

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the Quarterly Period Ended July 30, 2022

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission File No. 001-39589



**Academy Sports and Outdoors, Inc.**

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of  
incorporation or organization)

85-1800912

(I.R.S. Employer  
Identification No.)

1800 North Mason Road

Katy, Texas 77449

(Address of principal executive offices) (Zip Code)

(281) 646-5200

(Registrant's Telephone Number, including Area Code)

Not applicable

(Former name, former address and former fiscal year, if changed since last report)

**Securities registered pursuant to Section 12(b) of the Act:**

<u>Title of each class</u>	<u>Trading Symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common Stock, par value \$0.01 per share	ASO	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Non-accelerated filer

Accelerated filer

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

As of August 31, 2022, Academy Sports and Outdoors, Inc. had 79,736,603 shares of common stock, par value \$0.01 per share, outstanding.

**ACADEMY SPORTS AND OUTDOORS, INC.**  
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**PART I. FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS**

**ACADEMY SPORTS AND OUTDOORS, INC.  
CONSOLIDATED BALANCE SHEETS  
(Unaudited)**

(Dollar amounts in thousands, except per share data)

	July 30, 2022	January 29, 2022	July 31, 2021
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	\$ 399,857	\$ 485,998	\$ 553,825
Accounts receivable - less allowance for doubtful accounts of \$1,143, \$732 and \$822, respectively	14,521	19,718	10,791
Merchandise inventories, net	1,304,556	1,171,808	1,115,020
Prepaid expenses and other current assets	46,448	36,460	39,050
Assets held for sale	1,763	1,763	1,763
<b>Total current assets</b>	<b>1,767,145</b>	<b>1,715,747</b>	<b>1,720,449</b>
<b>PROPERTY AND EQUIPMENT, NET</b>	<b>350,628</b>	<b>345,836</b>	<b>362,784</b>
<b>RIGHT-OF-USE ASSETS</b>	<b>1,087,085</b>	<b>1,079,546</b>	<b>1,105,272</b>
<b>TRADE NAME</b>	<b>577,299</b>	<b>577,215</b>	<b>577,000</b>
<b>GOODWILL</b>	<b>861,920</b>	<b>861,920</b>	<b>861,920</b>
<b>OTHER NONCURRENT ASSETS</b>	<b>9,892</b>	<b>4,676</b>	<b>6,602</b>
<b>Total assets</b>	<b>\$ 4,653,969</b>	<b>\$ 4,584,940</b>	<b>\$ 4,634,027</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts payable	\$ 778,016	\$ 737,826	\$ 816,427
Accrued expenses and other current liabilities	251,569	303,207	277,157
Current lease liabilities	87,042	83,077	84,981
Current maturities of long-term debt	3,000	3,000	3,000
<b>Total current liabilities</b>	<b>1,119,627</b>	<b>1,127,110</b>	<b>1,181,565</b>
<b>LONG-TERM DEBT, NET</b>	<b>683,065</b>	<b>683,585</b>	<b>684,103</b>
<b>LONG-TERM LEASE LIABILITIES</b>	<b>1,081,790</b>	<b>1,077,667</b>	<b>1,107,709</b>
<b>DEFERRED TAX LIABILITIES, NET</b>	<b>235,187</b>	<b>217,212</b>	<b>185,765</b>
<b>OTHER LONG-TERM LIABILITIES</b>	<b>13,029</b>	<b>12,420</b>	<b>27,267</b>
<b>Total liabilities</b>	<b>3,132,698</b>	<b>3,117,994</b>	<b>3,186,409</b>
<b>COMMITMENTS AND CONTINGENCIES (NOTE 12)</b>			
<b>STOCKHOLDERS' EQUITY:</b>			
Preferred stock, \$0.01 par value, authorized 50,000,000 shares; none issued and outstanding	—	—	—
Common stock, \$0.01 par value, authorized 300,000,000 shares; 79,725,034; 87,079,394 and 92,883,540 issued and outstanding as of July 30, 2022, January 29, 2022 and July 31, 2021, respectively.	797	870	929
Additional paid-in capital	196,510	198,016	187,746
Retained earnings	1,323,964	1,268,060	1,260,805
Accumulated other comprehensive loss	—	—	(1,862)
<b>Stockholders' equity</b>	<b>1,521,271</b>	<b>1,466,946</b>	<b>1,447,618</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 4,653,969</b>	<b>\$ 4,584,940</b>	<b>\$ 4,634,027</b>

See Condensed Notes to Consolidated Financial Statements

**ACADEMY SPORTS AND OUTDOORS, INC.**  
**CONSOLIDATED STATEMENTS OF INCOME**  
(Unaudited)  
(Amounts in thousands, except per share data)

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	July 30, 2022	July 31, 2021	July 30, 2022	July 31, 2021
NET SALES	\$ 1,686,915	\$ 1,791,530	\$ 3,154,645	\$ 3,371,863
COST OF GOODS SOLD	1,090,852	1,149,034	2,037,158	2,165,666
GROSS MARGIN	596,063	642,496	1,117,487	1,206,197
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	339,329	387,938	655,260	712,565
OPERATING INCOME	256,734	254,558	462,227	493,632
INTEREST EXPENSE, NET	11,157	12,157	22,077	26,706
LOSS ON EARLY RETIREMENT OF DEBT	—	2,239	—	2,239
OTHER (INCOME), NET	(1,441)	(735)	(2,138)	(1,132)
INCOME BEFORE INCOME TAXES	247,018	240,897	442,288	465,819
INCOME TAX EXPENSE	58,217	50,387	103,681	97,513
NET INCOME	\$ 188,801	\$ 190,510	\$ 338,607	\$ 368,306
EARNINGS PER COMMON SHARE:				
BASIC	\$ 2.28	\$ 2.06	\$ 3.99	\$ 3.99
DILUTED	\$ 2.22	\$ 1.99	\$ 3.90	\$ 3.82
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING:				
BASIC	82,960	92,627	84,809	92,357
DILUTED	84,906	95,891	86,792	96,391

See Condensed Notes to Consolidated Financial Statements

**ACADEMY SPORTS AND OUTDOORS, INC.**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(Unaudited)  
(Amounts in thousands)

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	July 30, 2022	July 31, 2021	July 30, 2022	July 31, 2021
<b>COMPREHENSIVE INCOME:</b>				
Net income	\$ 188,801	\$ 190,510	\$ 338,607	\$ 368,306
Recognized interest expense on interest rate swaps	—	699	—	1,895
Tax expense	—	(163)	—	(433)
<b>Total comprehensive income</b>	<b>\$ 188,801</b>	<b>\$ 191,046</b>	<b>\$ 338,607</b>	<b>\$ 369,768</b>

See Condensed Notes to Consolidated Financial Statements

**ACADEMY SPORTS AND OUTDOORS, INC.**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
(Unaudited)  
(Amounts in thousands, except per share data)

	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount				
<b>Balances as of January 29, 2022</b>	87,079	\$ 870	\$ 198,016	\$ 1,268,060	\$ —	\$ 1,466,946
Net income	—	—	—	149,806	—	149,806
Equity compensation	—	—	3,499	—	—	3,499
Repurchase of common stock for retirement	(2,272)	(23)	(5,247)	(83,231)	—	(88,501)
Settlement of vested Restricted Stock Units	63	1	(1)	—	—	—
Stock option exercises	201	2	3,292	—	—	3,294
Cash dividends declared, \$0.075 per share	—	—	—	(6,536)	—	(6,536)
<b>Balances as of April 30, 2022</b>	85,071	\$ 850	\$ 199,559	\$ 1,328,099	\$ —	\$ 1,528,508
Net income	—	—	—	188,801	—	188,801
Equity compensation	—	—	6,158	—	—	6,158
Repurchase of common stock for retirement	(5,551)	(55)	(13,391)	(186,665)	—	(200,111)
Settlement of vested Restricted Stock Units	29	0	(0)	—	—	—
Issuance of common stock under employee stock purchase plan	93	1	2,796	—	—	2,797
Stock option exercises	83	1	1,388	—	—	1,389
Cash dividends declared, \$0.075 per share	—	—	—	(6,271)	—	(6,271)
<b>Balances as of July 30, 2022</b>	79,725	\$ 797	\$ 196,510	\$ 1,323,964	\$ —	\$ 1,521,271

See Condensed Notes to Consolidated Financial Statements

**ACADEMY SPORTS AND OUTDOORS, INC.**  
**CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY**  
(Unaudited)  
(Amounts in thousands, except per share data)

	Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
	Shares	Amount				
<b>Balances as of January 30, 2021</b>	91,114	\$ 911	\$ 127,228	\$ 987,168	\$ (3,324)	\$ 1,111,983
Net income	—	—	—	177,796	—	177,796
Equity compensation	—	—	5,874	—	—	5,874
Settlement of vested Restricted Stock Units	87	1	(1)	—	—	—
Share-Based Award Payments adjustment for forfeitures	—	—	39	—	—	39
Stock option exercises	2,686	27	17,230	—	—	17,257
Recognized interest expense on interest rate swaps (net of tax impact of \$270)	—	—	—	—	926	926
<b>Balances as of May 1, 2021</b>	93,887	\$ 939	\$ 150,370	\$ 1,164,964	\$ (2,398)	\$ 1,313,875
Net income	—	—	—	190,510	—	190,510
Equity compensation	—	—	27,331	—	—	27,331
Repurchase of common stock for retirement	(3,230)	(32)	(5,299)	(94,669)	—	(100,000)
Settlement of vested Restricted Stock Units	836	8	(8)	—	—	—
Issuance of common stock under employee stock purchase plan	35	—	945	—	—	945
Stock option exercises	1,356	14	14,407	—	—	14,421
Recognized interest expense on interest rate swaps (net of tax impact of \$163)	—	—	—	—	536	536
<b>Balances as of July 31, 2021</b>	92,884	\$ 929	\$ 187,746	\$ 1,260,805	\$ (1,862)	\$ 1,447,618

See Condensed Notes to Consolidated Financial Statements

**ACADEMY SPORTS AND OUTDOORS, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(Unaudited)  
(Amounts in thousands)

	Twenty-Six Weeks Ended	
	July 30, 2022	July 31, 2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 338,607	\$ 368,306
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	51,852	51,308
Non-cash lease expense	548	691
Equity compensation	9,657	33,205
Amortization of terminated interest rate swaps, deferred loan and other costs	1,552	3,521
Deferred income taxes	17,976	46,628
Non-cash loss on early retirement of debt	—	2,239
Changes in assets and liabilities:		
Accounts receivable, net	5,197	6,515
Merchandise inventories, net	(132,748)	(124,986)
Prepaid expenses and other current assets	(9,987)	(10,737)
Other noncurrent assets	(5,788)	1,408
Accounts payable	31,596	22,958
Accrued expenses and other current liabilities	(47,447)	18,517
Income taxes payable	(3,219)	(12,996)
Other long-term liabilities	610	(903)
Net cash provided by operating activities	<u>258,406</u>	<u>405,674</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Capital expenditures	(48,050)	(33,767)
Purchases of intangible assets	(84)	—
Net cash used in investing activities	<u>(48,134)</u>	<u>(33,767)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Repayment of Term Loan	(1,500)	(100,750)
Debt issuance fees	—	(927)
Share-Based Award Payments	—	(11,214)
Proceeds from exercise of stock options	4,683	31,678
Proceeds from issuance of common stock under employee stock purchase program	2,797	945
Taxes paid related to net share settlement of equity awards	(974)	(15,418)
Repurchase of common stock for retirement	(288,612)	(100,000)
Dividends paid	(12,807)	—
Net cash used in financing activities	<u>(296,413)</u>	<u>(195,686)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(86,141)	176,221
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	485,998	377,604
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>\$ 399,857</u>	<u>\$ 553,825</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</b>		
Cash paid for interest	\$ 20,056	\$ 24,358
Cash paid for income taxes	\$ 89,719	\$ 64,211
<b>SUPPLEMENTAL DISCLOSURES OF NON-CASH ACTIVITIES:</b>		
Non-cash issuance of common shares	\$ —	\$ 501
Change in capital expenditures in accounts payable and accrued liabilities	\$ 8,595	\$ 2,065
Right-of-use assets obtained in exchange for new operating leases	\$ 56,414	\$ 5,939

See Condensed Notes to Consolidated Financial Statements



**ACADEMY SPORTS AND OUTDOORS, INC.**  
**CONDENSED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

**1. Nature of Operations**

***The Company***

All references to "we," "us," "our" or the "Company" in the financial statements refer to Academy Sports and Outdoors, Inc., a Delaware corporation ("ASO, Inc.") and the current parent holding company of our operations, and its consolidated subsidiaries. We conduct our operations primarily through our parent holding company's indirect subsidiary, Academy, Ltd., a Texas limited partnership doing business as "Academy Sports + Outdoors", or Academy, Ltd. Our fiscal year represents the 52 or 53 weeks ending on the Saturday closest to January 31. On August 3, 2011, an investment entity owned by investment funds and other entities affiliated with Kohlberg Kravis Roberts & Co. L.P. (collectively, "KKR"), acquired a majority interest in the Company. On October 6, 2020, ASO, Inc. completed an initial public offering and as of September 17, 2021, KKR no longer held an ownership interest in the Company.

