

HAVE *Fun* OUT THERE

# 2023 Analyst + Investor Day

APRIL 4, 2023

**Academy**<sup>®</sup>  
SPORTS+OUTDOORS



# Welcome and Today's Agenda



**20+**  
**YEARS**  
EXPERIENCE

**Matt Hodges**  
VP, Investor Relations

Joined 2021

**GameStop**    **J.P.Morgan**



# Safe Harbor/Forward Looking Statements

This presentation has been prepared by Academy Sports and Outdoors, Inc. (the "Company") for the exclusive use of the party to whom the Company delivers this presentation (such party, together with its subsidiaries and affiliates, the "Recipient").

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements are based on the Company's current expectations and are not guarantees of future performance. Words such as "goals," "outlook," "guidance," "anticipates," "assume," "believes," "continues," "could," "estimates," "expects," "intends," "may," "plans," "potential," "predicts," "projects," "future," "will," "seeks," "foreseeable," or the negative version of these words or other comparable words or similar expressions are used to identify these forward-looking statements. The forward-looking statements include, among other things, statements regarding the payment of the Company's dividend, including the timing and amount thereof, and statements regarding the Company's expectations regarding its future performance and ability to support future dividend growth, and are subject to various risks, uncertainties, assumptions or changes in circumstances that are difficult to predict or quantify. Actual results may differ materially from these expectations due to changes in global, regional, or local economic, business, competitive, market, regulatory and other factors, many of which are beyond the Company's control. Important factors that could cause actual results to differ materially from those in the forward-looking statements are set forth in the Company's filings with the U.S. Securities and Exchange Commission (the "SEC"), including in the Company's Annual Report on Form 10-K under the caption "Risk Factors," as may be updated from time to time in our periodic filings with the SEC. Any forward-looking statement in this presentation speaks only as of the date released. The Company undertakes no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by applicable law.

This presentation provides an overview of the Company's goals, plans, and initiatives in support of those goals. These goals, plans, and initiatives are aspirational or otherwise forward-looking statements and actual results may differ, possibly materially, and no guarantees are made that these goals will be met or that these projects and initiatives will be successfully executed. This presentation also includes numbers and percentages that are estimates or approximations and that may be based on assumptions.

Within this presentation, references are made to information and statistics regarding the sporting goods and outdoor recreation retail industries. This information and statistics was obtained from various independent third-party sources, including independent industry publications, reports by market research firms and other independent sources. Some data and other information contained in this presentation are also based on management's estimates and calculations, which are derived from its review and interpretation of internal company research, surveys and independent sources. Data regarding the industries in which the Company competes and its market position and market share within these industries are inherently imprecise and are subject to significant business, economic and competitive uncertainties beyond the Company's control, but it believes they generally indicate size, position and market share within these industries. While the Company believes that such information is reliable, it has not independently verified any third-party information. While the Company believes its internal company research, surveys and estimates are reliable, such research, surveys and estimates have not been verified by any independent source. As a result, you should be aware that market, ranking, and other similar industry data included in this presentation, and estimates and beliefs based on that data may not be reliable. The Company cannot guarantee the accuracy or completeness of any such information contained in this presentation.

This presentation includes certain supplemental financial measures not calculated in accordance with the generally accepted accounting principles in the United States ("GAAP"). These non-GAAP metrics are financial measures that either exclude or include amounts that are not excluded or included in the most directly comparable measures calculated and presented in accordance with GAAP. These financial measures should not be considered as an alternative to net income (loss) as a measure of financial performance or net cash provided by operating activities as a measure of liquidity, or any other performance measures derived in accordance with GAAP. The presentations of these measures have limitations as analytical tools and should not be considered in isolation, or as a substitute for analysis of, the Company's results as reported under GAAP. Because not all companies use identical calculations, the presentations of these measures may not be comparable to other similarly titled measures of other companies and can differ significantly from company to company. Please see the Appendix attached to this presentation for reconciliations of non-GAAP measures to their nearest GAAP measures. References to "Sales" mean Net Sales and references to "Sales/Square Foot" mean Net Sales per Square Foot.

The Company operates on a retail fiscal calendar pursuant to which its fiscal year consists of 52 or 53 weeks, ending on the Saturday closest to January 31 (which such Saturday may occur on a date following January 31) each year. References to any "year," "quarter," "half" or "month" mean "fiscal year," "fiscal quarter," "fiscal half year" and "fiscal month," respectively, unless the context requires otherwise. References to "2018," "2019," "2020," and "2021" relate to the Company's fiscal years ended February 2, 2019, February 1, 2020, January 30, 2021, and January 29, 2022, respectively, unless the context requires otherwise. References to "2022" relate to its fiscal year ending January 28, 2023, unless the context requires otherwise.

# Agenda

**7:30 Welcome**

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**7:40 Academy Sports Overview**

**Current Position & Future Plans**

Ken Hicks: Chairman, President & CEO

**Industry Positioning & Competitive Differentiation**

Steve Lawrence: EVP & Chief Merchandising Officer

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**8:30 Growth Strategy: New Stores, Omnichannel, Existing Stores**

**New Store Growth Strategy**

Michael Mullican: EVP & CFO

**Continuing Omnichannel Momentum**

Jamey Traywick: SVP, Omnichannel

**Investing in the Customer Experience**

Sam Johnson: EVP, Retail Operations

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**9:10 Break**

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**9:20 Optimization Initiatives**

**Merchandising, Marketing & Customer Engagement**

Steve Lawrence: EVP & Chief Merchandising Officer

**Enhancing Our Supply Chain**

Sherry Harriman: SVP, Logistics & Supply Chain

**Commitment to ESG**

Rene Casares: SVP, General Counsel & Secretary

**Investing in our Team Members, Culture & Communities**

Bill Ennis: SVP, Chief Human Resources Officer

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**10:30 Financials, Wrap-up, Q&A**

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**11:30 Second Bus Tour (Optional)**



# Current Position & Future Plans



**30+**  
**YEARS**  
EXPERIENCE

**Ken Hicks**  
Chairman, President & CEO

Joined 2018

**Foot Locker** JCPenney  
**Payless** McKinsey&Company

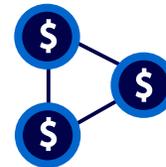


# Today's Critical Takeaways

Academy is a company positioned for growth through new store expansion, omnichannel advancements, and existing store improvements



One of the Best Opportunities for Sustainable Growth In Retail Today



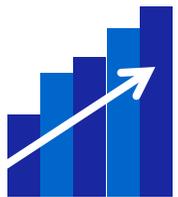
Durable Profit Model that has Proven Resilient in Various Macro-Economic Environments



Focus on Unique Assortment, Value Offering, and Customer Experiences Differentiates Brand



Strong Balance Sheet Backed by Self-Sustaining Cash Flow Generation



Developed Multi-Year Strategic Plan to Accelerate Growth & Expand Footprint



Proven, Leading Retail Team that Transformed the Company and is now Pivoting to Growth

# Today's Presenters: Experienced Leadership Team



**Ken Hicks**

Chairman, President, & CEO



**Michael Mullican**

EVP & CFO



**Steve Lawrence**

EVP & Chief Merchandising Officer



**Sam Johnson**

EVP, Retail Operations



**Jamey Traywick**

SVP, Omnichannel



**Sherry Harriman**

SVP, Logistics & Supply Chain



**Bill Ennis**

SVP, Chief Human Resources Officer



**Rene Casares**

SVP, General Counsel & Secretary

# 85 Years of Sports + Outdoors Leadership



**1938**

First store, family owned



**1988**

Opens first "big box" store  
(35-40K SQ FT)



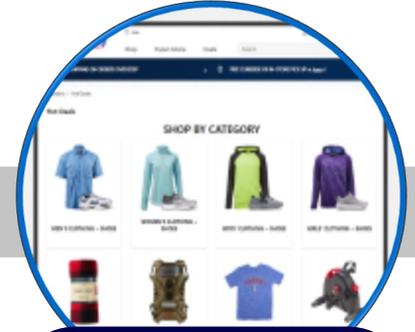
**1994-95**

Expands outside of TX, becomes  
"Academy Sports + Outdoors"



**1998**

First FL location,  
Sales reach \$500M+



**2011-12**

KKR acquires Academy,  
eCommerce launched, Sales \$3B



**2018**

New Vision, Strategic Plan,  
and 2023 Goals



**2020**

\$1.1B IPO on NASDAQ  
as "ASO"



**2021**

Becomes independent company  
and enters Fortune 500



**Today**

\$6.4B revenue across 268 stores  
and 18 states

# Who is Academy Sports + Outdoors?

1

We are a \$6.4 billion retailer of **trending outdoor and sport categories**, operating 268 stores across 18 states

2

We have a **significant growth opportunity**, highlighted by our current plan to expand store footprint and omnichannel business

3

Deep consumer connections differentiated by strong focus on **assortment, value and experience**, driving durable customer and community loyalties

4

**Capturing tailwinds** of lasting shift of customer spend towards outdoor activities, in-home health and wellness, nesting and experiences

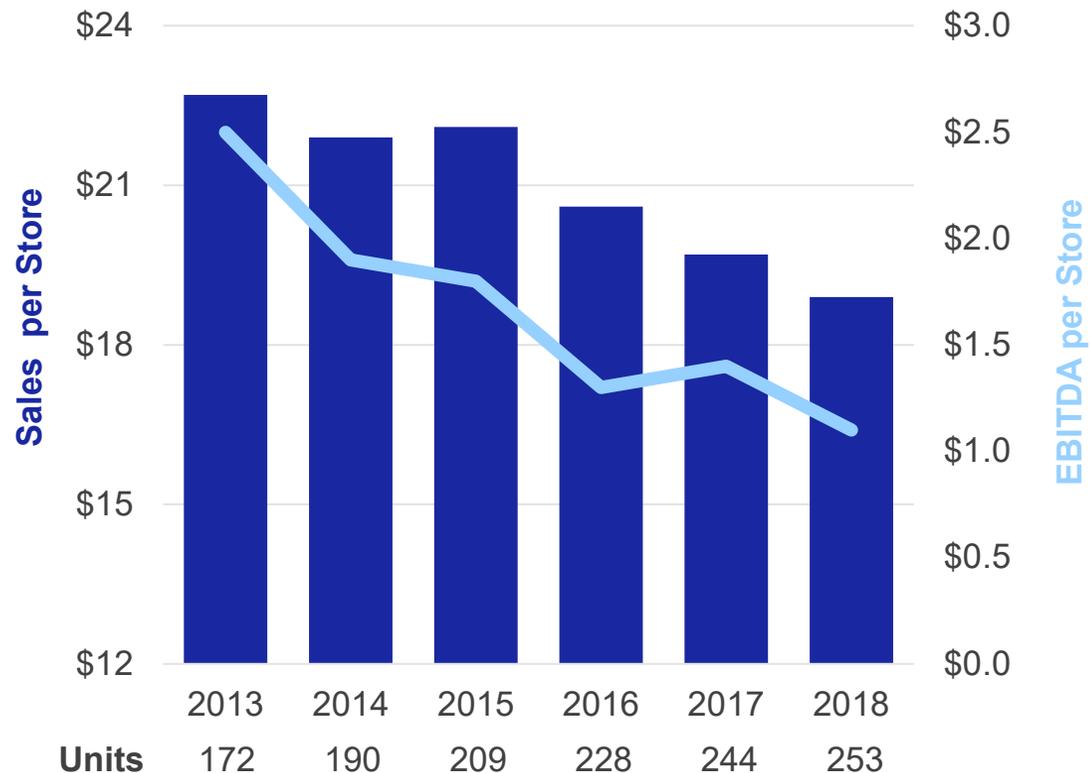
TOTAL ADDRESSABLE MARKET (“TAM”)\*

\$175B+

Source: Circana, NICS, Sporting Goods Intelligence, Inc. National Sporting Goods Association; Euromonitor; U.S. Fish & Wildlife Service.

# Business Was Stuck in Neutral (FY 2013-2018)

Per Store Metrics (in Millions)



1. GDP-like CAGR despite 70 new store openings
2. Sales and profitability per store fell precipitously
3. Unhealthy debt leverage throughout period, peaked at 5.6x
4. Business needed new strategic plan, leadership and culture

Note: Leverage ratio is defined as Net Debt divided by adjusted EBITDA.  
Source: Internal Company information.

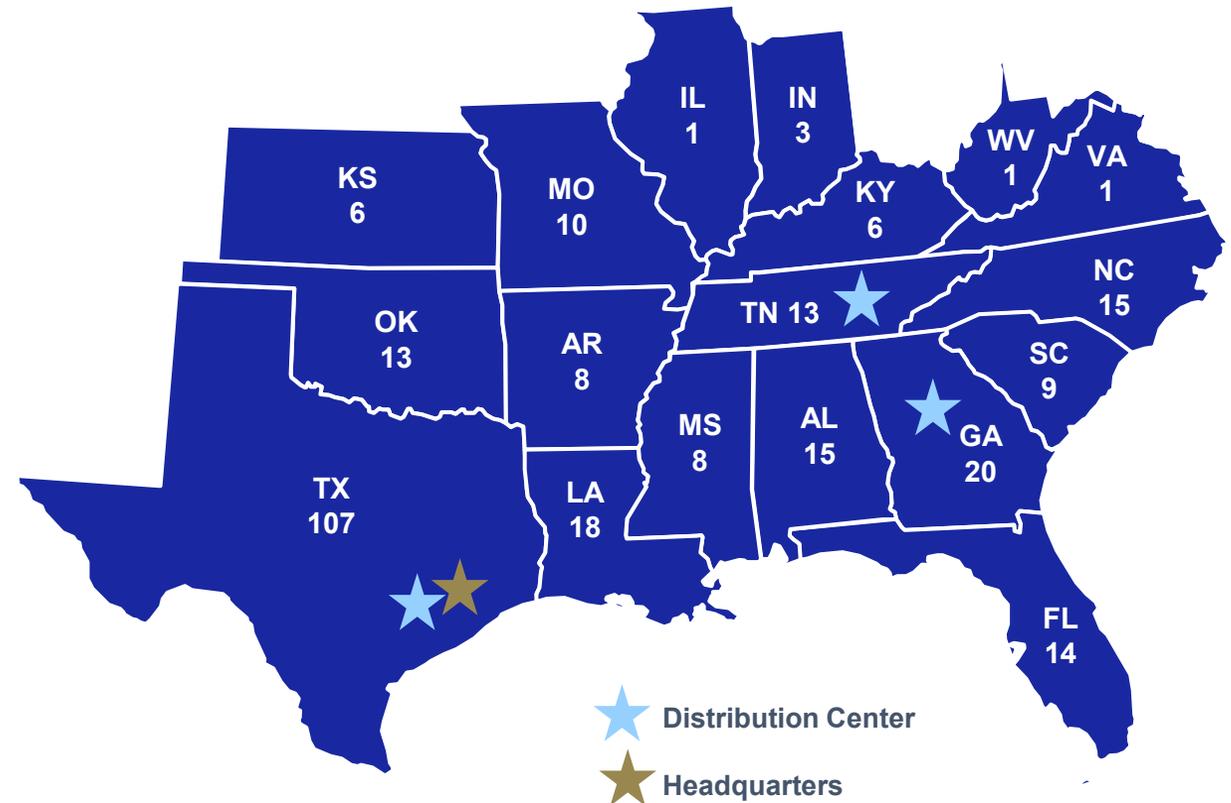
# We Were Not a Strong Operator

- Not Focused on the Customer
- Weak Inventory Management
- Confusing Merchandising Mix
- Poor Space Utilization
- Inefficient Check-out
- Lack of Omnichannel Strategy
- Inadequate Inventory and Labor Management Systems
- Heavy Emphasis on Traditional Print Advertising
- Weak Executors



# Well-Positioned in Major Growth Markets

|                       |   |
|-----------------------|---|
| <b>268 Stores</b>     | ... under penetrated in existing markets            |
| <b>18 States</b>      | ... with opportunity to expand contiguously         |
| <b>3 DCs</b>          | ... to support store growth                         |
| <b>2x</b>             | ... population growth rate vs. U.S. average         |
| <b>30M+ Customers</b> | ... and growing every day                           |
| <b>7 of 10</b>        | ... fastest growing MSAs                            |
| <b>29%</b>            | ... of stores are in the top 5 fastest growing MSAs |



\*Store count data is as of January 28, 2023. Real GDP growth represents current-dollar growth measured from 2018 – 2019.

# 2018: Set New Vision To Fuel Culture Change

## VISION

To be the **BEST** sports + outdoors retailer in the country



## MISSION

Provide **FUN FOR ALL** through strong assortments, value, and experience



## VALUES

**CUSTOMER** focus and service

**EXCELLENCE** in all we do

Responsible **LEADERSHIP**

**INITIATIVE** with urgency

**STUDENTS** of the business

**INTEGRITY** always

Positive impact on our

**COMMUNITIES**

# 2018: Clear Strategy with Accountable Goals

## LONG RANGE PLAN

- Be the **POWER MERCHANTISER** of Sports + Outdoors
- Develop a more exciting and productive shopping experience in our **STORES**
- Create a **MEANINGFUL .COM** business
- **ENGAGE AND COMMUNICATE** with our customers to encourage them to shop at and buy from Academy
- Increase the **PRODUCTIVITY** of all of our assets
- Build an industry-leading retail **TEAM**

## PRIOR: 2023 GOALS\*

|                          |                    |
|--------------------------|--------------------|
| <b>NET SALES</b>         | <b>\$6.5B</b>      |
| <b>NET INCOME MARGIN</b> | <b>5%</b>          |
| <b>EBITDA MARGIN**</b>   | <b>10%</b>         |
| <b>ROIC**</b>            | <b>17%</b>         |
| <b>INVENTORY TURNS</b>   | <b>3.0x+</b>       |
| <b>NET SALES/SQ FT</b>   | <b>\$325/SQ FT</b> |
| <b>.COM PENETRATION</b>  | <b>10%+</b>        |

\*Reflects five-year goals in the Company's prior long range plan established in 2018, which had not been previously publicly disclosed.

\*\*EBITDA Margin and ROIC are non-GAAP measures. See appendix for reconciliation of Non-GAAP measures.

# 3 Core Pillars = Sustainable Differentiation



# Powerful & Unique Assortment of Brands

## LEADING NATIONAL BRANDS



## LEVERAGING PRIVATE LABEL BRANDS



# Value-Based Differentiation

**Grills for Every Fuel Type**



**Outdoor Gourmet**  
\$199<sup>99</sup>  
Outdoor Gourmet 4-Burner Gas Grill



**BLACKSTONE**  
\$499<sup>99</sup>  
Blackstone 36" 4-Burner Griddle Station with Hood



**PIT BOSS**  
\$549<sup>99</sup>  
Pit Boss 820 Competition Series Pellet Grill

[SHOP NOW >](#)

**Academy**  
SPORTS+OUTDOORS

**GUARANTEED**  
*Best Prices*  
or we'll **BEAT** a competitor's advertised price by 5%  
Exclusions apply.

[LEARN MORE >](#)

**Free Shipping**  
on Most Orders \$25+ with Sign-In



**4-DAY FAST BREAK Sale**  
Starting at **\$19<sup>99</sup>**

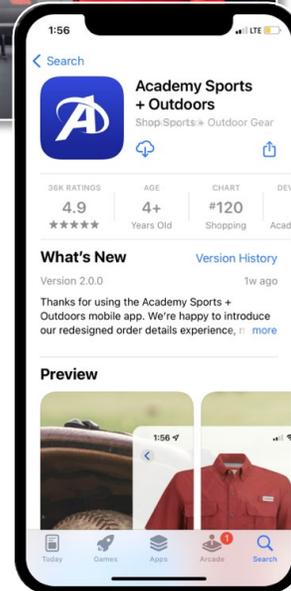
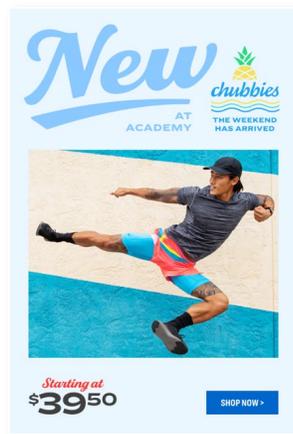
[SHOP NOW >](#)

**Free Assembly on In-Store Purchases\***  
\*Applies to Most Bikes and Grills



- Price Match Guarantee
- Everyday Value Pricing
- Limited Promotional Offers
- Highlighting Best Brands at Best Value
- Free Services (assembly, spooling, shipping)

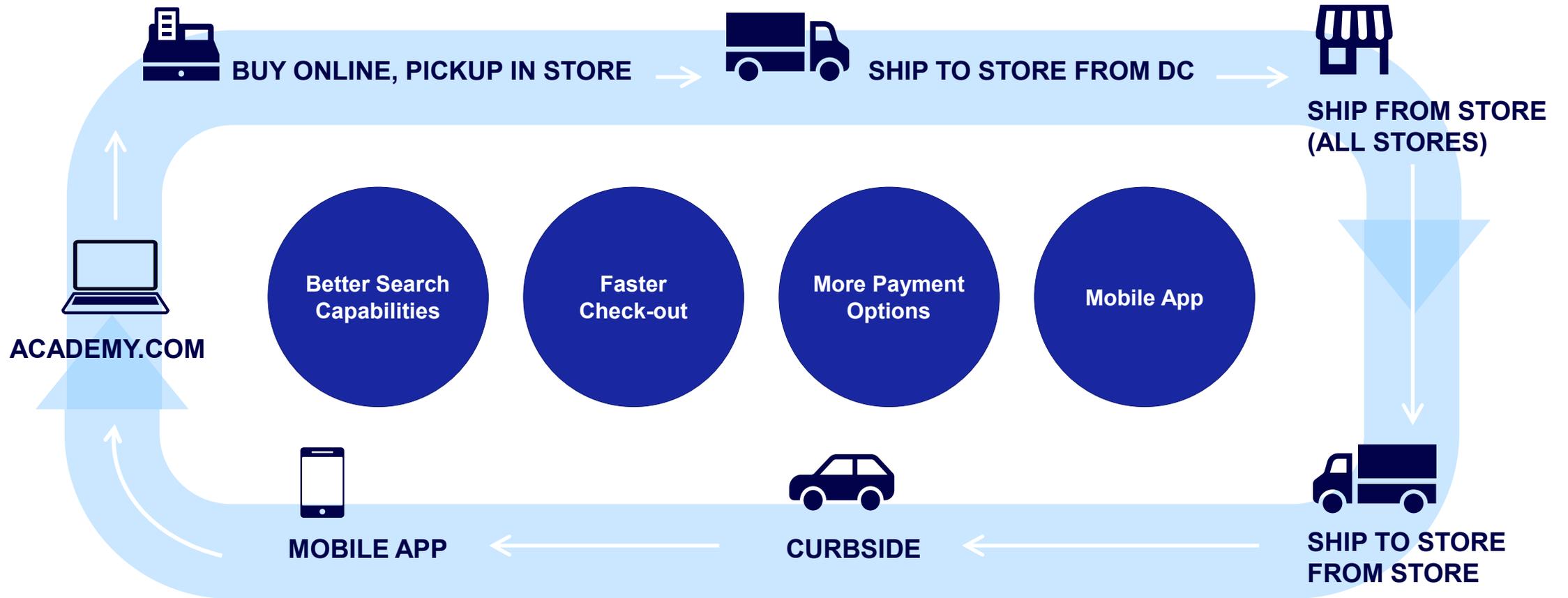
# Differentiated Experiences



- Superior Customer Experience
- Team Member Enthusiasts
- Product Education
- Local Events
- Vendor Demonstrations
- Fun!

# True Omnichannel Capabilities

FOCUSED ON OMNICHANNEL (NOT ECOM SALES)



# Results: All Goals Delivered Early

## LONG RANGE PLAN GOALS\*

|                          |                    |   |
|--------------------------|--------------------|---|
| <b>NET SALES</b>         | <b>\$6.5B</b>      | ✓ |
| <b>NET INCOME MARGIN</b> | <b>5%</b>          | ✓ |
| <b>EBITDA MARGIN**</b>   | <b>10%</b>         | ✓ |
| <b>ROIC**</b>            | <b>17%</b>         | ✓ |
| <b>INVENTORY TURNS</b>   | <b>3.0x+</b>       | ✓ |
| <b>NET SALES/SQ FT</b>   | <b>\$325/SQ FT</b> | ✓ |
| <b>.COM PENETRATION</b>  | <b>10%+</b>        | ✓ |

Source: Company 10-Ks

\*Reflects five-year goals in the Company's prior long range plan established in 2018, which had not been previously publicly disclosed. Net sales goal achieved in 2021; E-com penetration goal achieved in 2022; All other listed goals achieved in 2021 and 2022.

