disbursement account that have not been presented for payment as of April 26, 2015 and April 27, 2014.

Inventories: Inventories are stated at the lower of cost or market. Cost is determined utilizing the average cost method, whereby the cost associated with individual units purchased and sold are traced to determine the average cost of each individual unit.

The Company purchases inventory primarily from domestic vendors. For the nine-month periods ended April 26, 2015 and April 27, 2014, the Company's top 5 vendors accounted for approximately 52 percent and 50 percent, respectively, of inventory purchases.

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Property and equipment: Property and equipment are stated at cost, less accumulated depreciation. Depreciation and amortization are provided on the straight-line method over the estimated useful lives of the assets ranging from three to seven years. Leasehold improvements are amortized on the straight-line method over the shorter of the useful lives of the assets or the related lease term, generally five to ten years. When depreciable assets are sold or retired, the related cost and accumulated depreciation are removed from the accounts, and gains and losses are recognized in the period. Additions and betterments are capitalized. Maintenance and repairs that do not materially improve or extend the lives of the respective assets are charged to operations as the expenses are incurred.

Recoverability is assessed based on estimated undiscounted cash flows from the useful asset, pursuant to the provisions of *FASB Accounting Standards Codification* (ASC) 360, Plant, Property, and Equipment. If the carrying value of an asset is not recoverable, the Company records an impairment charge to write down the asset to its estimated fair value. The impairment charge, if any, is recorded in selling, general and administrative expenses. Management's estimates and assumptions used in the projections are subject to a high degree of judgment and if actual results differ, additional losses may be recorded.

Costs associated with computer software projects during the preliminary project stage are expensed as incurred. Once management authorizes and commits to funding a project, appropriate application development stage costs are capitalized. Capitalized computer costs consist of costs to purchase, license and develop software. Capitalization ceases when the project is substantially complete and the software is ready for its intended use. Training and maintenance costs associated with software applications are expensed as incurred. Software costs are amortized over estimated useful lives ranging from three to seven years commencing when such assets are ready for their intended use. Unamortized computer software costs included in Property and Equipment totaled $6,531,000 and $6,896,000 at April 26, 2015 and April 27, 2014, respectively. Amortization related to capitalized software was $1,956,000 and $2,666,000 for the nine-month periods ended April 26, 2015 and April 27, 2014, respectively.

Goodwill: The Company performs an annual goodwill impairment test at the reporting unit level as required by the authoritative guidance on intangibles and goodwill. Under updated authoritative guidance which was issued by the Financial Accounting Standards Board (FASB) in September 2011, companies are permitted to perform a qualitative assessment to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. The Company performed a qualitative assessment of whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount. In performing this qualitative assessment, the Company assessed relevant events and circumstances that may impact the fair value and the carrying amount of its reporting units. Factors that were considered included, but were not limited to, the following: (1) macroeconomic conditions; (2) industry and market conditions; (3) overall financial performance and expected financial performance; (4) other entity specific events, such as changes in management or key personnel; and (5) events affecting the Company's reporting units, such as a change in the composition of net assets or any expected dispositions. Based on the results of this qualitative assessment, the Company determined that it is more likely than not that the carrying value of its reporting units is less than its fair value and, thus, the two-step quantitative analysis was not required. As a result, the Company concluded that no impairment of its goodwill existed for the periods presented.

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Intangible assets: Intangible assets represent acquired trademarks, favorable leases, customer relationships and noncompete agreements. Trademarks have been determined to have an indefinite useful life. Intangible assets with definite lives are being amortized using the straight-line method, unless a more appropriate method is determined based on the economic value of the assets. Favorable leases are amortized on a straight-line basis over the related lease term plus all option renewals and are recognized as selling, general and administrative expenses; these lives range from 3 to 24 years. The Company amortizes its customer relationships on a straight-line basis over the expected economic life of the customer relationships acquired, which is estimated to be five years. The Company amortizes its noncompete agreements on a straight-line basis over the contractual term of five years.

Impairment of long-lived assets: The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that their carrying values may not be recoverable. Intangible assets with indefinite lives are not amortized, but instead are tested for impairment annually or if events or circumstances indicate otherwise. Intangible assets with indefinite lives are also evaluated annually to determine whether events and circumstances continue to support an indefinite useful life. An impairment charge is recorded to the extent the carrying value exceeds fair value. The Company evaluates its intangible assets and other long-lived assets with definite lives when events or changes in circumstances indicate, in management's judgment, that the carrying value of such assets may not be recoverable.

No impairment was recorded during the nine-month periods ended April 26, 2015 and April 27, 2014.

Income taxes: Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carryforwards and deferred tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. The Company's temporary differences relate primarily to property and equipment, allowance for doubtful accounts, and deferred compensation accruals. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

The Company recognizes tax liabilities when, despite the Company's belief that its tax return positions are supportable, the Company believes that certain positions may not be fully sustained upon review by tax authorities. Benefits from tax positions are measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon settlement. The current portion of tax liabilities is included in other liabilities. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences impact income tax expense in the period in which such determination is made. Interest and penalties, if any, related to accrued liabilities for potential tax assessments are included in income tax expense. With few exceptions, the Company is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before July 24, 2011.

Deferred rent: Certain of the Company's store leases provide for free or reduced rent during an initial portion of the lease term or escalating rent payments. Deferred rent consists of the aggregate obligation for lease payments under these leases accrued on a straight-line basis over the lease term, including any free rent build-out periods and all renewal periods that are considered to be reasonably assured, in excess of amounts paid. In addition, deferred rent includes construction allowances received from landlords, which are amortized on a straight- line basis over the lease term.

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Deferred financing costs: Costs incurred to obtain financing are capitalized and amortized to interest expense on a straight-line basis, which approximates the effective interest method, over the terms of the related debt agreements. Net deferred financing costs were $1,564,000 and $2,236,000 as of April 26, 2015 and April 27, 2014, respectively, and are included in other assets on the consolidated balance sheets.

Revenue recognition: The Company recognizes revenue at the time the products are received by the customers, net of an estimate for customer refunds and product returns based on historical return trends, in accordance with the provisions of ASC 605-50, Customer Payments and Incentives. Revenue is recognized for retail store sales at the point at which the customer receives and pays for the merchandise at the register with either cash or a credit card. Revenue is recognized for mail order catalog and internet sales when the merchandise is received by the customer.

The Company sells gift certificates and gift cards with no expiration dates. At the time gift cards are sold, no revenue is recognized; rather a liability is established for the value of the certificate or card. The liability is relieved and revenue is recognized when the gift certificates or cards are redeemed by the customer for merchandise. The liability for unredeemed gift certificates, gift cards and store credits aggregated to $863,000 and $806,000 at April 26, 2015 and April 27, 2014, respectively and is included in accrued expenses on the consolidated balance sheet.

Cost of sales: Cost of sales includes product costs, inbound freight, shipping costs to customers, inventory shrinkage and warehousing, distribution costs and inter-store freight transportation expenses.

Fair value measurements: The Company has adopted ASC 820-10, Fair Value Measurements, for nonfinancial assets and nonfinancial liabilities that are recognized or disclosed at fair value in the financial statements on a nonrecurring basis. Based on this approach, the Company utilizes certain assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs may be readily observable or generally unobservable inputs. The Company utilizes valuation techniques that use observable and unobservable inputs. Based on the observability of the inputs used in the valuation techniques, the Company is required to provide the following information according to the fair value hierarchy outlined in ASC 820-10. The fair value hierarchy ranks the quality and reliability of the information used to determine fair value. The determination of fair value in goodwill impairment testing is classified and disclosed in one of the following three categories:

Level 1: Valuations derived from quoted market prices in active markets for identical assets or liabilities.