The Company is one of the leading full-line sporting goods and outdoor recreational products retailers in the United States in terms of net sales. As of July 30, 2022, we operated 261 "Academy Sports + Outdoors" retail locations in 16 states and three distribution centers located in Katy, Texas, Twiggs County, Georgia and Cookeville, Tennessee. We also sell merchandise to customers across most of the United States via our *academy.com* website.

***Secondary Offering***

On January 27, 2021, ASO, Inc. entered into an Underwriting Agreement (the "Underwriting Agreement"), by and among ASO, Inc., Allstar LLC, Allstar Co-Invest Blocker L.P., KKR 2006 Allstar Blocker L.P., MSI 2011 LLC, MG Family Limited Partnership and the former management selling stockholder named therein (collectively, the "Selling Stockholders"), and Credit Suisse Securities (USA) LLC and J.P. Morgan Securities LLC, as representatives of the several underwriters named therein (the "Underwriters"), relating to an underwritten offering of 12,000,000 shares of common stock (the "Secondary Offering"), pursuant to the Company's Registration Statement on Form S-1 (File No. 333-252390), filed on January 25, 2021. The Selling Stockholders granted the Underwriters the option to purchase, within 30 days from the date of the Underwriting Agreement, an additional 1,800,000 shares of common stock. On January 29, 2021, the Underwriters exercised in full their option to purchase the additional shares. The Secondary Offering was completed on February 1, 2021. Pursuant to the Underwriting Agreement, the Underwriters purchased the shares from the Selling Stockholders at a price of approximately \$20.69 per share. The Company did not receive any proceeds from the Secondary Offering.

***May 2021 Secondary Offering and Stock Repurchase***

On May 5, 2021, ASO, Inc. entered into an underwriting agreement (the "May 2021 Underwriting Agreement"), by and among ASO, Inc., Allstar LLC, Allstar Co-Invest Blocker L.P., KKR 2006 Allstar Blocker L.P., MSI 2011 LLC and MG Family Limited Partnership (collectively, the "May 2021 Selling Stockholders"), and Credit Suisse Securities (USA) LLC and J.P. Morgan Securities LLC, as representatives of the several underwriters named therein (the "May 2021 Underwriters"), relating to an underwritten offering of 14,000,000 shares of Common Stock at \$30.96 per share (the "May 2021 Secondary Offering"), pursuant to the Company's Registration Statement on Form S-1 (File No. 333-255720), filed on May 3, 2021. The May 2021 Selling Stockholders granted the May 2021 Underwriters the option to purchase, within 30 days from the date of the May 2021 Underwriting Agreement, an additional 2,100,000 shares of Common Stock. On May 6, 2021, the May 2021 Underwriters exercised in full their option to purchase the additional shares. The May 2021 Secondary Offering also included the Company's repurchase and simultaneous retirement of 3,229,974 shares out of the 14,000,000 shares at \$30.96 per share, the same price granted to the underwriters, which was at a discount to the prevailing market price at the time of repurchase (see "Share Repurchases" in Note 2). The May 2021 Secondary Offering was completed on May 10, 2021. The Company did not receive any proceeds from the May 2021 Secondary Offering.

The May 2021 Secondary Offering reduced the KKR ownership interest in the Company, resulting in a vesting event (the "2021 Vesting Event") for awards granted under the 2011 Unit Incentive Plan, whereby unvested time awards and performance-based awards which had previously met their performance targets vested and unvested performance-based awards which had not previously met their performance targets were forfeited. As a result, we incurred approximately \$24.9 million in non-cash expenses related to equity-based compensation and approximately \$15.4 million of cash expenses related to taxes on equity-based compensation. Additionally, approximately \$8.2 million of Share-Based Award Payments (see Note 9) for equity-based compensation distributions were accelerated during the 2021 second quarter.

## **2. Summary of Significant Accounting Policies**

The accompanying unaudited financial statements of the Company have been prepared as though they were required to be in accordance with Rule 10-01 of Regulation S-X for interim financial statements, however, they do not include all information and footnotes required by United States generally accepted accounting principles ("GAAP") for complete financial statements. Certain information and footnote disclosures normally included in our annual consolidated financial statements prepared in accordance with GAAP have been condensed or omitted. However, we believe that the disclosures included herein are adequate to make the information presented not misleading. These condensed consolidated financial statements should be read in conjunction with our audited consolidated financial statements and the notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended January 29, 2022, as filed with the Securities and Exchange Commission on March 29, 2022 (the "Annual Report"). The information furnished herein reflects all normal recurring adjustments which are, in the opinion of management, necessary for a fair presentation of the results for the interim periods presented. The results of operations for the thirteen and twenty-six weeks ended July 30, 2022 are not necessarily indicative of the results that will be realized for the fiscal year ending January 28, 2023 or any other period. The balance sheet as of January 29, 2022 has been derived from our audited financial statements as of that date. For further information, refer to our audited financial statements and notes thereto included in the Annual Report.

### ***Basis of Presentation and Principles of Consolidation***

These unaudited condensed consolidated financial statements include the accounts of ASO, Inc. and its subsidiaries, New Academy Holding Company, LLC ("NAHC"), Academy Managing Co., LLC, Associated Investors, LLC, Academy, Ltd., the Company's operating company, and Academy International Limited. NAHC, Academy Managing Co., LLC, and Associated Investors, LLC are intermediate holding companies. All intercompany balances and transactions have been eliminated in consolidation.

### ***Use of Estimates in the Preparation of Financial Statements***

The preparation of financial statements in conformity with GAAP requires our management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Our management bases its estimates on historical experience and other assumptions it believes to be reasonable under the circumstances. Actual results could differ significantly from those estimates. Our most significant estimates and assumptions that materially affect the financial statements involve difficult, subjective or complex judgments by management, including the valuation of merchandise inventories and performing goodwill, intangible and long-lived asset impairment analyses. Given the global economic climate and the possibility of additional unforeseen effects from the COVID-19 pandemic, these estimates remain challenging, and actual results could differ materially from our estimates.

### ***Reclassifications***

Within the merchandise division sales table presented in Note 3, certain products and categories were recategorized amongst various categories and divisions, respectively, to better align with our current merchandising strategy and view of the business. As a result, we have reclassified sales between divisions in the thirteen and twenty-six weeks ended July 31, 2021 for comparability purposes. This reclassification is in divisional presentation only and did not impact the overall net sales balances previously disclosed.

### ***Share Repurchases***

On September 2, 2021, the Board of Directors of the Company authorized a share repurchase program (the "2021 Share Repurchase Program") under which the Company may purchase up to \$500 million of its outstanding shares during the three-year period ending September 2, 2024. On June 2, 2022, the Board of Directors of the Company authorized a new share repurchase program (the "2022 Share Repurchase Program") under which the Company may purchase up to \$600 million of its outstanding shares during the three-year period ending June 2, 2025. The 2022 Share Repurchase Program and the 2021 Share Repurchase program are collectively referred to as the "Share Repurchase Programs".

Under the Share Repurchase Programs, repurchases can be made using a variety of methods, which may include open market purchases, block trades, privately negotiated transactions, accelerated share repurchase programs and/or a non-discretionary trading plan, all in compliance with the rules of the SEC and other applicable legal requirements. The timing, manner, price and amount of any common share repurchases under the Share Repurchase Programs are determined by the Company in its discretion and depend on a variety of factors, including legal requirements, price and economic and market conditions. The Share Repurchase Programs do not obligate the Company to acquire any particular number of common shares, and the programs may be suspended, extended, modified or discontinued at any time.

During the thirteen and twenty-six weeks ended July 30, 2022, we repurchased and concurrently retired 5,550,892 and 7,823,241 shares of ASO, Inc. common stock for an aggregate amount of \$200.1 million and \$288.6 million, respectively, pursuant to the Share Repurchase Programs. During the thirteen and twenty-six weeks ended July 31, 2021, we repurchased and concurrently retired 3,229,974 shares of ASO, Inc. common stock for an aggregate amount of \$100.0 million pursuant to the May 2021 Secondary Offering. As of July 30, 2022, approximately \$500.2 million remained available for share repurchases pursuant to the Share Repurchase Programs.

### ***Recent Accounting Pronouncements***

#### ***Reference Rate Reform***

In March 2020, the FASB issued ASU 2020-04, "Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting." This pronouncement provides temporary optional expedients and exceptions to the current guidance on contract modifications and hedge accounting to ease the financial reporting burden related to the expected market transition from the London Interbank Offered Rate ("LIBOR") and other interbank offered rates to alternative reference rates. The adoption of this guidance is effective for all entities as of March 12, 2020 through December 31, 2022. The Company is currently evaluating the expedients and exceptions provided by this amendment as it relates to our transition from LIBOR to another reference rate to determine the impact.

### 3. Net Sales

Revenue from merchandise sales is recognized, net of sales tax, when the Company's performance obligation to the customer is met, which is when the Company transfers control of the merchandise to the customer. Store merchandise sales are recognized at the point of sale and e-commerce sales are recognized upon delivery to the customer.

The following table sets forth the approximate amount of sales by merchandise divisions for the periods presented (amounts in thousands):

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	July 30, 2022	July 31, 2021	July 30, 2022	July 31, 2021
Merchandise division sales <sup>(1)</sup>				
Outdoors	\$ 492,804	\$ 539,497	\$ 950,651	\$ 1,025,155
Sports and recreation	400,244	410,491	754,291	812,905
Apparel	463,729	493,471	806,110	869,245
Footwear	322,558	337,290	625,686	647,734
Total merchandise sales <sup>(2)</sup>	1,679,335	1,780,749	3,136,738	3,355,039
Other sales <sup>(3)</sup>	7,580	10,781	17,907	16,824
Net Sales	\$ 1,686,915	\$ 1,791,530	\$ 3,154,645	\$ 3,371,863

<sup>(1)</sup> Certain products and categories were recategorized amongst various categories and divisions, respectively, to better align with our current merchandising strategy and view of the business. As a result, we have reclassified sales between divisions in the thirteen and twenty-six weeks ended July 31, 2021 for comparability purposes. This reclassification is in divisional presentation only and did not impact the overall net sales balances previously disclosed (see Note 2).

<sup>(2)</sup> E-commerce sales consisted of 10.0% and 9.8% of merchandise sales for the thirteen and twenty-six weeks ended July 30, 2022, respectively, and 8.4% and 7.9% for the thirteen and twenty-six weeks and July 31, 2021, respectively.

<sup>(3)</sup> Other sales consisted primarily of the sales return allowance, gift card breakage income, credit card bounties and royalties, shipping income, net hunting and fishing license income and other items.

We sell gift cards in stores, online and in third-party retail locations. A liability for gift cards, which is recorded in accrued expenses and other liabilities on our consolidated balance sheets is established at the time of sale and revenues are recognized as the gift cards are redeemed in stores or on our website.

The following is a reconciliation of the gift card liability (amounts in thousands):

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	July 30, 2022	July 31, 2021	July 30, 2022	July 31, 2021
Gift card liability, beginning balance	\$ 73,489	\$ 63,242	\$ 86,568	\$ 74,253
Issued	26,667	25,484	44,876	43,926
Redeemed	(29,367)	(27,253)	(59,645)	(55,743)
Recognized as breakage income	(830)	(947)	(1,840)	(1,910)
Gift card liability, ending balance	\$ 69,959	\$ 60,526	\$ 69,959	\$ 60,526

#### 4. Long-Term Debt

Our debt consisted of the following (amounts in thousands) as of:

	July 30, 2022	January 29, 2022	July 31, 2021
ABL Facility, due November 2025	\$ —	\$ —	\$ —
Term Loan, due November 2027	296,250	297,750	299,250
Notes, due November 2027	400,000	400,000	400,000
Total debt	696,250	697,750	699,250
Less current maturities	(3,000)	(3,000)	(3,000)
Less unamortized discount on Term Loan	(2,244)	(2,463)	(2,682)
Less deferred loan costs <sup>(1)</sup>	(7,941)	(8,702)	(9,465)
Long-term debt, net	\$ 683,065	\$ 683,585	\$ 684,103

<sup>(1)</sup> Deferred loan costs are related to the Term Loan and Notes.

As of July 30, 2022, January 29, 2022 and July 31, 2021, the balance in deferred loan costs related to the ABL Facility (as defined below) was approximately \$3.8 million, \$4.3 million and \$4.9 million, respectively, and was included in other noncurrent assets on our consolidated balance sheets. Total amortization of deferred loan costs was \$0.6 million and \$1.3 million for the thirteen and twenty-six weeks ended July 30, 2022, respectively, and \$0.7 million and \$1.4 million for the thirteen and twenty-six weeks ended July 31, 2021, respectively. Total expenses related to accretion of original issuance discount were \$0.1 million and \$0.2 million for the thirteen and twenty-six weeks ended July 30, 2022, respectively, and \$0.2 million and \$0.3 million for the thirteen and twenty-six weeks ended and July 31, 2021, respectively. The expenses related to amortization of deferred loan costs and accretion of original issuance discount are included in interest expense, net on the consolidated statements of income.