\*\*EBITDA Margin and ROIC are non-GAAP measures. See appendix for reconciliation of Non-GAAP measures

**Significant, Structural Improvements to Gross Margins**

### Fiscal Year Gross Margin



**Becoming Best in Class Retailer by Focusing on Fundamentals**

### Fiscal Year Income Before Taxes Margin\*\*



**Increased Sales & Penetration of Academy.com**

### Fiscal Year Ecommerce Penetration



# Results: Sector-Leading Productivity

## FY 2022 SALES PER SQ FT



## FY 2022 SALES PER STORE (\$M)



## FY 2022 Adj. EBITDA PER STORE (\$M)



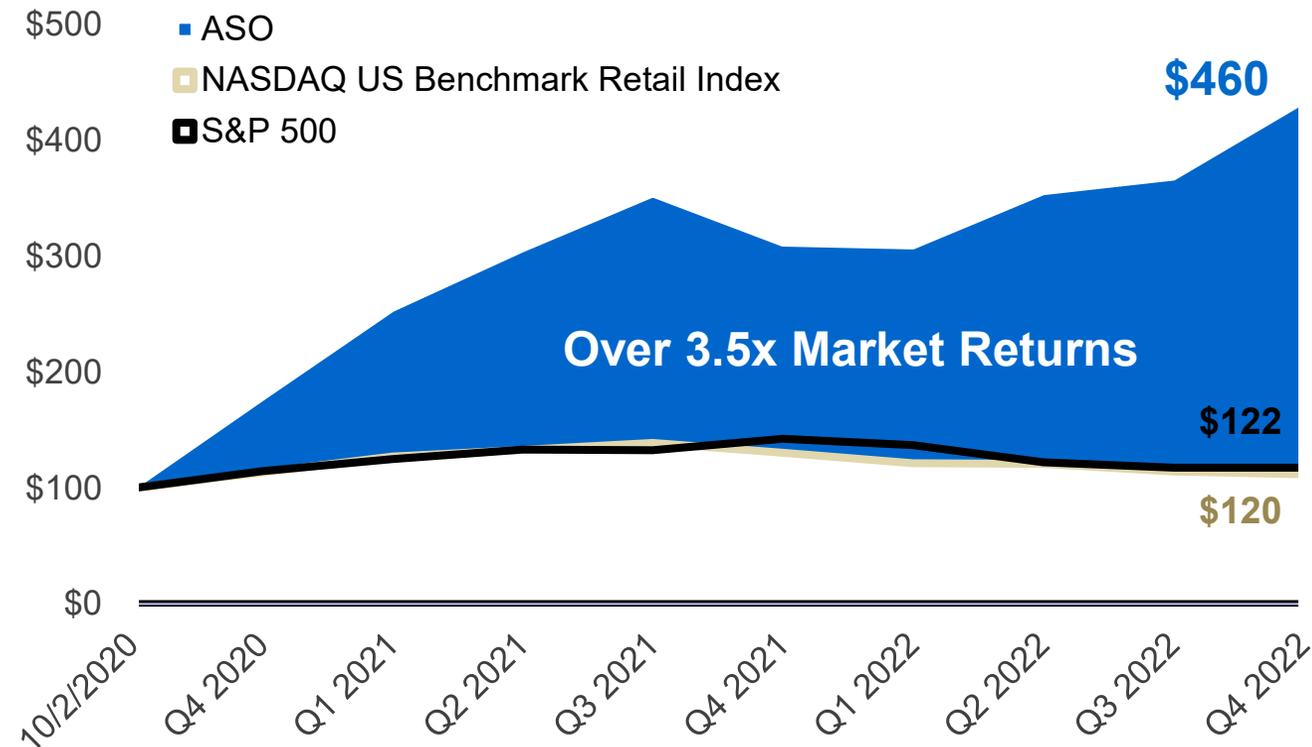
Source: Company financials and Bloomberg. ASO Adj. EBITDA/store calculated as FY 2022 Adj. EBITDA divided by total number of stores. Adj. EBITDA /store is a non-GAAP measure. See appendix for reconciliation.

\*: SPWH figures our analyst estimates for FY 2022 with Q3 2022 store metrics.

Note that other companies' EBITDA is defined as EBIT + Depreciation

# Results: Created Tremendous Value

## TOTAL SHAREHOLDER RETURN SINCE IPO



- Almost \$4B increase in market-cap since IPO in October 2020
- Returned ~\$2B to Stakeholders Since IPO
  - Repurchased Over \$900 Million of Shares
  - Paid Down Almost \$1 Billion of Long-Term Debt
  - Initiated Inaugural Quarterly Cash Dividend & Paid \$25M in FY 2022

Source: the Company's FY 2022 10-K

# Going Forward: Mission, Vision + Values Remain the Same

## VISION

To be the **BEST** sports + outdoors retailer in the country



## MISSION

Provide **FUN FOR ALL** through strong assortments, value, and experience



## VALUES

**CUSTOMER** focus and service

**EXCELLENCE** in all we do

Responsible **LEADERSHIP**

**INITIATIVE** with urgency

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# Path Forward: Growth Strategy

1. Open **NEW STORES** to expand the store base by 50% in existing and new markets
2. Build a more powerful **OMNICHANNEL** business
3. Drive our **EXISTING BUSINESS** by:
  - Improving service and productivity in our stores
  - Strengthening our merchandising through meaningful assortment, powerful brands, and compelling value
  - Attracting and engaging customers through communication, content, and experiences
4. Leverage and scale our **SUPPLY CHAIN** to enable industry-leading growth
5. Support our growth with the **BEST TEAM** in retail

# Path Forward: Financial Goals

## OUR 2027 GOALS\*

**NET SALES** **\$10B+**

**NET INCOME MARGIN** **10%**

**ADJ. EBIT MARGIN\*\*** **13.5%**

**ROIC\*\*** **30%**

**INVENTORY TURNS** **3.7x+**

**NET SALES/SQ FT** **\$365/SQ FT**

**.COM PENETRATION** **15%+**



\*2027 Goals are aspirational or otherwise forward-looking statements and actual performance may differ, possibly materially, and no guarantees are made that these goals will be met. Some of these 2027 Goals were achieved in 2021 and/or 2022 and the goal is to maintain them at these levels. See slide 3 for additional important information about forward-looking statements.

\*\*Adjusted EBIT Margin and ROIC are non-GAAP measures. We have not reconciled these forward-looking estimates to the most comparable GAAP measure because it is not possible to do so without unreasonable efforts given the uncertainty and potential variability of reconciling items, which are dependent on future events and often outside of management's control and which could be significant. Because such items cannot be reasonably predicted with the level of precision required, we are unable to provide an estimate of the most closely comparable GAAP measure at this time.



# Industry Positioning & Competitive Differentiation



**30+**  
**YEARS**  
EXPERIENCE

**Steve Lawrence**  
EVP & Chief Merchandising Officer

Joined 2019

francesca's



JCPenney



# Significant Market Opportunity



One of Fastest Growing Sectors in Retail with Sustainable Tailwinds

- \$175B+ total U.S. addressable market (“TAM”)
- Lasting shift of customer spend towards outdoor activities, in-home health and wellness, nesting and experiences
- Increased demand across all demographics and geographies
- Largest sporting goods competitor has less than 10% market share

## U.S. Sporting Goods & Outdoor Recreation Market



(1) Outdoors includes Firearms TAM from NICS (Est. \$8B) and Circana/Retail Tracking Service, Based on U.S. dollar sales, Annual 2022 (\$19B). See "Appendix" for more detail

(2) Sports & Fitness from Circana/Retail Tracking Service, Based on U.S. dollar sales, Annual 2022. Team Sports (Excludes Golf), Sports Equipment (Winter/Snow Sports, Water Sports, Health and Fitness Eq.) and Tech

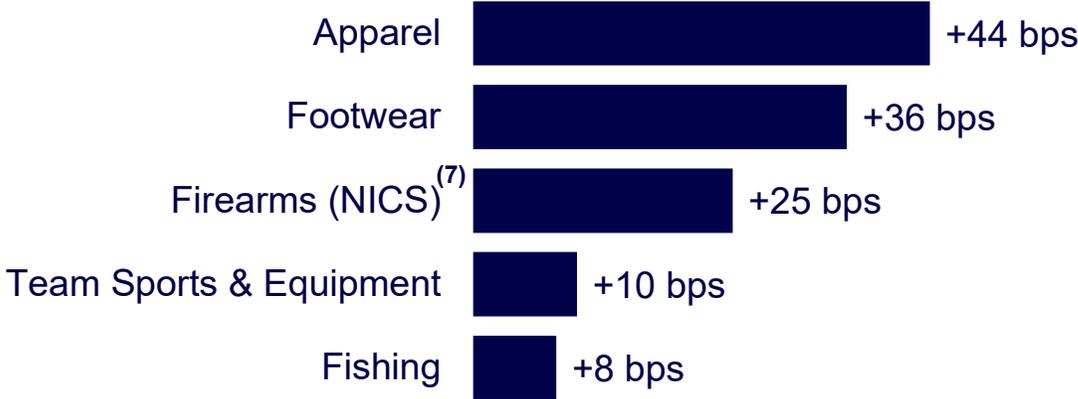
# Gaining Share in a Growing and Highly Fragmented Industry

## INCREASING PARTICIPATION/SALES ACROSS CATEGORIES <sup>(1)</sup>

|                                      |     |
|--------------------------------------|-----|
| Hunting <sup>(2)</sup>               | +5% |
| Fishing                              | +4% |
| Outdoor Cooking Sales <sup>(3)</sup> | +3% |
| Fitness <sup>(4)</sup>               | +3% |
| Team Sports <sup>(5)</sup>           | +2% |

## GAINING SHARE IN POWER BUSINESSES <sup>(6)</sup>

### Academy's Market Share 2019-2022



Source: National Sporting Goods Association, U.S. Fish & Wildlife Services, Circana (Formerly The NPD Group), NICS (Firearms Checks)  
 (1) Most recent survey from 2021 NSGA report based on period from 2009 to 2020 and 2016 U.S. Fish and Wildlife Service national survey based on Americans aged +16; (2) Hunting participation is from 2016 to 2020  
 (3) Circana/Retail Tracking Service, Based on U.S. dollar sales, Annual 2020 vs. 2022.(4) Fitness participation is an average of change in participation in Aerobic exercising, boxing, exercising with equipment, pilates, & yoga from 2015 - 2020;  
 (5) Team sports participation is an average of change in participation in baseball, basketball, and soccer;(6) Circana/Retail Tracking Service, Based on U.S. dollar sales, Annual 2019 vs. 2022. See "Appendix" for more detail.  
 (7) NICS from 2017 to 2022



# Academy's Market Position: "Sweet Spot"

DRIVERS OF CHOICE

1 Assortment

2 Value

3 Experience

Illustrative



## COMPETITIVE ADVANTAGES

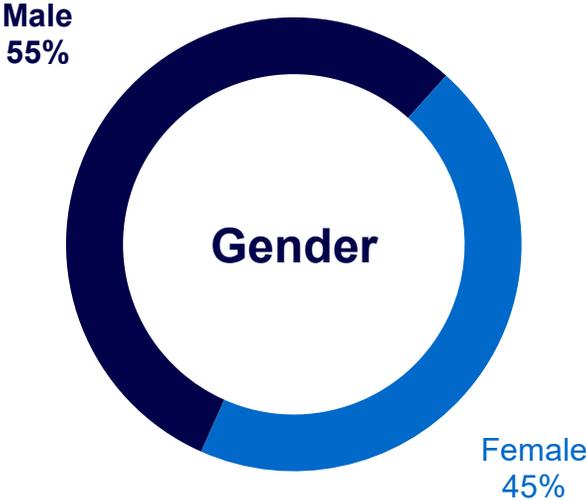
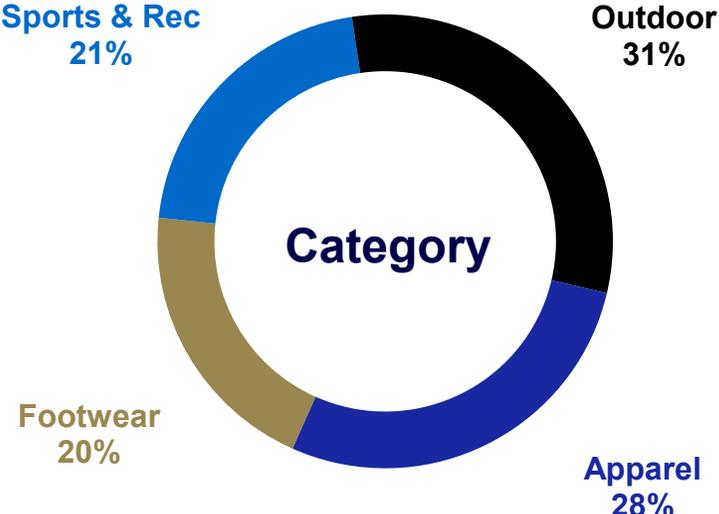
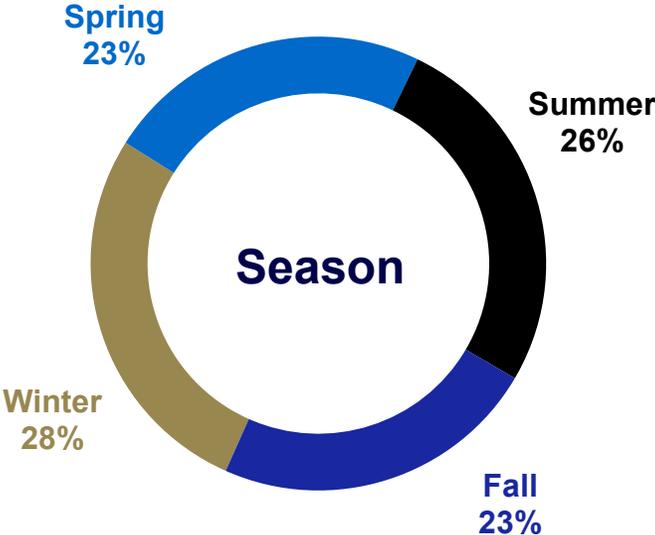
- Full Access to National Brands
- Diversified Assortment & Value
- Growing Store Footprint
- Omnichannel

Source: Third-party public filings, websites and management's knowledge of retail industry.

(1) Assortment in regards to the sporting goods and outdoors category.

# One-Stop Shop: Complete Assortment

ACADEMY'S DIVERSIFIED OFFERING MEETS THE NEEDS OF ALL CUSTOMERS

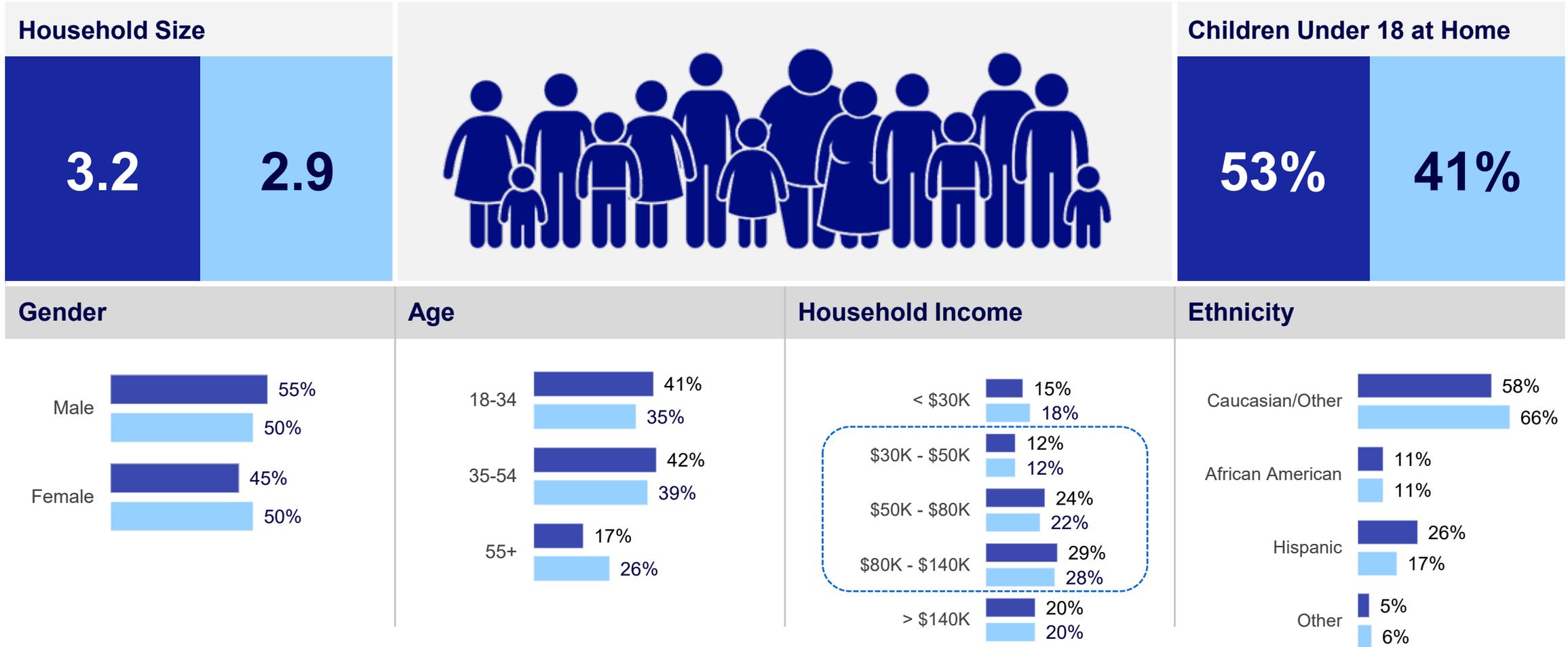


Source: Company information; Information is presented for FY 2022.



# The Academy Customer

■ Academy ■ Rest of Market



Source: Internal customer surveys

# National Brands & Private Label

## TRUSTED PARTNER TO NATIONAL BRANDS

- Drives traffic
- Trusted as critical partner
- Strong, growing relationships



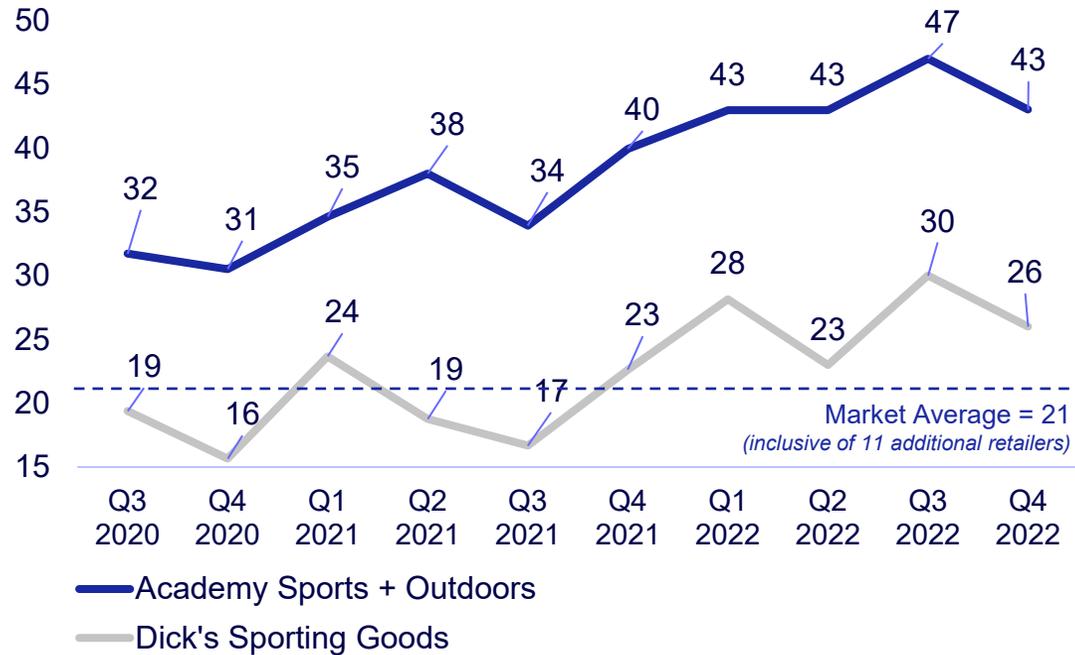
## PRIVATE LABEL: BUILDS VALUE + LOYALTY

- Works in tandem with national brands, and fills gaps with value offerings
- Expands across Good-Better-Best categories
- Magellan is our largest private brand
- Several of our top Private Brands are over \$100 million in sales

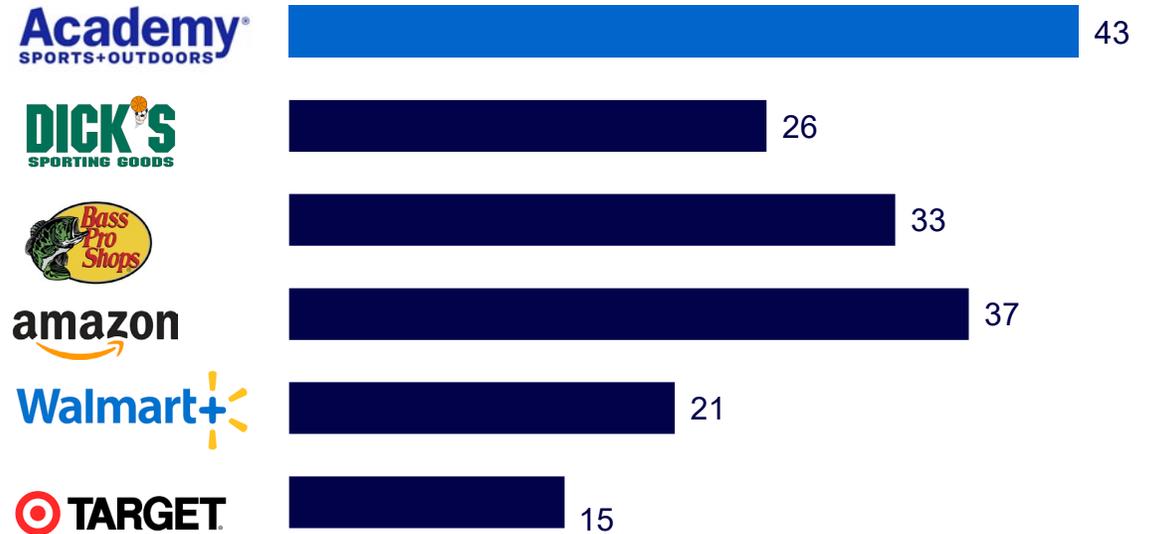


# Customer Loyalty: Highest NPS in Category

## NET PROMOTER SCORE: ASO VS DKS



## NET PROMOTER SCORE (NPS): Q4 2022



Source: Academy Monthly Tracker, L12M Dec 2022

NPS (Net Promoter Score) = % Promoters - % Detractors; NPS is calculated from this question asked of retailer purchasers: "When thinking about sporting goods, fitness, outdoor, and/or recreational products, how likely are you to recommend the retailer(s) below to a friend or family member?" Scale 0-10, Not at all likely – Extremely Likely; Promoters = 9-10, Passives = 7-8, Detractors = 0-6. All retailers are asked about in context of SGO categories.