Level 2: Valuations derived from quoted prices for similar assets or liabilities in active markets or other observable inputs.

Level 3: Valuations derived from other valuation methodologies based on unobservable inputs such as discounted cash flow models.

Fair value of financial instruments: The carrying amounts of financial instruments, including cash, accounts receivable, accounts payable and accrued expenses, approximate fair value due to the short maturity of these instruments. The carrying amount of long-term debt is estimated to approximate fair value because the interest rates fluctuate with market interest rates, or the fixed rates are based on estimated current rates offered to the Company for debt with similar terms and maturities.

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Advertising expense: For the nine-month periods ended April 26, 2015 and April 27, 2014, the Company recognized $7,116,000 and $7,347,000 of advertising, net of vendor allowances of $669,000 and $578,000, respectively. Advertising costs are expensed as incurred except for catalog production and postage costs. Catalog production and postage costs are deferred as prepaid expenses when incurred and amortized over a period not exceeding six months. The amortization is based on the estimated percentage of monthly catalog sales to the total estimated sales for the period expected to benefit from the related catalog.

The Company receives certain allowances from various vendors through a variety of promotional programs and arrangements as a result of purchasing and promoting their products in the normal course of business. The Company considers vendor allowances received to be a reduction in the price of a vendor's products and records them as a component of inventory until the product is sold, at which point they are recorded as a component of cost of goods sold unless the allowances represent reimbursement of specific, incremental and identifiable costs incurred to promote a vendor's products. In this case, the allowances are recorded when earned as an offset to the associated expense incurred to promote the applicable products in accordance with Accounting Standards Codification 605, Revenue Recognition.

Recently issued accounting guidance: In February 2013, the FASB issued Accounting Standards Update (ASU) No. 2013-02, Comprehensive Income (ASC Topic 220) Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income. The ASU requires an entity to report information, either on the face of the statement where net income is presented or in the notes, about the amounts reclassified out of accumulated other comprehensive income by component and to report significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income. ASU 2013-02 is effective for fiscal years beginning after December 15, 2013. The Company adopted the standard effective July 28, 2014 and there was no impact on the consolidated financial statements.

In May 2014, the FASB issued Accounting Standards Update No. 2014-09, "Revenue from Contracts with Customers," (ASU 2014-09) which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. This guidance will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. In July 2015, the FASB decided to defer the effective date of ASU 2014-09 by one year. As a result, this standard will be effective for fiscal years beginning after December 15, 2017. Early application is not permitted. The standard permits the use of either the retrospective or cumulative effect transition method. The Company is evaluating the effect that ASU 2014-09 will have on the consolidated financial statements and related disclosures. The Company has not yet selected a transition method nor has the Company determined the effect of the standard on our ongoing financial reporting.

In August 2014, the FASB issued ASU No. 2014-15, Presentation of Financial Statements—Going Concern (Subtopic 205-40) which amends the accounting guidance related to the evaluation of an entity's ability to continue as a going concern. The amendment establishes management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern in connection with preparing financial statements for each annual and interim reporting period. The update also gives guidance to determine whether to disclose information about relevant conditions and events when there is substantial doubt about an entity's ability to continue as a going concern. This guidance is effective for the Company for the annual period ending after December 15, 2016. The Company does not expect the new guidance to have an impact on its consolidated financial statements.

In January 2015, the FASB issued ASU 2015-01 Income Statement—Extraordinary and Unusual Items (Subtopic 225-20): Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items. This Update eliminates from GAAP the concept of extraordinary items. The amendments in this Update are effective for annual periods, beginning after December 15, 2015. A reporting entity may apply the amendments prospectively. A reporting entity also may apply the amendments retrospectively to all prior periods presented in the financial statements. Early adoption is permitted provided that the guidance is applied from the beginning of the fiscal year of adoption. The adoption of this standard is not expected to have a material impact on the Company's consolidated financial statements.

In April 2015, the FASB issued Accounting Standards Update 2015-03 Interest—Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs. Entities that have historically presented debt issuance costs as an asset, related to a recognized debt liability, will be required to present those costs as a direct deduction from the carrying amount of that debt liability. This presentation will result is debt issuance cost being presented the same way debt discounts have historically been handled. The ASU does not change the recognition, measurement, or subsequent measurement guidance for debt issuance costs. This guidance is effective for the Company beginning in fiscal year 2017 and may be adopted early. The Company expects this new guidance will reduce total assets and total long-term debt on its consolidated balance sheets by amounts classified as deferred debt issuance costs, but does not expect this update to have any other effect on its consolidated financial statements.

Sheplers Holding Corporation, Inc. and Subsidiary

Notes to Consolidated Financial Statements (Unaudited)

Note 2. Accounts Receivable

Accounts receivable as of April 26, 2015 and April 27, 2014, consist of the following:

	2015	2014
Vendor receivables	$ 55,000	$ 97,000
Construction allowances	1,475,000	262,000
Other	1,200,000	343,000
	2,730,000	702,000
Less: allowance for doubtful accounts	(2,000)	(2,000)
	$ 2,728,000	$ 700,000

Note 3. Property and Equipment, Net

Property and equipment as of April 26, 2015 and April 27, 2014, consists of the following:

	2015	2014
Land and buildings	$ 11,050,000	$ 11,050,000
Furniture and equipment	37,961,000	33,912,000
Leasehold improvements	8,742,000	5,581,000
	57,753,000	50,543,000
Less: Accumulated depreciation and amortization	(32,559,000)	(27,830,000)
	$ 25,194,000	$ 22,713,000

Depreciation expense was $3,464,000 and $4,237,000 for the nine-month periods ended April 26, 2015 and April 27, 2014, respectively.

Note 4. Goodwill and Intangible Assets

Goodwill and intangible assets as of April 26, 2015 and April 27, 2014, consist of the following:

	2015	2014
Intangible Assets Subject to Amortization:		
Noncompete agreements	$ 3,000,000	$ 3,000,000
Less: Accumulated amortization	(3,000,000)	(3,000,000)
	—	—
Favorable leases	7,922,000	7,922,000
Less: Accumulated amortization	(5,071,000)	(4,724,000)
	2,851,000	3,198,000
Customer relationships	4,000,000	4,000,000
Less: Accumulated amortization	(4,000,000)	(4,000,000)
	—	—
Indefinite Lived Intangible Assets:		
Trademarks	18,400,000	18,400,000
Total intangible assets, net	$ 21,251,000	$ 21,598,000

	2015	2014
Goodwill	$ 8,635,000	$ 8,635,000

There were no changes to goodwill for the nine-month periods ended April 26, 2015 and April 27, 2014.