##### Term Loan

We refer to the 2020 Term Loan and the Amendment collectively as the "Term Loan".

On November 6, 2020, Academy, Ltd. entered into a seven-year \$400.0 million senior secured term loan (the "2020 Term Loan") with Credit Suisse AG, Cayman Island Branch ("Credit Suisse"), as the administrative agent and collateral agent and the several other lenders and parties. The 2020 Term Loan will mature on November 6, 2027. The 2020 Term Loan bore interest, at Academy, Ltd.'s election, at either (1) LIBOR rate with a floor of 0.75%, plus a margin of 5.00%, or (2) a base rate equal to the highest of (a) the federal funds rate plus 0.50%, (b) Credit Suisse's "prime rate", or (c) the one-month LIBOR rate plus 1.00%, plus a margin of 4.00%. Quarterly principal payments of approximately \$1.0 million were required through September 30, 2027, with the balance due in full on the maturity date of November 6, 2027.

On May 25, 2021, Academy, Ltd. entered into Amendment No. 4 (the "Amendment") to the Second Amended and Restated Credit Agreement, dated as of November 6, 2020, among Academy, Ltd., as Borrower, Credit Suisse AG, Cayman Islands Branch, as the administrative agent and collateral agent, the several lenders party thereto and the several other parties named therein (as previously amended, the "Existing Credit Agreement" and as amended by the Amendment, the "Amended Credit Agreement"). Pursuant to the terms of the Amendment, Academy, Ltd. (i) reduced the applicable margin on LIBOR borrowings under the Existing Credit Agreement from 5.00% to 3.75% and (ii) utilized cash on hand to repay \$99.0 million of outstanding borrowings under the Existing Credit Agreement, leaving an outstanding principal balance of \$300.0 million under the Amended Credit Agreement. Quarterly principal payments of \$750.0 thousand are required through September 30, 2027 and borrowings under the Amended Credit Agreement will continue to mature on November 6, 2027. All other material terms and provisions of the 2020 Term Loan remain substantially the same as the terms and provisions in place immediately prior to the effectiveness of the Amendment. As of July 30, 2022, the weighted average interest rate was 5.46%, with interest payable monthly. The terms and conditions of the Amendment also require that the outstanding balance under the Term Loan is prepaid under certain circumstances. As of July 30, 2022, no prepayment was due under the terms and conditions of the Term Loan.

In connection with the Amendment, the Company recognized a non-cash loss on early retirement of debt of \$2.2 million in the thirteen and twenty-six weeks ended July 31, 2021 from the write-off of deferred loan costs and expense related to the original issuance discount associated with our 2020 Term Loan.

### Notes

On November 6, 2020, Academy, Ltd. issued \$400.0 million of 6.00% senior secured notes which are due November 15, 2027 (the "Notes"), pursuant to an indenture, dated as of November 6, 2020 (the "Indenture") with The Bank of New York Mellon Trust Company, N.A., as trustee and collateral agent. The Notes require cash interest payments semi-annually in arrears on May 15 and November 15 of each year at a rate of 6.00% per year.

### ABL Facility

On November 6, 2020, Academy, Ltd., as borrower, and the guarantors, amended the previously existing secured asset-based revolving credit facility by entering into an amendment to the First Amended and Restated ABL Credit Agreement, dated as of July 2, 2015, with JPMorgan Chase Bank, N.A. as the administrative agent and collateral agent, letter of credit issuer and swingline lender and the several lenders party thereto, which ABL amendment, among other things, extended the maturity of Academy, Ltd.'s asset-based revolving credit facility thereunder to November 6, 2025 (the "ABL Facility").

The ABL Facility is used to provide financing for working capital and other general corporate purposes, as well as to support certain letters of credit requirements, and availability is subject to customary borrowing base and availability provisions. During the normal course of business, we periodically utilize letters of credit primarily for the purchase of import goods and in support of insurance contracts. As of July 30, 2022, we had outstanding letters of credit of approximately \$19.7 million, all of which were issued under the ABL Facility, and we had no borrowings outstanding under the ABL Facility, leaving the available borrowing capacity under the ABL Facility of \$980.3 million.

Borrowings under the ABL Facility bear interest, at our election, at either (1) LIBOR plus a margin of 1.25% to 1.75%, or (2) a base rate equal to the highest of (a) the federal funds rate plus 0.50%, (b) JPMorgan Chase Bank, N.A.'s "prime rate", or (c) the one-month LIBOR rate plus 1.00%, plus a margin of 0.25% to 0.75%. The ABL Facility also provides a fee applicable to the unused commitments of 0.25%. The terms and conditions of the ABL Facility also require that we prepay outstanding loans under the ABL Facility under certain circumstances. As of July 30, 2022, no future prepayments of outstanding loans have been triggered under the terms and conditions of the ABL Facility.

Covenants. The ABL Facility, Term Loan and Notes agreements contain covenants, including, among other things, covenants that restrict Academy, Ltd.'s ability to incur certain additional indebtedness, create or permit liens on assets, engage in mergers or consolidations, pay dividends, make other restricted payments, make loans or advances, engage in transactions with affiliates or amend material documents. Additionally, at certain times, the ABL Facility is subject to a minimum adjusted fixed charge coverage ratio. These covenants are subject to certain qualifications and limitations. We were in compliance with these covenants as of July 30, 2022.

## **5. Derivative Financial Instruments**

We have historically used interest rate swap agreements to hedge market risk relating to possible adverse changes in interest rates. All interest rate swaps had been designated as cash flow hedges of variable rate interest payments on borrowings under the Term Loan. As of July 30, 2022, we do not have any derivative financial instruments outstanding.

For derivatives which were designated as hedging instruments, amounts included in Accumulated Other Comprehensive Income (Loss) ("AOCI") were reclassified to interest expense in the same period during which the hedged transaction affected earnings, which was as interest expense was recorded on the underlying Term Loan.

The impact of gains and losses related to interest rate swaps that were deferred into AOCI and subsequently reclassified into expense are as follows (amounts in thousands):

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	July 30, 2022	July 31, 2021	July 30, 2022	July 31, 2021
Accumulated Other Comprehensive Loss, beginning	\$ —	\$ (2,398)	\$ —	\$ (3,324)
Increase to interest expense (net of tax impact of \$163 and \$433 in the thirteen and twenty-six weeks ended July 31, 2021, respectively)	—	536	—	1,462
Accumulated Other Comprehensive Loss, ending	\$ —	\$ (1,862)	\$ —	\$ (1,862)

## 6. Fair Value Measurements

Fair value is defined as an exit price that would be received from the sale of an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Authoritative guidance establishes a three-level hierarchy for disclosure that is based on the extent and level of judgment used to estimate the fair value of the assets and liabilities.

The fair value measurements are classified as either:

- Level 1 which represents valuations based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;
- Level 2 which represents valuations based on quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and
- Level 3 which represents valuations based on prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (i.e., supported by little or no market activity).

In instances where the determination of the fair value measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy in which the fair value measurement is classified in its entirety, is based on the lowest level input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability. There were no transfers made into or out of the Level 1, 2 or 3 categories during any period presented.

Periodically we make cash investments in money market funds comprised of U.S. Government treasury bills and securities, which are classified as cash and redeemable on demand. As of July 30, 2022, January 29, 2022 and July 31, 2021, we held \$321.4 million, \$401.0 million and \$383.0 million in money market funds, respectively.

The fair value of the Term Loan and Notes is estimated using a discounted cash flow analysis based on quoted market prices for the instrument in an inactive market and is therefore classified as Level 2 within the fair value hierarchy. As of July 30, 2022, January 29, 2022, and July 31, 2021 the estimated fair value of the Term Loan and Notes was \$0.7 billion, respectively. As borrowings on the ABL Facility are generally repaid in less than 12 months, we believe that fair value approximates the carrying value.

## 7. Property and Equipment

Property and equipment consists of the following (amounts in thousands) as of:

	July 30, 2022	January 29, 2022	July 31, 2021
Leasehold improvements	\$ 464,621	\$ 456,918	\$ 448,275
Equipment and software	616,402	602,289	581,452
Furniture and fixtures	344,102	336,679	325,373
Construction in progress	37,922	11,147	21,846
Land	3,698	3,698	3,698
Total property and equipment	1,466,745	1,410,731	1,380,644
Accumulated depreciation and amortization	(1,116,117)	(1,064,895)	(1,017,860)
Property and equipment, net	\$ 350,628	\$ 345,836	\$ 362,784

Depreciation expense was \$26.3 million and \$51.9 million, respectively, in the thirteen and twenty-six weeks ended July 30, 2022, and \$26.0 million and \$51.3 million in the thirteen and twenty-six weeks ended July 31, 2021, respectively, and is included in selling, general and administrative expenses on the consolidated statements of income.

## 8. Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consist of the following (amounts in thousands) as of:

	July 30, 2022	January 29, 2022	July 31, 2021
Accrued interest	\$ 7,107	\$ 6,583	\$ 6,654
Accrued personnel costs	62,751	115,073	83,406
Accrued professional fees	1,179	4,534	2,578
Accrued sales and use tax	15,221	13,054	26,461
Accrued self-insurance	15,309	15,824	14,093
Deferred revenue - gift cards and other	73,995	88,713	64,492
Income taxes payable	6,382	9,602	10,734
Property taxes	37,413	17,747	36,451
Sales return allowance	7,100	6,200	6,700
Other	25,112	25,877	25,588
Accrued expenses and other current liabilities	\$ 251,569	\$ 303,207	\$ 277,157

## 9. Share-Based Compensation

On September 29, 2020, the ASO, Inc. Board of Directors adopted the 2020 Omnibus Incentive Plan (the "2020 Omnibus Incentive Plan"), which became effective on October 1, 2020. The 2020 Omnibus Incentive plan provides for the grant of certain equity incentive awards (each, an "Award"), such as options to purchase ASO, Inc. common stock (each, a "Stock Option") and restricted units that may settle in ASO, Inc. common stock (each, a "Restricted Stock Unit") to our directors, executives and eligible employees of the Company. Awards granted under the 2020 Omnibus Incentive Plan consist of Stock Options that vest upon the satisfaction of time-based requirements (each, a "Service Option"), Restricted Stock Units that vest upon the satisfaction of time-based requirements (each, a "Service Restricted Stock Unit") and Restricted Stock Units that vest upon the satisfaction of time and performance and/or market based requirements (each, a "Performance Restricted Stock Unit"). The plan reserved a total of 5,150,000 shares of common stock for issuance. As of July 30, 2022, there were 2,403,311 shares that were authorized and available for future issuance under the 2020 Omnibus Incentive Plan.

On September 29, 2020, the ASO, Inc. Board of Directors adopted the 2020 Employee Stock Purchase Plan (the "ESPP"), which became effective on October 1, 2020. We have reserved a total of 2,000,000 shares under the ESPP and as of July 30, 2022, there were 1,792,945 shares authorized and available for future issuance under the ESPP.



Equity compensation expense was \$6.2 million and \$9.7 million for the thirteen and twenty-six weeks ended July 30, 2022, respectively. Equity compensation expense was \$27.3 million and \$33.2 million for the thirteen and twenty-six weeks ended July 31, 2021, respectively, which includes approximately \$24.9 million in non-cash expenses related to the 2021 Vesting Event which occurred during the 2021 second quarter. These costs are included in selling, general and administrative expenses in the consolidated statements of income.

#### ***Distribution***

On August 28, 2020, New Academy Holding Company, LLC, the parent holding company for our operations prior to our initial public offering, paid a \$257.0 million distribution to its members of record as of August 25, 2020. Cash payments ("Share-Based Award Payments") of \$32.2 million for unvested Awards were paid upon vesting of such Awards, which was completed and paid in-full as of July 31, 2021.

#### ***Service Option Fair Value Assumptions***

The fair value for Service Options granted was estimated using a Black-Scholes option-pricing model. The expected lives of the Service Options granted were based on the "SEC simplified" method. Expected price volatility was determined based on the implied volatilities of comparable companies over a historical period that matches the expected life of the Award. The risk-free interest rate was based on the expected U.S. Treasury rate over the expected life. The dividend yield was calculated based on the most recent annualized quarterly dividend and the valuation date closing stock price. The assumptions used to calculate the fair value of Awards granted are evaluated and modified, as necessary, to reflect current market conditions and experience.

