

Investor Presentation

SEPTEMBER 2023

Academy®

SPORTS+OUTDOORS

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.

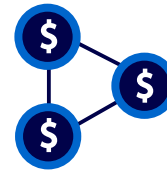
The Company operates on a retail fiscal calendar pursuant to which its fiscal year consists of 52 or 53 weeks, ending on the Saturday closest to January 31 (which such Saturday may occur on a date following January 31) each year. References to any “year,” “quarter,” “half” or “month” mean “fiscal year,” “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.

Investment Highlights

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



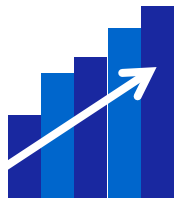
Durable Profit Model that has Proven Resilient in Various Macro-Economic Environments



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

Who is Academy Sports + Outdoors?

1 We are a \$6.4 billion retailer of **trending outdoor and sport categories**, operating 270 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

Experienced Leadership Team



Steve Lawrence
CEO



Michael Mullican
President



Sam Johnson
EVP, Retail Operations



Carl Ford
EVP, Chief Financial Officer



Matt McCabe
EVP, Chief Merchandising Officer



Lawrence Lobpries
SVP, Chief Marketing Officer



Jamey Traywick
SVP, Omnichannel



Sherry Harriman
SVP, Logistics & Supply Chain



Bill Ennis
SVP, Chief Human Resources Officer



Rene Casares
SVP, General Counsel & Secretary



Manish Maini
SVP, Chief Information Officer

Mission, Vision + Values

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

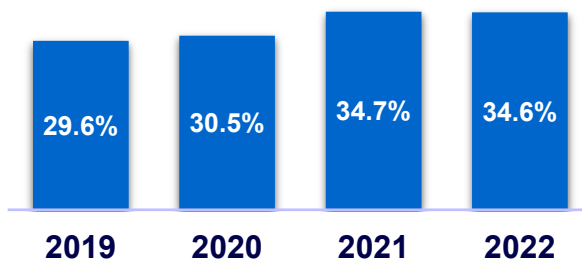
Strategic Accomplishments Since 2018

Refreshed Leadership Made Sustainable Improvements, Driving Strong Sales/Profit Growth

Significant, Structural Improvements to Gross Margins

- Improved merchandise planning/allocation and pricing
- Greater focus on “Power” categories with good/better/best products
- Implemented systems, processes and procedures to manage buying, allocation, pricing, and clearance
- Increased localized product selection
- Improved private label products and margins
- Expanded national brands assortment

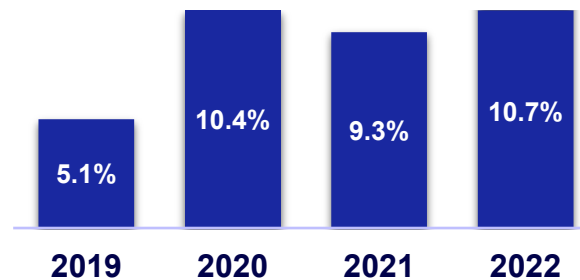
Fiscal Year Gross Margin



Increased Sales & Penetration of Academy.com

- Increased site operations: check-out speed, product search, package tracking
- Added more payment options (Apple Pay, Klarna) and simplified payment process
- Launched a new mobile app on iOS and Android platforms
- Added buy online pick-up in store (BOPIS), ship to store and ship from store capabilities
- Increased use of content

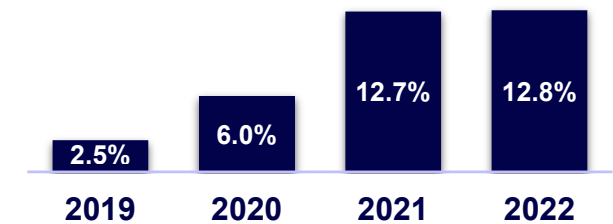
Fiscal Year Ecommerce Penetration



Becoming Best in Class Retailer by Focus on Fundamentals

- From 2019-2022, reduced SG&A expenses from 25.9% to 21.4% through disciplined expense management
- Lowered annual interest expense by \$55 million
- Effectively managed freight costs through pandemic and supply chain challenges
- Investing in additional AI and technology to further drive long-term profitability
- Reduced level of tasks in stores and improved labor scheduling to focus on customer-facing staffing

Fiscal Year Income Before Taxes Margin



Significant Market Opportunity

- \$175B+ total U.S. addressable market (“TAM”) ¹
- 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



Sources: Circana/Retail Tracking Service, Based on U.S. dollar sales, Annual 2019 vs. 2022. See "Appendix" for more detail, Proprietary Data; Bureau of Economic Analysis; LT PCE Categories

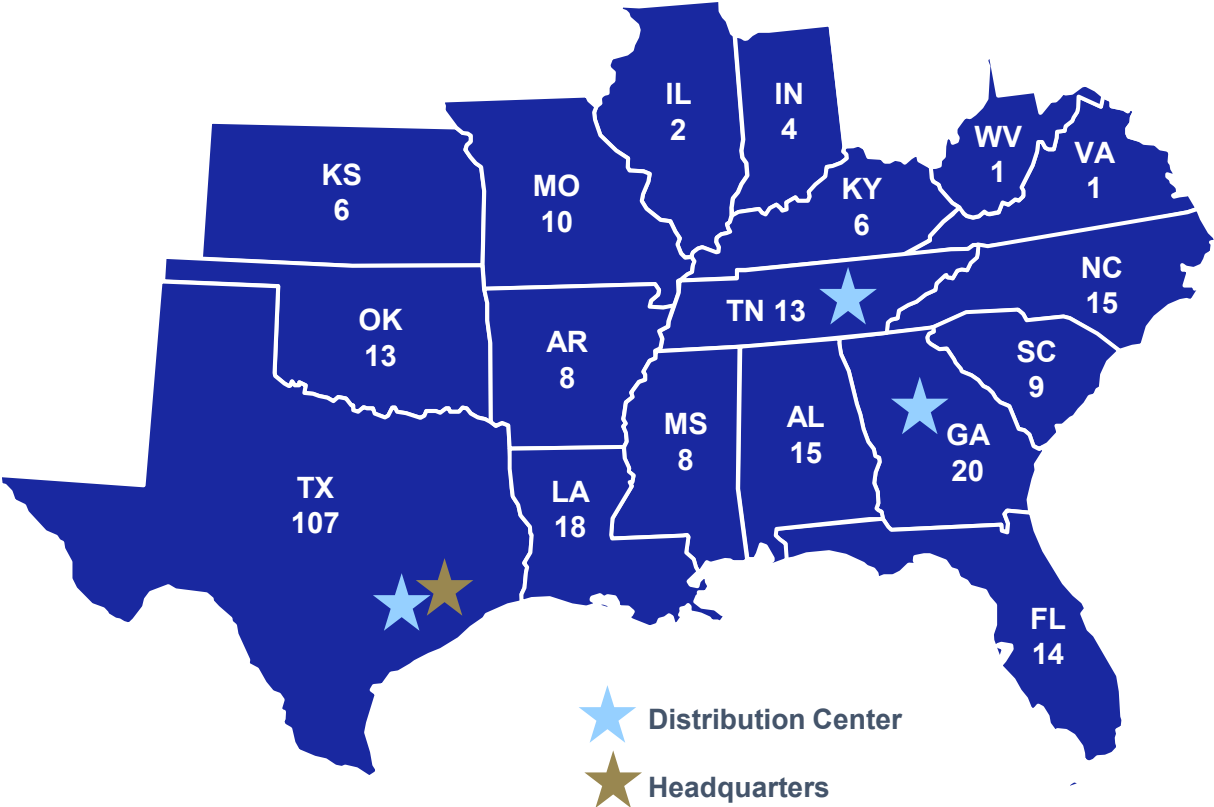
(1) Circana/Retail Tracking Service, Based on U.S. dollar sales, Annual 2019 vs. 2022. See "Appendix" for more detail.

(2) Internal Estimate leveraging NICS checks and proprietary data, Based on U.S. dollar sales, Annual 2019 vs. 2022.

(3) Sports & Fitness, Footwear and Apparel 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

Well-Positioned in Major Growth Markets

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



*Store count data is as of July 29, 2023. Real GDP growth represents current-dollar growth measured from 2018 – 2019.