Amortization expense for the nine-month periods ended April 26, 2015 and April 27, 2014 was $257,000 and $289,000, respectively. The estimated amortization expense related to intangible assets as of April 26, 2015 is as follows:

Fiscal Year Ending:	
April 27, 2015 to July 26, 2015	$ 80,000
2016	309,000
2017	287,000
2018	267,000
2019	248,000
2020	231,000
Thereafter	1,429,000
	$ 2,851,000

Sheplers Holding Corporation, Inc. and Subsidiary

Notes to Consolidated Financial Statements (Unaudited)

Note 5. Accrued Expenses

Accrued expenses as of April 26, 2015 and April 27, 2014, consist of the following:

	2015	2014
Salaries and related taxes	$ 1,571,000	$ 1,587,000
Accrued other operating expenses	2,694,000	1,171,000
Real estate, personal property and sales tax payable	883,000	798,000
Accrued interest	1,806,000	1,782,000
Gift certificates and gift cards	863,000	806,000
	$ 7,817,000	$ 6,144,000

Note 6. Pledged Assets and Long-Term Debt

As of April 26, 2015 and April 27, 2014, long-term debt consisted of the following:

	2015	2014
Senior term loan A	$ 9,900,000	$ 11,050,000
Senior term loan B	34,354,000	34,354,000
Senior subordinated note	9,303,000	8,681,000
Revolving loan agreement	13,173,000	6,657,000
	66,730,000	60,742,000
Less current maturities	(66,730,000)	(1,150,000)
	$ —	$ 59,592,000

The Company has a Term Loan Agreement consisting of Term Loan A of $12,500,000 and Term Loan B of $34,354,000 with a maturity date of December 20, 2016. The proceeds were used to retire the existing indebtedness and fund a dividend to the stockholders of the Company. Under the provisions of Term Loan A, the outstanding amount was reduced quarterly by principal payments $175,000 from July 2012 through January 2013. The quarterly principal payments increased to $231,000 from April 2013 through February 2014, with the principal payments increasing to $288,000 starting May 2014 and quarterly thereafter. Under the provisions of Term Loan B, there are no principal payments required until maturity. Interest on outstanding borrowings is payable at the end of the Company's fiscal quarter at 8.5 percent for Term Loan A. Interest on outstanding borrowings for Term Loan B is at the banks' prime rate plus a percentage, or LIBOR plus a percentage at the Company's discretion (13.15 percent and 13.15 percent as of April 26, 2015 and April 27, 2014, respectively). The Term Loan Agreement is subject to customary covenants, and substantially all of the assets of the Company, except those associated with the Credit Agreement defined below, serve as collateral. As of the submission to the lender of required third quarter compliance certificates, the company was in compliance. Subsequent to April 26, 2015, the company repaid the full principal balances of Term Loan A and Term Loan B (See Note 15, Subsequent Events).

Note 6. Pledged Assets and Long-Term Debt (Continued)

The Company also has a note purchase agreement which consists of a Senior Subordinated Note for $7,500,000 which has a maturity date of December 20, 2017. The proceeds were used to retire the existing indebtedness and fund a dividend to the stockholders of the Company. This note bears interest at the rate of 17 percent. Of the total interest paid, 10 percent of the interest is payable in arrears on a quarterly basis through the maturity date. The remaining interest, which is 7 percent, is accrued during the period from the inception date of the note and compounded on a quarterly basis until the maturity date, at which time all of the principal and deferred interest is due. Alternatively, the Company may choose to accrue all interest at 18.5 percent on a quarterly compounded basis and pay the full amount of principal and accrued interest at the maturity date. The note is subject to customary covenants and substantially all assets of the Company serve as collateral. As of April 26, 2015 and April 27, 2014, the outstanding balance was $9,303,000 and $8,681,000, respectively. The outstanding balance includes $1,803,000 and $1,184,000, respectively, of accrued interest. Subsequent to April 26, 2015, the company repaid the full principal balance.

The Company also has a Revolving Loan which is limited to $22,500,000 and has a maturity date of December 20, 2016. Under the agreement, the Company is subject to certain borrowing base limitations. The Company’s revolving line of credit bears interest at the bank’s prime rate plus a percentage based on availability or LIBOR plus a percentage based on availability (4.75 percent and 4.50 percent as of April 26, 2015 and April 27, 2014, respectively). Interest payments are due the last day of each calendar month for prime rate borrowings, or for LIBOR loans at the last day of each interest period, or not less than every three months. The outstanding borrowings under the facility plus any outstanding letters of credit shall not exceed $22,500,000, of which up to $10,000,000 may be in the form of outstanding letters of credit. The outstanding borrowings against the line were $13,173,000 and $6,657,000 with no outstanding letters of credit as of April 26, 2015 and April 27, 2014, respectively. The Revolving Loan is subject to customary covenants, and the merchandise inventories and accounts receivable serve as collateral. As of the submission to the lender of required third quarter compliance certificates, the company was in compliance. Subsequent to April 26, 2015, the company repaid the full principal balance.

All long-term debt as of April 26, 2015 is listed as current since subsequent to April 26, 2015, the company repaid the full principal balances (See Note 15, Subsequent Events).

Note 7. Sale Leaseback Transaction

As part of the financing for the acquisition on July 30, 2007, Sheplers, Inc. sold two retail stores, one distribution center facility and some excess land (in total, three separate properties) for $11,050,000, to an unrelated third party real estate company, and simultaneously entered into a lease agreement with the real estate company whereby Sheplers, Inc. leased back the three properties (the “sale-Ieaseback”). Because Sheplers, Inc. retained certain responsibilities during the lease term, this transaction is recorded as a financing obligation and the assets and related financing obligation under the new lease remained on the balance sheet and were included in the net assets acquired by the Company.

Note 7. Sale Leaseback Transaction (Continued)

The lease agreement has a 20-year term expiring in 2027 with renewal options and includes certain default provisions requiring the Company to make timely rent payments, and to maintain service, repair and insure the buildings and equipment.

The land and buildings involved in this transaction are included in property and equipment as follows:

	2015	2014
Land and building	$ 11,050,000	$ 11,050,000
Less accumulated depreciation	(4,282,000)	(3,729,000)
	$ 6,768,000	$ 7,321,000

Depreciation on the building will continue until a sale has been recognized.

Future minimum payments required on the leaseback as of April 26, 2015, are due as follows:

Fiscal Year Ending:	
April 27, 2015 to July 26, 2015	262,000
2016	1,047,000
2017	1,047,000
2018	1,047,000
2019	1,047,000
2020	1,047,000
Thereafter	7,329,000
	12,826,000
Less amounts representing interest	(4,504,000)
	8,322,000
Less current obligation	(428,000)
Financing obligation	$ 7,894,000

Interest expense relating to this financing agreement for the nine-month periods ended April 26, 2015 and April 27, 2014 was $480,000 and $478,000, respectively.

Note 8. Other Noncurrent Liabilities

Other noncurrent liabilities as of April 26, 2015 and April 27, 2014, consist of the following:

	2015	2014
Dividends payable	$ —	$ (89,000)
Deferred rent	(4,790,000)	(2,213,000)
	$ (4,790,000)	$ (2,302,000)

Sheplers Holding Corporation, Inc. and Subsidiary

Notes to Consolidated Financial Statements (Unaudited)

Note 9. Income Taxes

Net deferred tax assets (liabilities) consist of the following components as April 26, 2015 and April 27, 2014:

	2015	2014
Deferred tax assets:		
Inventories	$ 332,000	$ 296,000
Property and equipment	—	729,000
Accrued expenses, reserves, and gift certificates and cards	2,236,000	918,000
Net operating loss carryforwards	9,321,000	7,875,000
	11,889,000	9,818,000
Valuation allowance	(3,921,000)	(2,886,000)
Total deferred tax assets	7,968,000	6,932,000
Deferred tax liabilities:		
Prepaid expenses	(309,000)	(404,000)
Intangibles and other assets	(4,334,000)	(3,555,000)
Property and equipment	(9,000)	—
Total deferred tax liabilities	(4,652,000)	(3,959,000)
Net deferred tax assets	$ 3,316,000	$ 2,973,000

The above net deferred tax asset is presented on the consolidated balance sheets as of April 26, 2015 and April 27, 2014 as follows:

	2015	2014
Deferred tax asset—current	$ 171,000	$ —
Deferred tax asset—long-term	3,145,000	3,045,000
Deferred tax liability—current	—	(72,000)
Net deferred tax asset	$ 3,316,000	$ 2,973,000

The components of income tax provision (benefit) for the nine-month periods ended April 26, 2015 and April 27, 2014 are as follows:

	2015	2014
Current:		
Federal	$ —	$ 70,000
State	75,000	3,000
	75,000	73,000
Deferred:		
Federal	715,000	(135,000)
State	63,000	(12,000)
	778,000	(147,000)
Income tax provision (benefit)	$ 853,000	$ (74,000)

Note 9. Income Taxes (Continued)

The income tax provision (benefit) differs from the amount of income tax expense (benefit) determined by applying the U.S. federal income tax rate to pre-tax income for the nine-month periods ended April 26, 2015 and April 27, 2014, due to the following:

	2015	2014
Computed "expected" tax expense (benefit)	$ (108,000)	$ (99,000)
Increase (decrease) in income taxes resulting from:		
State income tax (benefit) (net of federal benefit)	63,000	61,000
Permanent items	(137,000)	(36,000)
Increase in valuation allowance	1,035,000	—
Provision for income tax expense (benefit)	$ 853,000	$ (74,000)

The Company's deferred tax assets primarily result from federal and state net operating loss carryforwards (NOLs). As of April 26, 2015, the Company has federal NOLs of approximately $25.1 million. The federal NOLs have a 20-year carryforward period and begin expiring in 2028. The Company also has NOLs in various states, totaling approximately $19.4 million. State NOLs begin to expire in 2015.

As of April 26, 2015, the Company has a valuation allowance of $3,921,000 recorded on the deferred tax assets to reduce the total to an amount that management believes will ultimately be realized. Realization of deferred tax assets is dependent upon sufficient future taxable income during the period that deductible temporary differences and carryforwards are expected to be available to reduce taxable income.

The Company did not recognize a change in the liability for unrecognized tax benefits and does not expect that its unrecognized tax benefits will significantly increase or decrease during the fourth quarter period April 27, 2015 through July 26, 2015 and fiscal year beginning July 27, 2015.

Note 10. Capital Leases, Lease Commitments, and Total Rent Expense

The Company leases certain retail stores and other property and equipment under various noncancelable capital and operating lease agreements which expire at various dates through 2031. Initial terms are typically 10 to 25 years, followed by renewal options at five-year intervals and may include rent escalation clauses. The leases provide for monthly fixed rental amounts or contingent rentals based upon sales in excess of stated amounts and normally require the Company to pay real estate taxes, insurance, common area maintenance costs and other occupancy costs. The commencement date of all lease terms is the earlier of the date the Company becomes legally obligated to make rent payments or the date the Company has the right to control the property. Additionally, the Company recognizes rent expense on a straight-line basis over a time period that equals or exceeds the time period used for depreciation of buildings on leased land or other leasehold improvements.

Note 10. Capital Leases, Lease Commitments, and Total Rent Expense (Continued)

Property and equipment includes the following amounts related to capital leases:

	2015	2014
Furniture and equipment	$ 11,662,000	$ 11,662,000
Accumulated ammortization	(9,371,000)	(8,616,000)
	$ 2,291,000	$ 3,046,000

As of April 26, 2015, future minimum rental commitments under capital leases and noncancelable operating leases with initial or remaining terms in excess of one year consists of the following:

	Operating Leases	Capital Lease Obligation
April 27, 2015 to July 26, 2015	$ 1,202,000	$ 48,000
2016	4,898,000	190,000
2017	4,544,000	190,000
2018	3,471,000	190,000
2019	3,439,000	190,000
2020	2,975,000	190,000
Thereafter	11,684,000	465,000
	$ 32,213,000	1,463,000
Less: Amount representing interest		(443,000)
Present value of future minimum lease payments		1,020,000
Less: Current obligation		(99,000)
		$ 921,000

Rental expense for operating leases was $3,378,702 and $3,268,731 for the nine-month periods ended April 26, 2015 and April 27, 2014.

Note 11. Related Party Transactions

In connection with the acquisition of Sheplers, Inc., the Company entered into an Advisory Agreement (Agreement) with its majority shareholder. For the remaining term of the Agreement, the fees will be the lesser of $500,000 or 2 percent of the aggregate equity investment in the Company led or sponsored by the stockholder. There are requirements for additional fees due upon the consummation of a variety of transactions. The Agreement provides for certain consulting services from time to time. The Agreement continues in effect until mutual written consent to terminate it; change of ownership of more than 75 percent of the total combined voting stock of the Company; sale, transfer or other disposition of substantially all of the Company's assets; or liquidation or dissolution of the Company. This stockholder received fees of $375,000 for the nine-month periods ended April 26, 2015 and April 27, 2014.

On March 25, 2015, the Company entered into a Catalyst Software and License Agreement with MGMT3D, LLC to purchase the catalyst financial system to upgrade the Company's existing financial planning and reporting system. The Company's Chief Financial Officer has an ownership interest in MGMT3D, LLC. The agreement was approved by the Board of Directors. The total cost of the Catalyst Financial System including installation and training is $150,000, with a portion due up-front upon the signing of the agreement and the remaining portion due upon project completion. The Company can also purchase software maintenance services under the terms of the agreement.

Note 12. Savings and Investment Plan

The Company has established a savings and investment plan to cover substantially all employees. This plan allows participants to defer, via payroll deductions, from 1 percent to 100 percent of their annual compensation, limited to certain annual maximum amounts set by the Internal Revenue Code. The Company matched one-quarter of the employee contribution, up to 1.5 percent. The Company's costs associated with the plan were $38,000 and $44,000 for the nine-month periods ended April 26, 2015 and April 27, 2014, respectively.

Note 13. Stockholders' Equity

The holders of Class A shares are entitled to one vote per share on all matters to be voted on by the Company's stockholders, and the holders of Class L-1 and Class L shares have no rights to vote in these matters. In the event of a liquidation of the Company, such distribution is to be made first to the holders of the Class L shares on a pro rata basis to include a liquidation preference, which is to be calculated quarterly at the rate of 15 percent per annum and using an original cost per share of $1,000. Further distributions are to be made of the original cost per share of the Class L shares. Finally, the remaining distributions are to be made to the Class A, Class L, and Class L-1 shareholders equally based on the number of shares held.

The Company may not enter into any agreement which would result in a change of control or initial public offering without the prior written agreement of the holders of the majority of the then outstanding Class L-1 and Class L shares.

Employee Equity Incentive Plan: Effective January 15, 2010, the Board of Directors approved the Sheplers Holding Corporation 2010 Equity Incentive Plan (the 2010 Plan), which provides for the discretionary awards of restricted stock and phantom rights awards to the Company's employees.

For both of the awards, the vesting for 40 percent of the stock is based on service and are fully vested after five years; 40 percent at the end of the second year, 60 percent at the end of the third year, 80 percent at the end of the fourth year and fully vested at the end of the fifth year. The remaining 60 percent of the stock vests based on achievement by the Company of certain performance goals set by the Board of Directors projected to be realized annually over the five years. In the event the performance goals are not achieved in any one year, the agreements provide for catch-up vesting if subsequent goals are reached. The Company recognizes compensation cost on a straight-line basis for restricted stock awards with time vesting conditions only. The Company recognizes compensation cost for restricted stock awards with performance conditions if and when the Company concludes that it is probable that the performance condition will be achieved. No expense was recorded in either 2015 or 2014 for the portion of the restricted stock awards that is based on performance because the goals were not achieved.