The following table presents the assumptions and grant date fair values for Service Options granted in the twenty-six weeks ended July 30, 2022:

Expected life in years	6.2
Expected volatility	42.9% to 43.2%
Weighted-average volatility	43.0 %
Risk-free interest rate	2.4% to 3.0%
Dividend yield	0.8 %

The following table presents the Award grants during the twenty-six weeks ended July 30, 2022:

	<b>Service Options</b>	<b>Service Restricted Stock Units</b>	<b>Performance Restricted Stock Units</b>
Number of shares	813,922	183,984	169,393
Weighted average grant date fair value per Award	\$ 16.33	\$ 38.72	\$ 39.18
Weighted average exercise price per Award	\$ 39.18	N/A	N/A

The following table presents the unrecognized compensation cost as of July 30, 2022:

	<b>Service Options</b>	<b>Service Restricted Stock Units</b>	<b>Performance Restricted Stock Units</b>
Remaining expense	\$ 18,629,407	\$ 14,042,372	\$ 6,754,216
Weighted average life remaining in years	2.7	2.7	2.6

## 10. Earnings per Common Share

Basic earnings per common share is calculated based on net income divided by the basic weighted average common shares outstanding during the period, and diluted earnings per common share is calculated based on net income divided by the diluted weighted average common shares outstanding. Diluted weighted average common shares outstanding is based on the basic weighted average common shares outstanding plus any potential dilutive effect of stock-based awards outstanding during the period using the treasury stock method, which assumes the potential proceeds received from the dilutive stock options are used to purchase treasury stock. Anti-dilutive stock-based awards do not include awards which have a performance or liquidity event target which has yet to be achieved.

Basic and diluted weighted average common shares outstanding and basic and diluted earnings per common share are calculated as follows (amounts in thousands except per share amounts):

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	July 30, 2022	July 31, 2021	July 30, 2022	July 31, 2021
Net income	\$ 188,801	\$ 190,510	\$ 338,607	\$ 368,306
Weighted average common shares outstanding - basic	82,960	92,627	84,809	92,357
Dilutive effect of Service Restricted Units and Service Restricted Stock Units	49	61	68	54
Dilutive effect of Performance Restricted Stock Units and Liquidity Event Restricted Units	90	121	94	591
Dilutive effect of Service Options	1,546	2,614	1,577	2,427
Dilutive effect of Performance Unit Options and Performance Stock Options	201	468	206	962
Dilutive effect of ESPP Shares	60	—	38	—
Weighted average common shares outstanding - diluted	84,906	95,891	86,792	96,391
Earnings per common share - basic	\$ 2.28	\$ 2.06	\$ 3.99	\$ 3.99
Earnings per common share - diluted	\$ 2.22	\$ 1.99	\$ 3.90	\$ 3.82
Anti-dilutive stock-based awards excluded from diluted calculation	832	34	569	43

## 11. Related Party Transactions

On January 27, 2021 and May 5, 2021, in connection with the Secondary Offering and May 2021 Secondary Offering, respectively, the Company entered into two separate underwriting agreements with affiliates of KKR (as selling stockholders), the several other selling stockholders named therein, and the several underwriters named therein, including KCM (as underwriter). The Secondary Offering and May 2021 Secondary Offering were completed on February 1, 2021 and May 10, 2021, respectively. The Company did not pay KCM any fees in connection with these secondary offerings.

In connection with the May 2021 Secondary Offering, we repurchased 3,229,974 shares of ASO, Inc. common stock at \$30.96 per share for approximately \$100.0 million, which were immediately retired by the Company (see Note 1).

## 12. Commitments and Contingencies

### *Freight, Technology Related and Other Commitments*

As of July 30, 2022, we have obligations under freight, technology-related, construction and other contractual commitments in the amount of \$74.8 million. Of such commitments, approximately \$42.5 million is payable in the next 12 months.

### ***Financial Guarantees***

During the normal course of business, we enter into contracts that contain a variety of representations and warranties and provide general indemnifications. The maximum exposure under these arrangements is unknown as this would involve future claims that may be made against us that have not yet occurred. However, based on experience, we believe the risk of loss to be remote.

### ***Legal Proceedings***

We are a defendant or co-defendant in lawsuits, claims and demands brought by various parties relating to matters normally incident to our business. No individual case, or group of cases presenting substantially similar issues of law or fact, is expected to have a material effect on the manner in which we conduct our business or on our results of operations, financial position or liquidity. The majority of these cases are alleging product, premises, employment and/or commercial liability. Reserves have been established that we believe to be adequate based on our current evaluations and experience in these types of claim situations. However, the ultimate outcome of these cases cannot be determined at this time. We believe, taking into consideration our indemnities, insurance and reserves, the ultimate resolution of these matters will not have a material impact on our financial position, results of operations or cash flows.

### ***Sponsorship Agreement and Intellectual Property Commitments***

We periodically enter into sponsorship agreements generally with professional sports teams, associations, events, networks, or individual professional players and collegiate athletic programs in exchange for marketing and advertising promotions. We also enter into intellectual property agreements whereby the Company receives the right to use third-party owned trademarks typically in exchange for royalties on sales. These agreements typically contain a one to three-year term and contractual payment amounts required to be paid by the Company. As of July 30, 2022, we have \$17.9 million in related commitments through 2027, of which \$5.8 million is payable in the next 12 months.

## **13. Subsequent Events**

Our management evaluated events or transactions that occurred after July 30, 2022 through September 7, 2022, the issuance date of the consolidated financial statements, and identified the following matter to report:

On September 1, 2022, the Company's Board of Directors declared a quarterly cash dividend with respect to the fiscal quarter ended July 30, 2022, of \$0.075 per share of the Company's common stock, payable on October 13, 2022, to stockholders of record as of the close of business on September 15, 2022.

## ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

### Cautionary Statement Regarding Forward-looking Statements

This Quarterly Report on Form 10-Q (this "Quarterly Report") includes "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which are subject to the "safe harbor" created by those sections. Forward-looking statements include all statements that are not historical facts, including statements reflecting our current views with respect to, among other things, our operations and financial performance. These forward-looking statements are included throughout this Quarterly Report, including this "Management's Discussion and Analysis of Financial Condition and Results of Operations" and in the section entitled "Risk Factors," and relate to matters such as our industry, business strategy, goals and expectations concerning our market position, future operations, margins, profitability, capital expenditures, liquidity and capital resources and other financial and operating information. We have used the words "anticipate," "assume," "believe," "continue," "could," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "project," "future," "will," "seek," "foreseeable," the negative version of these words or similar terms and phrases to identify forward-looking statements in this Quarterly Report.

The forward-looking statements contained in this Quarterly Report are based on management's current expectations and are not guarantees of future performance. The forward-looking statements are subject to various risks, uncertainties, assumptions or changes in circumstances that are difficult to predict or quantify. Our expectations, beliefs, and projections are expressed in good faith and we believe there is a reasonable basis for them. However, there can be no assurance that management's expectations, beliefs and projections will result or be achieved. 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 our control. We believe that these factors include but are not limited to those described under "Risk Factors" in the Company's Annual Report on Form 10-K for the fiscal year ended January 29, 2022 (the "Annual Report"), as filed with the Securities and Exchange Commission (the "SEC") on March 29, 2022, and in this Quarterly Report, as such risk factors have been updated from time to time in our periodic filings with the SEC, and are accessible on the SEC's website at [www.sec.gov](http://www.sec.gov).

Any forward-looking statement made by us in this Quarterly Report speaks only as of the date of this Quarterly Report and are expressly qualified in their entirety by the cautionary statements included in this Quarterly Report. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures, investments or other strategic transactions we may make. We undertake 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 any applicable securities laws.

The following is a summary of the principal factors that make an investment in our securities speculative or risky (all of which are more fully described in the section entitled "Risk Factors" in the Annual Report):

#### ***Risks Related to Our Business and Industry***

- overall decline in the health of the economy and consumer discretionary spending;
- our ability to predict or effectively react to changes in consumer tastes and preferences, to acquire and sell brand name merchandise at competitive prices and/or to manage our inventory balances;
- the impact of COVID-19 on our business and the communities we serve;
- intense competition in the sporting goods and outdoor recreation retail industries;
- our ability to safeguard sensitive or confidential data relating to us and our customers, team members and vendors;
- risks associated with our reliance on internationally manufactured merchandise;
- our ability to operate, update or implement our information technology systems;
- risks associated with disruptions in our supply chain and losses of merchandise purchasing incentives;
- harm to our reputation;
- any failure of our third-party vendors of outsourced business services and solutions;
- our ability to successfully continue our store growth plans or manage our growth effectively, or any failure of our new stores to generate sales and/or achieve profitability;

- risks associated with our e-commerce business;
- risks related to our owned brand merchandise;
- any disruption in the operation of our distribution centers;
- quarterly and seasonal fluctuations in our operating results;
- the occurrence of severe weather events, catastrophic health events, natural or man-made disasters, social and political conditions or civil unrest;
- our dependence on our ability to meet our labor needs;
- our ability to retain key personnel;
- the geographic concentration of our stores;
- fluctuations in merchandise (including raw material) costs and availability;
- payment-related risks;
- our ability to successfully pursue strategic acquisitions and integrate acquired businesses;
- the effectiveness of our marketing and advertising programs;

***Legal and Regulatory Risks***

- our ability to comply with laws and regulations affecting our business, including those relating to the sale, manufacture and import of consumer products;
- claims, demands and lawsuits to which we are, and may in the future, be subject and the risk that our insurance or indemnities coverage may not be sufficient;
- our ability to protect our intellectual property and avoid the infringement of third-party intellectual property rights;
- new and increased costs, risks, and additional regulations and requirements as a result of becoming a public company;
- our ability to have effective internal controls;

***Risks Related to Our Indebtedness***

- our level of indebtedness and related debt service payments and our ability to generate sufficient cash flow to satisfy all of our obligations under our indebtedness;
- our ability to incur substantially more debt;
- restrictions on our current and future operations imposed by the terms of our indebtedness;
- our variable rate indebtedness subjects us to interest rate risk;
- our ability to borrow under the ABL Facility (as defined below);
- our level of indebtedness may hinder our ability to negotiate favorable terms with our vendors;

***Risks Related to the Ownership of Our Common Stock***

- you may be diluted by any future issuances of shares by us;
- our stock price is volatile and may decline;
- our ability to raise capital in the future may be limited;
- lack of or negative coverage by securities analysts;
- our ability to pay dividends on our common stock;
- anti-takeover provisions in our organizational documents could delay or prevent a change of control;
- our board of directors is authorized to issue and designate shares of preferred stock without stockholder approval; and
- our exclusive forum provision.

These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this Quarterly Report. Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, our actual results may vary in material respects from those projected in these forward-looking statements.

*The following discussion and analysis of our financial condition and results of operations should be read together with our unaudited financial statements and related notes included elsewhere in this Quarterly Report for the thirteen and twenty-six weeks ended July 30, 2022 and our audited financial statements for the fiscal year ended January 29, 2022 and the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in the Annual Report.*

*All references to "Academy," "Academy Sports + Outdoors," "ASO, Inc.," "we," "us," "our" or the "Company" in this Quarterly Report refer to Academy Sports and Outdoors, Inc., a Delaware corporation and the current parent holding company of our operations, and its consolidated subsidiaries. We conduct our operations through our subsidiaries, including our indirect subsidiary, Academy, Ltd., an operating company which is doing business as "Academy Sports + Outdoors."*

*We operate on a retail fiscal calendar pursuant to which our 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, or month mean our fiscal year, fiscal quarter, and fiscal month, respectively, unless the context requires otherwise. References to the "current quarter," "2022 second quarter," or similar reference refers to the thirteen week period ended July 30, 2022, and any reference to the "prior year quarter," "2021 second quarter" or similar reference refers to the thirteen week period ended July 31, 2021. Any reference in this Quarterly Report to "current year-to-date," "year-to-date 2022" or similar reference represents the twenty-six week period ended July 30, 2022, and any reference in this Quarterly Report to the "prior year-to-date," "year-to-date 2021" or similar reference refers to the twenty-six week period ended July 31, 2021. Unless otherwise specified, all comparisons regarding the current period of 2022 are made to the corresponding period of 2021.*

*All statements in this Quarterly Report concerning our current and planned operations are modified by reference to our discussion of recent developments related to the COVID-19 pandemic, and our ability to carry out our current and planned operations are dependent on further developments associated with the COVID-19 pandemic.*

## **Overview**

We are one of the leading full-line sporting goods and outdoor recreation retailers in the United States. Our mission is to provide "Fun for All", and we fulfill this mission with a localized merchandising strategy and value proposition that deeply connect with a broad range of consumers. Our product assortment focuses on key categories of outdoor, apparel, sports & recreation and footwear (representing 30%, 26%, 24% and 20% of our year-to-date 2022 net sales, respectively) through both leading national brands and a portfolio of owned brands and private label brands, which go well beyond traditional sporting goods and apparel offerings.

We sell a range of sporting and outdoor recreation products, including sporting equipment, apparel, footwear, camping gear, patio furniture, outdoor cooking equipment, and hunting and fishing gear, among many others. Our strong merchandise assortment is anchored by our broad offering of year-round items, such as fitness equipment and apparel, work and casual wear, folding chairs, wagons and tents, training and running shoes, and coolers. We also carry a deep selection of seasonal items, such as sports equipment and apparel, seasonal wear and accessories, hunting and fishing equipment and apparel, patio furniture, trampolines, play sets, bicycles, and severe weather supplies. We provide locally relevant offerings, such as crawfish boilers in Louisiana, licensed apparel for area sports fans, baits and lures for area fishing spots, and beach towels in coastal markets.