Academy's Market Position: "Sweet Spot"

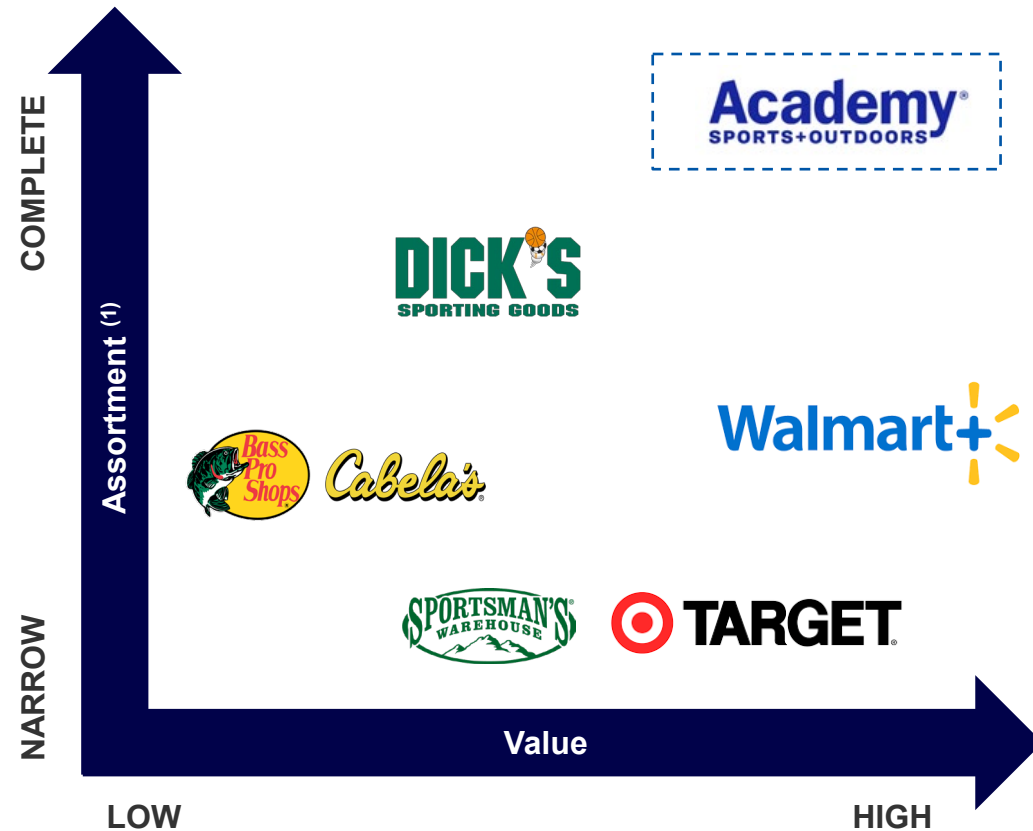
DRIVERS OF CHOICE

1 Assortment

2 Value

3 Experience

Illustrative



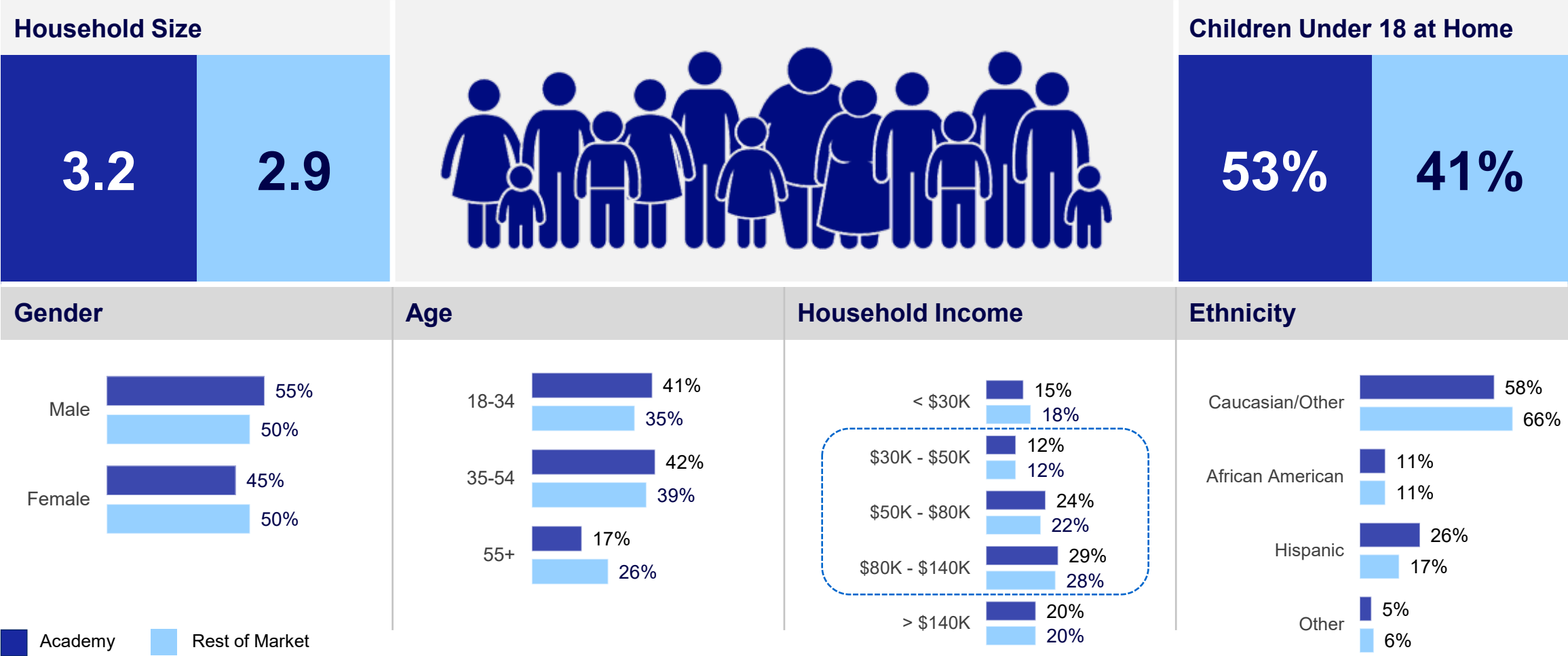
COMPETITIVE ADVANTAGES

- 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.