Note 13. Stockholders' Equity (Continued)

Activity related to restricted stock awards during the nine-month periods ended April 26, 2015 and April 27, 2014, respectively, was as follows:

Restricted Stock—Time Vesting	Common L Shares Number of Awards	Common L Shares Weighted Average Fair Value	Common L Shares Weighted Average Remaining Life (Years)	Common A Shares Number of Awards	Common A Shares Weighted Average Fair Value	Common A Shares Weighted Average Remaining Life (Years)
Nonvested at July 28, 2013	406	$ 164.83	2.09	3,704	$ —	2.09
Forfeited	—	—		—	—	
Vested	—	—		—	—	
Nonvested at April 27, 2014	406	$ 164.83	1.05	3,704	$ —	1.05
Nonvested at July 27, 2014	171	73.40	1.05	1,558		1.05
Forfeited	—	—		—	—	
Vested	—	—		—	—	
Nonvested at April 26, 2015	171	$ 73.40	0.05	1,558	$ —	0.05

Restricted Stock—Performance Vesting	Common L Shares Number of Awards	Common L Shares Weighted Average Fair Value	Common L Shares Weighted Average Remaining Life (Years)	Common A Shares Number of Awards	Common A Shares Weighted Average Fair Value	Common A Shares Weighted Average Remaining Life (Years)
Nonvested at July 28, 2013	1,649	$ 24.99	2.09	15,033	$ —	2.09
Forfeited	(97)	133.65		(883)		
Nonvested at April 27, 2014	1,552	$ 19.36	1.05	14,150	$ —	1.05
Nonvested at July 27, 2014	1,552	19.36	1.05	14,150		1.05
Forfeited	—	—		—		
Nonvested at April 26, 2015	1,552	$ 12.23	0.05	14,150	$ —	0.05

As of April 26, 2015, total unrecognized compensation expense related to nonvested restricted stock awards was approximately $3,000, which is expected to be recognized over a weighted average period of approximately 0.05 years. There were no shares vested during the nine-month period ended April 26, 2015. Compensation expense was $13,000 and $12,000 for the nine-month periods ended April 26, 2015 and April 27, 2014, respectively.

Phantom rights: There were 6,716 and 6,716 Phantom Rights Awards (PRAs) outstanding as of April 26, 2015 and April 27, 2014, respectively. The PRAs are held by members of senior management of the Company. Due to the contingency associated with the ultimate payment for the phantom rights awards, no expense is recognized associated with these awards until a triggering event occurs.

In connection with the sale of company as further discussed in Note 15 *Subsequent Events* , the vesting of all the restricted stock time vesting unvested portion was accelerated, one-third of the restricted stock performance vesting unvested portion vested based upon the change in control event, and all phantom rights awards vested upon the change in control triggering event.

Note 14. Data Breach Loss

In July 2014 the Company determined that the payment systems for the retail stores had suffered a security breach in which hackers gained access to the systems and some customers' payment card information was exposed and as a result an estimated liability was recorded in the amount of $1,500,000 as of July 27, 2014 for amounts owed to credit card brands for their recovery of costs resulting from the breach. During the nine-month period ended April 26, 2015, the Company paid approximately $1,115,000 to the credit card brands resulting in a remaining accrued balance as of April 26, 2015 of $385,000. As a result of the breach, the Company recognized direct expenses aggregating $1,713,000 for the nine-month period ended April 26, 2015 for legal counsel charges, investigator fees, and other direct costs. Of these direct expenses recognized during the nine-month period ended April 26, 2015, the balance accrued as of April 26, 2015 is $753,000. The total accrual related to the data breach as of April 26, 2015 is $1,138,000.

Note 15. Subsequent Event

On June 29, 2015, pursuant to the Agreement and Plan of Merger (the "Merger Agreement") by and among the Company, Boot Barn Holdings, Inc., Boot Barn, Rodeo Acquisition Corp., a wholly-owned subsidiary of Boot Barn ("Merger Sub"), and Gryphon Partners III, L.P., the Company was acquired for a purchase price of $147 million in cash, which includes the assumption of certain indebtedness, subject to customary adjustments. Pursuant to the Merger Agreement, Merger Sub merged with and into the Company (the "Merger"), with the Company continuing after the Merger as the surviving corporation and an indirect wholly-owned subsidiary of Boot Barn Holdings, Inc.

Exhibit 99.3

BOOTBARN HOLDINGS, INC.
UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS

On June 29, 2015, Boot Barn Holdings, Inc. (“Boot Barn” or the “Company”) completed the acquisition (the “Sheplers Acquisition”) of Sheplers Holding Corporation and its wholly owned subsidiary (collectively, “Sheplers”). As a result of the Sheplers Acquisition, Sheplers became a wholly-owned subsidiary of the Company. The Company paid approximately $147 million in cash to acquire Sheplers. In connection with the Sheplers Acquisition, the Company entered into a new $125.0 million syndicated senior secured asset-based revolving credit facility (the “New ABL Credit Facility”), and a $200.0 million syndicated senior secured term loan (the “New Term Loan” and, together with the New ABL Credit Facility, the “New Credit Facilities”). The Company used borrowings under the New Credit Facilities to finance the Sheplers Acquisition and the refinancing of approximately $172.0 million of indebtedness of the Company (the “Company Refinanced Debt”) and of Sheplers (“Sheplers Refinanced Debt”).

The unaudited pro forma condensed combined balance sheet combines Boot Barn’s June 27, 2015 unaudited consolidated balance sheet with Sheplers’ April 26, 2015 unaudited consolidated balance sheet and gives pro forma effect to the Sheplers Acquisition as if it had been completed on June 27, 2015.

The unaudited pro forma condensed combined statement of operations for the fiscal year ended March 28, 2015 combines Boot Barn’s consolidated statement of operations for the fiscal year ended March 28, 2015 with Sheplers’ unaudited consolidated statement of operations for the twelve months ended April 26, 2015 and gives pro forma effect to the Sheplers Acquisition as if it had been completed as of March 30, 2014 (the first day of Boot Barn’s fiscal year 2015). Sheplers’ unaudited pro forma condensed consolidated statement of operations for the twelve months ended April 26, 2015 was derived from Sheplers’ unaudited consolidated statement of operations for the nine months ended April 26, 2015 and Sheplers’ historical consolidated statement of operations for the twelve months ended July 27, 2014.

The unaudited pro forma condensed combined statement of operations for the thirteen weeks ended June 27, 2015 combines Boot Barn’s unaudited consolidated statement of operations for the thirteen weeks ended June 27, 2015 with Sheplers’ unaudited consolidated statement of operations for the three months ended April 26, 2015 and gives pro forma effect to the Sheplers Acquisition as if it had been completed as of March 30, 2014.

The pro forma information presented is for illustrative purposes only and is not necessarily indicative of the financial position or results of operations that would have been realized if the Sheplers Acquisition had been completed on the dates indicated, nor is it indicative of future operating results or financial positions. The pro forma adjustments are based upon currently available information and certain assumptions that Boot Barn believes are reasonable under the circumstances.

A final determination of fair values relating to the Sheplers Acquisition may differ materially from preliminary estimates and will include management’s final valuation of the fair value of assets acquired and liabilities assumed. This final valuation will be based on the actual net tangible and intangible assets of Sheplers that existed as of the date of the completion of the Sheplers Acquisition. The final valuation may materially change the allocation of the purchase price, which could materially affect the fair values assigned to the assets and liabilities and could result in a material change to the unaudited pro forma condensed combined financial statements.