As of July 30, 2022, we operated 261 stores that range in size from approximately 40,000 to 130,000 gross square feet, with an average size of approximately 70,000 gross square feet, throughout 16 contiguous states located primarily in the southern United States. Our stores are supported by approximately 22,000 team members, three distribution centers, and our rapidly growing e-commerce platform, which includes our website at [www.academy.com](http://www.academy.com) and our mobile app. Additionally, we are deepening our customer relationships, further integrating our e-commerce platform with our stores and driving operating efficiencies by developing our omnichannel capabilities, such as our mobile app, optimizing the website experience and upgrading our fulfillment capabilities.

The following table summarizes store activity for the periods indicated:

	Twenty-Six Weeks Ended	
	July 30, 2022	July 31, 2021
Beginning stores	259	259
Q1 new stores	1	—
Q2 new stores	1	—
Closed	—	—
Ending stores	<u>261</u>	<u>259</u>
Relocated stores	—	1

#### ***How We Assess the Performance of Our Business and Recent Trends***

Our management considers a number of financial and operating metrics, including the following key metrics, to evaluate our business, measure our performance, identify trends affecting our business, determine the allocation of resources, make decisions regarding corporate strategies and evaluate projections. These metrics include operational measures and non-GAAP metrics supplemental to our GAAP results.

**Comparable Sales.** We define comparable sales as the percentage of period-over-period net sales increase or decrease, in the aggregate, for stores open after thirteen full fiscal months, as well as for all e-commerce sales. There may be variations in the way in which some of our competitors and other retailers calculate comparable sales. As a result, data in this Quarterly Report regarding our comparable sales may not be comparable to similar data made available by other retailers. Stores which have been significantly remodeled or relocated are removed from this calculation until the new store has been in operation for substantially all of the periods being compared. Stores which have been closed for an extended period of time due to circumstances beyond our control are also removed from the calculation. Any sales made through our website or mobile app are allocated to e-commerce sales for the purpose of measuring comparable sales, regardless of how those sales are fulfilled, whether shipped to home or picked up in-store or curbside through our buy-online-pickup-in-store program ("BOPIS"). For example, all BOPIS transactions, which are originated by our website, are allocated to e-commerce sales for the purpose of comparable sales, despite the fact that our customers pick-up these purchases from a specific store.

Increases or decreases in e-commerce between periods being compared directly impact the comparable sales results. Various factors affect comparable sales, including consumer preferences, buying trends and overall economic trends; our ability to identify and respond effectively to customer preferences and local and regional trends; our ability to provide an assortment of high quality/value oriented product offerings that generate new and repeat visits to our stores and our website; the customer experience and unique services we provide in our stores; our ability to execute our omnichannel strategy, including the growth of our e-commerce business; changes in product mix and pricing, including promotional activities; the number of items purchased per visit and average order value; a shift in the timing of a holiday between comparable periods; and the number of stores that have been in operation for more than 13 months.

We have seen a significant comparable store sales increase in recent full year results from (0.7)% in 2019 to 16.1% and 18.9% in 2020 and 2021, respectively. However, we experienced a decrease in comparable sales of (6.7)% for the year-to-date 2022 as compared to an increase in the year-to-date 2021 of 22.8%. The large year-to-date 2021 comparable sales were impacted by changing economic conditions including U.S. government stimulus packages, which had a positive impact on sales in the year-to-date 2021 and a negative impact to comparable sales for the year-to-date 2022. See the discussion on Net Sales below for some contributing factors to these changes.

**Adjusted EBITDA, Adjusted EBIT, Adjusted Net Income, Adjusted Earnings per Share and Adjusted Free Cash Flow.** Management uses Adjusted EBITDA, Adjusted EBIT, Adjusted Net Income, Adjusted Earnings per Share and Adjusted Free Cash Flow to supplement GAAP measures of performance in the evaluation of the effectiveness of our business strategies, to make budgeting decisions, and to compare our performance against that of other peer companies using similar measures. Management also uses Adjusted EBIT as a performance target to establish and award discretionary annual incentive compensation. See "Non-GAAP Measures" below.

**Components of Our Results of Operations.** Our profitability is primarily influenced by fluctuations in net sales, gross margin and our ability to leverage selling, general and administrative expenses.

**Net Sales.** Net sales are derived from in-store and e-commerce merchandise sales, net of sales tax and an allowance for merchandise returns.

Net sales fluctuations can be driven by new store openings, comparable sales increases or decreases including e-commerce sales, our ability to adjust inventory based on sales fluctuations, our management of vendor relations and meeting customer demand, allowances and logistics, seasonality, unseasonal or extreme weather, changes in consumer shopping preferences, consumer discretionary spending, and market and sales promotions.

We must maintain sufficient inventory levels of merchandise that our customers desire to successfully operate our business. A shortage of popular merchandise could reduce our net sales. Conversely, we also must seek to avoid accumulating excess inventory to avoid markdowns and clearance which negatively impact sales and gross margin. We have deployed several new tools over recent years to improve inventory handling and vendor management, including third-party programs to analyze our inventory stock and execute a disciplined markdown strategy throughout the year at every location. This implementation, along with other factors, has allowed us to improve our inventory management in stores over the past few years. We have coupled these tools with the data we have been able to collect from our Academy Credit Card program and targeted customer surveys, so that we can better estimate future inventory requirements. It is imperative that we continue to find innovative ways to strengthen our inventory management if we are to remain competitive and expand our margins on a go-forward basis.

We anticipate that the increased popularity of isolated recreation, outdoor and leisure activity products brought on by customer demand during the COVID-19 pandemic will continue and will result in a long-term increase to our customer base. Additionally, we have benefited from recent shifting of customer spend towards in-home health and wellness and dedicating more time to memory-making experiences. Our broad assortment gives us an advantage over mass general merchants who typically do not carry the leading national brands sold at Academy. We have also continued to add owned brand products to our assortment of products, which we generally price lower than the national brand products of comparable quality that we also offer. A shift in our sales mix in which we sell more units of our owned brand products and fewer units of the national brand products would generally have a positive impact on our gross margin but an adverse impact on our total net sales.

The expansion and enhancement of our omnichannel capabilities has resulted in increased sales in recent years and we expect that it will continue to be a driver of growth in our net sales and gross margin. We continue to invest in initiatives that will increase traffic to our e-commerce platform, which includes our website and mobile app, and drive increased online sales conversion. Our improved e-commerce platform supports our stores with digital marketing and our BOPIS and ship-to-store programs. Additionally, our e-commerce platform allows us to reach customers outside of our current store footprint and introduces new customers to the Academy brand. It also allows for us to connect further with our customers for marketing and product education. We believe it is important that we continue to grow our omnichannel capabilities, which, together with recent enhancements made to our website and omnichannel capabilities, contributed to the increase in e-commerce sales during 2021 and in the year-to-date 2022. During the year-to-date 2022, stores facilitated approximately 95% of our total sales, including ship-from-store, BOPIS and in-store retail sales. We expect to continue to invest in expanding and enhancing our omnichannel capabilities, including our mobile app, optimizing the web site experience and upgrading our fulfillment capabilities, which will continue to require significant investments by us.

We expect that new stores will be a key driver of growth in our net sales and gross margin in the future. Our results of operations have been and will continue to be materially affected by the timing and number of new store openings. We are continually assessing the number of locations available that could accommodate our preferred size of stores in markets we would consider, and we expect to open at least nine new stores in 2022. Additionally, we intend to open a significant number of new stores over the next five years. Most of our stores achieve profitability within the first twelve months of opening. We believe our real estate strategy has positioned us well for further expansion.

**Gross Margin.** Gross margin is our net sales less cost of goods sold. Our cost of goods sold includes the direct cost of merchandise and costs related to procurement, warehousing and distribution. These costs consist primarily of payroll and benefits, distribution center occupancy costs and freight and are generally variable in nature relative to our sales volume.

Our gross margin depends on a number of factors, such as net sales increases or decreases, our promotional activities, product mix including owned brand merchandise sales, and our ability to control cost of goods sold, such as inventory and logistics cost management. Our gross margin is also impacted by variables including commodity costs, freight costs, shrinkage and inventory processing costs and e-commerce shipping costs. We track and measure gross margin as a percentage of net sales in order to evaluate our performance against profitability targets.



For the past several quarters, we have seen increased competition across the industry for resources throughout the supply chain, which has resulted in disruptions to the flow of products from our vendors, labor shortages, reduced shipping container availability, and longer delays at the port. As a result, we have begun to experience a period of decreased or delayed supply and high inflationary levels. These factors have negatively impacted transportation and inventory costs, as we continue to pay higher prices to maintain our inventory levels. Under the LIFO method, our cost of sales reflects the costs of the most recently purchased inventories. A prolonged continuation of high inflationary levels of inventory and related transportation costs could result in LIFO charges that have a negative impact on our gross margin. To help mitigate these constraints and potential disruptions to our supply chain, we continue to work with our partners by ordering merchandise earlier, securing transportation capacity, and utilizing different ports of entry.

**Selling, General and Administrative Expenses.** Selling, general and administrative ("SG&A") expenses include store and corporate administrative payroll and payroll benefits, store and corporate headquarters occupancy costs, advertising, credit card processing, information technology, pre-opening costs and other store and administrative expenses. These expenses are both variable and fixed in nature. As sales increase at a higher rate than our SG&A, this results in sales leverage and a higher sales flow through to net income, which we have experienced in recent years with SG&A expenses as a percentage of sales declining from 25.9% to 23.1% to 21.3% for the full years of 2019, 2020 and 2021, respectively. SG&A expenses as a percentage of sales decreased from 21.1% in the prior year-to-date compared to 20.8% in the current year-to-date. We track and measure operating expenses as a percentage of net sales in order to evaluate our performance against profitability targets. Management of SG&A expenses depends on our ability to balance a control of operating costs, such as store, distribution center, and corporate headcount, information technology infrastructure and marketing and advertising expenses, with efficiently and effectively servicing our customers.

**Interest Expense.** Interest expense includes regular interest payable related to our Term Loan, Notes and ABL Facility (see Note 4 to the accompanying financial statements) and the amortization of our deferred loan costs and original issuance discounts associated with the acquisition of the debt. In November of 2020, we refinanced our debt resulting in an approximate \$630 million reduction in our overall debt outstanding. Subsequently, in May of 2021 we entered into an amendment to our Term Loan which reduced the applicable margin on our LIBOR rate by 1.25% and paid down \$99 million. These actions have resulted in interest expense reductions in the full year 2021 and in the thirteen and twenty-six weeks ended July 30, 2022.

**Income Tax Expense.** ASO, Inc. is treated as a U.S. corporation for U.S. federal, state, and local income tax purposes and accordingly, a provision for income taxes has been recorded for the anticipated tax consequences of our reported results of operations for federal, state and local income taxes. Recent fluctuations in income tax expense have been primarily as a result of changes in income before income taxes.

#### ***Impact of COVID-19 on Our Business***

The COVID-19 pandemic continues to affect our business, as well as our customers, team members and suppliers. Governmental authority safety recommendations and requirements such as stay at home orders and business closures aimed at mitigating the spread of the virus, both in the U.S. and internationally, have contributed to the recent supply chain disruptions. These disruptions have resulted in decreased transportation, goods and labor availability and increased inflationary levels. Additionally, the U.S. government released stimulus packages throughout 2020 and 2021 as a result of the economic situation caused by the pandemic, which had a positive impact on sales during those periods.

The extent to which our operations and business trends will be impacted by, and any unforeseen costs will result from, the pandemic will depend largely on future developments, including whether there are additional periods of increases or spikes in the number of COVID-19 cases, further mutations or related strains of the virus (or even the threat or perception that this could occur), within the markets in which we operate and from which we and our suppliers source products and materials and the related impact on consumer confidence and spending, labor supply or product supply, all of which are highly uncertain. We continue to monitor the evolving situation. See the section of the Annual Report entitled "Risk Factors—Risks Related to Our Business—The impact of COVID-19 may adversely affect our business and financial results."

## Results of Operations

### Thirteen Weeks Ended July 30, 2022 Compared to Thirteen Weeks Ended July 31, 2021

The following table sets forth amounts and information derived from our unaudited statements of income for the periods indicated as follows (dollar amounts in thousands):

	Thirteen Weeks Ended				Change	
	July 30, 2022		July 31, 2021		Dollars	Percent
Net sales	\$ 1,686,915	100.0 %	\$ 1,791,530	100.0 %	\$ (104,615)	(5.8)%
Cost of goods sold	1,090,852	64.7 %	1,149,034	64.1 %	(58,182)	(5.1)%
Gross margin	596,063	35.3 %	642,496	35.9 %	(46,433)	(7.2)%
Selling, general and administrative expenses	339,329	20.1 %	387,938	21.7 %	(48,609)	(12.5)%
Operating income	256,734	15.2 %	254,558	14.2 %	2,176	0.9 %
Interest expense, net	11,157	0.7 %	12,157	0.7 %	(1,000)	(8.2)%
Loss on early retirement of debt	—	— %	2,239	0.1 %	(2,239)	(100.0)%
Other (income), net	(1,441)	(0.1)%	(735)	(0.0)%	(706)	96.1 %
Income before income taxes	247,018	14.6 %	240,897	13.4 %	6,121	2.5 %
Income tax expense	58,217	3.5 %	50,387	2.8 %	7,830	15.5 %
Net income	\$ 188,801	11.2 %	\$ 190,510	10.6 %	\$ (1,709)	(0.9)%

\*Percentages in table may not sum properly due to rounding.