The Academy Customer

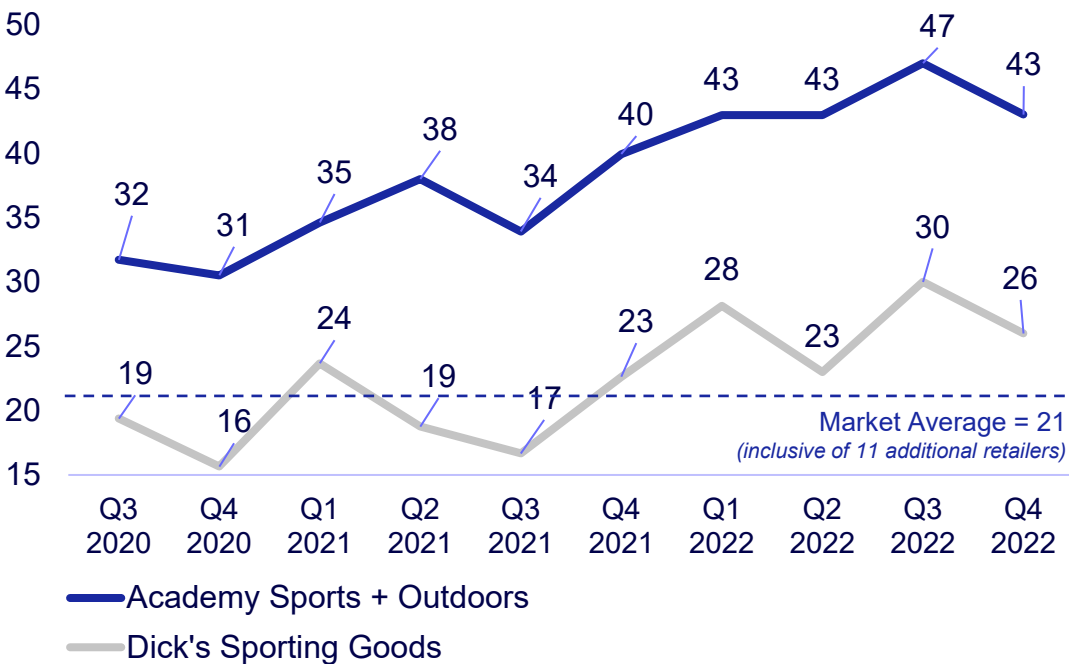


Source: Internal customer surveys

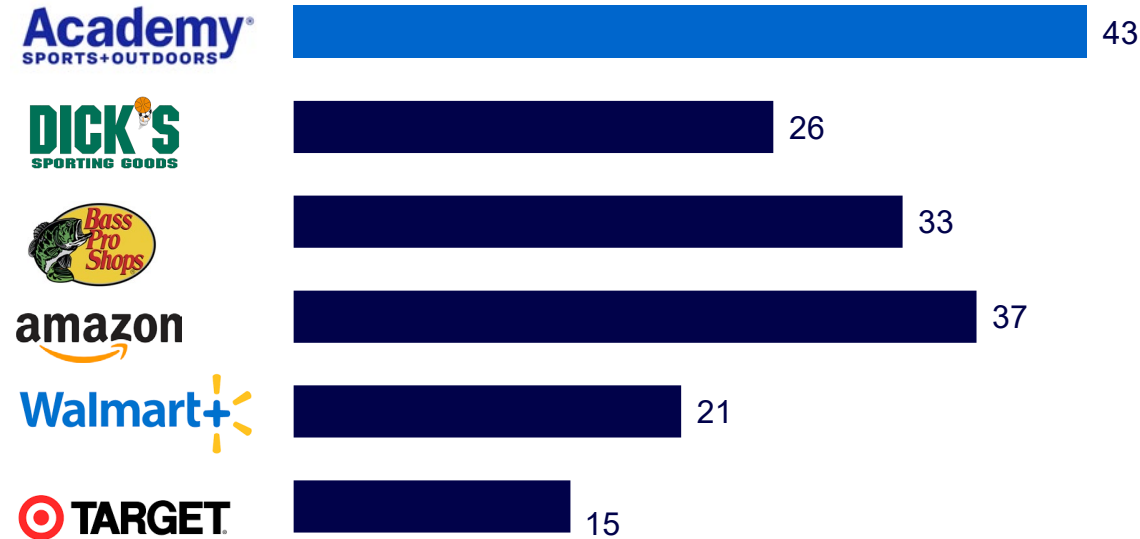


Customer Loyalty: Highest NPS in Category

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.

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



\$199⁹⁹
Outdoor Gourmet 4-Burner Gas Grill



\$499⁹⁹
Blackstone 36" 4-Burner Griddle Station with Hood



\$549⁹⁹
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



ENDS SUNDAY

4-DAY FAST BREAK
Sale
Starting at \$19⁹⁹

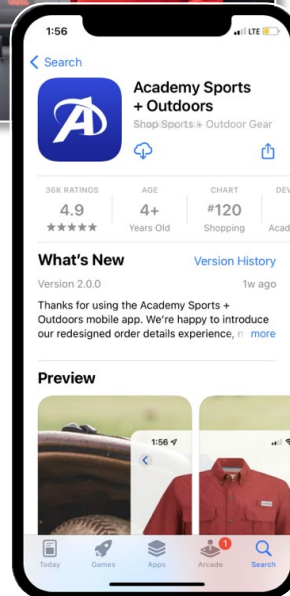
[SHOP NOW >](#)

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!

Results: Sector-Leading Productivity



Source: Company financials and Bloomberg. We define our sector as Sports & Outdoor retail. 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.

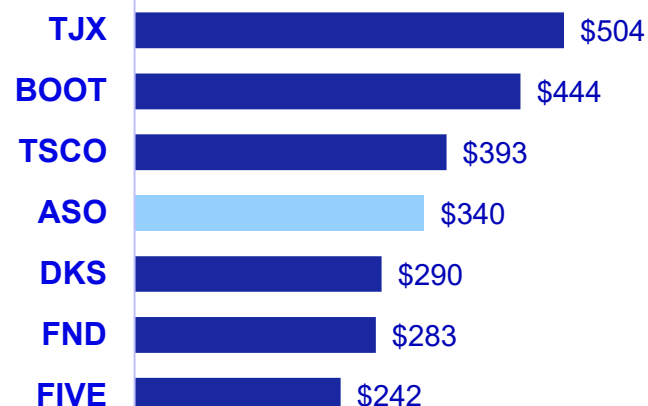
*SPWH figures our analyst estimates for FY 2022 with Q3 2022 store metrics.

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

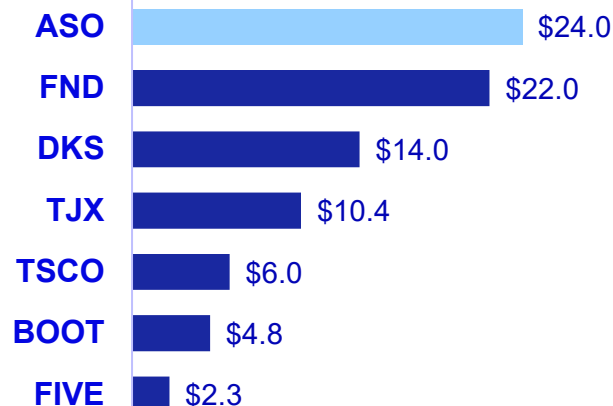


Strong Store Productivity Not Reflected in Valuation

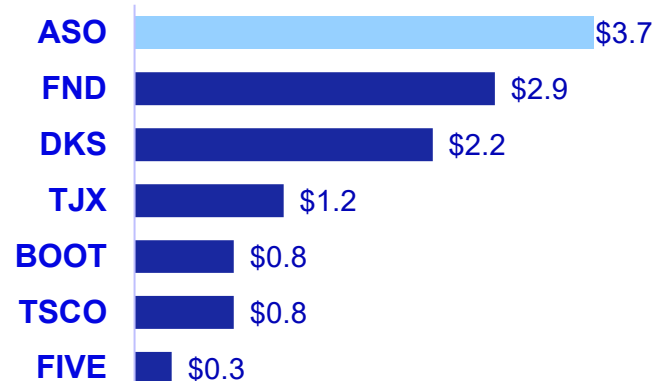
Sales per Square Foot (\$M)



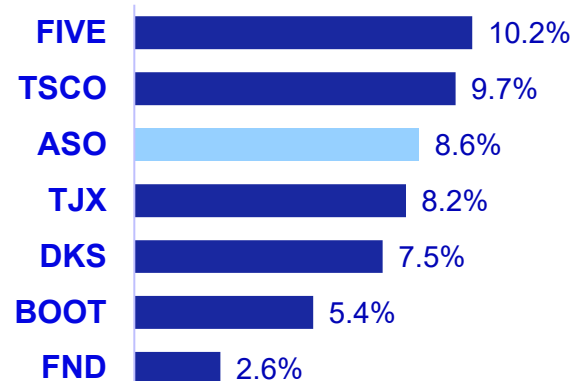
Sales per Store (\$M)



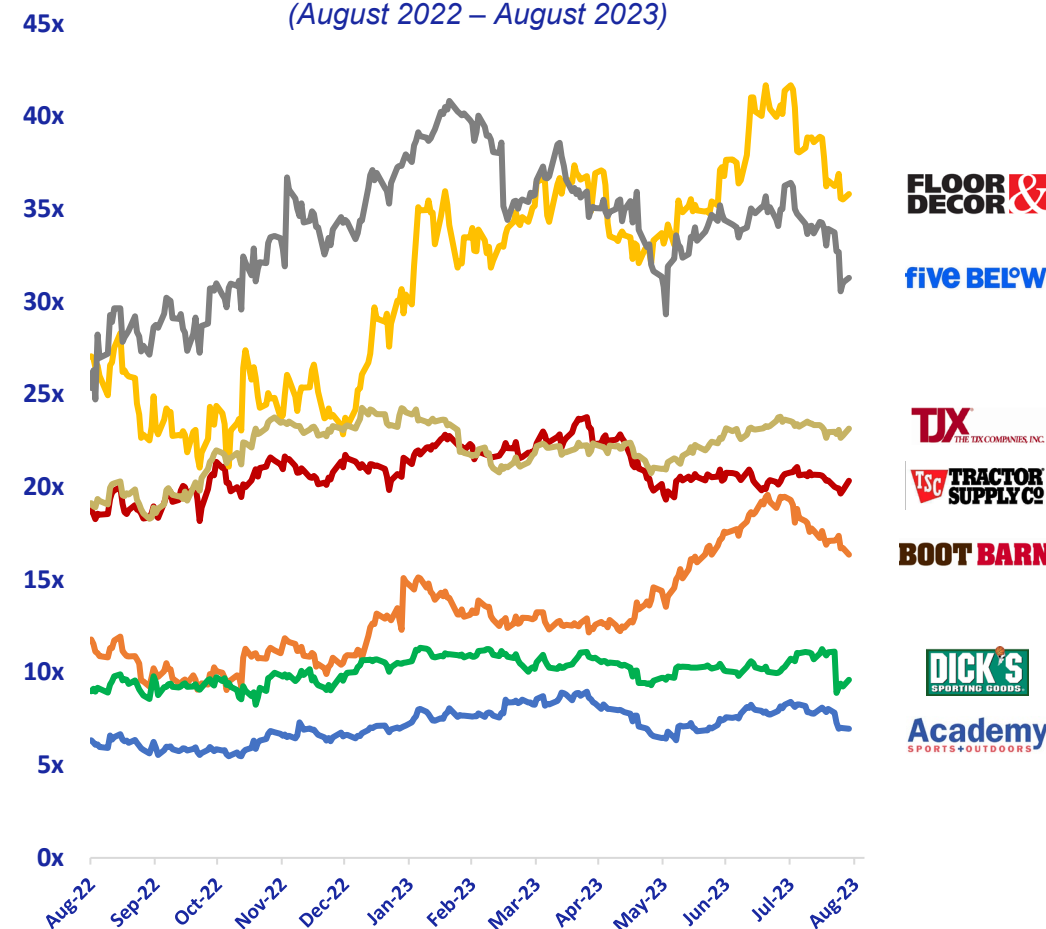
Adj. EBITDA per Store (\$M)