These unaudited pro forma condensed combined financial statements are based upon the respective historical consolidated financial statements and related notes contained in the annual, quarterly and other reports filed by Boot Barn with the Securities and Exchange Commission, as well as the historical consolidated financial statements and related notes of Sheplers that are attached as Exhibit 99.1 and Exhibit 99.2 to the Current Report on Form 8-K/A (Amendment No. 1) to which these unaudited pro forma condensed combined financial statements are attached as Exhibit 99.3.

In connection with the plan to integrate the operations of Boot Barn and Sheplers, we anticipate that non-recurring charges will be incurred. We are not able to determine the timing, nature and amount of these charges as of the date of this Current Report. However, these charges could affect the combined results of operations of Boot Barn and Sheplers in the period in which they are recorded. The unaudited pro forma condensed combined financial statements do not include the effects of the costs associated with any integration activities resulting from the transaction, as they are non-recurring in nature and not factually supportable at the time that the unaudited pro forma condensed combined financial statements were prepared. In addition, the unaudited pro forma condensed combined financial statements do not include the realization of any cost savings from operating efficiencies or synergies resulting from the transaction, nor do they include any potential incremental revenues and earnings that may be achieved with the combined capabilities of the companies.

BOOT BARN HOLDINGS, INC.
UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
AS OF JUNE 27, 2015
(in thousands, except par value)

	June 27, 2015 Historical Boot Barn	April 26 2015 Historical Sheplers	Pro Forma Adjustments	*	Pro Forma Combined
Assets					
Current assets:					
Cash and cash equivalents	$ 12,920	$ 1,728	22,911	A	$ 37,559
Restricted cash		179	(179)	B	
Accounts receivable	3,002	2,728	77	C	5,807
Inventories	136,415	33,486	(3,006)	D	166,895
Prepaid expenses and other current assets	9,609	1,997	(263)	E	11,343
Total current assets	161,946	40,118	19,540		221,604
Property and equipment, net	34,536	25,194	(4,321)	F	55,409
Goodwill	93,097	8,635	97,436	G	199,168
Intangible assets, net	56,514	21,251	(11,634)	H	66,131
Deferred tax assets		3,145			3,145
Other assets	1,659	1,693	(1,655)	I	1,697
Total assets	$ 347,752	$ 100,036	99,366		$ 547,154
Liabilities and stockholders' equity					
Current liabilities:					
Line of credit	$ 27,100	—	32,939	J	60,039
Accounts payable	48,370	13,199	3,965	K	65,534
Accrued expenses and other current liabilities	23,470	13,242	10,489	L	47,201
Current portion of financing obligation arising from sale-leaseback transaction	—	428	551	M	979
Current portion of notes payable and pre-acquistion debt	2,181	66,730	(68,263)	N	648
Total current liabilities	101,121	93,599	(20,319)		174,401
Deferred taxes	21,102	—			21,102
Long-term portion of notes payable	71,592	—	122,760	O	194,352
Financing obligation arising from sale-leaseback transaction, less current portion	—	7,894	201	P	8,095
Other liabilities	5,256	5,711	(4,621)	Q	6,346
Total liabilities	199,071	107,204	98,021		404,296
Commitments and contingencies					
Stockholders' equity:					
Boot Barn:					
Common stock, $0.0001 par value; June 27, 2015 - 100,000 shares authorized, 26,097 shares issued and outstanding;	3	—	—		3
Preferred stock, $0.0001 par value; 10,000 shares authorized, no shares issued or outstanding	—	—	—		—
Historical Sheplers:					
Common class A stock, $.001 par value; April 26, 2015 - 450,000 shares authorized; 299,858 shares issued and outstanding;	—	—	—		—
Common class L stock, $.001 par value; April 26, 2015 - 50,000 shares authorized; 31,074 shares issued and outstanding;	—	—	—		—
Common class L-1 stock, $.001 par value; April 26, 2015 - 100,000 shares authorized; 70,537 shares issued and outstanding:	—	—	—		—
Additional paid-in capital	132,681	8,976	(8,976)	R	132,681
Retained earnings	15,997	(16,144)	10,321	S	10,174
Total stockholders' equity	148,681	(7,168)	1,345		142,858
Total liabilities and stockholders' equity	$ 347,752	$ 100,036	$ 99,366		$ 547,154

* See Note 3 of the accompanying notes for explanations of the pro forma adjustments.

See accompanying notes to unaudited pro forma combined financial statements.

BOOT BARN HOLDINGS, INC.
UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
FOR THE FISCAL YEAR ENDED MARCH 28, 2015
(in thousands, except per share amounts)

	Historical Boot Barn	Historical Sheplers (for the twelve months ended April 26, 2015)	Pro Forma Adjustments	*	Pro Forma Combined
Net sales	$ 402,684	$ 162,159	$ 445	A	$ 565,288
Cost of goods sold	267,907	100,664	11,894	B	380,465
Amortization of inventory fair value adjustment	—	—	(2,552)	C	(2,552)
Total cost of goods sold	267,907	100,664	9,342		377,913
Gross profit	134,777	61,495	(8,897)		187,375
Operating expenses:					
Selling, general and administrative expenses	99,341	55,722	(18,815)	D	136,248
Total operating expenses	99,341	55,722	(18,815)		136,248
Income from operations	35,436	5,773	9,918		51,127
Interest expense, net	13,291	9,168	(8,367)	E	14,092
Other income (expense), net	51	—	(3,653)	F	(3,602)
Income before income taxes	22,196	(3,395)	14,632		33,433
Income tax expense (benefit)	8,466	(261)	4,934	G	13,139
Net income (loss)	13,730	(3,134)	9,698		20,294
Net income attributed to non-controlling interest	4	—	—		4
Net income attributed to Boot Barn Holdings, Inc.	$ 13,726	$ (3,134)	$ 9,698		20,290
Earnings per share:					
Basic shares	$ 0.56				$ 0.85
Diluted shares	$ 0.54				$ 0.82
Weighted average shares outstanding:					
Basic shares	22,126				22,126
Diluted shares	22,888				22,888

* See Note 4 of the accompanying notes for explanations of the pro forma adjustments.

See accompanying notes to unaudited pro forma combined financial statements.

BOOT BARN HOLDINGS, INC.
UNAUDITED PRO FORMA COMBINED STATEMENT OF OPERATIONS
FOR THE THIRTEEN WEEKS ENDED JUNE 27, 2015
(in thousands, except per share amounts)

	Historical Boot Barn	Historical Sheplers	Pro Forma Adjustments	*	Pro Forma Combined
Net sales	$ 96,000	$ 37,733	$ 333	H	$ 134,066
Cost of goods sold	65,221	23,376	2,884	I	91,481
Gross profit	30,779	14,357	(2,551)		$ 42,585
Operating expenses:					
Selling, general and administrative expenses	25,053	12,407	(3,526)	J	33,934
Acquisition-related expenses	891	—	891	K	1,782
Total operating expenses	25,944	12,407	(2,635)		35,716
Income from operations	4,835	1,950	84		6,869
Interest expense, net	791	2,280	434	L	3,505
Income (loss) before income taxes	4,044	(330)	(350)		3,364
Income tax expense (benefit)	1,773	1,499	(1,950)	M	1,322
Net income (loss)	2,271	(1,829)	1,600		2,042
Earnings per share:					
Basic shares	$ 0.09				$ 0.08
Diluted shares	$ 0.08				$ 0.08
Weighted average shares outstanding:					
Basic shares	25,865				25,865
Diluted shares	26,973				26,973

* See Note 4 of the accompanying notes for explanations of the pro forma adjustments.