**Net Sales.** Net sales decreased \$104.6 million, or 5.8%, in the 2022 second quarter over the prior year second quarter as a result of decreased comparable sales of 6.0%, which were partially offset by increased sales from the addition of one new store during the period.

The decrease of 6.0% in comparable sales was driven by lower sales across all merchandise divisions as a result of fewer transactions partially offset by an increase in average ticket. The outdoor merchandise division had declines in shooting sports and fishing, partially offset by an increase in the camping category. The apparel division experienced declining sales largely due to athletic apparel. The footwear division decreased due to lower sales in athletic footwear, casual and seasonal footwear, and work footwear, partially offset by increases in youth footwear. The sports and recreation division sales were lower, primarily driven by fitness and recreation as these divisions were particularly impacted by increased prior year isolated recreation demands brought on by the COVID-19 pandemic, especially in categories such as fitness equipment, outdoor cooking, bikes and outdoor games. These decreases in the current year were partially offset by increased sales in team sports, including football, golf and basketball.

E-commerce net sales increased \$18.1 million, or 12.1%, in the 2022 second quarter compared to the prior year second quarter and represented 10.0% of merchandise sales for the 2022 second quarter compared to 8.4% for the prior year second quarter.

**Gross Margin.** Gross margin decreased \$46.4 million, or 7.2%, to \$596.1 million in the 2022 second quarter from \$642.5 million in the 2021 second quarter. As a percentage of net sales, gross margin decreased 0.6% from 35.9% in the 2021 second quarter to 35.3% in the 2022 second quarter. The decrease of 60 basis points in gross margin is primarily attributable to:

- 19 basis points of unfavorability in inventory overhead expenditures as a result of higher expense absorption rates from lower inventory turnover rates;
- 18 basis points of unfavorability in e-commerce shipping costs due to increased e-commerce sales during the 2022 second quarter;
- 17 basis points of unfavorability in import freight and duties as result of increased costs of ocean freight; partially offset by
- 20 basis points of favorability in merchandise margins driven by higher average unit retails.

**Selling, General and Administrative Expenses.** SG&A expenses decreased \$48.6 million to \$339.3 million in the 2022 second quarter as compared to \$387.9 million in the 2021 second quarter. As a percentage of net sales, SG&A expenses were down 1.6% to 20.1% in the 2022 second quarter compared to 21.7% in the 2021 second quarter. The decrease of 160 basis points in SG&A is primarily attributable to:

- 232 basis point decrease in employee costs, primarily driven by increased equity compensation expense in the prior year quarter resulting from the "2021 Vesting Event" (see Note 1 to the accompanying financial statements) and lower incentive compensation expense in the current year quarter; partially offset by
- 50 basis point increase in property and facility fees as a result of a deleverage of fixed costs from decreased sales.

**Interest Expense.** Interest expense decreased \$1.0 million, or 8.2%, in the 2022 second quarter when compared with the 2021 second quarter, resulting from a lower outstanding balance and a reduction in interest rates on our long-term debt as a result of the repricing of our Term Loan which occurred in May 2021.

**Loss on Early Retirement of Debt.** Loss on early retirement of debt decreased \$2.2 million in the 2022 second quarter when compared to the 2021 second quarter. During the second quarter of 2021, we repriced our Term Loan, which resulted in a loss on early retirement of debt of \$2.2 million.

**Other (Income), net.** Other (income), net, increased \$0.7 million or 96.1% in the 2022 second quarter when compared with the 2021 second quarter, primarily driven by favorable interest rate movement on money market investments in the current year.

**Income Tax Expense.** Income tax expense increased \$7.8 million to \$58.2 million for the 2022 second quarter as compared to \$50.4 million in the 2021 second quarter, resulting primarily from an increase in income before income taxes in the current year combined with a higher effective tax rate. ASO, Inc.'s effective tax rate was 23.5% compared to 20.9% in the 2021 second quarter. The change in effective tax rate was primarily driven by a prior year benefit from tax deductions related to the vesting or exercise of several equity compensation awards during the 2021 second quarter.

#### **Twenty-Six Weeks Ended July 30, 2022 Compared to Twenty-Six Weeks Ended July 31, 2021**

The following table sets forth amounts and information derived from our unaudited statements of income for the periods indicated as follows (dollar amounts in thousands):

	Twenty-Six Weeks Ended				Change	
	July 30, 2022		July 31, 2021		Dollars	Percent
Net sales	\$ 3,154,645	100.0 %	\$ 3,371,863	100.0 %	\$ (217,218)	(6.4)%
Cost of goods sold	2,037,158	64.6 %	2,165,666	64.2 %	(128,508)	(5.9)%
Gross margin	1,117,487	35.4 %	1,206,197	35.8 %	(88,710)	(7.4)%
Selling, general and administrative expenses	655,260	20.8 %	712,565	21.1 %	(57,305)	(8.0)%
Operating income	462,227	14.7 %	493,632	14.6 %	(31,405)	(6.4)%
Interest expense, net	22,077	0.7 %	26,706	0.8 %	(4,629)	(17.3)%
Loss on early retirement of debt	—	— %	2,239	0.1 %	(2,239)	(100.0)%
Other (income), net	(2,138)	(0.1)%	(1,132)	(0.0)%	(1,006)	88.9 %
Income before income taxes	442,288	14.0 %	465,819	13.8 %	(23,531)	(5.1)%
Income tax expense	103,681	3.3 %	97,513	2.9 %	6,168	6.3 %
Net income	\$ 338,607	10.7 %	\$ 368,306	10.9 %	\$ (29,699)	(8.1)%

\*Percentages in table may not sum properly due to rounding.

**Net Sales.** Net sales decreased \$217.2 million, or 6.4%, for the year-to-date 2022 compared to the year-to-date 2021 as a result of decreased comparable sales of 6.7% which were partially offset by increased sales from the addition of two new stores during the period.

The decrease of 6.7% in comparable sales was driven by lower sales across all merchandise divisions as a result of fewer transactions partially offset by an increase in average ticket. The higher comparable sales in the prior year quarter were partially due to stimulus payments issued by the U.S. government during the 2021 first quarter. The outdoor merchandise division had declines in shooting sports and fishing, partially offset by an increase in the camping category. The apparel division experienced declining sales largely due to athletic apparel, youth apparel, and outdoor and seasonal apparel, which were partially offset by increased sales in licensed apparel. The sports and recreation division sales were lower, primarily driven by recreation and fitness as these divisions were particularly impacted by increased prior year isolated recreation demands brought on by the COVID-19 pandemic, especially in categories such as fitness equipment, outdoor games and bikes. These decreases in the current year were partially offset by increased sales in team sports, including basketball, football, golf and baseball. The footwear division decreased due to lower sales in the athletic category, casual and seasonal category, and work category, partially offset by increases in the youth category.

E-commerce net sales increased \$40.0 million, or 15.0%, in the year-to-date 2022 compared to the year-to-date 2021 and represented 9.8% of merchandise sales in the current year-to-date compared to 7.9% in the prior year-to-date.

**Gross Margin.** Gross margin decreased \$88.7 million, or 7.4%, to \$1,117.5 million for the year-to-date 2022 from \$1,206.2 million for the year-to-date 2021. As a percentage of net sales, gross margin decreased 0.4% from 35.8% in the prior year-to-date to 35.4% in the current year-to-date. The decrease of 40 basis points in gross margin is primarily attributable to:

- 19 basis points of unfavorability in inventory overhead expenditures as a result of higher expense absorption rates from lower inventory turnover rates;
- 18 basis points of unfavorability in e-commerce shipping costs due to an increase in e-commerce sales during the 2022 year-to-date; partially offset by
- 20 basis points of favorability related to merchandise margins driven by higher average unit retail.

**Selling, General and Administrative Expenses.** SG&A expenses decreased \$57.3 million, or 8.0%, to \$655.3 million for the year-to-date 2022 from \$712.6 million for the year-to-date 2021. As a percentage of net sales, SG&A expenses were down 0.3% to 20.8% in the current year-to-date 2022 compared to 21.1% in the prior year-to-date. The decrease of 30 basis points in SG&A is primarily attributable to:

- 122 basis point decrease in employee costs, driven by increased equity compensation expense in the prior year resulting from the 2021 Vesting Event and lower incentive compensation expense in the current year; partially offset by
- 59 basis point increase in property and facility fees as a result of a deleverage of fixed costs from decreased sales.

**Interest Expense.** Interest expense decreased \$4.6 million, or 17.3%, for the year-to-date 2022 when compared to the year-to-date 2021, resulting from a lower outstanding balance and a reduction in interest rates on our long-term debt as a result of the repricing of our Term Loan which occurred in May 2021.

**Loss on Early Retirement of Debt.** Loss on early retirement of debt decreased \$2.2 million for the year-to-date 2022 when compared to the year-to-date 2021. During the second quarter of 2021, we repriced our Term Loan, which resulted in a loss on early retirement of debt of \$2.2 million.

**Other (Income), net.** Other income, net, increased \$1.0 million, or 88.9%, in the year-to-date 2022 when compared to the year-to-date 2021, primarily driven by favorable interest rate movement on money market investments in the current year.

**Income Tax Expense.** Income tax expense increased \$6.2 million to \$103.7 million for the year-to-date 2022 as compared to \$97.5 million for the year-to-date 2021, resulting primarily from an increased effective tax rate. ASO, Inc.'s effective tax rate for the year-to-date 2022 was 23.5% compared to 20.9% in the year-to-date 2021. The change in effective tax rate was primarily driven by a prior year benefit from tax deductions related to the vesting or exercise of several equity compensation awards during the period.

## Non-GAAP Measures

Adjusted EBITDA, Adjusted EBIT, Adjusted Net Income, Adjusted Earnings per Share and Adjusted Free Cash Flow, as shown below, have been presented in this Quarterly Report as supplemental measures of financial performance that are not required by, or presented in accordance with, accounting principles generally accepted in the United States of America ("GAAP"). We define Adjusted EBITDA as net income (loss) before interest expense, net, income tax expense and depreciation, amortization and impairment, further adjusted to exclude costs such as consulting fees, private equity sponsor monitoring fees, equity compensation expense, (gain) loss on early retirement of debt, net, severance and executive transition costs, costs related to the COVID-19 pandemic, pre-opening expenses, payroll taxes associated with 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 costs such as consulting fees, private equity sponsor monitoring fees, equity compensation expense, (gain) loss on early retirement of debt, net, severance and executive transition costs, costs related to the COVID-19 pandemic, pre-opening expenses, payroll taxes associated with the 2021 Vesting Event and other adjustments. We describe these adjustments reconciling net income (loss) to Adjusted EBITDA and to Adjusted EBIT in the applicable table below. We define Adjusted Net Income as net income (loss), plus costs such as consulting fees, private equity sponsor monitoring fees, equity compensation expense, (gain) loss on early retirement of debt, net, severance and executive transition costs, costs related to the COVID-19 pandemic, pre-opening expenses, payroll taxes associated with the 2021 Vesting Event and other adjustments, less the tax effect of these adjustments. We define basic Adjusted Earnings per Share as Adjusted Net Income divided by the basic weighted average common shares outstanding during the period and diluted Adjusted Earnings per Share as Adjusted Net Income divided by the diluted weighted average common shares outstanding during the period. We describe these adjustments by reconciling net income (loss) to Adjusted Net Income and Adjusted Earnings per Share in the applicable table below. We describe Adjusted Free Cash Flow as net cash provided by (used in) operating activities less net cash used in investing activities. We describe this adjustment by reconciling net cash provided by operating activities to Adjusted Free Cash Flow in the applicable table below.

We believe Adjusted EBITDA, Adjusted EBIT, Adjusted Net Income, and Adjusted Earnings per Share assist investors and analysts in comparing our operating performance across reporting periods on a consistent basis by excluding items that we do not believe are indicative of our core operating performance. Management believes Adjusted EBITDA, Adjusted EBIT, Adjusted Net Income, and Adjusted Earnings per Share are useful to investors in highlighting trends in our operating performance, while other measures can differ significantly depending on long-term strategic decisions regarding capital structure, the tax jurisdictions in which we operate and capital investments. Management believes Adjusted Free Cash Flow is a useful measure of liquidity and an additional basis for assessing our ability to generate cash. Management uses Adjusted EBITDA, Adjusted EBIT, Adjusted Net Income, Adjusted Earnings per Share and Adjusted Free Cash Flow to supplement GAAP measures of performance in the evaluation of the effectiveness of our business strategies, to make budgeting decisions and to compare our performance against that of other peer companies using similar measures. Management also uses Adjusted EBIT as a performance target to establish and award discretionary annual incentive compensation.