# New Store Growth Strategy



20+ YEARS EXPERIENCE

**Michael Mullican**  
EVP & CFO

Joined 2017



# Path Forward: Growth Strategy

1. Open **NEW STORES** to expand the store base by 50% in existing and new markets
2. Build a more powerful **OMNICHANNEL** business
3. Drive our **EXISTING BUSINESS** by:
  - Improving service and productivity in our stores
  - Strengthening our merchandising through meaningful assortment, powerful brands, and compelling value
  - Attracting and engaging customers through communication, content, and experiences
4. Leverage and scale our **SUPPLY CHAIN** to enable industry-leading growth
5. Support our growth with the **BEST TEAM** in retail

# Why Invest in ASO Store Expansion

1. Well positioned in a growing industry
2. Academy has the most productive and profitable stores in the industry
3. Strong balance sheet to self-fund new store growth
4. All stores are profitable

Our lowest performing stores are at profit parity with the largest sporting goods competitor's average per store profitability

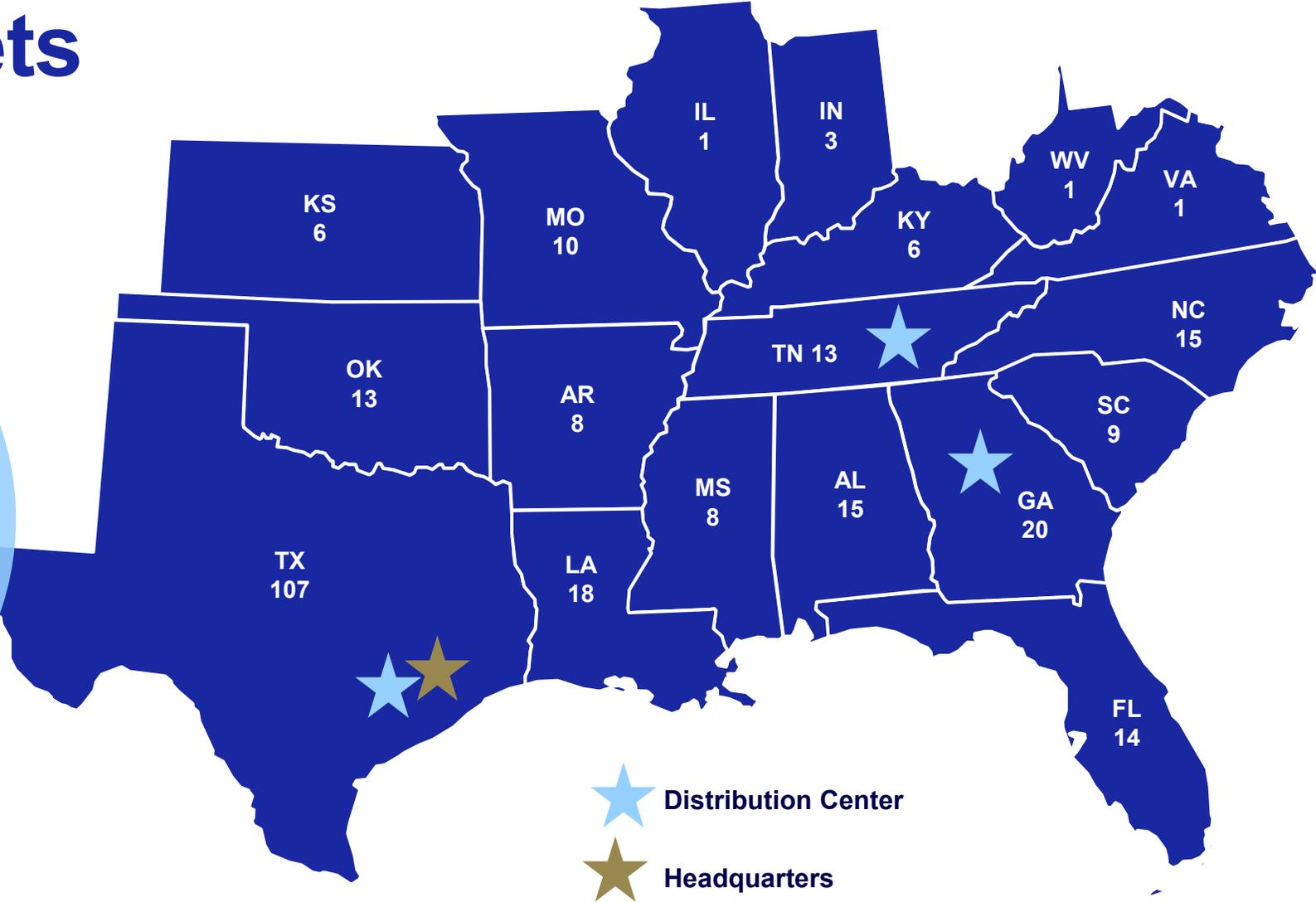
| ASO                                       | EBIT/Store |
|---|------------|
| 1st Quartile                              | \$6m       |
| 2nd Quartile                              | \$4m       |
| 3rd Quartile                              | \$3m       |
| 4th Quartile                              | \$2m       |
| ASO Average                               | \$4m       |
| Largest Sporting Goods Competitor Average | \$2m       |

Sources: internal Company financials & competitor fiscal 2022 10-K

**Best Use of Our Capital from a Return on Investment (ROI) Perspective**

# Current Markets We Serve

**268**  
Current Locations



# New Store Economics



**\$18M**

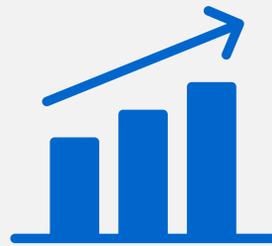
Year 1 Sales Target

*(includes omnichannel)*



**\$5-6M**

Capital to Open



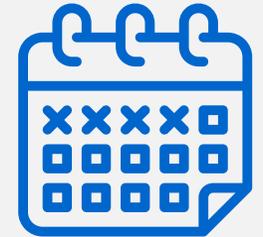
**4-5 Years**

Sales Ramp



**20%**

ROIC Hurdle

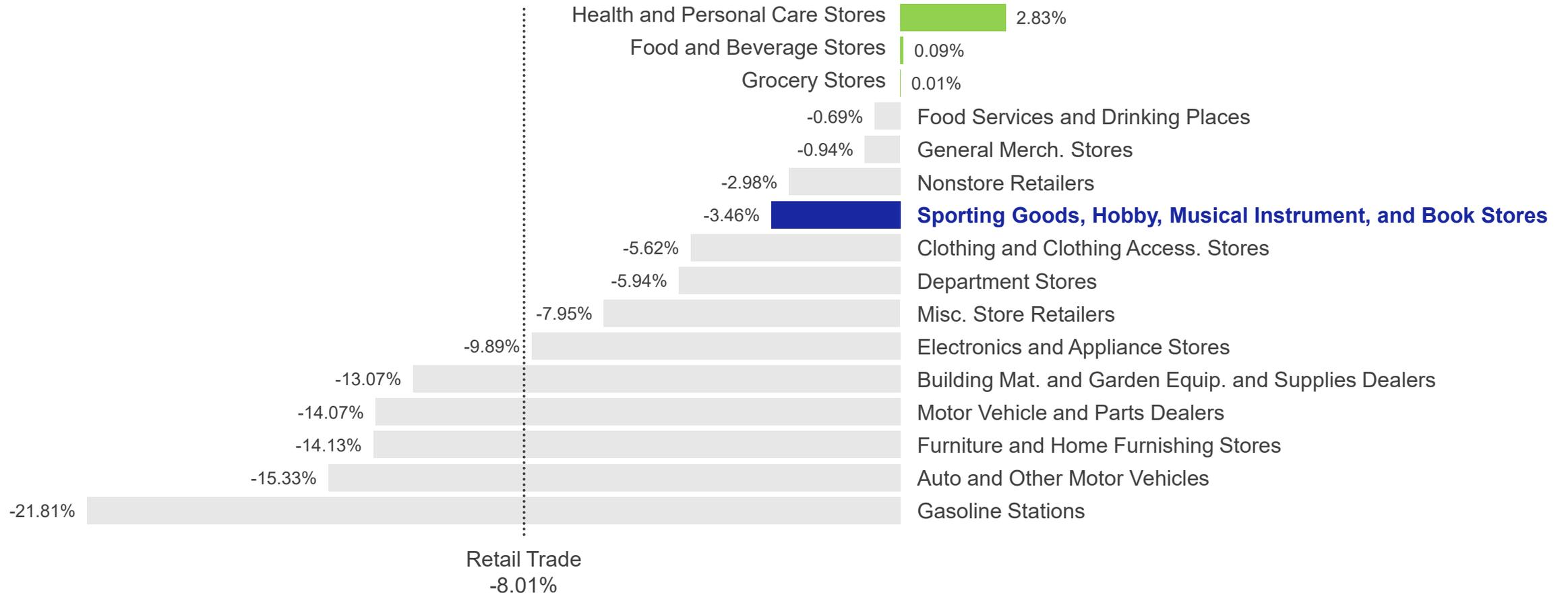


**> Year 1**

EBITDA Positive

# Our Category: Short-Term Resiliency

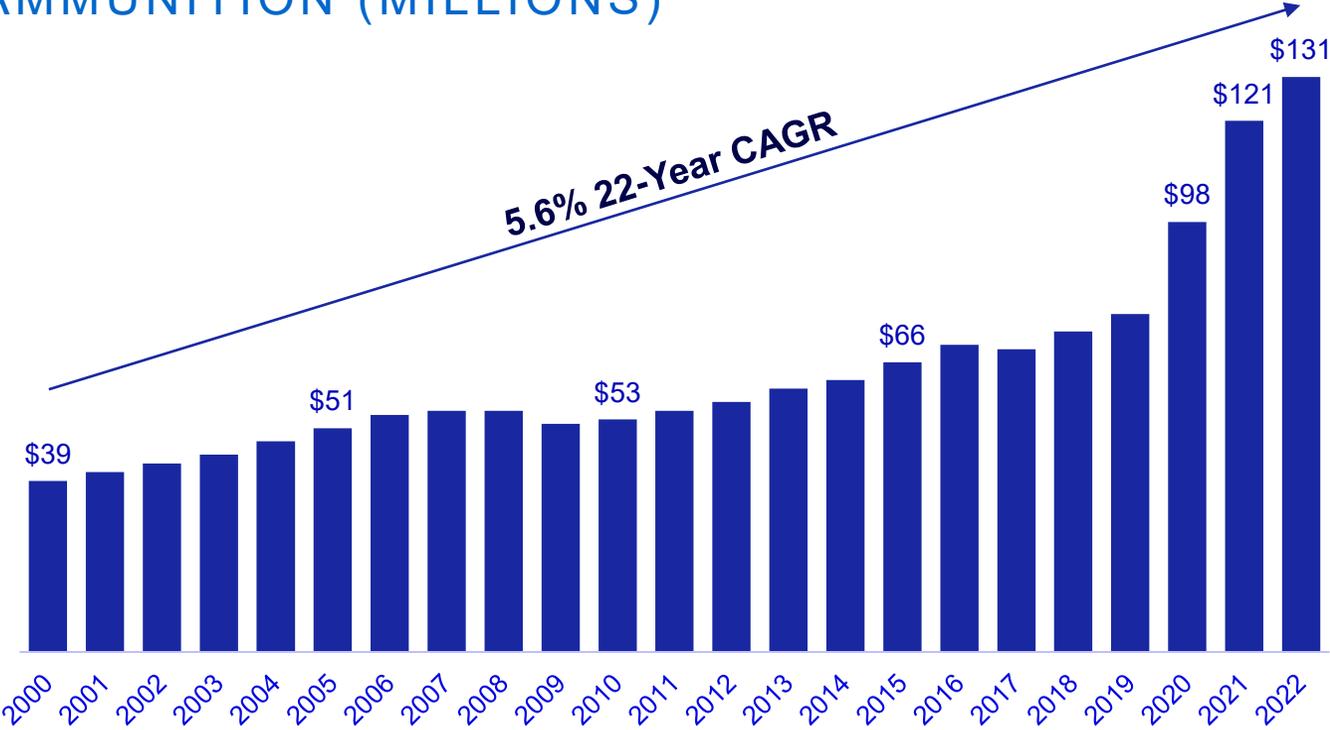
SPORTING + OUTDOORS PROVEN RESILIENT IN LAST RECESSION (2009)



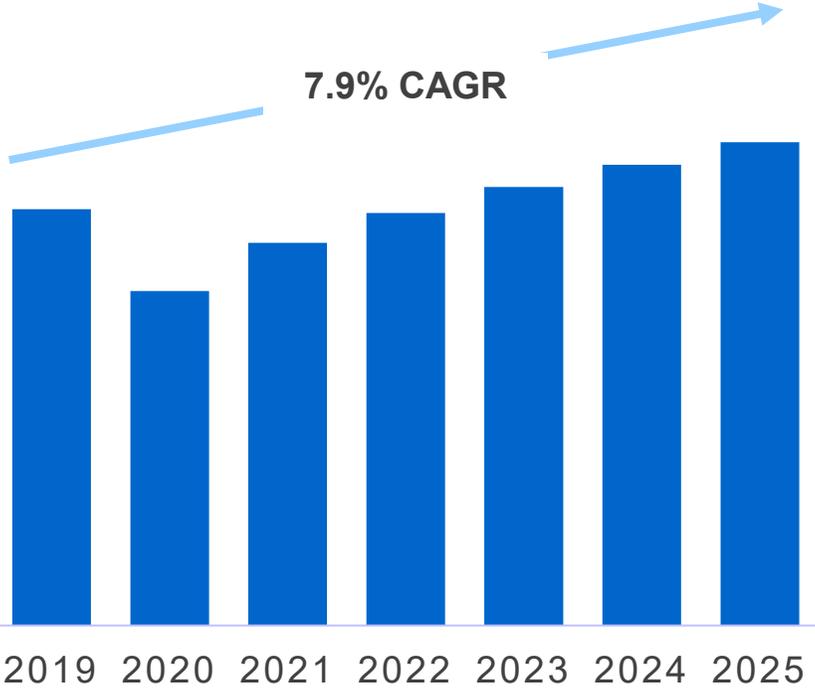
Source: U.S. Census Bureau

# Our Category: Consistent Growth

CONSUMER SPENDING ON SPORTING EQUIPMENT, SUPPLIES, GUNS AND AMMUNITION (MILLIONS)



US SPORTING GOODS MARKET (2019–2025)



Source: Bureau of Economic Analysis; LT PCE Categories; Morgan Stanley Proprietary Outdoor & Active Living 2022 Survey

# Geographic Expansion Opportunity

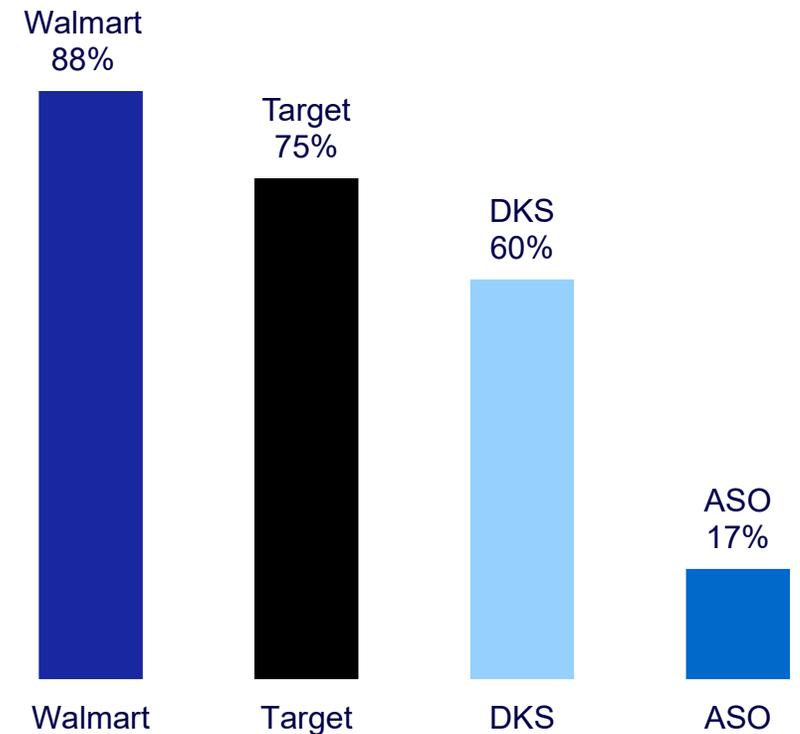
NEW STORES: CURRENT MARKETS + BEYOND

% OF AMERICANS WITHIN 10 MILES OF A STORE

## Estimated Population Growth (2020-2030)

| State          | Expected Δ | Growth % |
|----------------|------------|----------|
| Texas          | 5,134,383  | 17.3%    |
| Florida        | 3,495,407  | 16.0%    |
| California     | 3,312,476  | 8.2%     |
| Georgia        | 1,109,775  | 10.3%    |
| North Carolina | 1,105,816  | 10.5%    |
| Washington     | 1,064,675  | 13.9%    |
| Arizona        | 969,713    | 13.3%    |
| Colorado       | 923,624    | 15.8%    |
| Virginia       | 676,645    | 7.8%     |
| South Carolina | 607,683    | 11.7%    |

**Core Markets  
Expected to  
See Strong,  
Sustained  
Growth for  
Foreseeable  
Future**



Sources: US Census, Cooper Center for Public Service

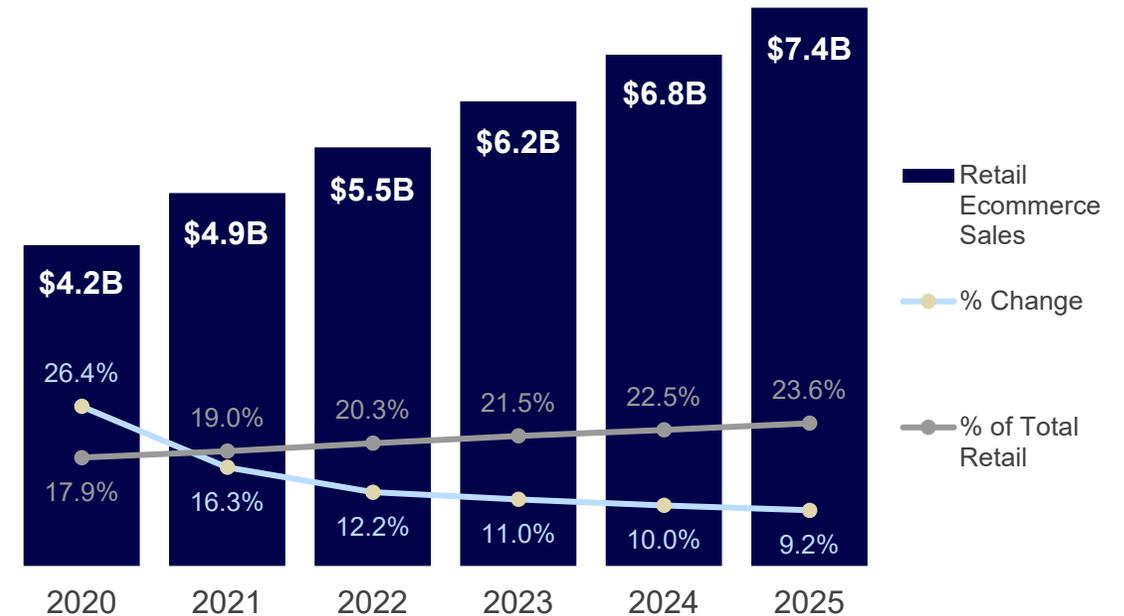
# Underpenetrated Omnichannel, Big Opportunity

**76%** of retail sales will be from a retail store

**97%** of consumers agree there is a need to go into a physical store to purchase items

**70%** of consumers believe the most appealing retail stores have features that simplify and streamline the shopping experience

## RETAIL ECOMMERCE SALES WORLDWIDE (2020-2025)



Source: eMarketer, Jan 2022

# 2022 New Store Momentum



## 2022 Openings

- 1. Conyers (Atlanta), GA
- 2. Panama City, FL
- 3. Short Pump (Richmond), VA
- 4. Perimeter (Atlanta), GA
- 5. Lexington, KY
- 6. Jeffersonville (Louisville), IN
- 7. Meyerland (Houston), TX
- 8. Barboursville (Huntington), WV
- 9. Pinellas Park (Tampa), FL

2023  
TARGET  
13 to 15

# New Store Learnings

## CONTINUOUS CYCLE OF IMPROVEMENT

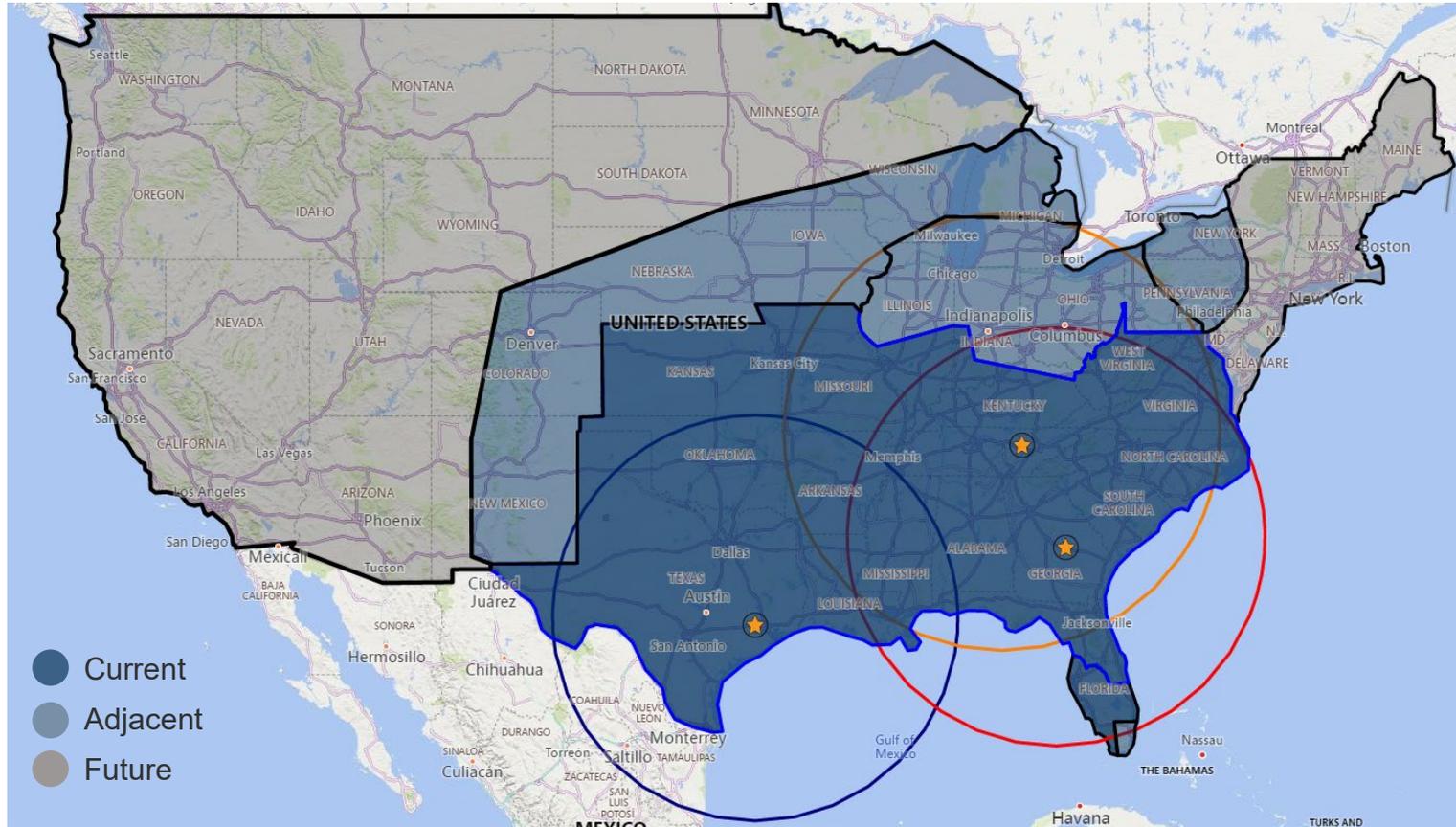
As students of the business, we leverage the insights and knowledge acquired to **make the next store better than the last one**



## KEY FINDINGS TO DATE

- Positive customer feedback and behavior, regardless of market type
  - Higher % of customers who said they “loved the shopping experience” and “ASO brand” than control stores
  - Breadth of assortment noted as the key
  - Return rate higher than 2018/2019
- Continue to optimize opening timing, locations, and localized strategy
- Room to improve our process and how we execute