Cash from Ops as a % of Sales



Forward P/E
(August 2022 – August 2023)



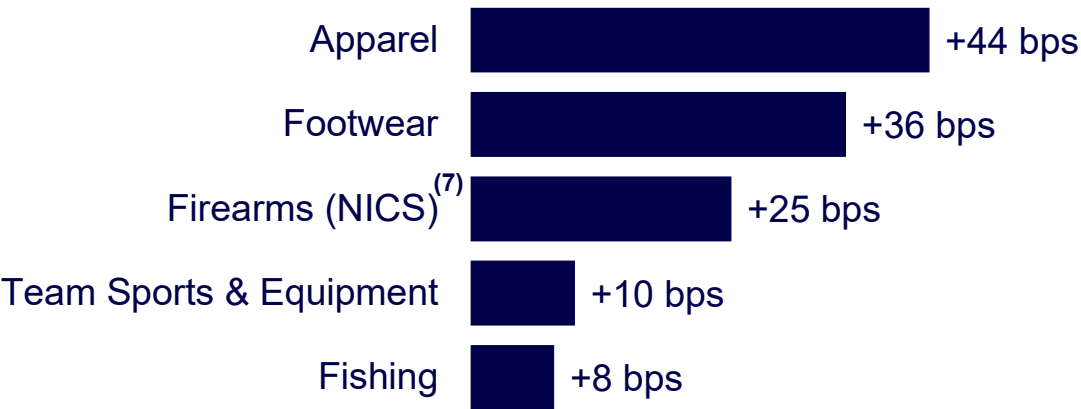
Results: Gaining Share in a Growing and Highly Fragmented Industry

INCREASING PARTICIPATION/SALES ACROSS CATEGORIES ⁽¹⁾

Hunting ⁽²⁾	+5%
Fishing	+4%
Outdoor Cooking Sales ⁽³⁾	+3%
Fitness ⁽⁴⁾	+3%
Team Sports ⁽⁵⁾	+2%

GAINING SHARE IN POWER BUSINESSES ⁽⁶⁾

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)Team sports participation is an average of change in participation in baseball, basketball, and soccer; (4)Circana/Retail Tracking Service, Based on U.S. dollar sales, Annual 2020 vs. 2022.

(5)Fitness participation is an average of change in participation in Aerobic exercising, boxing, exercising with equipment, pilates, and yoga from 2015 to 2020; (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



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**
4. Leverage and scale our **SUPPLY CHAIN** to enable industry-leading growth
5. Support our growth with the **BEST TEAM** in retail

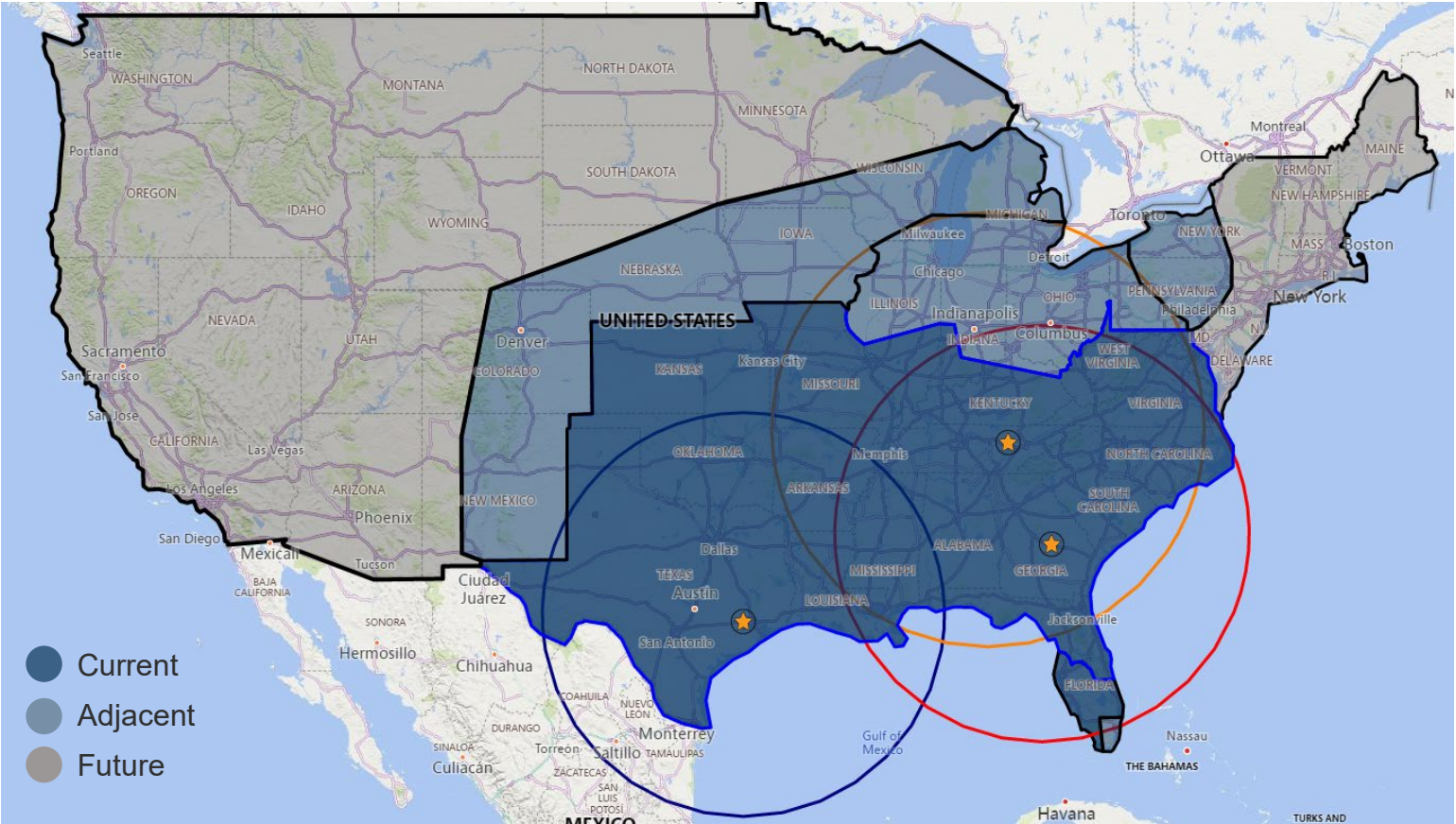
OUR 2027 GOALS*

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 2 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.