See accompanying notes to unaudited pro forma combined financial statements.

1. Basis of Presentation

The accompanying unaudited pro forma condensed combined financial statements present the pro forma results of operations and financial position of Boot Barn Holdings, Inc. (“Boot Barn”) and Sheplers Holding Corporation and subsidiary (“Sheplers”) on a combined basis based on the unaudited historical financial information of each company and after giving effect to the acquisition of Sheplers by Boot Barn. The acquisition is accounted for using the acquisition method of accounting.

The unaudited pro forma condensed combined balance sheet as of June 27, 2015 and the unaudited pro forma condensed combined statement of operations for the year ended March 28, 2015 and the three months ended June 27, 2015 are based on the historical consolidated financial statements of Boot Barn and Sheplers. Boot Barn’s fiscal year is on a 52- or 53-week basis ending on the last Saturday of March unless April 1st is a Saturday, in which case the fiscal year ends on April 1st. Sheplers’ fiscal year is on a 52- or 53-week basis ending on the last Sunday of July. These unaudited pro forma condensed combined financial statements reflect the merger and related events using the acquisition method of accounting and apply the assumptions and adjustments described in the accompanying notes to the unaudited pro forma condensed combined financial statements. The unaudited pro forma condensed combined balance sheet as of June 27, 2015 reflects the merger and related events as if they had been consummated on June 27, 2015. The unaudited pro forma condensed combined statements of income for the year ended March 28, 2015 and the three months ended June 27, 2015 reflect the merger and related events as if they had been consummated on March 30, 2014.

Identifiable assets and liabilities of Sheplers, including identifiable intangible assets, were recorded based on their estimated fair value as of June 27, 2015.

Fixed assets: Fixed assets acquired consisted of leasehold improvements, personal property and construction in progress of assets to be used and will be depreciated using the straight-line method over their estimated remaining useful lives ranging from 1 to 15 years. The estimated fair value of fixed assets was determined based on the value that a market participant would ascribe for comparable used assets.

Inventory: Inventory acquired consists of finished goods inventory. The estimated fair value of finished goods was determined based on a market participant’s estimated selling price adjusted for (1) costs of the selling effort, and (2) a reasonable profit allowance for the selling effort of the acquiring entity, both estimated from the viewpoint of a market participant.

Properties under sale leaseback: Acquired properties under sale leaseback consisted of land and buildings related to the two retail stores, one distribution center facility and some excess land that were previously sold to a third party and leased back by Sheplers. The transaction was accounted for by Sheplers as a financing due to certain responsibilities under the lease term. The properties under sale leaseback are recorded at their estimated fair value as of the acquisition date.

Financing obligation under sale leaseback: Acquired financing obligation under sale leaseback consisted of the present value of the minimum lease payments under the leaseback over the remaining lease term.

Identifiable intangible assets and liabilities: Identifiable intangible assets and liabilities acquired include trade name, customer lists, below-market leases and above-market leases. The fair value of intangible assets was based on the Company’s preliminary valuation. Estimated useful lives (where relevant for the purposes of these unaudited pro forma combined financial statements) are based on the time periods during which the intangibles are expected to result in incremental cash flows. In order to estimate the fair value of the intangible assets below, a required rate of return for a hypothetical investor in the Company was determined using a weighted average cost of capital computation.

- *Trade name:* The value assigned to Sheplers' trade name was determined using the income approach plus the residual value. The present value of the expected after-tax royalty plus the residual value were added to the sum of the expected amortization tax benefit. The royalty rates were selected based on observed market royalty rates, perceived recognition, and strength of the brand within the Company's specific industry. The selected royalty rates were then applied to the projected revenues for the trade name. The trade name intangible would not be amortized and will be tested for impairment at least annually or whenever certain indicators of impairment are present.

- *Customer lists:* An intangible customer lists asset was recognized to the extent that Sheplers was expected to benefit from future contracts which, at the date of acquisition, did not exist but which were reasonably anticipated given the history and operating practices of Sheplers. The value assigned to customer lists was determined using the replacement cost method for retail and internet customers. The Company estimated the costs of mailing lists for these customers in ascribing the values. The Company expects to amortize the customer lists intangible on a straight-line basis over three years.

- *Below-market leases:* A below-market lease asset was recognized related to operating leases acquired for which the contractual lease terms were favorable given market conditions on the acquisition date. The estimate of fair value considers all provisions of the lease (term, purchase options, renewal options, termination penalties, residual value guarantees, etc.) from the perspective of a market participant. The fair value of the below-market leases will be amortized using the straight-line method to increase rent expense over the remaining lease terms.

- *Above-market lease liability:* An above-market lease liability was recognized related to operating leases acquired for which the contractual lease terms were unfavorable given market conditions on the acquisition date. The estimate of fair value considers all provisions of the lease (term, purchase options, renewal options, termination penalties, residual value guarantees, etc.) from the perspective of a market participant. The fair value of the above-market lease liability will be amortized using the straight-line method to decrease rent expense over the remaining lease terms.

Goodwill: Goodwill represents the excess of the preliminary acquisition consideration over the estimated fair values of net assets acquired. Goodwill will not be amortized, but will be tested for impairment at least annually or whenever certain indicators of impairment are present. In the future, if goodwill impairment is present, the Company will compare the implied fair value of goodwill to the carrying amount. If the carrying amount of goodwill exceeds the implied fair value of goodwill, an impairment loss will be recognized in an amount equal to that excess. The loss recognized will not exceed the carrying amount of goodwill.

2. Preliminary Purchase Price

The total fair value of consideration transferred for the acquisition of $150.6 million, which excludes transaction costs and includes other purchase adjustments as shown below in the purchase price reconciliation table, was allocated to the preliminary net tangible and intangible assets based upon their estimated fair values as of the date of the acquisition. The excess of the purchase price over the preliminary net tangible and intangible assets was recorded as goodwill.

The following summarizes the preliminary purchase price allocation of the Sheplers' acquisition, as if the acquisition had occurred on June 27, 2015 (in thousands):

Assets acquired:		
Cash	$	1,828
Accounts receivable		2,297
Inventory		30,480
Prepaid expenses and other current assets		1,627
Property and equipment		10,744
Properties under sale leaseback and capital leases		10,129
Intangible - below-market leases		428
Intangible - trade name		8,700
Intangible - customer list		488
Goodwill		106,071
Deferred tax asset		10,094
Other assets		129
Total assets acquired	$	183,015
Liabilities assumed:		
Accounts payable	$	14,554
Accrued liabilities and other payables		6,180
Accrued customer liabilities		1,318
Above-market leases		195
Capital lease and financing obligation under sale leaseback and capital leases		10,150
Total liabilities assumed	$	32,397
Net acquired assets	$	150,618
Purchase Price Reconciliation:		
Initial purchase price	$	147,000
Plus working capital preliminary adjustment, cash acquired and other adjustments		3,618
Consideration transferred for acquired net assets	$	150,618

3. Adjustments to Unaudited Pro Forma Condensed Combined Balance Sheet as of June 27, 2015 (in thousands):

A. Net adjustment of $22,911 consisting of (i) cash proceeds of New Term Loan and initial borrowing under New ABL Credit Facility, net of deferred financing fees and original issue discount on New Term Loan, (ii) Repayment of Sheplers Refinanced Debt and Company Refinanced Debt, (iii) total cash consideration paid in Sheplers Acquisition, (iv) payment of Sheplers' dividends payable and (v) adjustment of Sheplers' historical presentation in accordance with the Company's accounting policies and financial statement presentation.