# Five Year Store Growth Plan: 120 to 140 New Stores



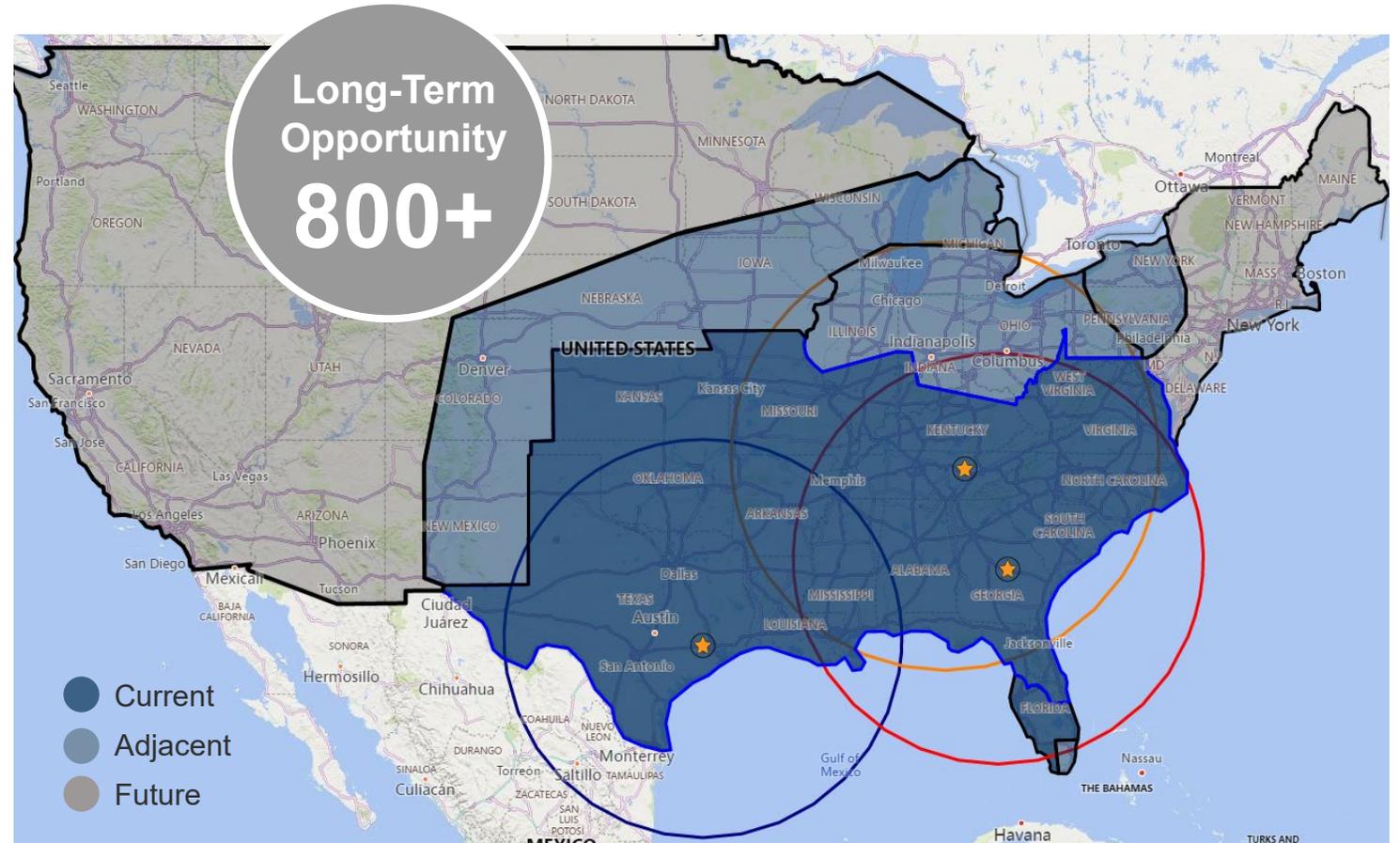
**Current Footprint  
Opportunity:  
50-60 stores**

**Adjacent Footprint  
Opportunity:  
70-80 stores**

**120-140  
Planned  
by 2027**

# Long-Term Expansion Strategy

- Fill out existing markets to build scale
- Balance between new and existing markets
- Enter new markets in a meaningful way (start with core sites in center of the retail markets)
- Maximize incremental vs. cannibalistic sales
- New stores take 4-5 years to ramp, progressing from ~\$18M\* to ~\$25M\* in revenue at maturation
- New stores EBITDA accretive after 1 year

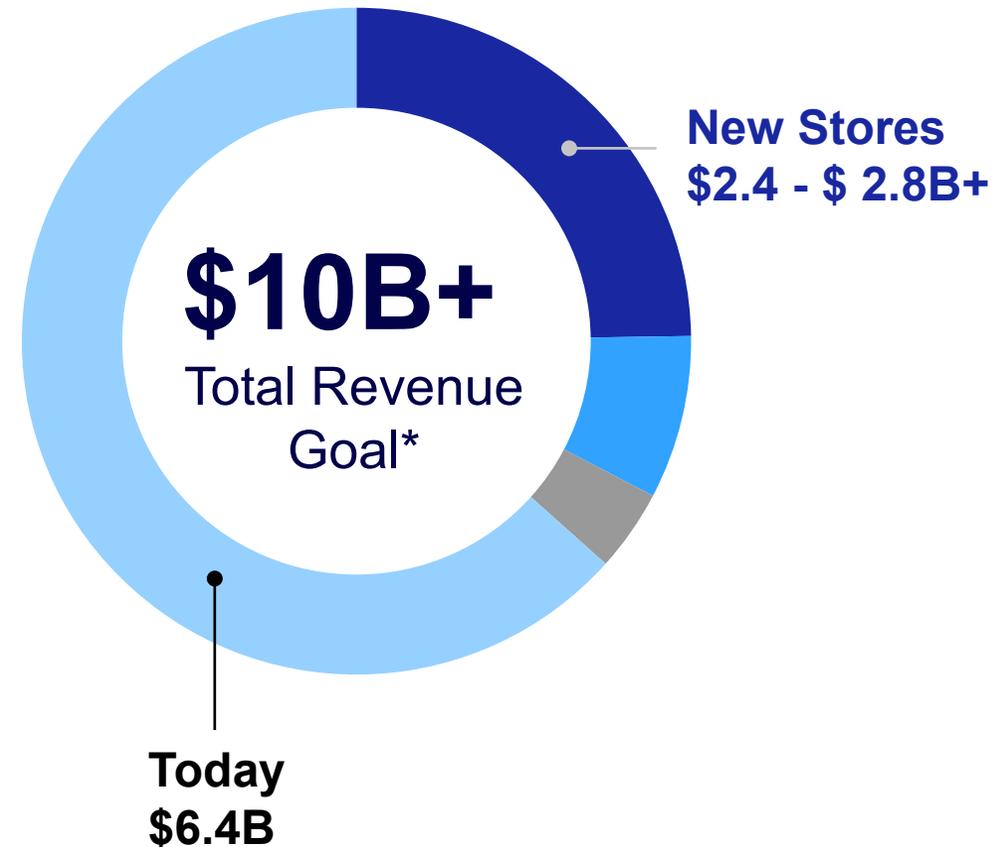


\*Both numbers include omnichannel

# Growth Summary: New Stores

## KEY TAKEAWAYS

- Very productive store economics
- Balanced approach serving existing, adjacent and under-served markets
- Strong real estate and support organizations
- Optimizing new store opening procedures today and continual learning process



\*2027 Goals are aspirational or otherwise forward-looking statements and actual performance may differ, possibly materially, and no guarantees are made that these goals will be met. See slide 3 for additional important information about forward-looking statements.



# Continuing Omnichannel Momentum



**20+**  
**YEARS**  
EXPERIENCE



**Jamey Traywick**  
SVP, Omnichannel

Joined 2018



# Path Forward: Growth Strategy

1. Open **NEW STORES** to expand the store base by 50% in existing and new markets
2. Build a more powerful **OMNICHANNEL** business
3. Drive our **EXISTING BUSINESS** by:
  - Improving service and productivity in our stores
  - Strengthening our merchandising through meaningful assortment, powerful brands, and compelling value
  - Attracting and engaging customers through communication, content, and experiences
4. Leverage and scale our **SUPPLY CHAIN** to enable industry-leading growth
5. Support our growth with the **BEST TEAM** in retail

# Academy is a True Omnichannel Retailer

We have built an e-commerce and mobile platform that have a true connection with our stores

- **75%** of e-commerce sales fulfilled in stores
- **60+%** of Omnichannel customer spend came from those within 10 miles of a store (Nov-Dec 2022)
- **60+%** growth in omnichannel customers when opening a new store
- Omnichannel customers spend more and shop more often than the average Academy customer

**97%**

...of all company sales are fulfilled through the stores

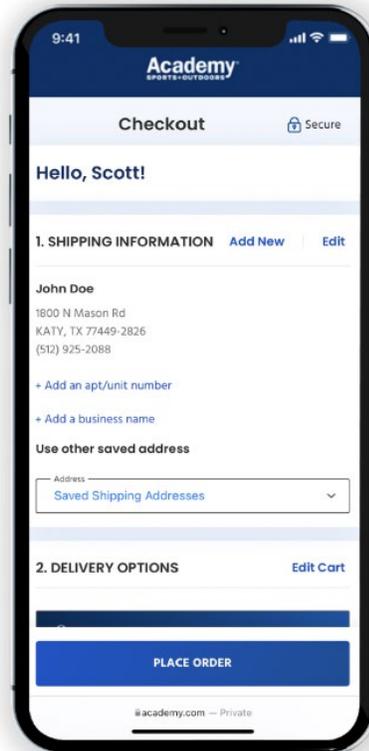
\*All Data Fiscal Year 2022

# Made Significant Progress Since 2018

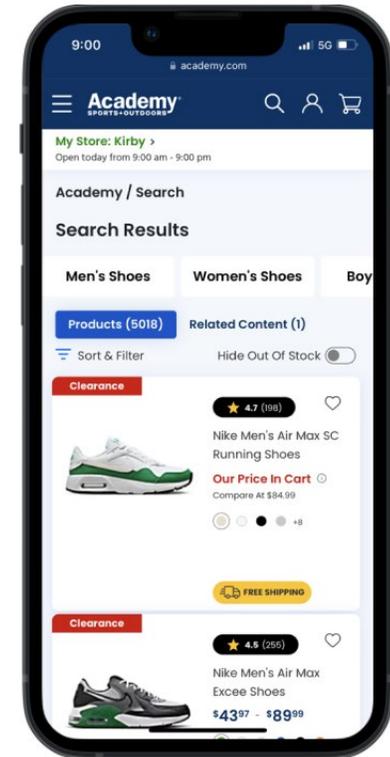
GREW MY ACCOUNTS

**+259%**  
Since 2018

REMOVED FRICTION  
IN CHECKOUT



IMPLEMENTED NEW  
SITE SEARCH

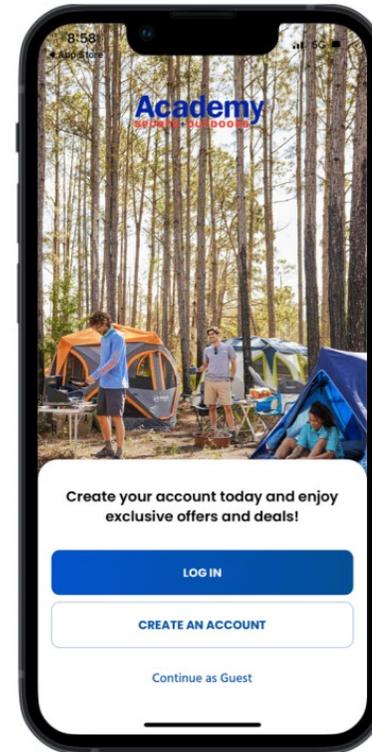


# Made Significant Progress Since 2018

## ADDED NEW FULFILLMENT CAPABILITIES



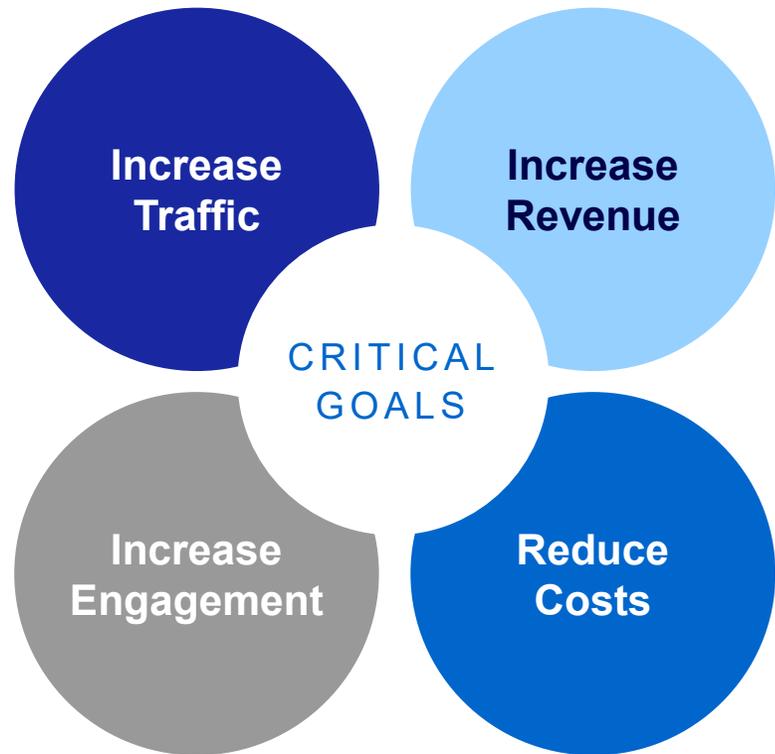
## LAUNCHED OUR MOBILE APP



## DEVELOPED OMNICHANNEL CUSTOMERS

**+170%**  
Since 2019

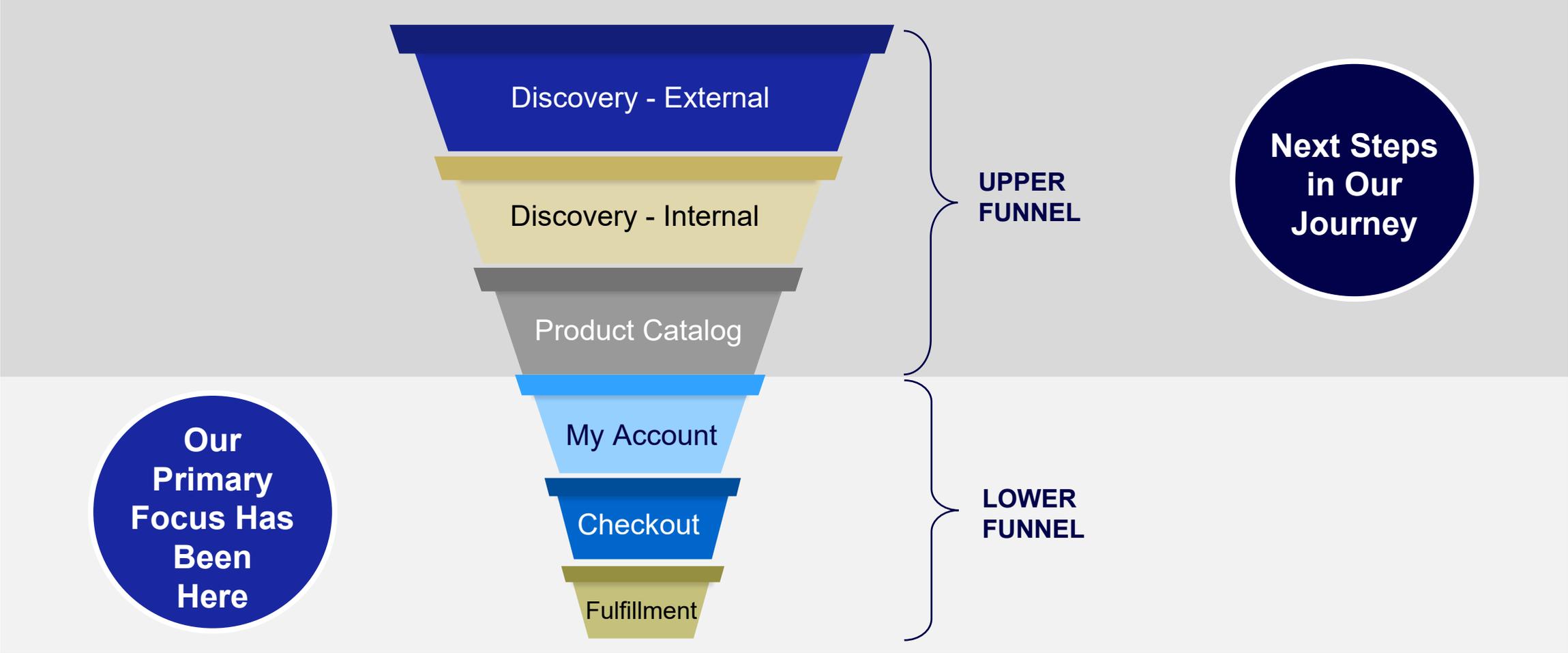
# Significant Sales + Progress Since 2018



| Category           | Improvement (2018-2022) |
|--------------------|-------------------------|
| Sessions           | +82%                    |
| Conversion         | +80 bps                 |
| Penetration        | +580 bps                |
| Gross Margin       | +920 bps                |
| Net Shipping Costs | -192 bps                |
| <b>Net Sales</b>   | <b>+198%</b>            |

Omnichannel is Profitable as a Standalone Business

# Only Scratched Surface of Our Potential

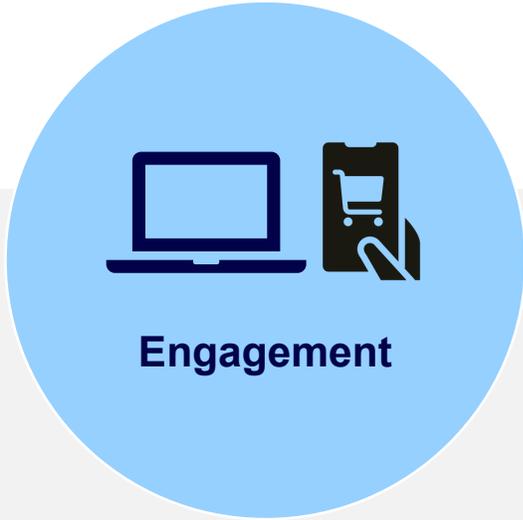


# Go Forward Omnichannel Pillars



Source: Forrester Research, Strategy Work with ASO

# Supporting Engagement & View of Customer



## Engagement

- Team Member Mobile Capabilities
- Mobile App
- Remove Friction
- Drive Conversion

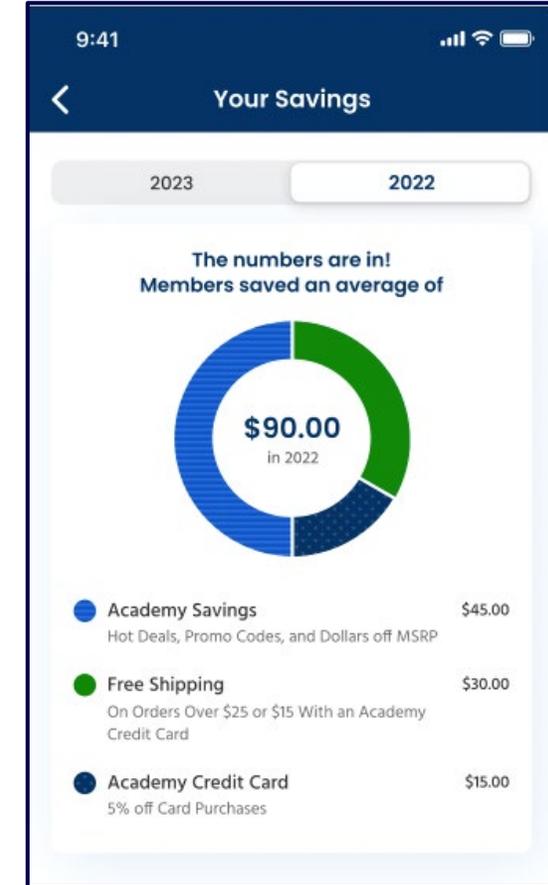
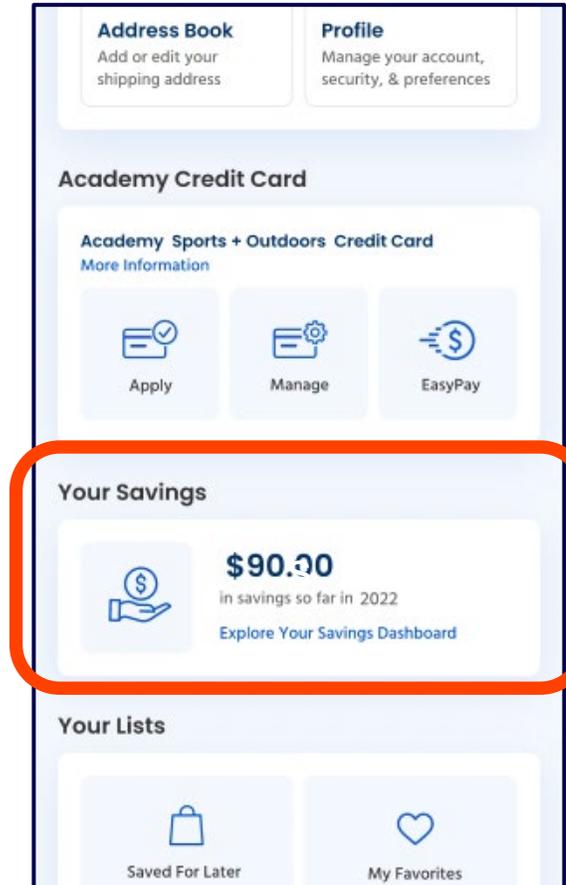


## View of the Customer

- One View of the Customer
- First Party Data
- My Account Improvements
- Personalization

# Delivering Engaging Experiences

Coming Soon Exclusively  
for My Account Customers  
in Mobile App:  
**Savings Tracker**



# Products, Pricing & Fulfillment Support



## Products & Pricing

- Endless Aisle
- Inventory Accuracy
- Product Data Quality



## Fulfillment

- Delivery/Pick-up Reliability
- Reduce Contacts
- Improved Order Communication
- Wayfinding

# Highlighting Value on our Products



EXCLUSIVE

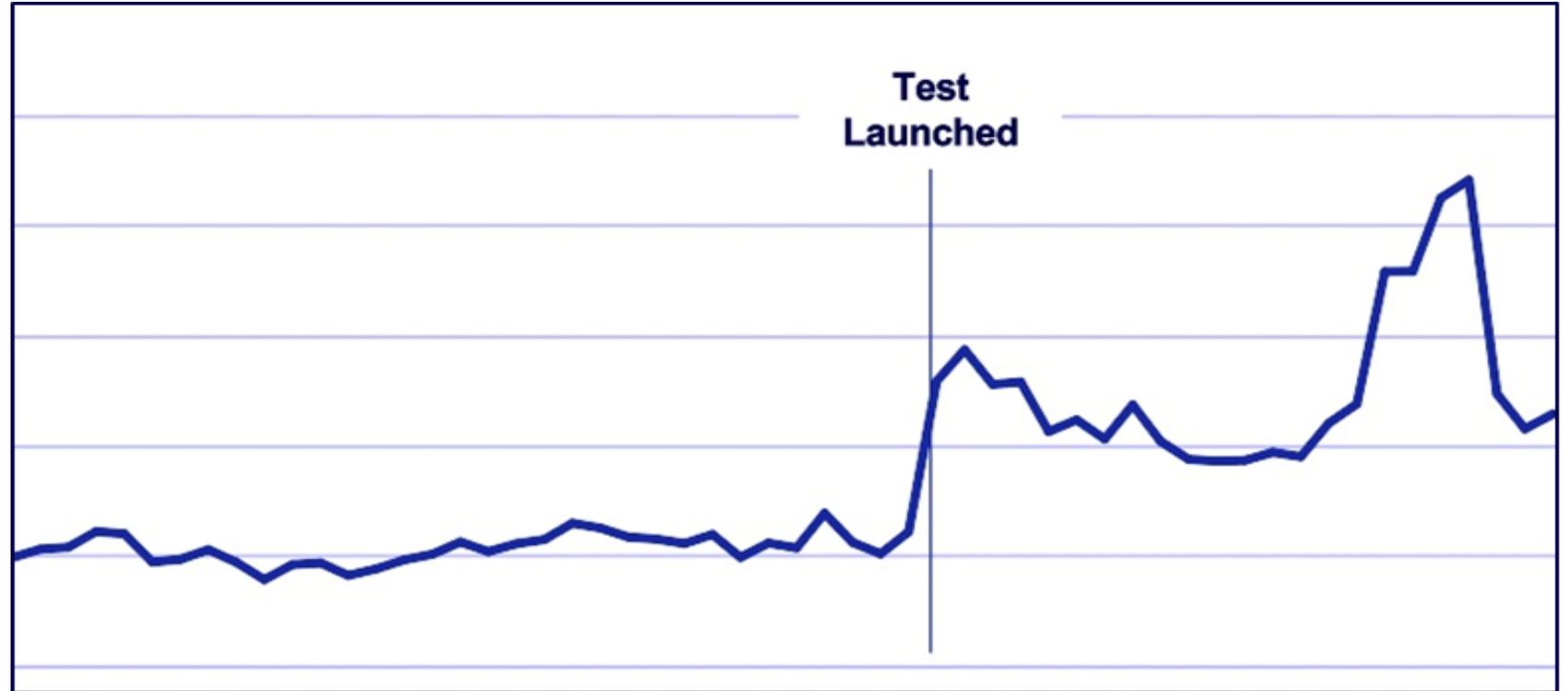
Academy / Top Brands / # A - D Brands / AGame

### Agame Wootal Metal Playset

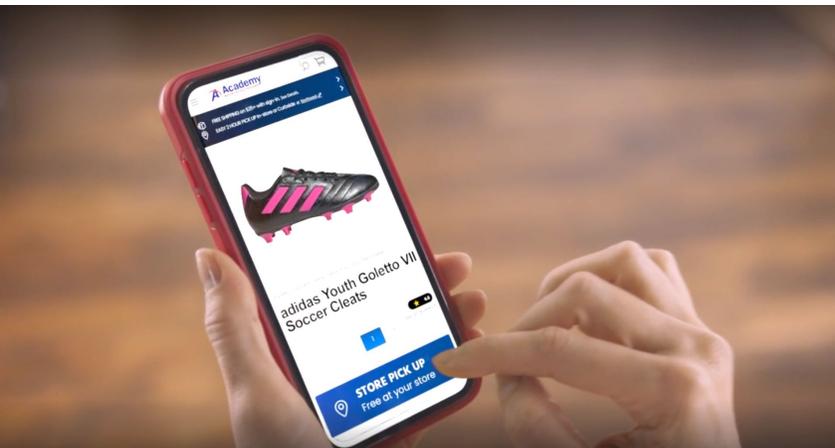
\$399<sup>99</sup> ★★★★☆ 4.4

**\$379<sup>99</sup>** Your price after 5% discount when using your Academy Credit Card. [Apply Now](#)

## ACADEMY CREDIT CARD APPLICATIONS



# Omnichannel Customer Journey



# Growth Summary: Omnichannel

## KEY TAKEAWAYS

- Significant progress made since 2018 and growing momentum
- Academy is now a true Omnichannel retailer
- We are ready to take the next step by adding new customer and team member facing capabilities
- Greater customer insights and new store expansion will help fuel growth



\*2027 Goals are aspirational or otherwise forward-looking statements and actual performance may differ, possibly materially, and no guarantees are made that these goals will be met. See slide 3 for additional important information about forward-looking statements.