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**

Geographic Expansion Opportunity

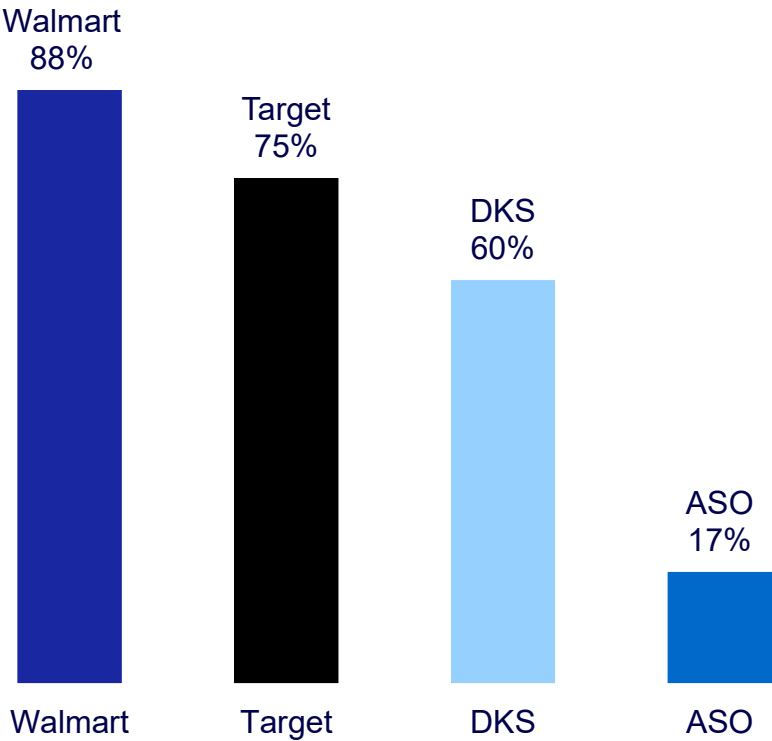
NEW STORES: CURRENT MARKETS + BEYOND

% 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

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
5. Experienced real estate team

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

New Store Economics



\$18M

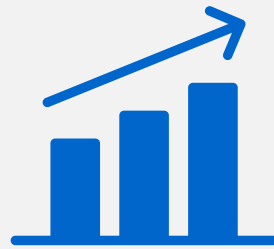
Year 1 Sales Target

(includes omnichannel)



\$5-6M

Capital to Open



4-5 Years

Sales Ramp



20%

ROIC Hurdle



> Year 1

EBITDA Positive

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

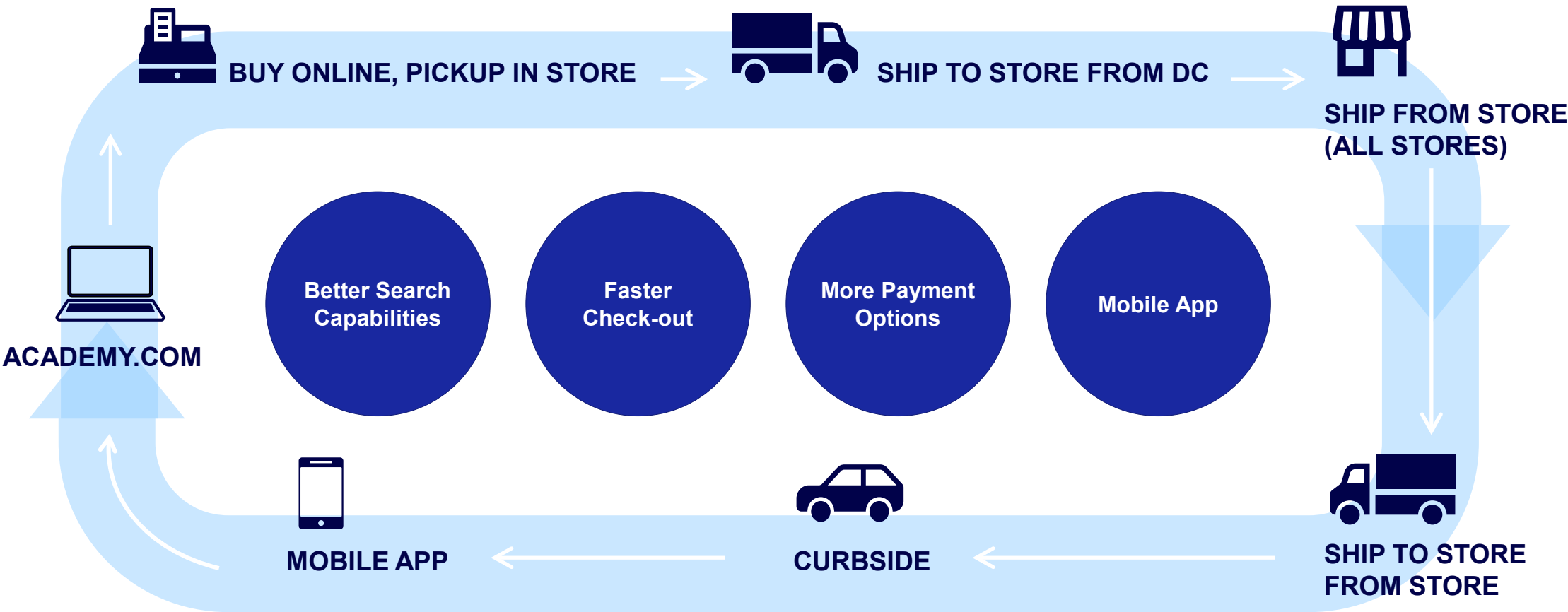
97%

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

*All Data Fiscal Year 2022

True Omnichannel Capabilities

FOCUSED ON OMNICHANNEL (NOT ECOM SALES)



Driving Our Existing Business



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**



Improve + Refine
Localization

- Improve **Assortments**
- Expand use of **Size Profiling**
- Leverage **Regional Moments**

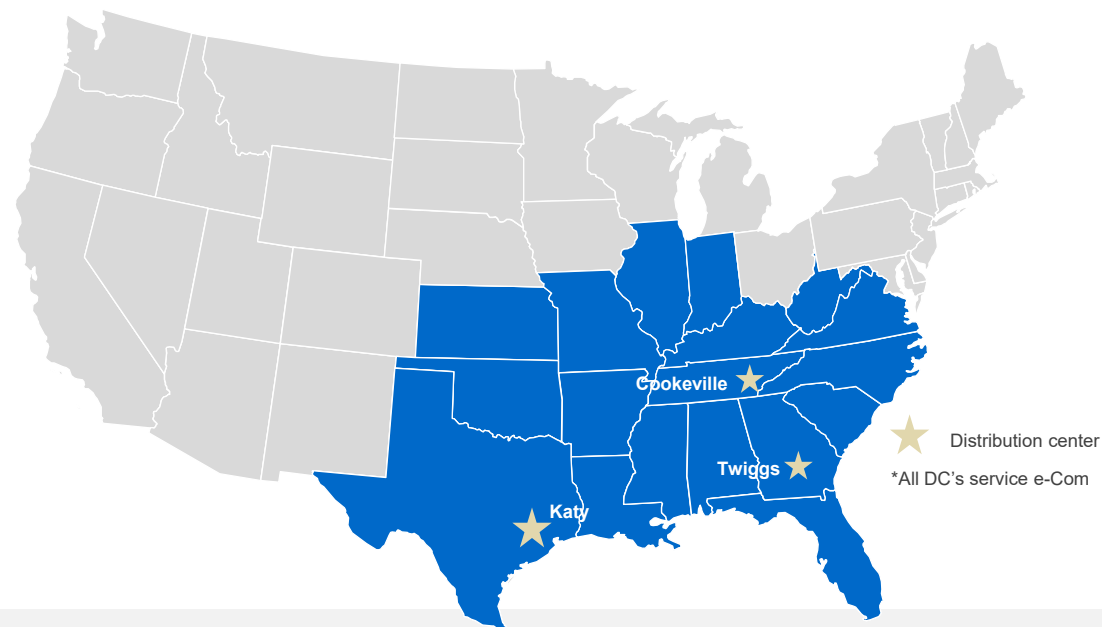


Distort Growth in
Power Businesses to
Drive Sales
+ Margins

- 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

Supply Chain at a Glance

WE HAVE ENOUGH DISTRIBUTION CAPACITY TO HANDLE NEW STORE GROWTH PLANS



	DISTRIBUTION FOOTPRINT (SQ. FT.)	YEAR BUILT	% UTILIZATION
Katy	1.6 million	1991	90%
Twiggs	1.6 million	2006	50%
Cookeville	1.6 million	2016	50%