B. Adjustment of $(179) to reflect Sheplers' historical presentation in accordance with the Company's accounting policies and financial statement presentation.

C. Adjustment of $77 to reflect Sheplers' historical presentation in accordance with the Company's accounting policies and financial statement presentation.

D. Net adjustment of $(3,006) to reflect (i) preliminary $30,480 valuation of Sheplers' inventories and (ii) Sheplers' historical presentation in accordance with the Company's accounting policies and financial statement presentation.

E. Net adjustment of $(263) to reflect (i) elimination of Company Refinanced Debt deferred financing fees and recording of current deferred financing fees on New Credit Facilities and (ii) Sheplers' historical presentation in accordance with the Company's accounting policies and financial statement presentation.

F. Net adjustment of $(4,321) to reflect (i) preliminary $20,873 valuation of Sheplers' property and equipment and (ii) Sheplers' historical presentation in accordance with the Company's accounting policies and financial statement presentation.

G. Net adjustment of $97,436 to reflect (i) the elimination of $(8,635) goodwill reflected on Sheplers' historical balance sheet, and (ii) preliminary estimate of $106,071 goodwill from Sheplers Acquisition.

H. Net adjustment of $(11,634) to reflect (i) Sheplers' historical presentation in accordance with the Company's accounting policies and financial statement presentation and (ii) preliminary $9,616 valuation of Sheplers' intangible assets, net, including trademarks and tradenames, customer list and below-market leases.

I. Net adjustment of $(1,655) to reflect (i) elimination of short-term and long-term deferred financing fees on Company Refinanced Debt and Sheplers Refinanced Debt and (ii) current long-term deferred financing fees on New Credit Facilities.

J. Net adjustment of $32,939 to reflect (i) elimination of current portion of Company Refinanced Debt and (ii) initial borrowing under New ABL Credit Facility, including financing fees, net of original issue discount.

K. Adjustment of $3,965 to reflect Sheplers' historical presentation in accordance with the Company's accounting policies and financial statement presentation.

L. Net adjustment of $10,489 to reflect (i) elimination of accrued interest on Sheplers Refinanced Debt and Company Refinanced Debt, (ii) estimated Sheplers' acquisition transaction costs, (iii) preliminary fair value of Sheplers' capital lease liabilities current portion, (iv) elimination of accrued interest related to Sheplers' sale leaseback and other capital liabilities, (v) elimination of Sheplers' dividend payable and (vi) Sheplers' historical presentation in accordance with the Company's accounting policies and financial statement presentation.

M. Net adjustment of $551 to reflect preliminary fair value of $979 for Sheplers' sale leaseback current liability.

N. Net adjustment of $(68,263) to reflect (i) elimination of current portion of Company Refinanced Debt and Sheplers Refinanced Debt and (ii) current portion of New Term Loan and related original issue discount under New Credit Facilities.

O. Net adjustment of $122,760 to reflect (i) elimination of long-term portion of Company Refinanced Debt and (ii) long-term portion of New Term Loan and related original issue discount under New Credit Facilities.

P. Net adjustment of $201 to reflect preliminary $8,095 fair value of Sheplers' sale leaseback long-term liability.

Q. Net adjustment of $(4,621) to reflect (i) elimination of Sheplers' deferred rent liability not assumed as part of the Sheplers Acquisition, (ii) preliminary fair value of Sheplers' capital lease liabilities long-term portion and (iii) preliminary valuation of Sheplers' above-market leases.

R. Elimination of Sheplers' Additional paid-in capital.

S. Net adjustment of $10,321 to reflect (i) elimination of Sheplers' Retained earnings deficit, (ii) portion of Company transaction and other expenses included in accumulated deficit and (iii) elimination of accrued interest and deferred financing fees on Company Refinanced Debt.

4. Adjustments to Unaudited Pro Forma Condensed Combined Statements of Operations for the fiscal year ended March 28, 2015 and thirteen weeks ended June 27, 2015 (in thousands):

A. Adjustment of $445 to reflect Sheplers' historical presentation in accordance with the Company's accounting policies and financial statement presentation.

B. Net adjustment of $11,894 to reflect (i) reclassification of certain Sheplers' Selling, general and administrative expenses to Costs of goods sold in accordance with the Company's accounting policies and (ii) Sheplers' historical presentation in accordance with the Company's accounting policies and financial statement presentation.

C. Adjustment of $(2,552) to reflect amortization of inventory fair value adjustment.

D. Net adjustment of $(18,815) to reflect (i) elimination of Sheplers' historical depreciation of Sheplers' property and equipment including sale leaseback and capital lease assets and historical amortization of intangible assets, (ii) recording depreciation of Sheplers' property and equipment including sale leaseback and capital lease assets and amortization of Sheplers' intangible assets in accordance with the Company's accounting policies, (iii) reclassification of certain Sheplers' Selling, general and administrative expenses reclassified to Costs of goods sold in accordance with the Company's accounting policies, (iv) elimination of Sheplers' historical stock compensation expense, (v) elimination of Shepler's historical management fee and (vi) Sheplers' historical presentation in accordance with the Company's accounting policies and financial statement presentation.

E. Net adjustment of $(8,367) to reflect (i) elimination of historical interest expense on Company Refinanced Debt and Sheplers Refinanced Debt, (ii) interest expense on New Credit Facilities, (iii) elimination of historical interest expense related to Sheplers' sale leaseback liabilities and capital lease liabilities and (iv) interest expense on Sheplers' sale leaseback liabilities and capital lease liabilities in accordance with the Company's accounting policies.

F. Net adjustment of $(3,653) to reflect Sheplers' historical presentation in accordance with the Company's accounting policies and financial statement presentation.

G. Net adjustment of $4,934 to reflect income tax expense at the Company's effective tax rate.

H. Adjustment of $333 to reflect Sheplers' historical presentation in accordance with the Company's accounting policies and financial statement presentation.

I. Net adjustment of $2,884 to reflect (i) reclassification of certain Sheplers' Selling, general and administrative expenses to Cost of goods sold in accordance with the Company's accounting policies and (ii) Sheplers' historical presentation in accordance with the Company's accounting policies and financial statement presentation.

J. Net adjustment of $(3,526) to reflect (i) elimination of Sheplers' historical depreciation of Sheplers' property and equipment including sale leaseback and capital lease assets and historical amortization of intangible assets, (ii) recording depreciation of Sheplers' property and equipment including sale leaseback and capital lease assets and amortization of Sheplers' intangible assets in accordance with the Company's accounting policies, (iii) reclassification of certain Sheplers' Selling, general and administrative expenses reclassified to Costs of goods sold in accordance with the Company's accounting policies, (iv) elimination of Sheplers' historical management fee and (v) Sheplers' historical presentation in accordance with the Company's accounting policies and financial statement presentation.

K. Adjustment to reflect elimination of the Company's transaction costs to acquire Sheplers.

L. Net adjustment of $434 to reflect (i) elimination of historical interest expense on Company Refinanced Debt and Sheplers Refinanced Debt, (ii) interest expense on New Credit Facilities, (iii) elimination of historical interest expense related to Sheplers' sale leaseback liabilities and capital lease liabilities and (iv) interest expense on Sheplers' sale leaseback liabilities and capital lease liabilities in accordance with the Company's accounting policies.

M. Net adjustment of $(1,950) to reflect income tax expense at the Company's effective tax rate.