# Investing in the Customer Experience



**30+**  
**YEARS**  
EXPERIENCE

**Sam Johnson**  
EVP, Retail Operations

Joined 2017

**h.h.gregg**

**SEARS HOLDINGS**

# Path Forward: Growth Strategy

1. Open **NEW STORES** to expand the store base by 50% in existing and new markets
2. Build a more powerful **OMNICHANNEL** business
3. Drive our **EXISTING BUSINESS** by:
  - Improving service and productivity in our stores
  - Strengthening our merchandising through meaningful assortment, powerful brands, and compelling value
  - Attracting and engaging customers through communication, content, and experiences
4. Leverage and scale our **SUPPLY CHAIN** to enable industry-leading growth
5. Support our growth with the **BEST TEAM** in retail



Improve Customer  
Experience



Increase Operational  
Productivity



Enhance Inventory  
Productivity

# Serving Customers by Investing in our People + Process



## PEOPLE

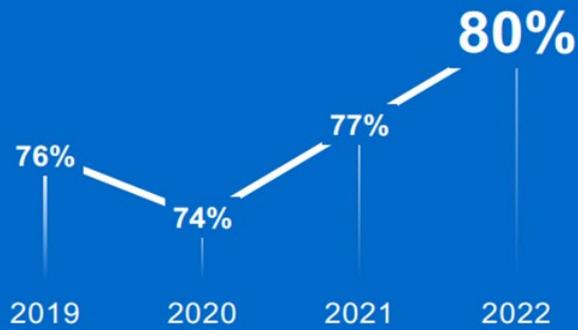
- Hiring **passionate team members** that love what we sell + creating an environment that promotes **diversity** and **career growth**.
- Building a **customer-first culture** through Greet/Help/Thank.
- Improved hiring model with focus on finding “**Enthusiasts**” that are passionate team members in key departments like Outdoor and Footwear.
- Developed **consistent training** to improve **product knowledge** and help customers find what they need to have fun out there.

## PROCESS

- Committed to offering a **fast + friendly checkout experience** through line queueing and improved procedures to get customers to the fun faster.
- Focused on **effective scheduling** using UKG Dimensions to put Team Members in front of customers (**right people, right place, right time**).
- Improved our merchandise assortment to get the **right product** and **flow** to stores with efficient processing from the back-room to the sales floor.
- **Removing unnecessary tasks** to provide more meaningful **customer-facing support**.

# Achieving Success by Investing in the Customer Experience

## OVERALL CUSTOMER SATISFACTION TREND



## LEARNING FROM CUSTOMERS TO MEET THEIR EXPECTATIONS

- Receive help from trained / knowledgeable team members
- Consistently in-stock to find what they need
- Shop in stores that are easy to navigate
- Experience a fast + friendly checkout with multiple, easy payment options
- Have options / multiple ways to shop for items they need, in-store + online
- Have access to helpful Services (Assembly, Line Winding, etc.)

## BEST Customer Service in Academy History

### Competitive Benchmark\*:

Big Box Top Performer: 83%

**Academy Sports + Outdoors: 80%**

Big Box Retail Average: 74%



\*Competitive Benchmark is determined by the overall customer satisfaction scores of Big Box retail locations provided by Service Management Group (SMG) for calendar year 2022 (1/1/22 - 12/31/22).

Note: Comparisons to other concepts should be made with caution. Results for SMG Big Box/Large Format concepts may vary based on differences with concept, survey invitation distribution methods, survey methodology, incentives, and survey content.

# Improving Operations that Drive Productivity



## Redefining a Dynamic Checkout Experience

- Implementing a **queue-lane checkout model** to **increase** checkout **speed** and product **merchandising** to improve the customer experience.
- Focused on **fast + friendly checkout processes** to help customers get to the fun faster.

## Accelerating our Omnichannel Business

- Investing in our team, technology, and processes to **drive fulfillment efficiencies**.
- Focused on **serving omnichannel customers** with **how they want to shop** with multiple avenues to purchase what they need.

## Elevating Merchandise Presentations

- Improving Power **Merchandising Presentations** that inspire customers to have fun out there.
- **Re-engineering localized assortment strategies** to connect customers with the products they want, promote value, and drive seasonal businesses.
- Investing in **Store Refreshes** to **elevate** the **shopping experience** across the chain.

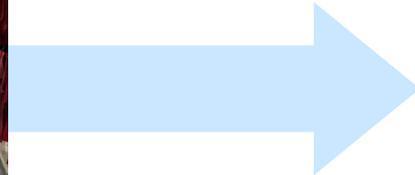
## Optimizing Store Labor to Serve Customers

- Shifting our labor model from task-driven to more **service-focused** to provide the **expertise** that **customers know** and **trust**.
- Driving **productivity** through **process improvements** that help team members work more efficiently.
- Investing in stores to **support our accelerated omnichannel growth** with an integrated experience.

# Redefining a Dynamic Checkout Experience

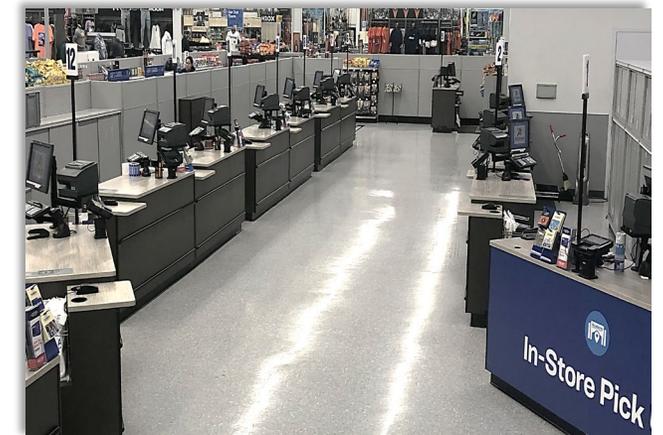
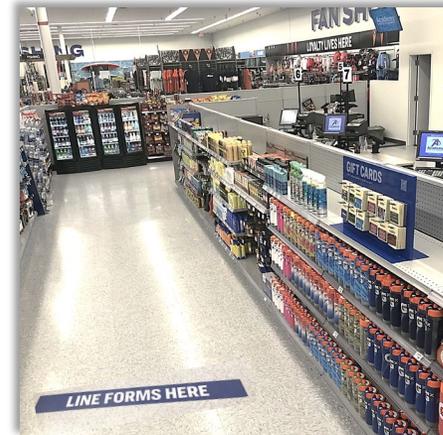
## BEFORE

- Multiple lines with a congested front wall.
- Product separated in lines with limited representation.



## AFTER

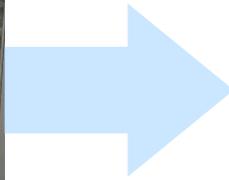
- **Better merchandise representation.**
- Increased **checkout speed.**
- Improved front end **sales +8%** and customer **satisfaction +1.8%**.
- **141** queue-checkout stores by end of 2023.



# Elevating Merchandise Presentations

## BEFORE

- No way finding signage or presentation ability to enhance brands/categories in camping.



## AFTER

- Improved **customer shopping experience** with **stronger brand/vendor statements**.
- Use of Wayfinding and Brand Callouts.



# Elevating Merchandise Presentations

## STORE REFRESHES

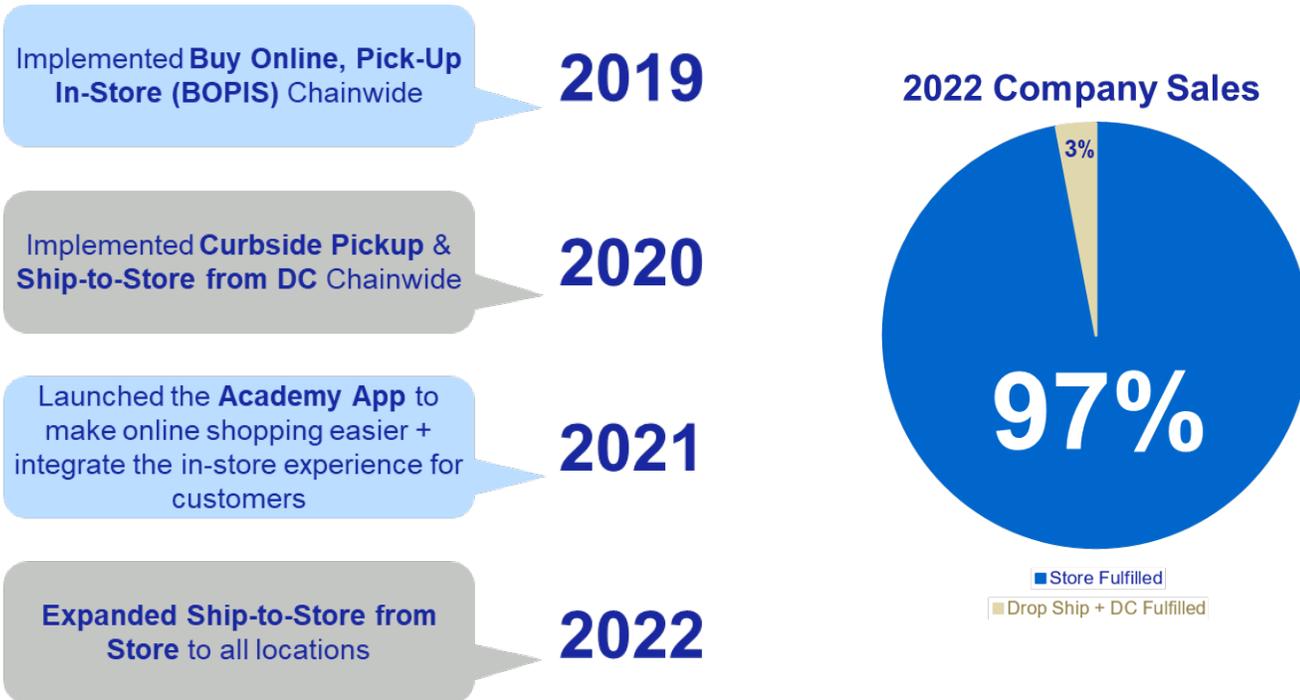
- **25 – 30** refreshes planned per year going forward
- Implementing **enhancements** that **improve** the **customer experience + focus on key businesses**
  - Stronger Presentations
  - Fishing Reel Bar
  - Sunglass Showcase
  - Camping Flat
  - Workwear Shops
  - Line Queueing
  - Facility Updates



# Accelerating Our Omnichannel Business

## STORES ARE THE FACILITATOR OF OUR OMNICHANNEL GROWTH

- Focused on serving customers with how they want to shop through in-store, BOPIS/Curbside + Ship-to-Home.
- In 2022, **97% of all company sales** were fulfilled through stores.



# Optimizing Store Labor to Serve Customers

## GEARED TOWARDS PRODUCTIVITY

- Investment in dynamic scheduling solution to align team members with customers.
- Process Improvements have increased productivity in stores.
- Removing unnecessary tasks to provide more meaningful customer-facing support.
- Service-focused with 60% of hours dedicated to customer-facing support.
- Efficient door-to-floor processes: Product to the sales floor faster.
- Investing in our stores to support accelerated Omnichannel growth.

↓ 16%

Weekly Labor  
Hours per Store

↑ 47%

Sales per  
Labor Hour

↑ 4%

Customer  
Service

# Investing in Technology to Drive Productivity



## Implementing RFID Technology

- Improves **inventory accuracy** and **replenishment** to drive better **customer service + sales**.
- Team members will **find RFID tagged product faster**, which creates **labor efficiencies** that translate to **time + dollar savings**.
- **Supports Omnichannel sales** through increased merchandise availability.

## Enhancing our Point of Sale

- Implementing **mobile POS** options to drive **faster**, more **efficient checkout** experiences that get customers to the fun faster.
- Exploring **warranty** and **delivery** service capabilities at the POS to **improve** the customer **journey** and enhance **profitability**.
- Developing **endless aisle capabilities** to more effectively serve **customer needs**.

## Optimizing Merchandise + Clearance Execution

- Deeping our investment in **localized merchandise** to get the **right product** in stores and **turn inventory** more frequently, driving sales and reducing clearance.
- Improving **clearance execution** through more efficient **tools**, **markdowns**, and strategic **promotional** strategies to drive value.

## Strengthening our Store Communication Platform

- Improving Team Member **visibility** to **important information** and providing avenues to **share meaningful feedback** that makes us better.
- Elevating our **task management processes** to help stores **plan workload** and **execute** more **effectively** to support customers.

# Customer Focused Goals for Future Growth

1

Maximize **capital investments in New Stores + Refreshes** focused on growth, sustainability, and profitability.

2

Develop a **more exciting and productive shopping experience** in stores by consistently elevating our service standards.

3

Increase the **productivity of our assets** through technology and process enhancements to drive efficiencies.

4

Build an **Industry-Leading Retail Team** by developing diverse leadership and improving training to better serve customers.

5

Cultivate a **High-Performing Team with standards** to expand, accelerate, and support **new store growth**.



# Merchandising, Marketing & Customer Engagement



**30+**  
YEARS  
EXPERIENCE

**Steve Lawrence**

EVP & Chief Merchandising Officer

Joined 2019

francesca's



JCPenney

# Path Forward: Growth Strategy

1. Open **NEW STORES** to expand the store base by 50% in existing and new markets
2. Build a more powerful **OMNICHANNEL** business
3. Drive our **EXISTING BUSINESS** by:
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4. Leverage and scale our **SUPPLY CHAIN** to enable industry-leading growth
5. Support our growth with the **BEST TEAM** in retail

# 2018-2022: Merchandising Successes

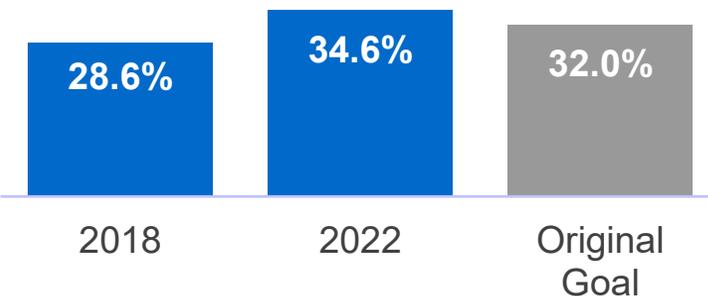
## MERCHANDISING

- Identified core customer (Active Young Families)
- Edited out unproductive categories and vendors
- Strengthened open-to-buy disciplines
- Unified assortment planning process
- Improved localization efforts

## INVENTORY TURNS\*



## GROSS MARGIN\*



## PLANNING + ALLOCATION

- Implemented disciplined markdown cadence
- Rolled out Markdown Optimization & Regular Price Optimization strategies
- Reduced inventories and improved turnover through improved product flow
- Size optimization integrated into buying & allocation tools

\*Reflects five-year goals in the Company's prior long range plan established in 2018, which had not been previously publicly disclosed.

**Now a Best-in-Class Retailer, with Sustainable and Industry Leading Margins**

# 2023-2027: Power Merchandising Strategies



Lean into Position  
as Value Leader



Improve + Refine  
Localization



Distort Growth in  
Power Businesses  
to Drive Sales  
+ Margins

# Lean into Position as Value Leader



Expand **Every-Day-Value Pricing**

Thoughtfully Manage **Promotional Pricing**

Utilize **Clearance** to Drive Volume During Lower Traffic Time Periods

Reinforce our **Price Match Guarantee**

Get Credit for Free **Value-Added Services**

## EXAMPLE:

**Free Assembly on In-Store Purchases\***  
\*Applies to Most Bikes and Grills

**GUARANTEED Best Prices** [LEARN MORE >](#)  
or we'll BEAT a competitor's advertised price by 5%. Excludes apply.

*Starting at* **\$14.99** **GIRLS' TEES** [SHOP NOW >](#)

**BOYS' TEES** *Starting at* **\$14.99** [SHOP NOW >](#)

**\$19.99** **GIRLS' TEMPO SHORTS** [SHOP NOW >](#)

**BOYS' LEGEND TEE** **\$19.99** [SHOP NOW >](#)

**Bikes** *Starting at* **\$59.99** [SHOP NOW >](#)

**CLEARANCE | IN-STORE + ONLINE**  
**Up to 65% OFF**  
**WHEN YOU TAKE AN EXTRA 30% OFF ALREADY-REDUCED ITEMS**  
[SHOP NOW >](#)

Excludes firearms and ammo. Additional exclusions & restrictions apply. Prices online reflect full discount.

# Improve + Refine Localization



Improved **Climatic Assortments**

Expanded use of **Size Profiling**

Leverage **Regional Moments**

EXAMPLE:



# Distort Growth in Power Businesses to Drive Sales + Margin



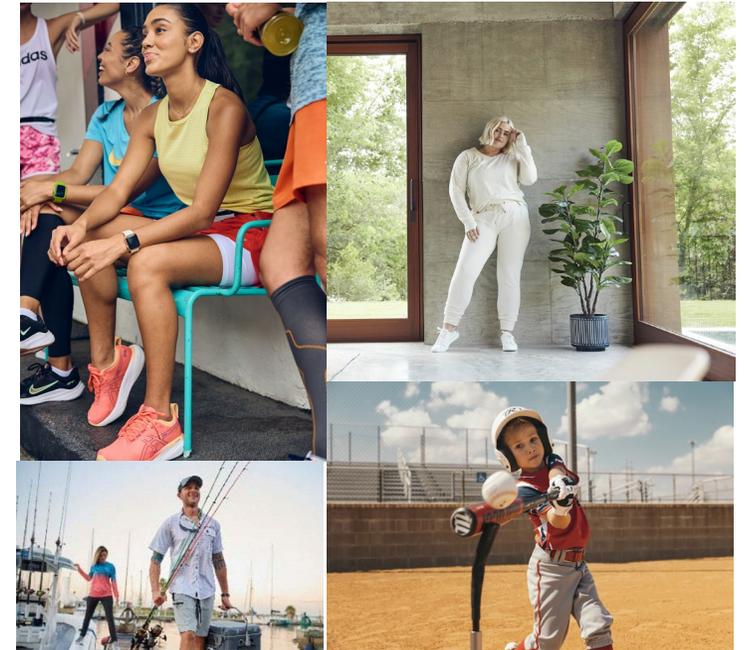
Accelerate Growth In **Apparel + Footwear**

Continue to Drive Growth In **Team Sports**

Capture Market Share In **Outdoor Categories**

**Grow Private Brands** to ~25% of Total Sales

EXAMPLE:

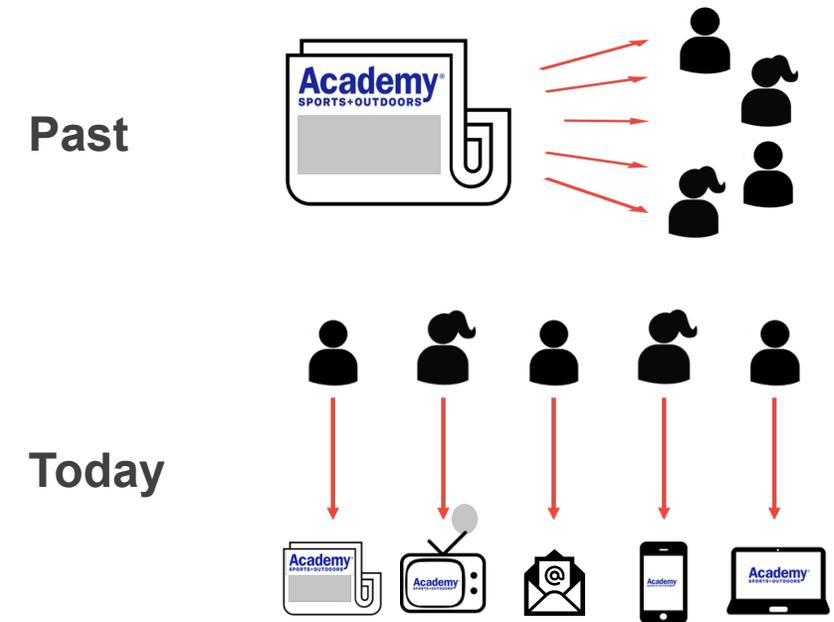


# 2018-2022: Marketing/Engagement Successes

## MARKETING

- Focused on Marketing System & Process Improvements
- Reduced Reliance on Traditional Mediums (print & broadcast)
- Improved Targeted Marketing from <5% to >50%
- Drove Greater Consistency of Branding Across all Touch Points

## ENGAGEMENT



**Built Foundation for Sustainable Growth**

# 2023-2027: Marketing Optimization Strategies



**Grow Our  
Customer Base**



**Drive Increased  
Traffic To  
Stores And  
.Com**



**Increase Brand  
Awareness To  
Help Launch New  
Stores**

# Grow Our Customer Base



**New store expansion**

**Grow** our marketing  
Investment and **expand** our  
**reach**

**Expand content capture** to  
fuel social media growth

**Refine** and **expand** our  
**media effectiveness**  
measurement capabilities

EXAMPLE:



# Drive Increased Traffic To Stores + .Com



Leverage our new, more robust **Customer Data Platform (CDP)**

Driving higher engagement and **reactivation** rates through **increased target marketing** to >70%

Rollout **expanded loyalty efforts**



**Customer Database**



**Online**



**Data Capture**



**Academy Credit Card**

# Increase Brand Awareness To Help Launch New Stores



Leverage **additional marketing spend** to launch new stores

Increase investment across all 3 phases of our new store marketing (**Seeding, Launch & Sustainment**)

Apply lessons learned from current vintages of new stores marketing to future efforts

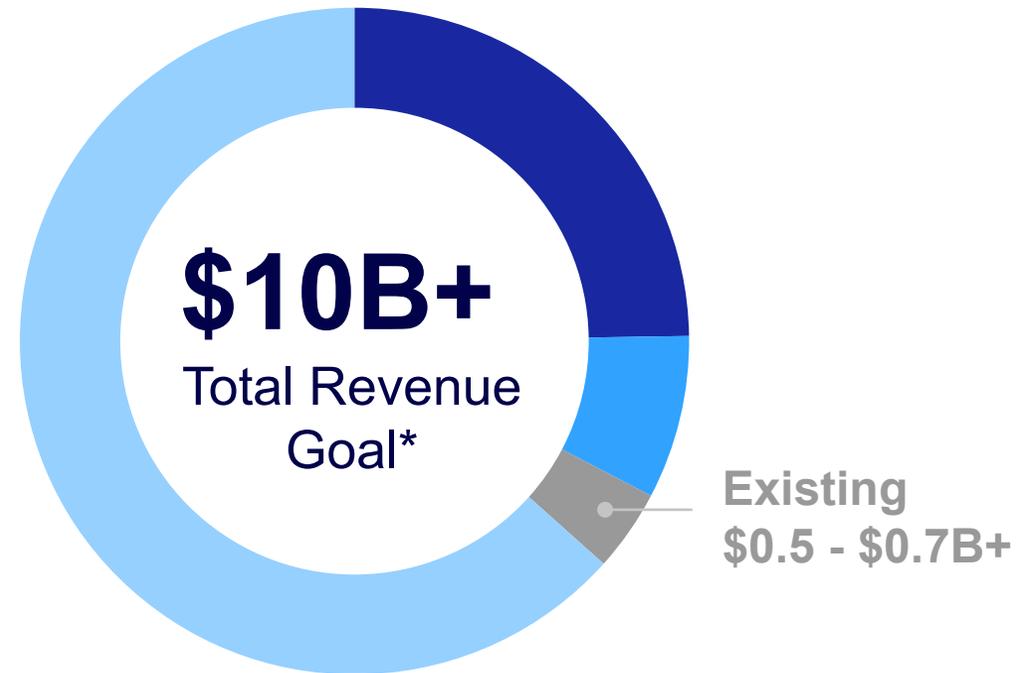
## EXAMPLE:



# Growth Summary: Existing Stores

## KEY TAKEAWAYS

- Have become a more sophisticated merchandiser and marketer
- Will continue to lean into value position, localization and power businesses to drive sales and margin growth
- Focused on increasing brand awareness to support growing footprint and drive traffic
- Committed to serving customers to provide the best shopping experience



\*2027 Goals are aspirational or otherwise forward-looking statements and actual performance may differ, possibly materially, and no guarantees are made that these goals will be met. See slide 3 for additional important information about forward-looking statements.