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

Culture is Central to our Leading Retail Team

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

- 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

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

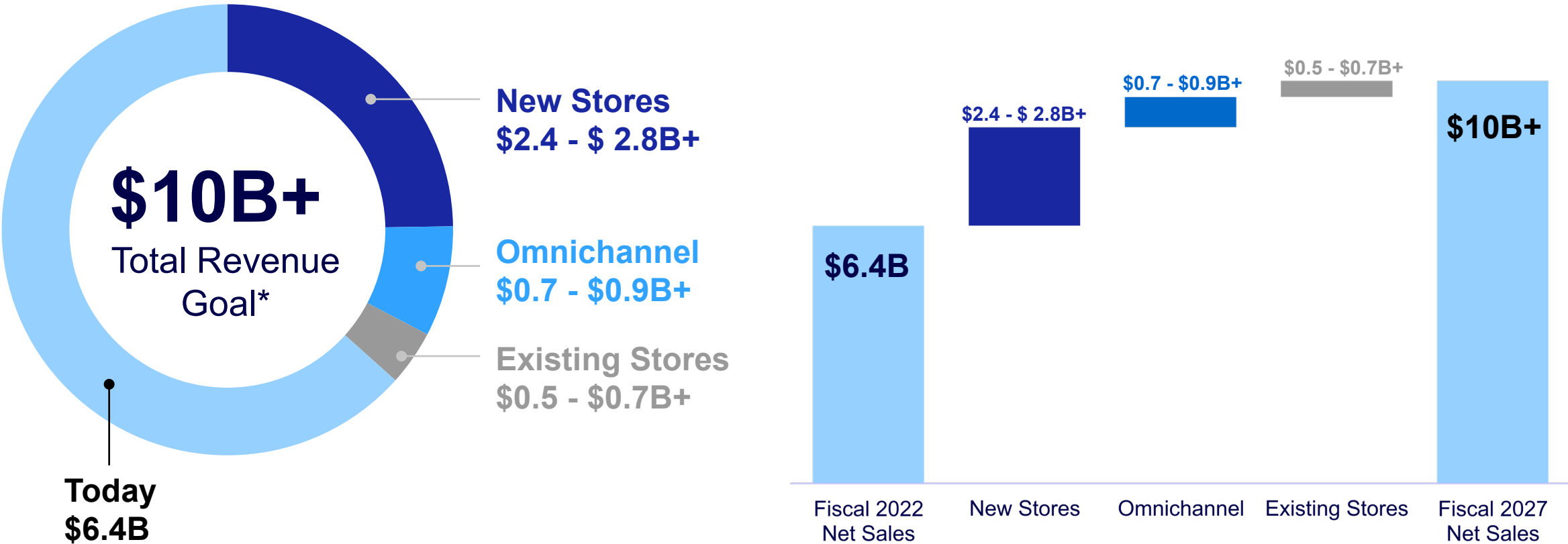
- **Sustaining our Planet**
- **Empowering Our Communities**
- **Operating with Integrity**

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



Path to Growth Summary

~10%
Top-Line CAGR



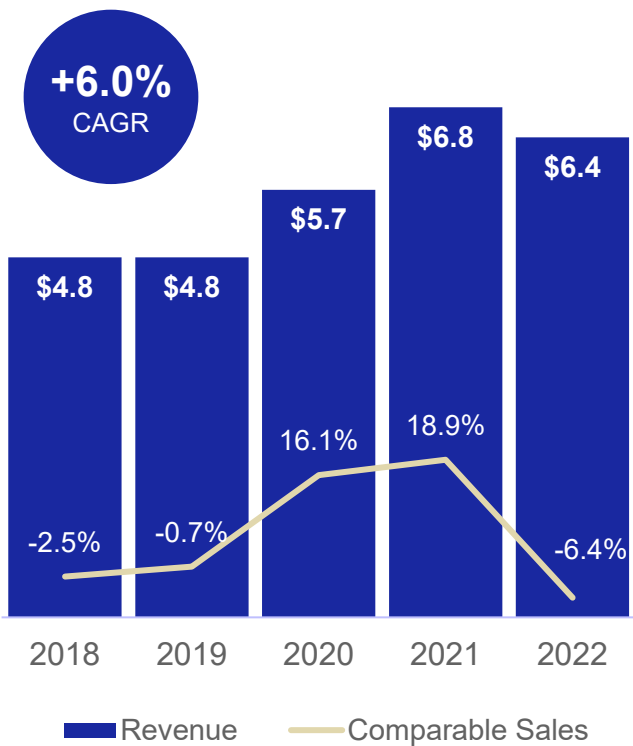
*2027 Goals are aspirational or otherwise forward-looking statements and actual performance may differ, possibly materially, and no guarantees are made that these goals will be met. See slide 2 for additional important information about forward-looking statements.