Management supplements GAAP results with non-GAAP financial measures to provide a more complete understanding of the factors and trends affecting the business than GAAP results alone. Adjusted EBITDA, Adjusted EBIT, Adjusted Net Income, Adjusted Earnings per Share and Adjusted Free Cash Flow are not recognized terms under GAAP and 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. Additionally, these measures are not intended to be a measure of free cash flow available for management's discretionary use as they do not consider certain cash requirements such as interest payments, tax payments and debt service requirements. Adjusted EBITDA, Adjusted EBIT, Adjusted Net Income, and Adjusted Earnings per Share should not be construed to imply that our future results will be unaffected by unusual or non-recurring items. In evaluating Adjusted EBITDA, Adjusted EBIT, Adjusted Net Income, Adjusted Earnings per Share and Adjusted Free Cash Flow, you should be aware that in the future we may incur expenses that are the same as or similar to some of the adjustments in this presentation. Our presentation of Adjusted EBITDA, Adjusted EBIT, Adjusted Net Income, Adjusted Earnings per Share and Adjusted Free Cash Flow should not be construed to imply that our future results will be unaffected by any such adjustments.

Our Adjusted EBITDA, Adjusted EBIT, Adjusted Net Income, Adjusted Earnings per Share and Adjusted Free Cash Flow measures have limitations as analytical tools, and you should not consider them in isolation, or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- Adjusted EBITDA, Adjusted EBIT, Adjusted Net Income, and Adjusted Earnings per Share do not reflect costs or cash outlays for capital expenditures or contractual commitments;
- Adjusted EBITDA, Adjusted EBIT, Adjusted Net Income, and Adjusted Earnings per Share do not reflect changes in, or cash requirements for, our working capital needs;
- Adjusted EBITDA and Adjusted EBIT do not reflect the interest expense, or the cash requirements necessary to service interest or principal payments, on our debt, and Adjusted Free Cash Flow does not reflect the cash requirements necessary to service principal payments on our debt;
- Adjusted EBITDA and Adjusted EBIT do not reflect period to period changes in taxes, income tax expense or the cash necessary to pay income taxes;
- Adjusted EBITDA, Adjusted EBIT, Adjusted Net Income, and Adjusted Earnings per Share do not reflect the impact of earnings or charges resulting from matters we consider not to be indicative of our ongoing operations;
- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and Adjusted EBITDA and Adjusted Free Cash Flow do not reflect cash requirements for such replacements; and
- other companies in our industry may calculate these measures differently than we do, limiting their usefulness as comparative measures.

Because of these limitations, Adjusted EBITDA, Adjusted EBIT, Adjusted Net Income, Adjusted Earnings per Share and Adjusted Free Cash Flow should not be considered as measures of discretionary cash available to invest in business growth or to reduce indebtedness. Management compensates for these limitations by primarily relying on our GAAP results in addition to using Adjusted EBITDA, Adjusted EBIT, Adjusted Net Income, Adjusted Earnings per Share and Adjusted Free Cash Flow supplementally.

### Adjusted EBITDA and Adjusted EBIT

The following table provides reconciliations of net income to Adjusted EBITDA and to Adjusted EBIT for the periods presented (amounts in thousands):

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	July 30, 2022	July 31, 2021	July 30, 2022	July 31, 2021
Net income	\$ 188,801	\$ 190,510	\$ 338,607	\$ 368,306
Interest expense, net	11,157	12,157	22,077	26,706
Income tax expense	58,217	50,387	103,681	97,513
Depreciation and amortization	26,274	26,010	51,852	51,308
Equity compensation (a)	6,158	27,331	9,657	33,205
Loss on early retirement of debt	—	2,239	—	2,239
Pre-opening expenses (b)	1,864	—	2,826	—
Payroll taxes associated with the 2021 Vesting Event (c)	—	15,418	—	15,418
Other (d)	—	364	—	714
Adjusted EBITDA	\$ 292,471	\$ 324,416	\$ 528,700	\$ 595,409
Less: Depreciation and amortization	(26,274)	(26,010)	(51,852)	(51,308)
Adjusted EBIT	\$ 266,197	\$ 298,406	\$ 476,848	\$ 544,101

- (a) 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.
- (b) Represents pre-opening expenses which are non-capital expenditures associated with opening new stores and incurred prior to the store opening and generating sales. These costs consist primarily of occupancy costs, marketing, payroll and recruiting costs. These costs are expensed as incurred.
- (c) Represents cash expenses related to taxes on equity-based compensation resulting from the 2021 Vesting Event.
- (d) Other adjustments include (representing deductions or additions to Adjusted EBITDA and Adjusted EBIT) amounts that management believes are not representative of our operating performance, such as costs associated with secondary offerings, installation costs for energy savings associated with our profitability initiatives and other costs associated with business optimization initiatives.

### Adjusted Net Income and Adjusted Earnings per Share

The following table provides a reconciliation of net income to Adjusted Net Income and Adjusted Earnings per Share for the periods presented (amounts in thousands, except per share data):

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	July 30, 2022	July 31, 2021	July 30, 2022	July 31, 2021
Net income	\$ 188,801	\$ 190,510	\$ 338,607	\$ 368,306
Equity compensation (a)	6,158	27,331	9,657	33,205
Loss on early retirement of debt	—	2,239	—	2,239
Pre-opening expenses (b)	1,864	—	2,826	—
Payroll taxes associated with the 2021 Vesting Event (c)	—	15,418	—	15,418
Other (d)	—	364	—	714
Tax effects of these adjustments (e)	(1,887)	(11,312)	(2,927)	(12,801)
Adjusted Net Income	<u>\$ 194,936</u>	<u>\$ 224,550</u>	<u>\$ 348,163</u>	<u>\$ 407,081</u>
Adjusted Earnings per Share:				
Basic	\$ 2.35	\$ 2.42	\$ 4.11	\$ 4.41
Diluted	\$ 2.30	\$ 2.34	\$ 4.01	\$ 4.22
Weighted average common shares outstanding:				
Basic	82,960	92,627	84,809	92,357
Diluted	84,906	95,891	86,792	96,391

- (a) 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.
- (b) Represents pre-opening expenses which are non-capital expenditures associated with opening new stores and incurred prior to the store opening and generating sales. These costs consist primarily of occupancy costs, marketing, payroll and recruiting costs. These costs are expensed as incurred.
- (c) Represents cash expenses related to taxes on equity-based compensation resulting from the 2021 Vesting Event.
- (d) Other adjustments include (representing deductions or additions to Adjusted Net Income) amounts that management believes are not representative of our operating performance, such as costs associated with secondary offerings, installation costs for energy savings associated with our profitability initiatives and other costs associated with business optimization initiatives.
- (e) For the thirteen and twenty-six weeks ended July 30, 2022 and July 31, 2021, this represents the estimated tax effect (by using the projected full year tax rates for the respective years) of the total adjustments made to arrive at Adjusted Net Income.

### Adjusted Free Cash Flow

The following table provides a reconciliation of net cash provided by operating activities to Adjusted Free Cash Flow for the periods presented (amounts in thousands):

	Thirteen Weeks Ended		Twenty-Six Weeks Ended	
	July 30, 2022	July 31, 2021	July 30, 2022	July 31, 2021
Net cash provided by operating activities	\$ 161,309	\$ 186,446	\$ 258,406	\$ 405,674
Net cash used in investing activities	(30,822)	(16,959)	(48,134)	(33,767)
Adjusted Free Cash Flow	<u>\$ 130,487</u>	<u>\$ 169,487</u>	<u>\$ 210,272</u>	<u>\$ 371,907</u>



## Liquidity and Capital Resources

### Sources and Uses of Liquidity

Our principal liquidity requirements are for working capital, capital expenditures and cash used to pay our debt obligations and related interest expense. We also use cash to pay dividends and occasionally use cash to repurchase common stock. We fund these liquidity requirements through cash and cash equivalents, cash generated from operating activities, issuances of debt (such as the Notes) and borrowings under our ABL Facility. On July 30, 2022, our cash and cash equivalents totaled \$399.9 million. We believe our cash and cash equivalents, as well as our availability under the ABL Facility, will be sufficient to fund our cash requirements for at least the next 12 months.

### Long-Term Debt

On May 25, 2021, the Company entered into an Amendment No. 4 (the "Amendment") to the Second Amended and Restated Credit Agreement (as previously amended, the "Existing Credit Agreement") which (i) reduced the applicable margin on LIBOR borrowings under the Term Loan from 5.00% to 3.75% and (ii) utilized cash on hand to repay \$99.0 million of outstanding borrowings under the Term Loan, leaving an outstanding principal balance of \$300.0 million under the Amended Credit Agreement. Borrowings under the Amended Credit Agreement will continue to mature on November 6, 2027, and all other material terms and provisions of the Existing Credit Agreement remain substantially the same as the terms and provisions in place immediately prior to the effectiveness of the Amendment (see Note 4 to the accompanying financial statements).

The following table summarizes our current debt obligations by fiscal year (amounts in thousands):

	2022	2023	2024	2025	2026	After 2026	Total
Term Loan and related interest <sup>(1)</sup>	\$ 11,532	\$ 23,162	\$ 20,948	\$ 19,944	\$ 19,667	\$ 296,709	\$ 391,962
Notes and related interest <sup>(2)</sup>	12,000	24,000	24,000	24,000	24,000	424,000	532,000
ABL Facility and related interest <sup>(3)</sup>	1,243	2,500	2,500	1,909	—	—	8,152

<sup>(1)</sup> Interest payments do not include amortization of discount and debt issuance costs and are approximated based on projected interest rates and assume no unscheduled principal payments.

<sup>(2)</sup> Assumes Notes are paid in full at maturity date.

<sup>(3)</sup> Assumes a minimum revolving credit commitment of \$1.0 billion and assumes no balances drawn on our ABL Facility.

Liquidity information related to the ABL Facility is as follows for the periods shown (dollar amounts in thousands):

	Twenty-Six Weeks Ended	
	July 30, 2022	July 31, 2021
Average funds drawn	\$ —	\$ —
Number of days with outstanding balance	—	—
Maximum daily amount outstanding	\$ —	\$ —
Minimum available borrowing capacity	\$ 954,516	\$ 780,945

Liquidity information related to the ABL Facility (amounts in thousands) as of:

	July 30, 2022	January 29, 2022	July 31, 2021
Outstanding borrowings	\$ —	\$ —	\$ —
Issued letters of credit	\$ 19,728	\$ 17,828	\$ 15,478
Available borrowing capacity	\$ 980,272	\$ 874,831	\$ 858,363

## Leases

We lease store locations, distribution centers, office space and certain equipment under operating leases expiring between fiscal years 2022 and 2043. Operating lease obligations include future minimum lease payments under all of our non-cancelable operating leases at July 30, 2022. The following table summarizes our remaining operating lease obligations by fiscal year:

	2022	2023	2024	2025	2026	After 2026	Total
Operating lease payments <sup>(1) (2)</sup>	\$ 102,040	\$ 203,396	\$ 194,430	\$ 187,896	\$ 179,964	\$ 988,485	\$ 1,856,211

<sup>(1)</sup> Minimum lease payments have not been reduced by sublease rentals of \$0.8 million due in the future under non-cancelable sub-leases.

<sup>(2)</sup> These balances include stores where we have an executed contract but have not taken possession of the location as of July 30, 2022.

In the twenty-six weeks ended July 30, 2022, we opened two new locations. We intend to open at least nine stores in 2022.

## Share Repurchases

On September 2, 2021, the Board of Directors of the Company authorized a share repurchase program (the "2021 Share Repurchase Program") under which the Company may purchase up to \$500 million of its outstanding shares during the three-year period ending September 2, 2024. On June 2, 2022, the Board of Directors of the Company authorized a new share repurchase program (the "2022 Share Repurchase Program") under which the Company may purchase up to \$600 million of its outstanding shares during the three-year period ending June 2, 2025. The 2022 Share Repurchase Program and the 2021 Share Repurchase program are collectively referred to as the "Share Repurchase Programs".

Under the Share Repurchase Programs, repurchases can be made using a variety of methods, which may include open market purchases, block trades, privately negotiated transactions, accelerated share repurchase programs and/or a non-discretionary trading plan, all in compliance with the rules of the SEC and other applicable legal requirements. The timing, manner, price and amount of any common share repurchases under the Share Repurchase Programs are determined by the Company in its discretion and depend on a variety of factors, including legal requirements, price and economic and market conditions. The Share Repurchase Programs do not obligate the Company to acquire any particular number of common shares, and the programs may be suspended, extended, modified or discontinued at any time. As of July 30, 2022, \$500.2 million remained available for share repurchases pursuant to the Share Repurchase Programs.