# Enhancing Our Supply Chain



**Sherry Harriman**  
SVP, Logistics & Supply Chain

Joined 2018



# Path Forward: Growth Strategy

1. Open **NEW STORES** to expand the store base by 50% in existing and new markets
2. Build a more powerful **OMNICHANNEL** business
3. Drive our **EXISTING BUSINESS** by:
  - Improving service and productivity in our stores
  - Strengthening our merchandising through meaningful assortment, powerful brands, and compelling value
  - Attracting and engaging customers through communication, content, and experiences
4. Leverage and scale our **SUPPLY CHAIN** to enable industry-leading growth
5. Support our growth with the **BEST TEAM** in retail

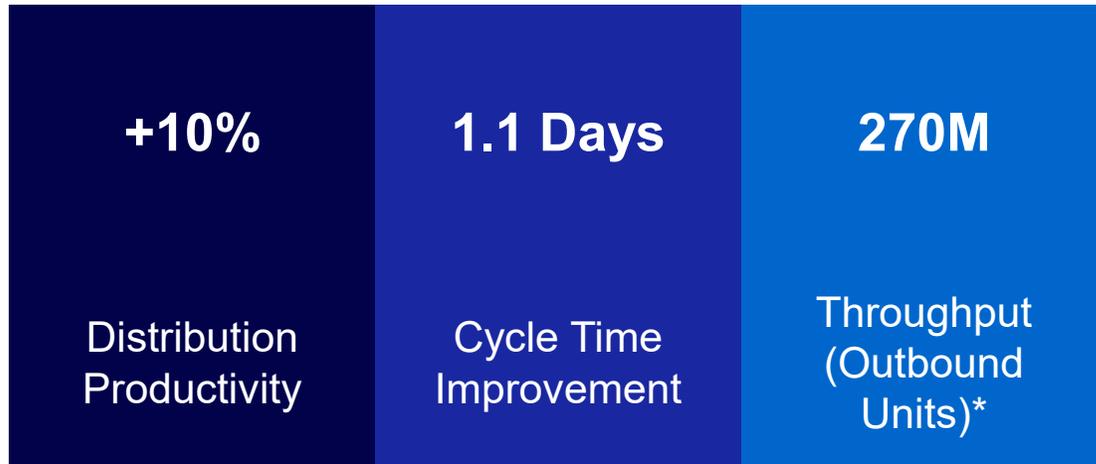
# Supply Chain Supported by Global Network

WE HAVE A GLOBAL TRANSPORTATION NETWORK WITH CAPACITY TO GROW



|                          |                       |                      |
|--------------------------|-----------------------|----------------------|
| <b>20+<br/>Countries</b> | <b>30+<br/>States</b> | <b>47<br/>States</b> |
| Import<br>Network        | Domestic<br>Network   | Outbound<br>Network  |

# 2018-2022: Supply Chain Successes

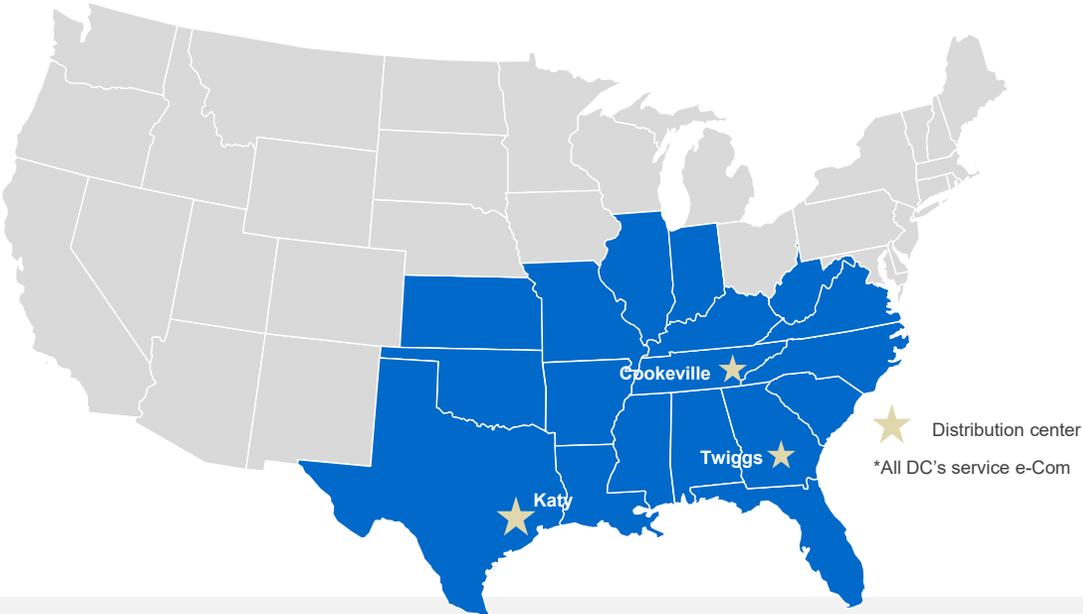


- 1. Improved Productivity of Team Members**  
Optimized processes to drive efficiency in the four walls
- 2. Leveraged Current Assets**  
Enabled 15% increase in throughput with minimal investment
- 3. Reduced Supply Chain Cycle Time**  
Achieved 15% reduction in DC processing time
- 4. Transportation Operational Excellence**  
Leveraged strategic carriers to support future growth and deliver efficiencies
- 5. Invested in Technology to Optimize Processes**  
Developed Roadmap to deliver 100+bps in cost leverage

\*Throughput is based on peak volume

# Supply Chain at a Glance

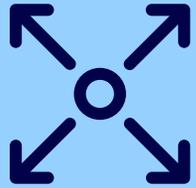
WE HAVE ENOUGH DISTRIBUTION CAPACITY TO HANDLE NEW STORE GROWTH PLANS



|                   | DISTRIBUTION FOOTPRINT (SQ. FT.) | YEAR BUILT | % UTILIZATION |
|-------------------|----------------------------------|------------|---------------|
| <b>Katy</b>       | 1.6 million                      | 1991       | 90%           |
| <b>Twiggs</b>     | 1.6 million                      | 2006       | 50%           |
| <b>Cookeville</b> | 1.6 million                      | 2016       | 50%           |

Leveraging future initiatives to drive additional capacity in our current network...

# Critical Actions to Support Growth



**Expand Capacity &  
Capabilities**



**Ensure Consistent  
Standards +  
Execution**

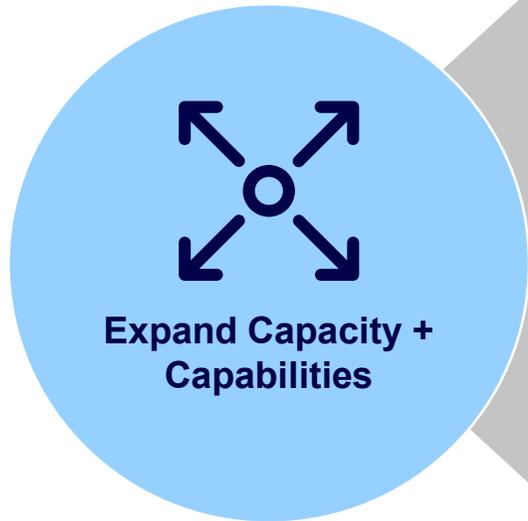


**Enhance  
Visibility**



**Build + Develop  
Talent**

# Expand Capacity + Capabilities



## DETAILED ACTION PLAN

- 1. Technology Enhancements**
  - WMS Manhattan Implementation
  - Pinc Yard Trailer Management
- 2. Scalable Transportation Programs**
  - Origin Management and Customs Broker
- 3. Optimize Footprint and Evaluate Equipment**
  - High Density Racking
- 4. New Distribution Center**



## ACTION IMPACTS

- Slotting/Directed Putaway
- Optimize Container Utilization
- Increased Pallet Locations
- Capacity Unlock

~20%

Expansion of DC Capacity

~8%

Increase in Pallet Position

~5%

Savings in Labor Cost

# Ensure Consistent Standards + Execution



## DETAILED ACTION PLAN

### 1. Process Standardization

- Twiggs efficiency to network parity
- Implement Continuous Improvement

### 2. Continue to Leverage Upstream

- 15% increase in Dock-to-Dock Flow by Leveraging Pre-Packs and Pre-Allocation
- Leverage Item Dimension Benefits in DC & Transportation Planning



## ACTION IMPACTS

- Labor Costs
- Lead Times
- Capacity Unlock
- Removing Waste

~40%

Uplift in Twiggs Productivity

>35%

Pre-Allocation Utilization

~10%

Increase in Unit Throughput

# Enhance Visibility



## DETAILED ACTION PLAN

### 1. End-To-End Visibility

- Implement P-44 throughout our transportation network
- Transportation Management Solutions
- DC Labor Planning

### 2. Transportation Network Review

- DC Outbound Route Optimization
- Backhaul Alignment



## ACTION IMPACTS

- Real-Time Inventory Visibility
- Reduce Empty Miles
- Labor Efficiency
- Improve Service to Internal Partners

~25%

Decrease in Accessorial Cost

~10%

Decrease in Empty Miles

~5%

Decrease in Outbound Cost

# Build + Develop Talent



## DETAILED ACTION PLAN

### 1. Invest in our Team Members

- Flexible Staffing Model
- Enhance Pay for Performance Program

### 2. Enhance and Recruit Talent

- DC Operations Support Structure
- Integrate with Merchant Organization
- Grow our Data Analytics Team
- Build a Talent Bench for DC #4



## ACTION IMPACTS

- Reduce Turnover
- Merchandise Flow Optimization
- Data Savvy vs Data Rich
- Collaborate Cross-Functionally

>95%

Achieving Labor Standards

10%+

Decrease in Turnover

>30%

Increase in Cycle Time Compliance

# Results of Critical Actions

## FUTURE STATE BENEFITS\*

- ~20%** Increase in Unit Productivity
- ~30%** Improvement in eCom Fulfilment Cost
- ~45%** Decrease in Lead Time, Driving In-Stocks
- ~15%** Leverage in Transportation Cost to Serve
- ~10%** Increase in Existing Distribution Capacity

## P&L IMPACT

**100+**

Basis Point Profitability  
Improvement

\*2027 Goals are aspirational or otherwise forward-looking statements and actual performance may differ, possibly materially, and no guarantees are made that these goals will be met.

# Future State Goals

1

**Servicing the Existing Store Base** by creating a more efficient and effective supply chain

2

**Support New Store + Omnichannel Growth** with expanded capacity

3

**Support Private Brand Growth** by partnering with Sourcing

4

**Drive Inventory Efficiency** by reducing lead time in the Distribution Center

5

**Improve Profitability of Stores and eCom** by lowering cost to serve while increasing experience



# Commitment to ESG



**20+**  
**YEARS**  
EXPERIENCE

**Rene Casares**  
SVP, General Counsel & Secretary

Joined 2013

LATHAM &  
WATKINS LLP

Vinson & Elkins



# ESG Purpose Statement

At Academy Sports + Outdoors, we believe that practicing corporate responsibility:

- Strengthens our accountability and performance
- Supports the long-term interests of our stakeholders
- Furthers the achievement of Our Vision to be the best sports + outdoors retailer in the country.

We engage in responsible corporate leadership by

- **Sustaining our Planet**
- **Empowering Our Communities**
- **Operating with Integrity**

This approach guides our ESG efforts at all levels of the company, including our strategies, investments, internal and external engagement, and reporting.



# Our ESG Pillars

## SUSTAINING OUR PLANET

We're committed to keeping the outdoors fun for generations to come. That's why we're taking a thoughtful approach to our environmental impact—so you can feel good about gearing up for the great outdoors.

- Climate + Carbon Footprint
- Sustainable Products + Packaging
- Construction Efficiency, Recycling, + Waste Management

## EMPOWERING OUR COMMUNITIES

At Academy, it's our Mission to provide fun for all. We embrace diversity, inclusion, and belonging throughout our organization, we invest in our Team Members, and we strive to create safer and stronger workplaces, shopping experiences, and communities.

- Team Member Growth Opportunities
- Diversity, Equity + Inclusion / Culture
- Community + Workplace Safety and Preparedness
- Product Safety + Responsibility

## OPERATING WITH INTEGRITY

Responsible leadership and integrity are important values at Academy that guide the governance of our company and instill trust among our customers, Team Members, communities, and other stakeholders.

- Corporate Governance
- Ethics + Compliance
- Data Security + Privacy
- Vendor Management

# Sustaining the Planet

## FACILITIES

- All new retail locations will be equipped with environmentally friendly design elements
  - Conserves valuable natural resources and reduces harmful carbon emissions
- Last year, we reported our **baseline Scope 1 + 2 greenhouse gas emissions** (GHG) for 2021

## PRIVATE LABEL

- **Set target goals** to improve product materials and packaging sustainability by end of 2024
- Product descriptions and hang tags on select styles denote **recycled content**
- Private brand **footwear**
  - Packaged in recycled cardboard boxes
  - 1/3 of insole boards made from recycled materials in 2021
- Private brand **apparel**
  - More than 5% made from recycled materials in 2021

## LANDFILL

- Landfill avoidance rate of **48%** in 2021.
- Recycling program at all our facilities expanded to include additional materials
- Based on **16,000** recycled tons equating to saving:
  - **250,000** trees
  - **53.5 million** kilowatt hours
  - **167,000** barrels of oil
  - **103 million** gallons of water
  - **15,000** tons of landfill

Data as of FYE 2021

# Empowering Our Communities

## TEAM MEMBER DEVELOPMENT

**We provide Team Members with personal growth, cross functional training and career advancement opportunities**

- Recruiting + Retaining Talent
- Training + Development
- Compensation + Benefits
- Diversity, Inclusion + Belonging
- Workplace Safety + Wellness

## COMMUNITY AND CULTURE

**We provide people with the gear and confidence to be active, have fun and enjoy life together**

- Gearing our Communities for Fun
- Sponsorships + Donations
- Crises Preparedness + Disaster Relief
- Product Safety + Responsibility

## FIREARMS RESPONSIBILITY

**We strive to be the most responsible seller of firearms in the country**

- Well-qualified, highly trained sales Team Members
- Safe + responsible transfers in strict compliance with all local, state, and federal regulations
- Commitment to educating and equipping customers on responsible usage and ownership of firearms

# Operating with Integrity

## BOARD COMPOSITION

**89%** of our directors are **independent**

**44%** of our directors are **women**

**67%** of our directors are **women or ethnic minorities**

**2/3** of our Board **committees are chaired by women**

## CYBER SECURITY & DATA PRIVACY

Committed to protecting the information of our team members, customers, business partners, and Company from unauthorized access, use or disclosure.

- Cybersecurity Committee is composed of cross-functional senior leadership
- Committed to consistent investment in people, technology, and processes to protect data and systems
- Board Cybersecurity experience

## COMPLIANCE, ETHICS, VENDOR MANAGEMENT

We expect our vendors to meet the same standards of responsibility and ethics that we ask of our Team Members

- Key Values: Responsible Leadership + Integrity Always
- High expectations for responsible, ethical and inclusive principles
- Vendor Code of Conduct sets forth requirements that all vendors must comply with to do business with Academy

# Oversight & Improvement

Comprehensive ESG oversight is performed by the Board and its committees

## COMPENSATION

- Team Member matters
- Diversity, equity, inclusion + belonging
- Comp, benefits, wellness
- Engagement + training
- Succession planning

## AUDIT

- Compliance
- Ethics + Whistleblowing
- Safety
- Cybersecurity + data privacy
- Enterprise risk management

## NOMINATING & GOVERNANCE

- Primary responsibility for ESG oversight + strategy
- Corporate governance + responsibility
- Investor relations + shareholder engagement

# Our Commitments and Focus

## Our ESG Program will Continue to Focus on:

- Keeping our customers active and connected with experiences
- Investing in our Team Members
- Developing a diverse and inclusive society and workplace
- Ensuring the quality and safety of our products, workplaces, and retail experience
- Supporting and giving to our communities
- Enhancing our governance practices
- Strengthening our compliance programs
- Ensuring our cybersecurity, and
- Reducing our environmental impact.





# Investing in our Team Members, Culture & Communities



**30+**  
**YEARS**  
EXPERIENCE

**Bill Ennis**  
SVP, Chief Human Resources Officer

Joined 2008



STAGE



# Path Forward: Growth Strategy

1. Open **NEW STORES** to expand the store base by 50% in existing and new markets
2. Build a more powerful **OMNICHANNEL** business
3. Drive our **EXISTING BUSINESS** by:
  - Improving service and productivity in our stores
  - Strengthening our merchandising through meaningful assortment, powerful brands, and compelling value
  - Attracting and engaging customers through communication, content, and experiences
4. Leverage and scale our **SUPPLY CHAIN** to enable industry-leading growth
5. Support our growth with the **BEST TEAM** in retail

# Culture is Central to Academy's Success

**Our Values Establish a Strong Foundation for Our Culture + Represent the Key Expectations We Have of Our Team Members:**

## ACADEMY'S VALUES

- Customer Focus and Service
- Excellence In All We Do
- Responsible Leadership
- Initiative With Urgency
- Students of the Business
- Integrity Always
- Positive Impact on Our Communities

# Our Commitments to Support our Growth

## Our Commitments:

- Develop internal talent to support enterprise growth
- Recruit external talent by showcasing our culture and engaging work environment
- Provide additional skills training to enhance customer interactions
- Support and encourage our Diversity, Inclusion & Belonging initiatives
- Continue making a positive impact on our communities



**30%**

of our 22,000 team members said "FUN" when asked to describe working at Academy

# Great Place to Work

## HEALTH/FINANCIAL WELLNESS:

- 401k: 6%, 100% match
- Employee stock purchase plan
- Competitive medical benefits
- Tuition reimbursement
- Same day pay
- Financial planning
- Onsite gym

## FUN:

- Intramurals  
(Cricket, Soccer, Volleyball)
- Cornhole Tournaments
- Food Trucks
- 5K Runs
- Trunk-or-Treat for Families
- Free Thanksgiving Day lunch
- Campus Christmas party



# Leadership Development

Our training offerings include courses designed to improve the skills needed for specific roles, as well as those designed for anyone looking to sharpen their knowledge and skills:

- Executive Training Program
- Buyer University
- Manager-in-Training Program
- Team Lead Development
- Academy Leadership University
- Academy Retail University



**55%**  
of store management  
positions were filled  
via internal  
promotions  
in 2022

Investing in Top Talent

**500K+**  
total hours of training  
completed by our  
team members in  
2022

Skills Training

# Diversity, Inclusion & Belonging

## Our Team Resource Groups (TRGs)



# Helping Our Communities in Times of Need

New Orleans, LA, Hurricane Ida Relief



Jackson, MS Water Donation



Mayfield, KY Tornado Relief



Pasadena, TX Tornado Relief



**\$1.8M**

in financial assistance  
to Academy Team  
Members impacted by  
natural disasters  
since 2019

# Financials & Wrap-up



**Michael Mullican**

EVP & CFO



**Ken Hicks**

Chairman, President & CEO

# Significant Outperformance Since IPO

## INDEXED STOCK PRICES



Chart reflects trading data from 10/2/20 – 3/22/23  
Sporting Goods Retail Peer index consists of BGFV, DKS, HIBB, and SPWH. Index is market-capitalization weighted.



# Significant Outperformance Since IPO

**\$1.1B**

IPO VALUATION IN  
OCTOBER 2020 VS. \$5B TODAY

**> \$2.0B**

CUMULATIVE FCF  
GENERATION SINCE 2019

**~ \$2.0B**

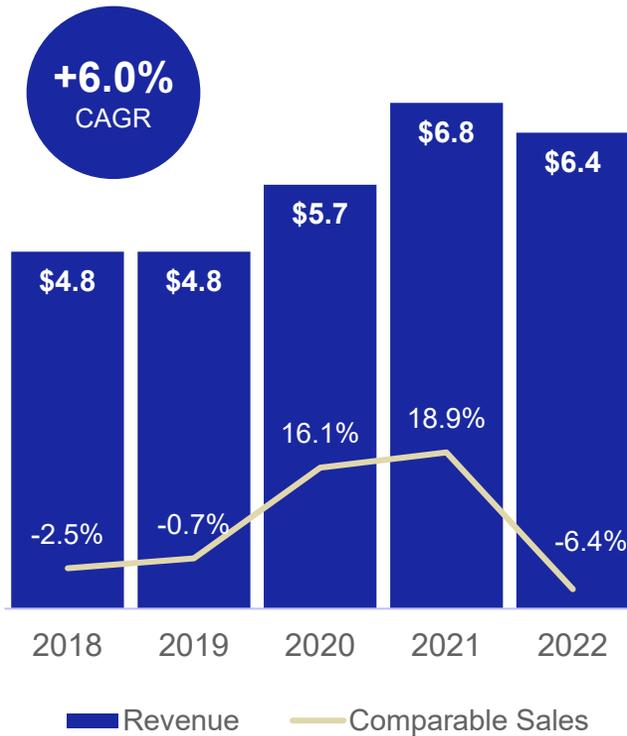
RETURNED THRU DEBT REDUCTION,  
SHARE REPURCHASE & DIVIDENDS

## \$4B Increase in Market Cap Since IPO

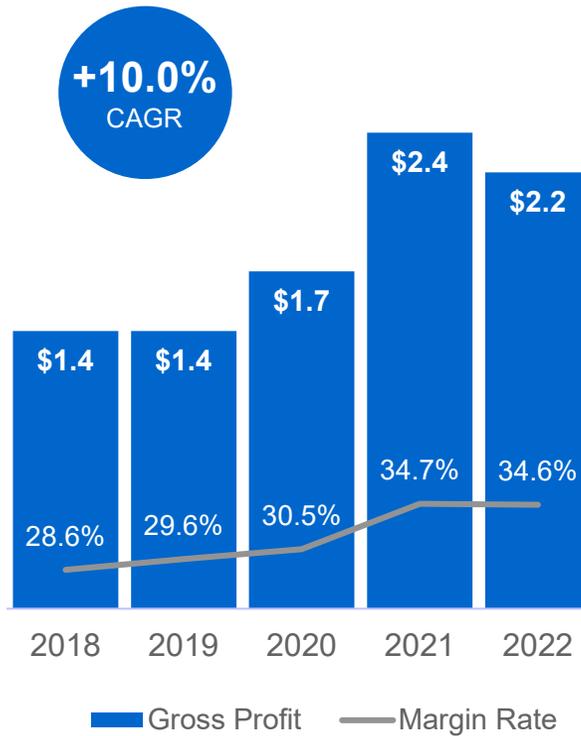
Through Q4 2022

# Sales/Margin Trends, Strong Foundation

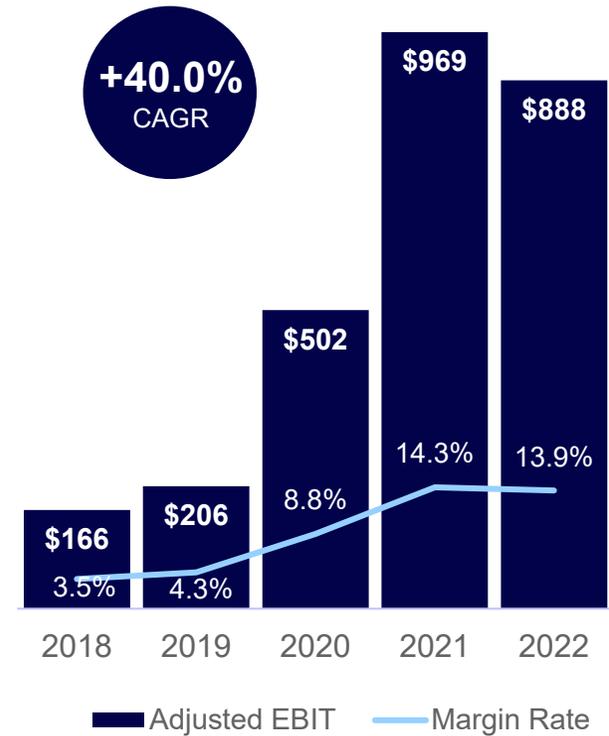
## Net Sales (Billions) & Comparable Sales