HAVE *Fun* OUT THERE

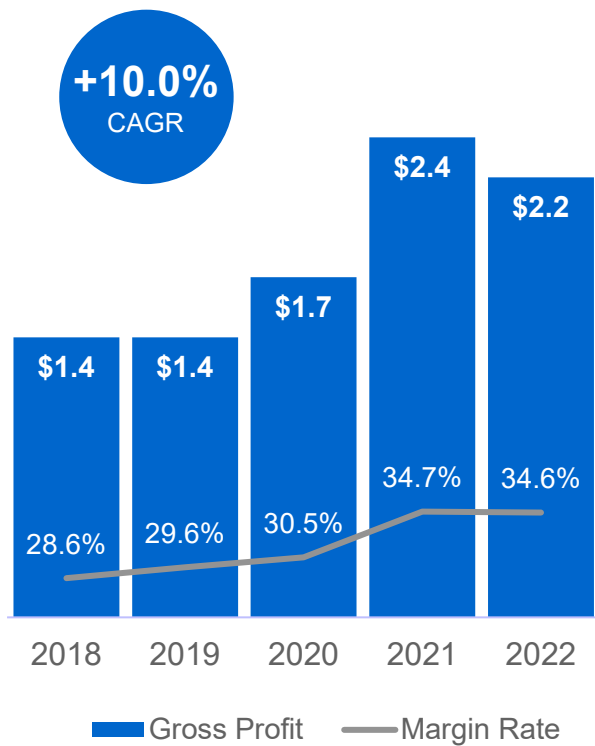
Financials

Sales/Margin Trends, Strong Foundation

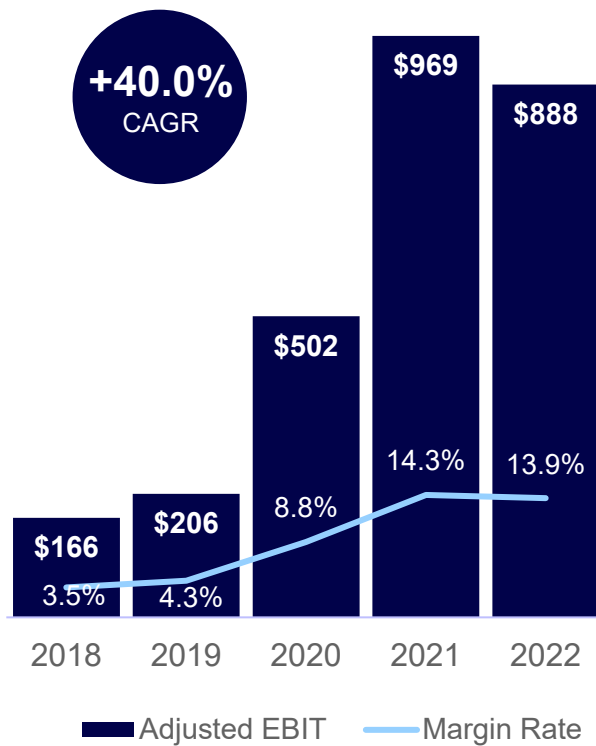
Net Sales (Billions)
& Comparable Sales



Gross Profit (Billions)
& Margin Rate



Adjusted EBIT* (Millions)
& Margin Rate

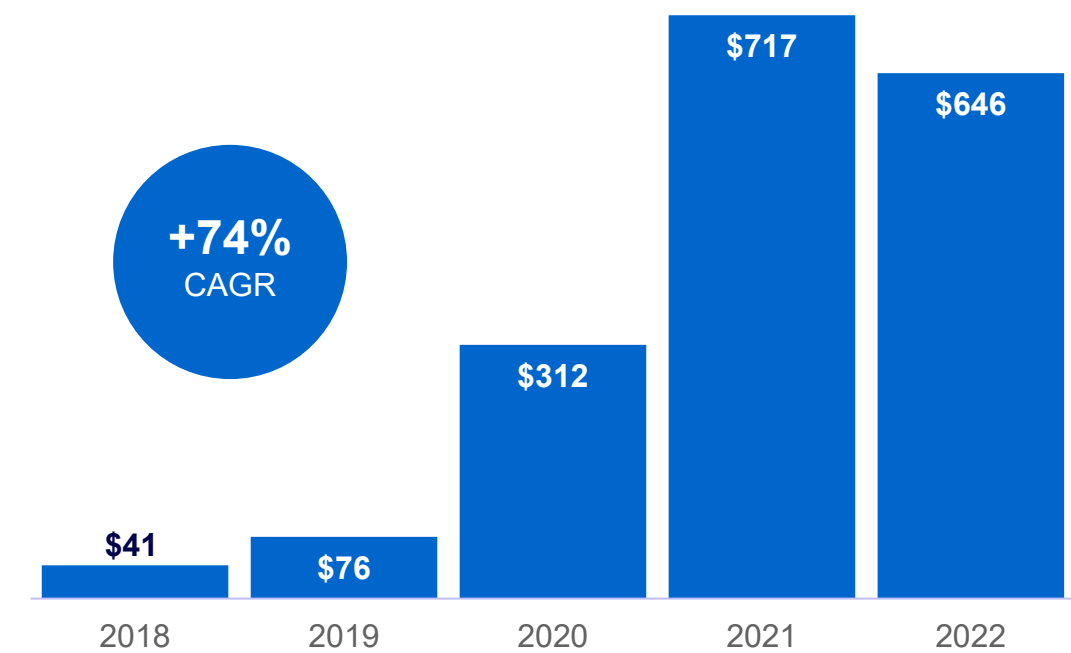


Source: Fiscal 2022 10-K

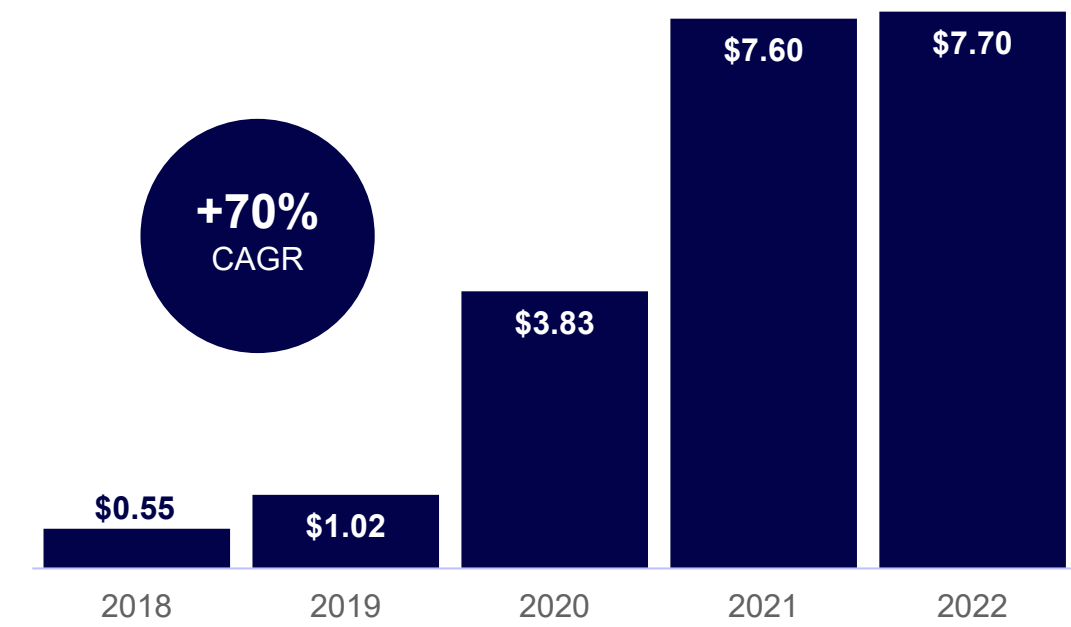
*See appendix for reconciliations of Non-GAAP measures.

Enhanced, Sustainable Profits

ADJUSTED NET INCOME*
(MILLIONS)



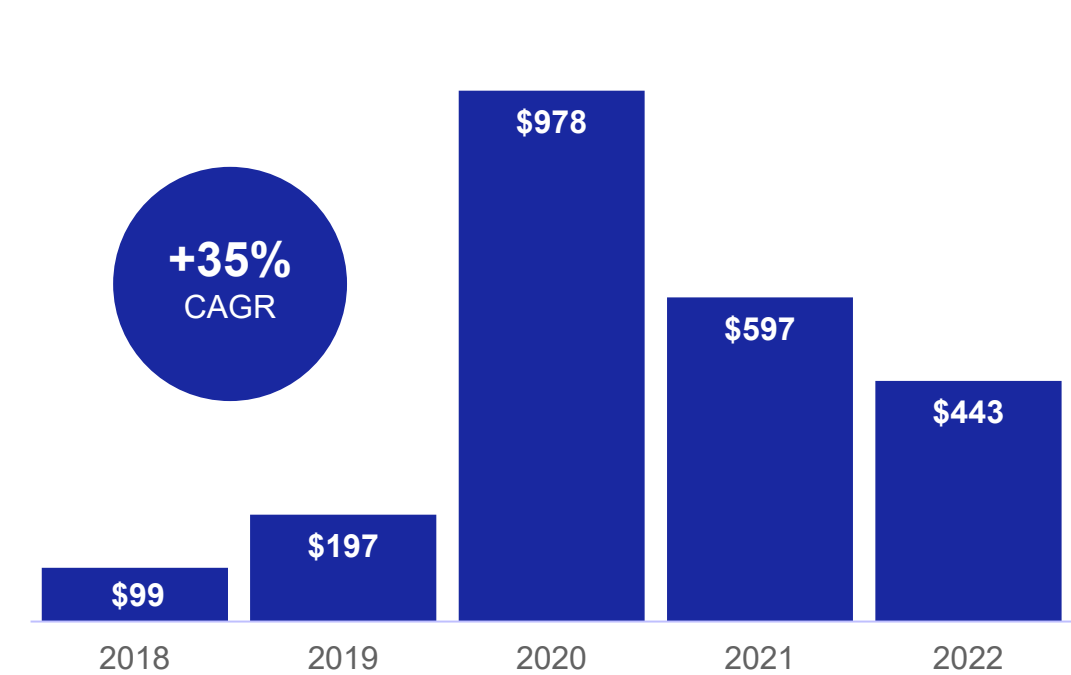
ADJUSTED PRO FORMA EARNINGS
PER SHARE*



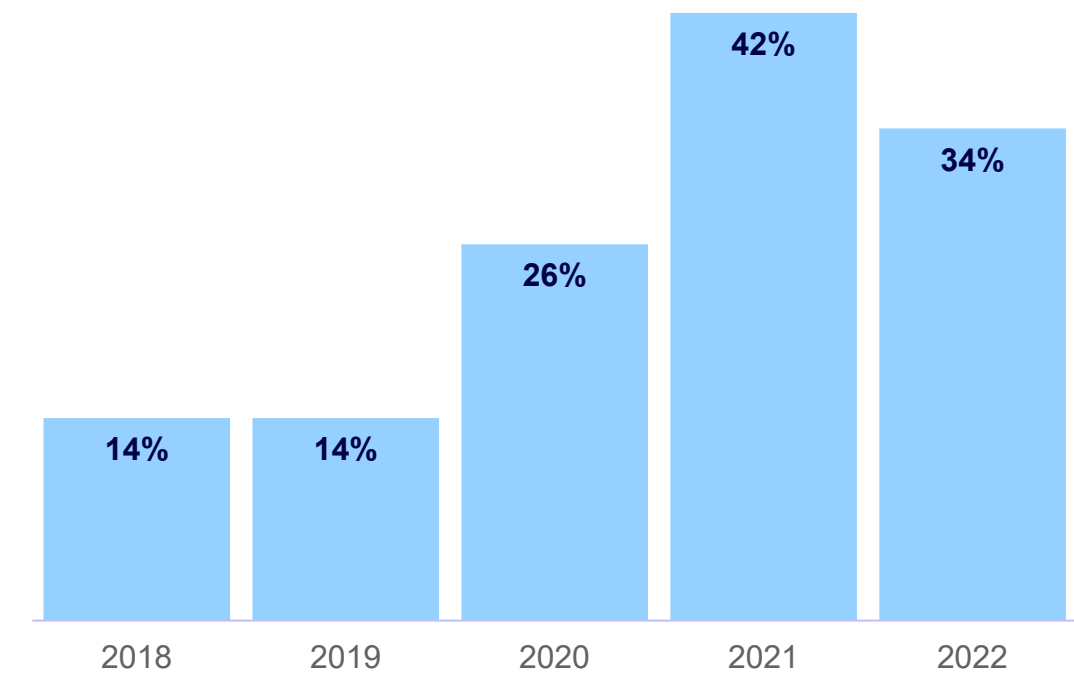
Source: Fiscal 2022 10-K
*See appendix for reconciliations of Non-GAAP measures.