## Gross Profit (Billions) & Margin Rate



## Adjusted EBIT\* (Millions) & Margin Rate

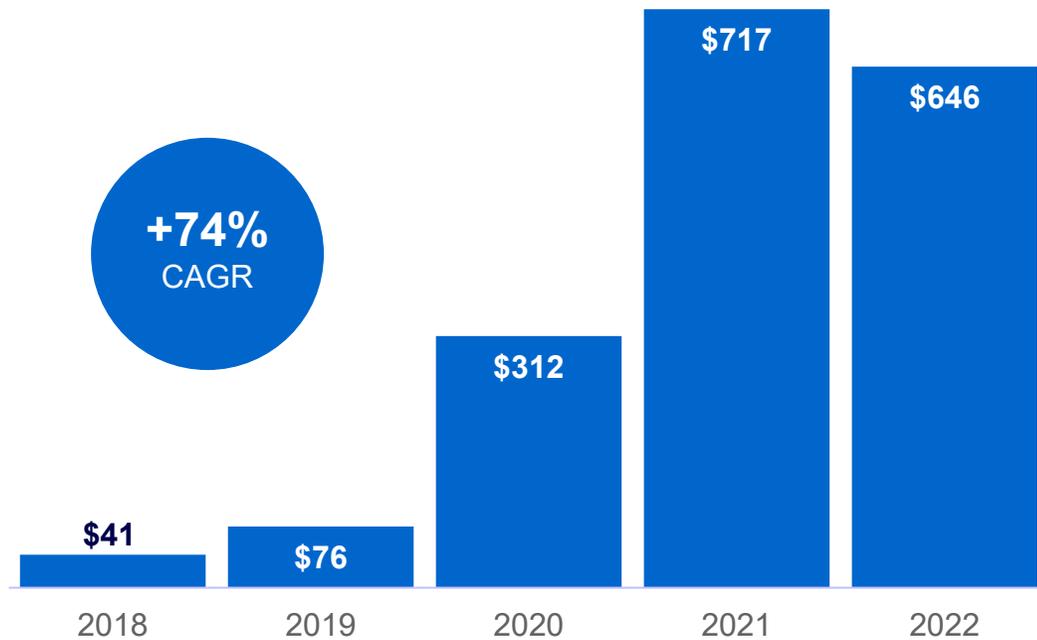


Source: Fiscal 2022 10-K

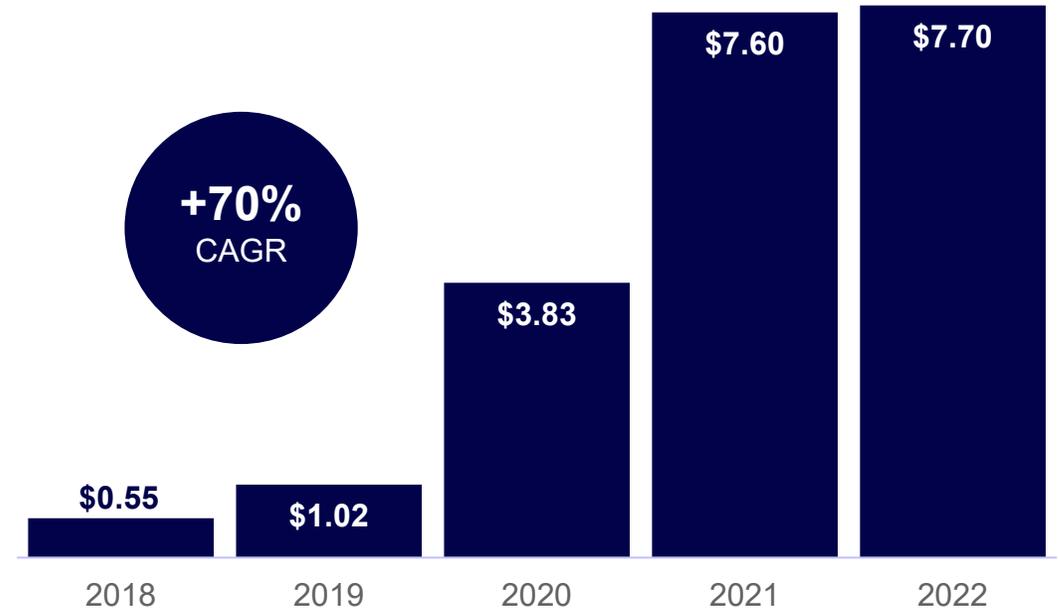
\*See appendix for reconciliations of Non-GAAP measures.

# Enhanced, Sustainable Profits

ADJUSTED NET INCOME\*  
(MILLIONS)



ADJUSTED PRO FORMA EARNINGS  
PER SHARE\*

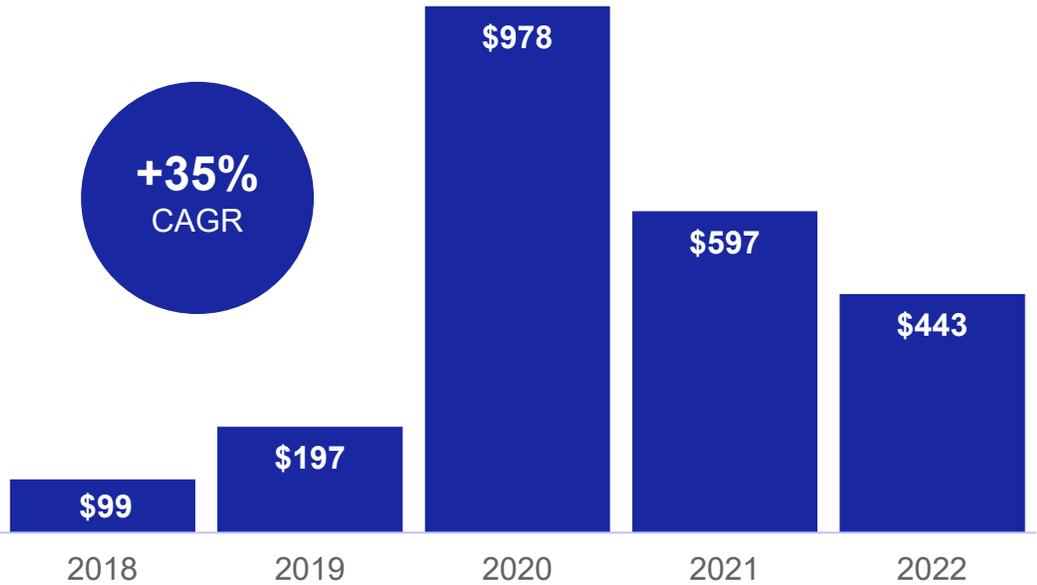


Source: Fiscal 2022 10-K

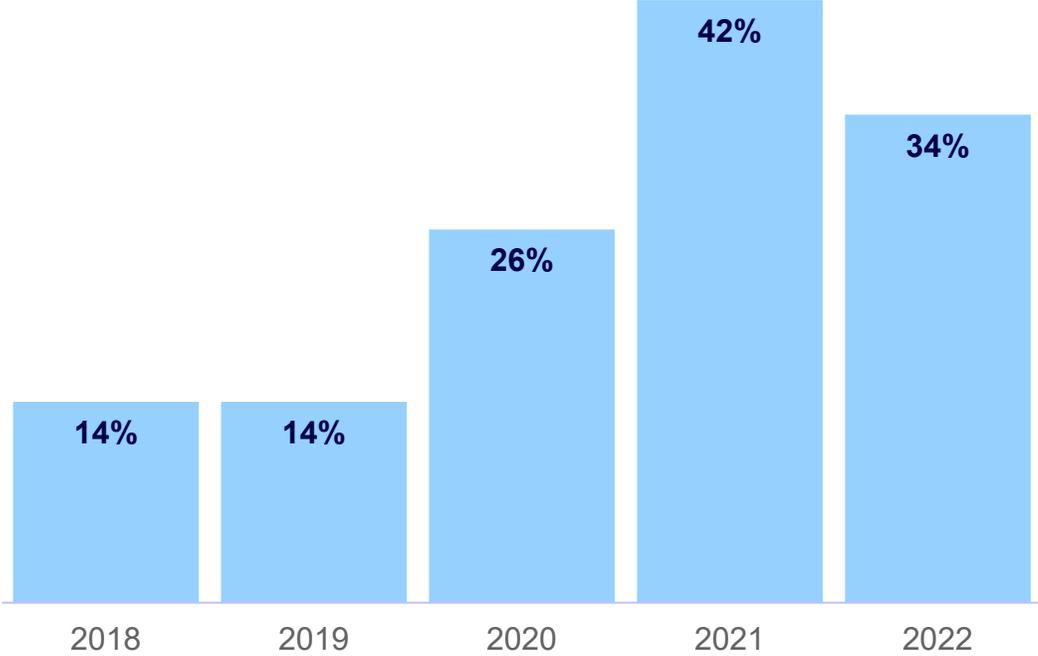
\*See appendix for reconciliations of Non-GAAP measures.

# Strong Cash Flow Generation + ROIC

ADJUSTED FREE CASH FLOW\*  
(MILLIONS)



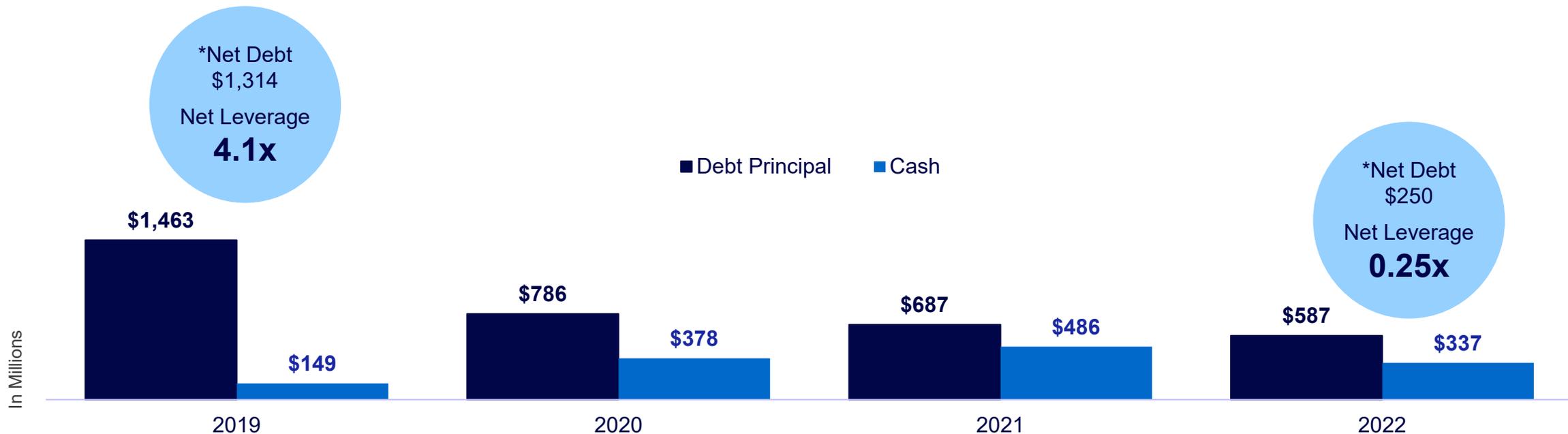
RETURN ON INVESTED CAPITAL  
(ROIC)\*



Source: Fiscal 2022 10-K  
\*See appendix for reconciliations of Non-GAAP measures.



# Strong Balance Sheet is a Competitive Advantage That Supports Growth



The Company has maintained a \$1 Billion credit facility, giving it ample liquidity and no maturities until 2027

Note: Leverage ratio is defined as Net Debt divided by adjusted EBITDA. See appendix for reconciliation of non-GAAP measures.

Source: Fiscal 2021 and 2022 10-K reports

# Reaffirming Fiscal 2023 Outlook

- Leverage market position as value leader
- Accelerate new store growth & omnichannel penetration
- Continue to drive industry leading levels of service, productivity, assortment and fun

**\$6.5 - \$6.7B**

**Net Sales**  
Total Sales Growth 2-5%

**(2.0)% to +1.0%**

**Comp Sales**

**34.0% - 34.4%**

**Gross Margin**

**13 - 15**

**New Store Openings**

**\$6.70 - \$7.45**

**GAAP EPS**

**\$7.00 - \$7.75\***

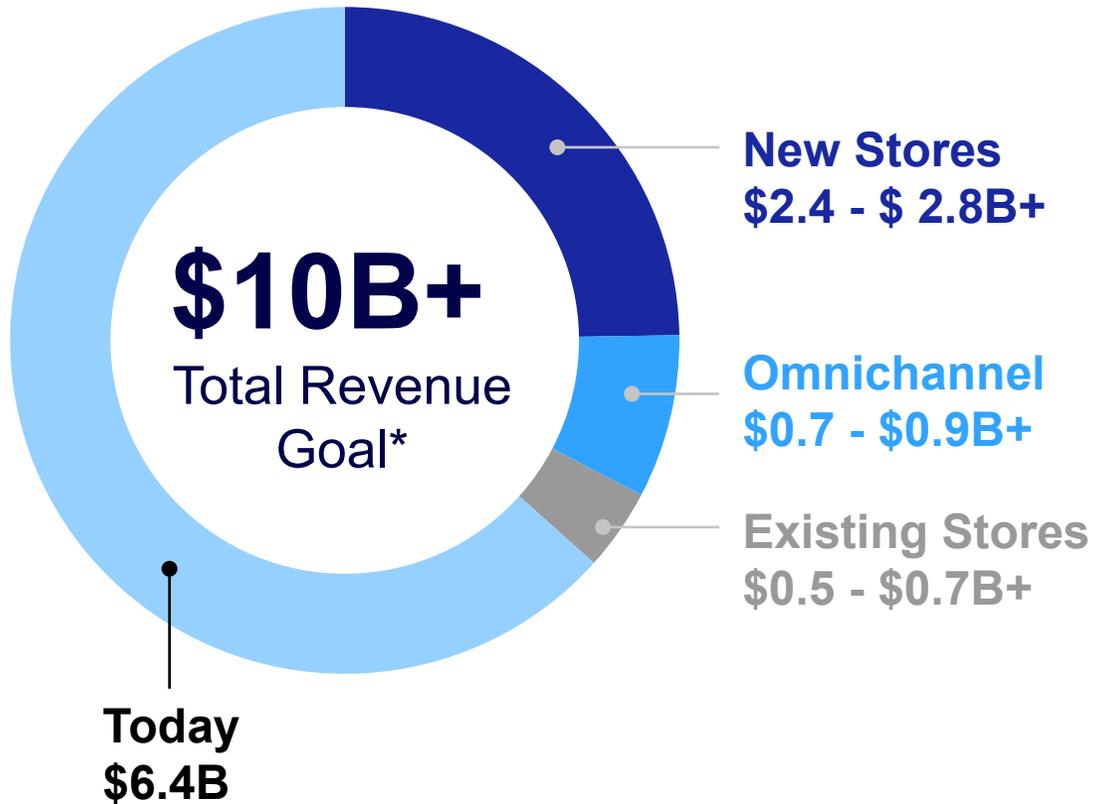
**Adjusted EPS**

Source: The Company's Q4 2022 earnings release on 3/16/2023

\*See appendix for reconciliation of non-GAAP measures.

# Path to Growth Summary

**~10%**  
Top-Line CAGR



\*2027 Goals are aspirational or otherwise forward-looking statements and actual performance may differ, possibly materially, and no guarantees are made that these goals will be met. See slide 3 for additional important information about forward-looking statements.

# Multiple Levers to Sustain Margin Profile

## PRODUCT MIX

- Expand penetration of higher-margin Private brands across platform

### Private Brands Penetration



- Expect faster growth from higher gross margin products (Apparel, Footwear) than lower gross margin products (Outdoor, S&R)
- Continuous benefits of MP&A and labor scheduling systems

## SUPPLY CHAIN

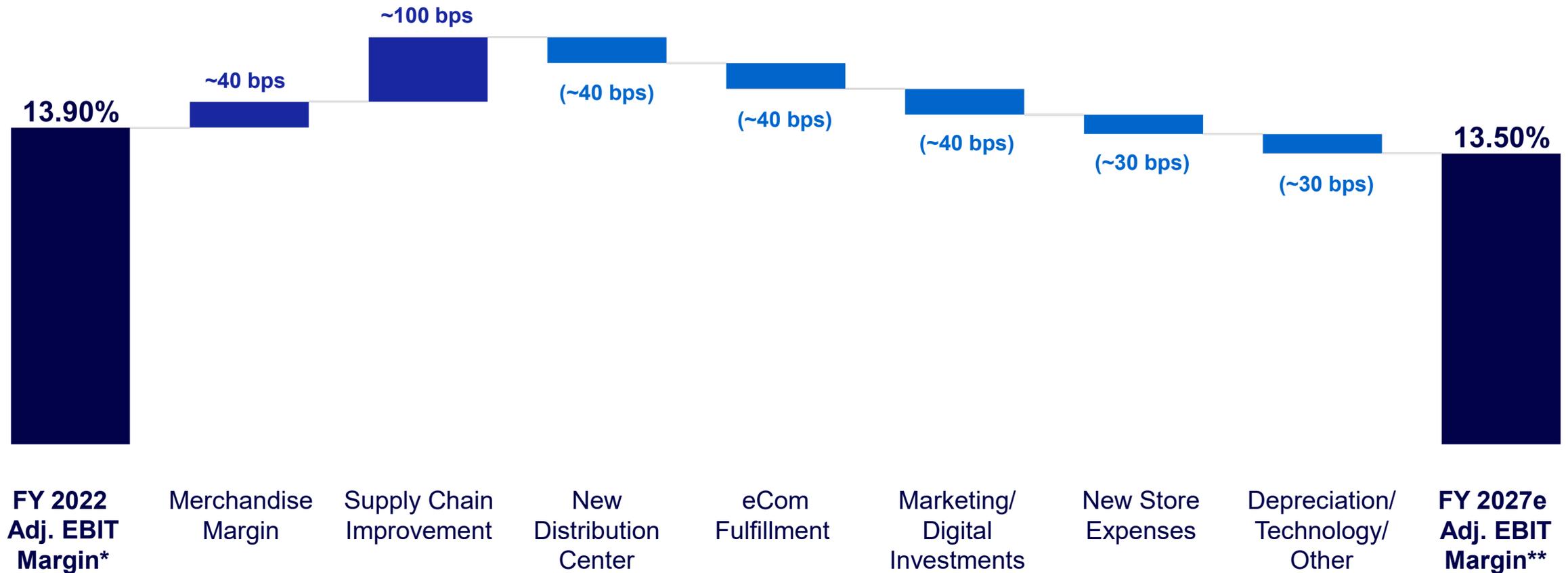
- New Warehouse Management System expected to yield efficiencies
- Leverage supply chain visibility to drive transportation efficiencies from increased planning and flexibility in our network



**Gross margin rates are expected to be 34.0% - 34.5% each year of the long range plan**

\*2027 Goals are aspirational or otherwise forward-looking statements and actual performance may differ, possibly materially, and no guarantees are made that these goals will be met. See slide 3 for additional important information about forward-looking statements.

# Path to 13.5% Adjusted EBIT Margin

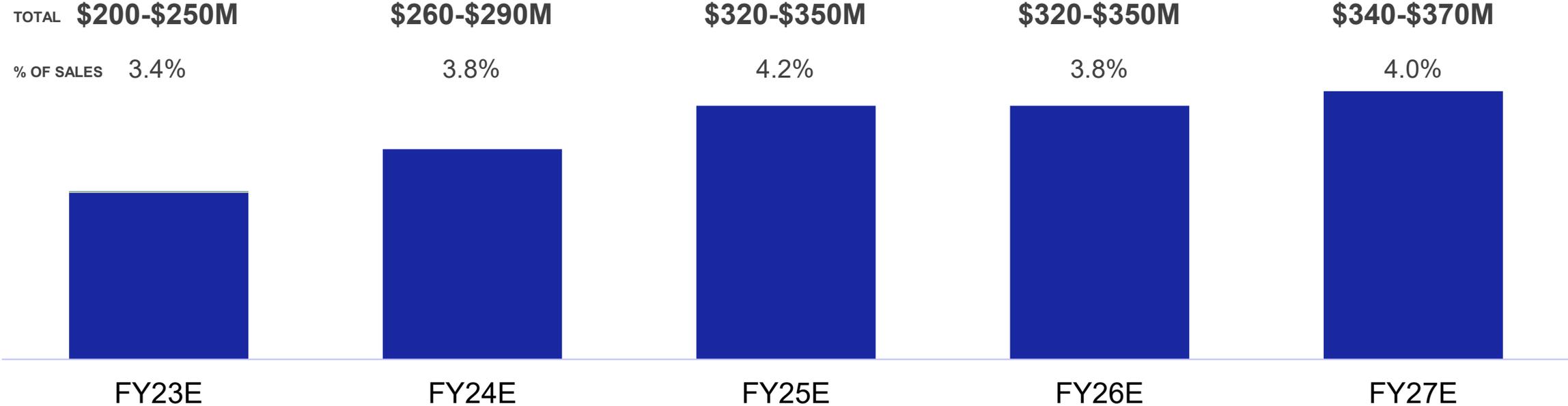


\*See Appendix for reconciliation of non-GAAP measures.

\*\*Adjusted EBIT is a non-GAAP measure. We have not reconciled these forward-looking estimates to the most comparable GAAP measure because it is not possible to do so without unreasonable efforts given the uncertainty and potential variability of reconciling items, which are dependent on future events and often outside of management's control and which could be significant. Because such items cannot be reasonably predicted with the level of precision required, we are unable to provide an estimate of the most closely comparable GAAP measure at this time. 2027 Goals are aspirational or otherwise forward-looking statements and actual performance may differ, possibly materially, and no guarantees are made that these goals will be met.

# Capital Expenditures Plan: All Self Funded

EXPECT TO SPEND ~\$1.5 BILLION OVER THE NEXT FIVE YEARS\*

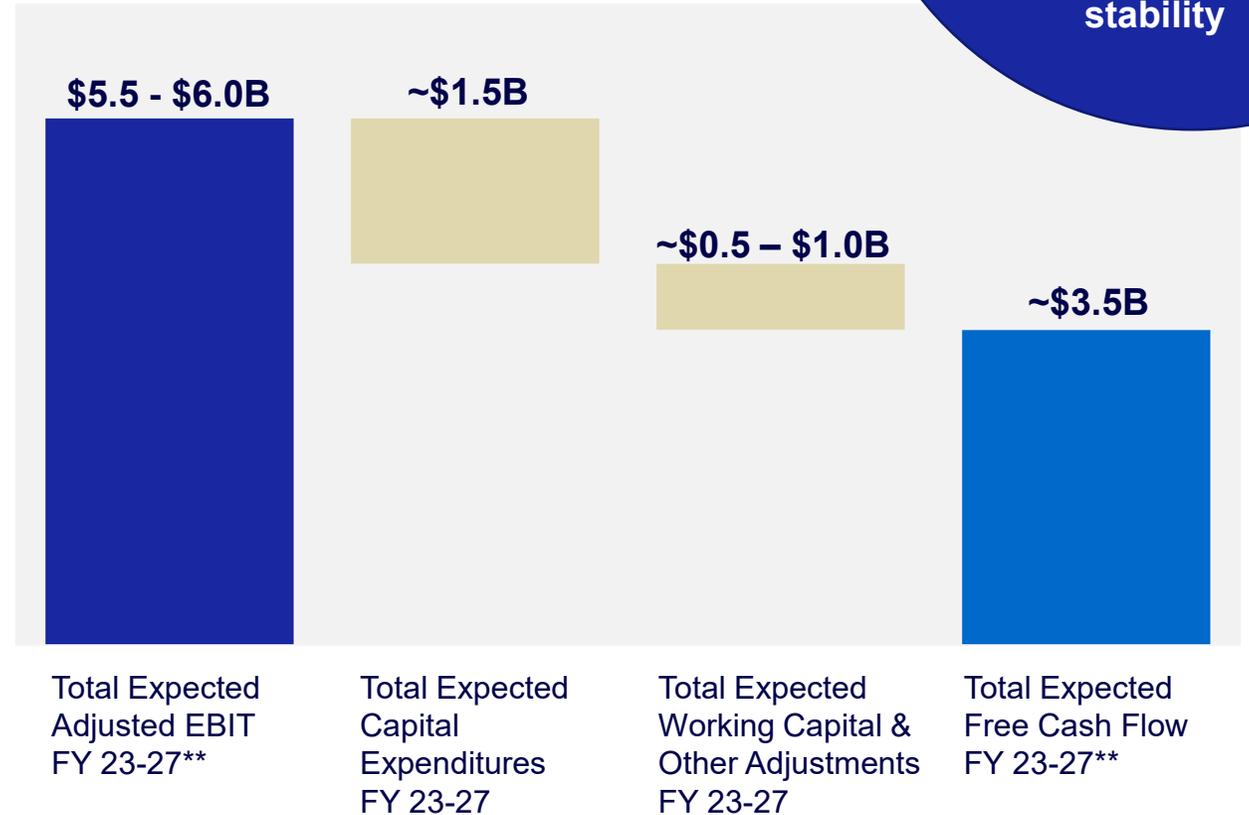


\*The CapEx spend plan is an estimate or is otherwise forward-looking and actual performance may differ, possibly materially, and no guarantees are made that these estimates will be met. See slide 3 for additional important forward-looking statements.

**CapEx Includes: New Stores and Store Remodels, Distribution Center, Strategic Initiatives, and Maintenance & Infrastructure**

# Balanced Capital Allocation

1. Maintain one of best balance sheets in our industry
2. Self-fund growth and strategic priorities
3. Return capital to stakeholders through dividend growth, opportunistic share repurchases, and debt paydown



**~\$3.5B**  
...available over the next 5 years to drive stakeholder value and provide financial stability

\*\*Adjusted EBIT and Free Cash Flow are non-GAAP measures. We have not reconciled these forward-looking estimates to the most comparable GAAP measure because it is not possible to do so without unreasonable efforts given the uncertainty and potential variability of reconciling items, which are dependent on future events and often outside of management's control and which could be significant. Because such items cannot be reasonably predicted with the level of precision required, we are unable to provide an estimate of the most closely comparable GAAP measure at this time. 2027 Goals are aspirational or otherwise forward-looking statements and actual performance may differ, possibly materially, and no guarantees are made that these goals will be met.

# Path Forward: Strategy & Goals

## OUR STRATEGY

1. Open **NEW STORES** to expand the store base by 50% in existing and new markets
2. Build a more powerful **OMNICHANNEL** business
3. Drive our **EXISTING BUSINESS** by:
  - Improving service and productivity in our stores
  - Strengthening our merchandising through meaningful assortment, powerful brands, and compelling value
  - Attracting and engaging customers through communication, content, and experiences
4. Leverage and scale our **SUPPLY CHAIN** to enable industry-leading growth
5. Support our growth with the **BEST TEAM** in retail

## OUR 2027 GOALS\*

|                           |                    |
|---------------------------|--------------------|
| <b>NET SALES</b>          | <b>\$10B+</b>      |
| <b>NET INCOME MARGIN</b>  | <b>10%</b>         |
| <b>ADJ. EBIT MARGIN**</b> | <b>13.5%</b>       |
| <b>ROIC**</b>             | <b>30%</b>         |
| <b>INVENTORY TURNS</b>    | <b>3.7x+</b>       |
| <b>NET SALES/SQ FT</b>    | <b>\$365/SQ FT</b> |
| <b>.COM PENETRATION</b>   | <b>15%+</b>        |

\*2027 Goals are aspirational or otherwise forward-looking statements and actual performance may differ, possibly materially, and no guarantees are made that these goals will be met. Some of these 2027 Goals were achieved in 2021 and/or 2022 and the goal is to maintain them at these levels. See slide 3 for additional important information about forward-looking statements.

\*\*Adjusted EBIT Margin and ROIC are non-GAAP measures. We have not reconciled these forward-looking estimates to the most comparable GAAP measure because it is not possible to do so without unreasonable efforts given the uncertainty and potential variability of reconciling items, which are dependent on future events and often outside of management's control and which could be significant. Because such items cannot be reasonably predicted with the level of precision required, we are unable to provide an estimate of the most closely comparable GAAP measure at this time.

HAVE *Fun* OUT THERE

# Appendix

**Academy**<sup>®</sup>  
SPORTS+OUTDOORS

# GAAP to Non-GAAP Reconciliations

Adjusted EBITDA, Adjusted EBIT, Adjusted Net Income, Adjusted Earnings per Common Share, Adjusted Free Cash Flow, Net Debt and ROIC have been presented in this presentation as supplemental measures of financial performance that are not required by, or presented in accordance with, generally accepted accounting principles ("GAAP"). These non-GAAP measures have limitations as analytical tools. For information on these limitations, as well as information on why management believes these non-GAAP measures are useful, please see our Annual Report for the fiscal year ended January 28, 2023 (the "Annual Report"), as such limitations and information may be updated from time to time in our periodic filings with the Securities and Exchange Commission (the "SEC"), which are accessible on the SEC's website at [www.sec.gov](http://www.sec.gov).

We compensate for these limitations by primarily relying on our GAAP results in addition to using these non-GAAP measures supplementally.

## Adjusted EBITDA and Adjusted EBIT

We define "Adjusted EBITDA" as net income (loss) before interest expense, net, income tax expense and depreciation, and amortization, and impairment, further adjusted to exclude equity compensation expense, (gain) loss on early retirement of debt, net, payroll taxes associated with a vesting event, as a result of a secondary offering, of certain time and performance-based equity awards, both of which occurred in May 2021 (the "2021 Vesting Event") and other adjustments. We define "Adjusted EBIT" as net income (loss) before interest expense, net, and income tax expense, further adjusted to exclude equity compensation expense, (gain) loss on early retirement of debt, net, payroll taxes associated with the 2021 Vesting Event and other adjustments. We describe these adjustments reconciling net income (loss) to Adjusted EBITDA and Adjusted EBIT in the following table.

|  | <b>Fiscal Year Ended</b> |                         |                         |                         |
|--|--------------------------|-------------------------|-------------------------|-------------------------|
|  | <b>January 28, 2023</b>  | <b>January 29, 2022</b> | <b>January 30, 2021</b> | <b>February 1, 2020</b> |
| Net income   | \$ 628,001               | \$ 671,381              | \$ 308,764              | \$ 120,043              |
| Interest expense, net                                    | 46,441                   | 48,989                  | 86,514                  | 101,307                 |
| Income tax expense                                       | 190,319                  | 188,159                 | 30,356                  | 2,817                   |
| Depreciation and amortization                            | 106,762                  | 105,274                 | 105,481                 | 117,254                 |
| Consulting fees (a)                                      | -                        | -                       | 285                     | 3,601                   |
| Private equity sponsor monitoring fee (b)                | -                        | -                       | 14,793                  | 3,636                   |
| Equity compensation (c)                                  | 21,175                   | 39,264                  | 31,617                  | 7,881                   |
| (Gain) loss on early retirement of debt, net             | 1,963                    | 2,239                   | (3,582)                 | (42,265)                |
| Severance and executive transition costs (d)             | -                        | -                       | 6,571                   | 1,429                   |
| Costs related to the COVID-19 pandemic (e)               | -                        | -                       | 17,632                  | -                       |
| Payroll taxes associated with the 2021 Vesting Event (f) | -                        | 15,418                  | -                       | -                       |
| Other (g)  | -                        | 3,118                   | 8,592                   | 7,111                   |
| Adjusted EBITDA  | 994,661                  | 1,073,842               | 607,023                 | 322,814                 |
| Less: Depreciation and amortization                      | (106,762)                | (105,274)               | (105,481)               | (117,254)               |
| Adjusted EBIT  | \$ 887,899               | \$ 968,568              | \$ 501,542              | \$ 205,560              |

(a) Represents outside consulting fees associated with our strategic cost savings and business optimization initiatives.

(b) Represents our contractual payments under the Monitoring Agreement.

(c) Represents non-cash charges related to equity-based compensation, which vary from period to period depending on certain factors such as the 2021 Vesting Event, timing and valuation of awards, achievement of performance targets and equity award forfeitures.

(d) Represents severance costs associated with executive leadership changes and enterprise-wide organizational changes.

(e) Represents costs incurred during the first half of 2020 as a result of the COVID-19 pandemic, including temporary wage premiums, additional sick time, costs of additional cleaning supplies and third party cleaning services for the stores, corporate office and distribution centers, accelerated freight costs associated with shifting our inventory purchases earlier in the year to maintain stock, and legal fees associated with consulting in local jurisdictions. These costs were no longer added back beginning in the third quarter of 2020.

(f) Represents cash expenses related to taxes on equity-based compensation resulting from the 2021 Vesting Event.

(g) Other adjustments include (representing deductions or additions to Adjusted EBITDA and Adjusted EBIT) amounts that management believes are not representative of our operating performance, including installation costs for energy savings associated with our profitability initiatives, legal fees associated with a distribution to NAHC's members and our omnibus incentive plan, and other costs associated with strategic cost savings and business optimization initiatives.

## Adjusted Net Income, Pro Forma Adjusted Net Income, Adjusted Earnings per Common Share and Adjusted Pro Forma Earnings Per Common Share

We define "Adjusted Net Income (Loss)" as net income (loss), plus equity compensation expense, (gain) loss on early retirement of debt, net, payroll taxes associated with the 2021 Vesting Event and other adjustments, less the tax effect of these adjustments. We define "Adjusted Earnings per Common Share, Basic" as Adjusted Net Income divided by the basic weighted average common shares outstanding during the period and "Adjusted Earnings per Common Share, Diluted" as Adjusted Net Income divided by the diluted weighted average common shares outstanding during the period. We describe these adjustments reconciling net income (loss) to Adjusted Net Income (Loss), Adjusted Net Income (Loss), and Adjusted Earnings Per Share in the following table.

|  | <u>Fiscal Year Ended</u> |                  |                  |                  |
|--|--------------------------|------------------|------------------|------------------|
|  | January 28, 2023         | January 29, 2022 | January 30, 2021 | February 1, 2020 |
| Net income   | \$ 628,001               | \$ 671,381       | \$ 308,764       | \$ 120,043       |
| Consulting fees (a)  | -                        | -                | 285              | 3,601            |
| Private equity sponsor monitoring fee (b)                  | -                        | -                | 14,793           | 3,636            |
| Equity compensation (c)                                    | 21,175                   | 39,264           | 31,617           | 7,881            |
| (Gain) loss on early retirement of debt, net               | 1,963                    | 2,239            | (3,582)          | (42,265)         |
| Severance and executive transition costs (d)               | -                        | -                | 6,571            | 1,429            |
| Costs related to the COVID-19 pandemic (e)                 | -                        | -                | 17,632           | -                |
| Payroll taxes associated with the 2021 Vesting Event (f)   | -                        | 15,418           | -                | -                |
| Other (g)  | -                        | 3,118            | 8,592            | 7,111            |
| Tax effects of these adjustments (h)                       | (5,382)                  | (14,884)         | (136)            | 33               |
| Adjusted Net Income  | 645,757                  | 716,536          | 384,536          | 101,469          |
| Estimated tax effect of change to C-Corporation status (i) | -                        | -                | (72,844)         | (25,542)         |
| Pro Forma Adjusted Net Income                              | \$ 645,757               | \$ 716,536       | \$ 311,692       | \$ 75,927        |
| Adjusted Earnings per Common Share                         |                          |                  |                  |                  |
| Basic  | \$ 7.70                  | \$ 7.38          | \$ 3.96          | \$ 1.66          |
| Diluted  | \$ 7.49                  | \$ 7.12          | \$ 3.79          | \$ 1.60          |
| Pro Forma Adjusted Earnings per Common Share               |                          |                  |                  |                  |
| Basic  | \$ 7.91                  | \$ 7.88          | \$ 4.00          | \$ 1.05          |
| Diluted  | \$ 7.70                  | \$ 7.60          | \$ 3.83          | \$ 1.02          |
| Weighted Average Common Shares Outstanding                 |                          |                  |                  |                  |
| Basic  | 81,590                   | 90,956           | 77,994           | 72,477           |
| Diluted  | 83,895                   | 94,284           | 81,431           | 74,795           |

## ***Adjusted Net Income, Pro Forma Adjusted Net Income, Adjusted Earnings per Common Share and Adjusted Pro Forma Earnings Per Common Share cont'd***

- (a) Represents outside consulting fees associated with our strategic cost savings and business optimization initiatives.
- (b) Represents our contractual payments under the Monitoring Agreement.
- (c) Represents non-cash charges related to equity based compensation, which vary from period to period depending on certain factors such as the 2021 Vesting Event, timing and valuation of awards, achievement of performance targets and equity award forfeitures.
- (d) Represents severance costs associated with executive leadership changes and enterprise-wide organizational changes.
- (e) Represents costs incurred during the first half of 2020 as a result of the COVID-19 pandemic, including temporary wage premiums, additional sick time, costs of additional cleaning supplies and third party cleaning services for the stores, corporate office and distribution centers, accelerated freight costs associated with shifting our inventory purchases earlier in the year to maintain stock, and legal fees associated with consulting in local jurisdictions. These costs were no longer added back beginning in the third quarter of 2020.
- (f) Represents cash expenses related to taxes on equity-based compensation resulting from the 2021 Vesting Event.
- (g) Other adjustments include (representing deductions or additions to Adjusted Net Income) amounts that management believes are not representative of our operating performance, including installation costs for energy savings associated with our profitability initiatives, legal fees associated with a distribution to NAHC's members and our omnibus incentive plan, and other costs associated with strategic cost savings and business optimization initiatives.
- (h) Represents the tax effect of the total adjustments made to arrive at Adjusted Net Income and Pro Forma Adjusted Net Income at our historical tax rate.
- (i) Represents the retrospective tax effect of Adjusted Net Income at our estimated effective tax rate of approximately 25% for periods prior to October 1, 2020, the effective date of our conversion to a C-Corporation, upon which we became subject to federal income taxes.

## Adjusted Free Cash Flow

We define "Adjusted Free Cash Flow" as net cash provided by (used in) operating activities less net cash provided by (used in) investing activities. We describe these adjustments reconciling net cash provided by operating activities to Adjusted Free Cash Flow in the following table.

|   | Fiscal Year Ended |                  |                  |                  |
|---|-------------------|------------------|------------------|------------------|
|   | January 28, 2023  | January 29, 2022 | January 30, 2021 | February 1, 2020 |
| Net cash provided by operating activities | \$ 552,005        | \$ 673,265       | \$ 1,011,597     | \$ 263,669       |
| Net cash used in investing activities     | (108,806)         | (76,017)         | (33,144)         | (66,783)         |
| Adjusted Free Cash Flow                   | \$ 443,199        | \$ 597,248       | \$ 978,453       | \$ 196,886       |

## Net Debt

We define "Net Debt" as long-term debt, net plus current maturities of long-term debt, less cash and cash equivalents. We describe these adjustments reconciling long-term debt, net to net debt in the following table. as net cash provided by (used in) operating activities less net cash provided by (used in) investing activities. We describe these adjustments reconciling net cash provided by operating activities to Adjusted Free Cash Flow in the following table.

|                                      | Fiscal Year Ended |                   |                   |                     |
|--------------------------------------|-------------------|-------------------|-------------------|---------------------|
|                                      | January 28, 2023  | January 29, 2022  | January 30, 2021  | February 1, 2020    |
| Long-term debt, net                  | \$ 584,456        | \$ 683,585        | \$ 781,489        | \$ 1,428,542        |
| Current maturities of long-term debt | 3,000             | 3,000             | 4,000             | 34,116              |
| Total Long-term debt                 | 587,456           | 686,585           | 785,489           | 1,462,658           |
| Cash & cash equivalents              | 337,145           | 485,998           | 377,604           | 149,385             |
| Net Debt                             | <u>\$ 250,311</u> | <u>\$ 200,587</u> | <u>\$ 407,885</u> | <u>\$ 1,313,273</u> |

## Adjusted Earnings Per Common Share, Diluted, Guidance Reconciliation

| (in millions, except per share amounts)     | Low Range*<br>Fiscal Year Ending<br>February 3, 2024 | High Range*<br>Fiscal Year Ending<br>February 3, 2024 |
|---|--|---|
| GAAP Net Income                             | \$ 535.0   | \$ 595.0  |
| Equity compensation (a)                     | 28.0   | 28.0  |
| Tax effects of these adjustments (a)        | (6.6)  | (6.6)   |
| Adjusted Net Income                         | <u>\$ 556.4</u>                                      | <u>\$ 616.4</u>                                       |
| <br>  |  |   |
| GAAP Earnings Per Common Share, Diluted     | \$ 6.70  | \$ 7.45   |
| Equity compensation (a)                     | 0.37   | 0.37  |
| Tax effects of these adjustments (a)        | (0.07)   | (0.07)  |
| Adjusted Earnings per Common Share, Diluted | <u>\$ 7.00</u>                                       | <u>\$ 7.75</u>  |

\* Amounts presented have been rounded.

(a) Adjustments include non-cash charges related to equity-based compensation (as defined above) which may vary from period to period. The tax effect of these adjustments is determined by using the projected full year tax rate for the fiscal year.

## ***Return On Invested Capital***

Return on Invested Capital (ROIC) is calculated as follows: (i) the numerator is defined as Adjusted EBITDA plus rent minus estimated taxes; and (ii) the denominator is defined as: (a) the sum of the 13-month average balances for: net receivables, inventory, prepaid expenses and other current assets, gross property and equipment, and other noncurrent assets, plus (b) eight times rent, minus (c) the sum of the 13-month average balances for: accounts payable, accrued liabilities, and income tax payable. Refer to our Annual Report on Form 10-K for the year ended January 29, 2022, for a full reconciliation and discussion of Adjusted EBITDA, which is a non-GAAP measure, to its closest comparable GAAP measure.

| Circana/ Retail Tracking Service | Category details  |
|----------------------------------|---|
| Apparel                          | Apparel excludes bodysuits/leotards, bras (non-sport), camisoles, dress pants, dress shirts, dresses, full/half slip, jackets/blazers, knee highs, leggings, one-piece performance suits, pajama sets, pantyhose, shapewear, sportcoats, stockings, suits, turtle-necks, gowns, undershirts, other daywear, other sheer and total socks.  |
| Footwear                         | Footwear includes socks and excludes ballerina, fisherman/huarache, gaiters, mountaineering boots, outdoor/hiking inspired, over-the-knee boots, pumps, shooties, and other sandals.  |
| Equipment                        | Equipment excludes Adjustable Poles, Alpine Bindings, Alpine Poles, Alpine/AT Boots, Flat Skis, High Performance Alpine Boots, Recreation Alpine Boots, Sport Performance Alpine Boots, System Skis, Alpine Touring Bindings, Alpine Touring Boots, Alpine Touring Skis, whitewater kayaks, ground blankets, incline trainers, recumbent and hybrid steppers, step mills, upper body ergometers, vibration plates, Climbing Ascenders, Climbing Belay Devices, Climbing Carabiners – Locking, Climbing Crash Pads, Climbing Harnesses, Climbing Holds, Climbing Protection – Cams, Climbing Protection - Stoppers/Nuts/Hex, Climbing Quickdraws, Climbing Shoes, Other Climbing Hardware, Climbing Helmets, Climbing Ropes, inversion boots, other balance products, multi-grip barbells, other weight products, outdoor electric grills, Abdominal & Lower Back Machines, Bicep Curl Machines, Chest Press Machines, Lat Pull Machines, Leg Extension Machines, Leg Press Machines, Other Home Gym Weight Machines, Other Lower Body Weight Machines, Other Upper Body Weight Machines, Pilates Reformers, Shoulder Press Machines, Tricep Press Machines, Hands On Fanny Packs, Thermoses, Ice Climbing Accessories, Ice Climbing Axes, Ice Climbing Crampons, Ice Climbing Hardware, Walk/Run Traction, Action Video Camera, GPS Accessories, Phone Cases, Portable Power Accessories, Portable Power Kits, Hybrid Flashlights, Hybrid Headlamps, Nordic Backcountry Bindings, Nordic Backcountry Boots, Nordic Backcountry Skis, Nordic Cross Country Bindings, Nordic Poles, Nordic Race Bindings, Nordic Race Boots, Nordic Race Skis, Nordic Sport Bindings, Nordic Sport Boots, Nordic Sport Skis, Nordic Touring Bindings, Nordic Touring Boots, Nordic Touring Skis, Kayak Whitewater Paddles, Battery/Solar Generator Kits, Skiboards, Sleeping Bag Blankets, Sleeping Bag Doublers, Sleeping Bag Overbags, Sleeping Bag Storage, Snow Decks/Skates, All Mountain Snowboards, Freeride Snowboards, Freestyle Snowboards, Splitboard Snowboards, Step In Snowboard Bindings, Step In Snowboard Boots, Traditional Snowboard Bindings, Traditional Snowboard Boots, Cargo Basket, Cargo Box, Cycling Racks, Rooftop Tents/Awnings, Snow Sport Racks, Towers/Feet Truck Bed Components, Parallel Bars, Thigh Strengtheners, Wood Rings, Telemark Bindings, Telemark Boots, Telemark Skis, Tent Footprint, Tent Poles, Tent Vestibules, 4 Season Backpacking Tents, Bivy Tents, Bug Tents, Joggers, Trailer/Jogger Accessories, Nordic Walking Poles, Water Sports Canoe Flotations, Water Sports Helmet, Water Sports Kayak Floatation, Water Sports Booties, Water Sports Full Dry Suits, Water Sports Full Skins, Water Sports Full Wet Suits, Water Sports Gloves, Water Sports Hoods, Water Sports Insulation, Water Sports Jacket/Vest Skins, Water Sports Other Dry Gear, Water Sports Shorty Skins, Water Sports Touring/Recreation sprayskirts, Water Sports Two Piece Skins, Water Sports Two Piece Wet Suit, Water Sports Wet Suit Jacket/Vests, Water Sports Wet Suit Shorts, Water Sports Whitewater Sprayskirts, Water Purification Accessories, Water Purifiers, Avalanche Shovels, Beacons, Other Backcountry Accessories, Other Winter/Snow Accessories, Probes, Repair Kits, Skins, Snow Goggle Accessories, Snow Goggles, Snow Protection Pads, Snow Sports Helmet, Snowshoes, Stomp Pads, Tools, Wax, Alpine Rentals, Nordic Rentals, Snowboard Rentals, Winter/Snow Repairs, Yoga Kits, Outdoor Electric Grills |
| Team Sports                      | Team Sports Equipment excludes Bowling Accessories, Bowling Balls, Bowling Equipment Bags, Combat Gear Bags, Discus, Field Hockey Balls, Field Hockey Equipment Bags, Field Hockey Gloves, Field Hockey Goalie Gear, Field Hockey Goals & Nets, Field Hockey Shin Guards, Field Hockey Training Aids, Golf Shafts, Hockey Blades, Hockey Elbow Pads, Hockey Equipment Bags, Hockey Helmet, Hockey Helmet Shields & Masks, Hockey Pants, Hockey Shafts, Hockey Shoulder Pads, Hockey Sticks Accessories, Ice Hockey Skates, Javelin, Lacrosse Complete Kit, Lacrosse Heads, Lacrosse Strings, Other Hockey Protective Gear, Other Lacrosse Body Gear, Other Lacrosse Equipment, Other Track & Field Equipment, Other Universal Body Gear, Pole Vault, Racquetball Bags & Backpacks, Roller Hockey Skates, Shotgun, Squash Balls, Squash Racquet, Starting Blocks, Hockey Gloves, Hockey Stick – Senior, Hammer, and Total Golf   |
| Fishing                          | Fishing excludes Float Tubes, Ice Fishing Shelters, Ice Fishing Sleds, Fly Line/Leaders/Tippets, Flies, Sonar, Downriggers, Ice Fishing Combos, Fly Fishing Reels, Fly Fishing Rods, Ice Fishing Rods, Touring Kayaks, Whitewater Kayaks  |
| Outdoors                         | Outdoors includes Firearms estimation from NICS, Circana categories from Sport Equipment (Fishing, Camping, Grills, Accessories, Climbing, and Protective Gear)   |
| Sports & Fitness                 | Sports & Fitness includes Circana Team Sports (Noted above) and Sports Equipment (Winter/Snow Sports, Water Sports, Health and Fitness Equipment) and Tech  |