Strong Cash Flow Generation + ROIC

ADJUSTED FREE CASH FLOW*
(MILLIONS)

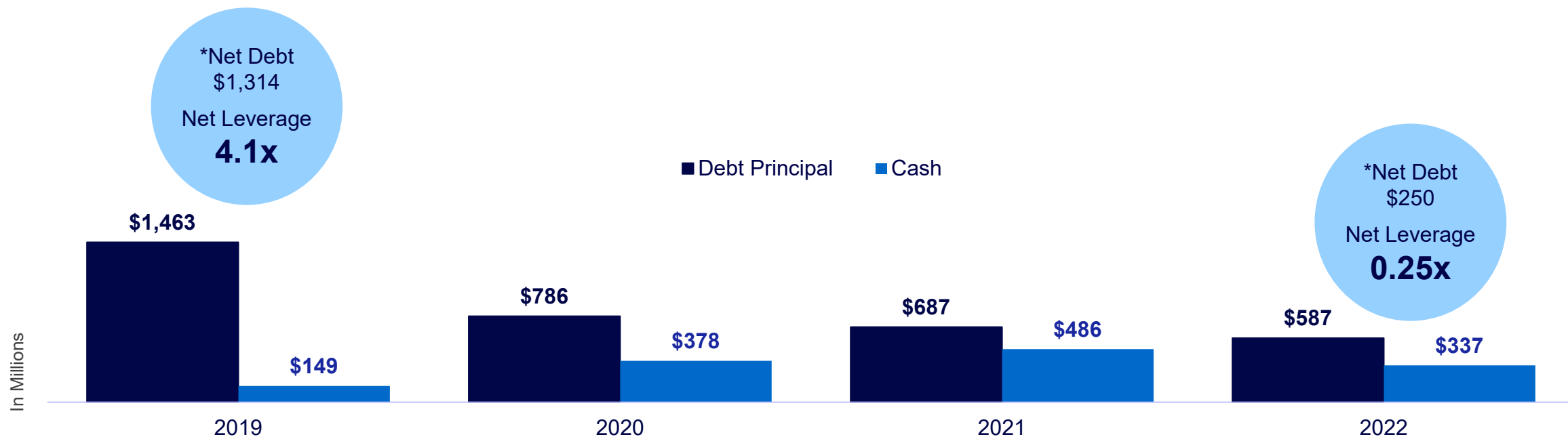


RETURN ON INVESTED CAPITAL
(ROIC)*



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.

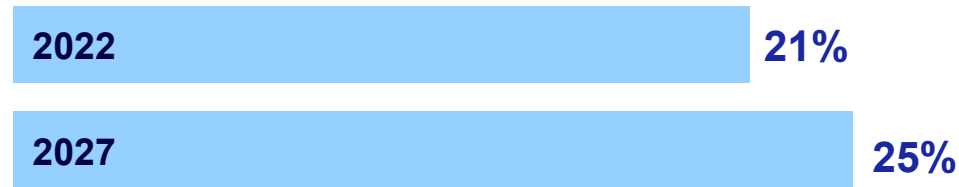
Source: Fiscal 2021 and 2022 10-K reports

Multiple Levers to Sustain Margin Profile

PRODUCT MIX

- Expand penetration of higher-margin Private brands across platform

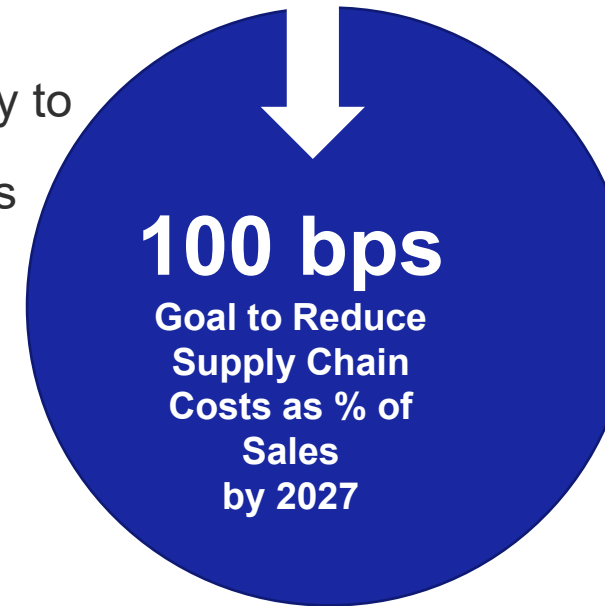
Private Brands Penetration



- 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 increase planning and Flexibility in our network

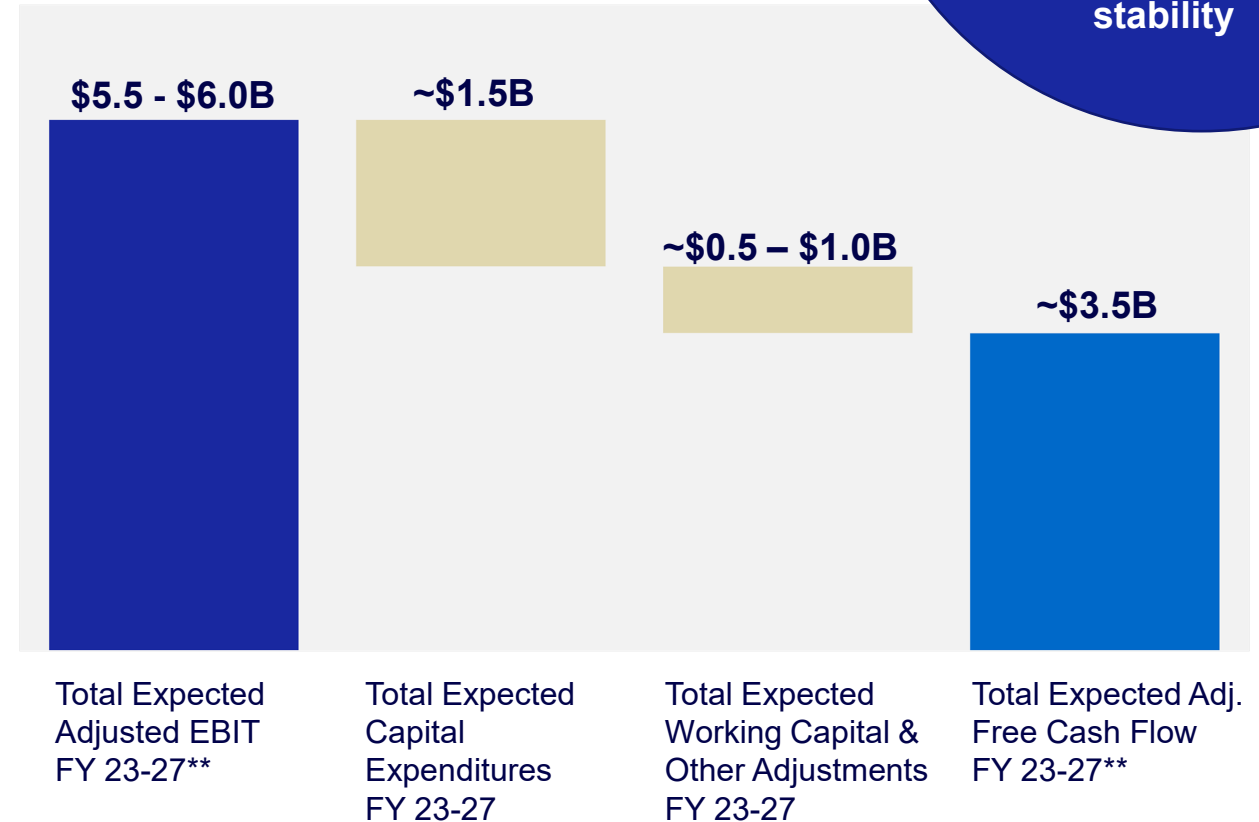


Gross margin rates are expected to be 34.0% or higher in each year of the long-range plan

*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 2 for additional important information about forward-looking statements.

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

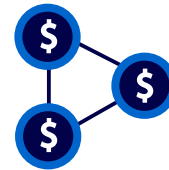
**Adjusted EBIT and Adj. Free Cash Flow are non-GAAP measures. We have not reconciled these forward-looking estimates to the most comparable GAAP measure because it is not possible to do so without unreasonable efforts given the uncertainty and potential variability of reconciling items, which are dependent 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.

Investment Highlights

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



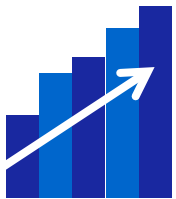
Durable Profit Model that has Proven Resilient in Various Macro-Economic Environments



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

HAVE *Fun* OUT THERE

Appendix

Academy®

SPORTS+OUTDOORS

GAAP to Non-GAAP Reconciliations

Adjusted EBITDA, Adjusted EBIT, Adjusted Net Income, Adjusted Earnings per Common Share, Adjusted Free Cash Flow, and Net Debt 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.

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.

	<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
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.

	Fiscal Year Ended			
	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.

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.

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	\$ 250,311	\$ 200,587	\$ 407,885	\$ 1,313,273

Adjusted Earnings Per Common Share, Diluted, Guidance Reconciliation

	Low Range*	High Range*
(in millions, except per share amounts)	Fiscal Year Ending February 3, 2024	Fiscal Year Ending 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>
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.

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, Shotput, 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