The following table summarizes our share repurchases for the fiscal year ended January 29, 2022:

	Total Number of Shares Purchased	Average Price Paid per Share	Total Amount Repurchased
First Quarter (January 31, 2021 to May 1, 2021)	—	\$ —	\$ —
Second Quarter (May 2, 2021 to July 31, 2021) <sup>(1)</sup>	3,229,974	30.96	99,999,995
Third Quarter (August 1, 2021 to October 30, 2021)	5,722,892	42.96	245,837,186
Fourth Quarter (October 31, 2021 to January 29, 2022)	1,613,930	40.63	65,571,394
Total Shares Repurchased	10,566,796	\$ 38.93	\$ 411,408,575

<sup>(1)</sup> Shares repurchased during the 2021 second quarter were not subject to the Share Repurchase Programs.

The following table summarizes our share repurchases for the year-to-date 2022:

	Total Number of Shares Purchased	Average Price Paid per Share	Total Amount Repurchased
First Quarter (January 30, 2022 to April 30, 2022)	2,272,349	\$ 38.95	\$ 88,500,881
Second Quarter (May 1, 2022 to July 30, 2022) <sup>(1)</sup>	5,550,892	36.05	200,110,996
Total Shares Repurchased	<u>7,823,241</u>	<u>\$ 36.89</u>	<u>\$ 288,611,877</u>

<sup>(1)</sup> See Part II, Item 2 - Unregistered Sales of Equity Securities and Use of Proceeds for further detail on the 2022 second quarter share repurchases.

### Dividends

The following table summarizes our quarterly dividend payments for the year-to-date 2022 (amounts in thousands, except per share amounts):

	Dividend per Share	Total Dividends Paid	Stockholder Date of Record
First Quarter (January 30, 2022 to April 30, 2022)	\$ 0.075	\$ 6,536	March 17, 2022
Second Quarter (May 1, 2022 to July 30, 2022)	\$ 0.075	6,271	June 16, 2022
Total Dividends Paid		<u>\$ 12,807</u>	

On September 1, 2022, the Company's Board of Directors declared a quarterly cash dividend with respect to the fiscal quarter ended July 30, 2022, of \$0.075 per share of the Company's common stock, payable on October 13, 2022, to stockholders of record as of the close of business on September 15, 2022 (see Note 13 to the accompanying financial statements).

### Capital Expenditures

We expect capital expenditures for fiscal year 2022 to be approximately \$140.0 million. Approximately 45% of our planned cash outflow relate to investments in our corporate, e-commerce and information technology programs. Investments in new stores and relocations are expected to be 35% of our planned cash outflow and the remaining 20% of the planned cash outflow is expected to be utilized in updates for existing stores and distribution centers. We review forecasted capital expenditures throughout the year and will adjust or modify projects based on business conditions at that time.

### Cash Flows for the Twenty-Six Weeks Ended July 30, 2022 and July 31, 2021

Our unaudited statements of cash flows are summarized as follows (in thousands):

	Twenty-Six Weeks Ended	
	July 30, 2022	July 31, 2021
Net cash provided by operating activities	\$ 258,406	\$ 405,674
Net cash used in investing activities	(48,134)	(33,767)
Net cash used in financing activities	(296,413)	(195,686)
Net increase (decrease) in cash and cash equivalents	<u>\$ (86,141)</u>	<u>\$ 176,221</u>

**Operating Activities.** Cash flows from operating activities are seasonal in our business. Typically, cash flows from operations are used to build inventory in advance of peak selling seasons, with the fourth quarter pre-holiday season inventory increase being the most significant.

Cash provided by operating activities in the year-to-date 2022 decreased \$147.3 million, compared to year-to-date 2021. This decrease in cash was attributable to:

- \$61.6 million net decrease in cash flows provided by operating assets and liabilities;
- \$56.0 million net decrease in non-cash charges; and
- \$29.7 million decrease in net income.

The decrease in cash flows from operating assets and liabilities was primarily attributable to:

- \$66.0 million decrease in cash flows from accrued expenses and other current liabilities which was largely driven by performance compensation payments made in the year-to-date 2022.

The decrease from non-cash charges was primarily caused by:

- \$28.7 million decrease in deferred income taxes; and
- \$23.5 million decrease in equity compensation expense as a result of the 2021 Vesting Event.

**Investing Activities.** Cash used in investing activities increased \$14.4 million in the year-to-date 2022 compared to the year-to-date 2021. The increase in cash used in investing activities is primarily due to:

- \$14.3 million higher capital expenditures driven by investments in new stores and store updates in the year-to-date 2022.

**Financing Activities.** Cash used in financing activities increased \$100.7 million in the year-to-date 2022, compared to the year-to-date 2021. The primary drivers of the increase were:

- \$188.6 million increase in cash outflows related to Company's repurchase and simultaneous retirement of common stock in the current year-to-date; partially offset by
- \$99.3 million decrease in cash outflows related to higher prior year-to-date principal repurchases in connection with the refinancing of our Term Loan which occurred in the second quarter of 2021.

### **Critical Accounting Policies and Estimates**

This management's discussion and analysis of our financial condition and results of operations is based upon our unaudited financial statements, which have been prepared in accordance with GAAP. The preparation of financial statements in conformity with GAAP requires our management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Our management bases its estimates on historical experience and other assumptions it believes to be reasonable under the circumstances. Actual results could differ significantly from those estimates.

Management evaluated the development and selection of our critical accounting policies and estimates used in the preparation of the Company's unaudited financial statements and related notes and believes these policies to be reasonable and appropriate. Certain of these policies involve a higher degree of judgment or complexity and are most significant to reporting our results of operations and financial position, and are, therefore, discussed as critical. Our most significant estimates and assumptions that materially affect the financial statements involve difficult, subjective or complex judgments by management, including the valuation of merchandise inventories and performing goodwill, intangible and long-lived asset impairment analyses. Given the global economic climate and the possibility of additional unforeseen effects from the COVID-19 pandemic, these estimates remain challenging, and actual results could differ materially from our estimates. More information on all of our significant accounting policies can be found in the "Critical Accounting Policies and Estimates" section of the Annual Report entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations." There have been no material changes to our critical accounting policies as compared to the critical accounting policies described in the Annual Report.

### **Recent Accounting Pronouncements**

The information set forth in Note 2 to our unaudited consolidated financial statements under Part I, Item 1 of this Quarterly Report is incorporated herein by reference.

## **Related Party Transactions**

The information set forth in Note 11 to our unaudited consolidated financial statements under Part I, Item 1 under the heading of this Quarterly Report entitled "Related Party Transactions" is incorporated herein by reference.

## **ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

There have been no material changes in our primary risk exposures or management of market risks from those disclosed in the Annual Report under "Management's Discussion and Analysis of Financial Condition and Results of Operations – Quantitative and Qualitative Disclosures About Market Risk."

## **ITEM 4. CONTROLS AND PROCEDURES**

### *Evaluation of Disclosure Controls and Procedures*

We maintain disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) that are designed to ensure that information required to be disclosed in our reports under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer ("CEO") and our Chief Financial Officer ("CFO"), as appropriate, to allow timely decisions regarding required disclosures. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

Our management, with the participation of our CEO and our CFO, evaluated the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report. Based on such evaluation, our CEO and CFO have concluded that, as of the end of the period covered by this Quarterly Report, the design and operation of the Company's disclosure controls and procedures were effective to accomplish their objectives at the reasonable assurance level.

### *Changes in Internal Control over Financial Reporting*

No changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) occurred during the period covered by this Quarterly Report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **PART II. OTHER INFORMATION**

### **ITEM 1. LEGAL PROCEEDINGS**

We are a defendant or co-defendant in lawsuits, claims and demands brought by various parties relating to matters normally incident to our business. No individual case, or group of cases against us, presenting substantially similar issues of law or fact, is expected to have a material effect on the manner in which we conduct our business or on our consolidated results of operations, financial position or liquidity. The majority of these cases are alleging product, premises, employment and/or commercial liability. Reserves have been established that we believe to be adequate based on our current evaluations and experience in these types of claim situations; however, the ultimate outcome of these cases cannot be determined at this time. We believe, taking into consideration our indemnities, defenses, insurance and reserves, the ultimate resolution of these matters will not have a material impact on our financial position, results of operations or cash flows.

There have been no material developments during the fiscal quarter ended July 30, 2022, with respect to any of the matters discussed under the heading "Legal Proceedings" in the Annual Report. We are not currently party to any other legal proceedings that we believe would have a material adverse effect on our financial position, results of operations or cash flows.

## ITEM 1A. RISK FACTORS

You should carefully consider the risk factors discussed in the section of the Annual Report entitled "Risk Factors", which could materially affect our business, financial condition or future results. The risks described in the Annual Report are not the only risks facing the Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or future results. In addition to the effects of the COVID-19 pandemic and resulting global disruptions on our business and operations discussed in the MD&A in this Quarterly Report and in the Risk Factors section of the Annual Report, additional or unforeseen effects from the COVID-19 pandemic and the global economic climate may give rise to or amplify many of these risks. There have been no material changes to the risk factors discussed in the section of the Annual Report entitled "Risk Factors".

## ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table summarizes the repurchases and cancellations of our common stock during the second quarter of 2022:

Period	Total Number of Shares Purchased (a)	Average Price Paid per Share	Total Number of Share Purchased as Part of Publicly Announced Plans or Programs (b)	Dollar Value of Shares that May Yet be Purchased Under the Plans or Programs (b)
May 1, 2022 to May 28, 2022	—	\$ —	—	\$ 100,192,722
May 29, 2022 to July 2, 2022	4,502,121	\$ 36.20	4,502,121	\$ 537,328,144
July 3, 2022 to July 30, 2022	1,048,771	\$ 35.43	1,048,771	\$ 500,192,744
Total	5,550,892	\$ 36.05	5,550,892	\$ 500,192,744

(a) The total number of shares purchased excludes shares which were net-settled, and therefore not issued, to cover employee tax withholding related to the vesting of certain restricted stock awards.

(b) On September 2, 2021, the Board of Directors of the Company authorized a share repurchase program (the "2021 Share Repurchase Program") under which the Company may purchase up to \$500 million of its outstanding shares during the three-year period ending September 2, 2024. On June 2, 2022, the Board of Directors of the Company authorized a new share repurchase program (the "2022 Share Repurchase Program") under which the Company may purchase up to \$600 million of its outstanding shares during the three-year period ending June 2, 2025. As of July 30, 2022, approximately \$500.2 million remained available for share repurchases pursuant to our combined 2021 Share Repurchase Program and 2022 Share Repurchase Program (see Note 2 to the accompanying financial statements).

The 2021 Share Repurchase Program and 2022 Share Repurchase Program do not obligate the Company to acquire any particular number of common shares, and the programs may be suspended, extended, modified or discontinued at any time.

## ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

## ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

## ITEM 5. OTHER INFORMATION

None.

**ITEM 6. EXHIBITS**

<b>Exhibit Number</b>	<b>Description of Exhibit</b>
<a href="#">3.1</a>	Amended and Restated Certificate of Incorporation of the Registrant (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed on October 6, 2020).
<a href="#">3.2</a>	Amended and Restated Bylaws of the Registrant (incorporated by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K filed on October 6, 2020).
<a href="#">10.1*†</a>	Non-Employee Director Compensation Policy.
<a href="#">10.2*†</a>	Form of Non-Employee Director Time-Based Restricted Stock Unit Agreement.
<a href="#">10.3*†</a>	Manish Maini Employment Agreement, dated May 25, 2017.
<a href="#">31.1*</a>	Certification of Periodic Report by Chief Executive Officer under Section 302 of the Sarbanes-Oxley Act of 2002.
<a href="#">31.2*</a>	Certification of Periodic Report by Chief Financial Officer under Section 302 of the Sarbanes-Oxley Act of 2002.
<a href="#">32.1**</a>	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
<a href="#">32.2**</a>	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350 as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL Instance Document - The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Calculation Linkbase Document
101.DEF	XBRL Taxonomy Definition Linkbase Document
101.LAB	XBRL Taxonomy Label Linkbase Document
101.PRE	XBRL Taxonomy Presentation Linkbase Document
*	Filed herewith
**	Furnished herewith
†	Compensatory agreements for director(s) and/or executive officer(s).

The agreements and other documents filed as exhibits to this report are not intended to provide factual information or other disclosure other than with respect to the terms of the agreements or other documents themselves, and you should not rely on them for that purpose. In particular, any representations and warranties made by us in these agreements or other documents were made solely within the specific context of the relevant agreement or document and may not describe the actual state of affairs as of the date they were made or at any other time.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Quarterly Report on Form 10-Q to be signed on September 7, 2022 on its behalf by the undersigned, thereto duly authorized.

ACADEMY SPORTS AND OUTDOORS, INC.

By: /s/ KEN C. HICKS  
Ken C. Hicks  
Chairman, President and Chief Executive Officer  
(principal executive officer)

By: /s/ MICHAEL P. MULLICAN  
Michael P. Mullican  
Executive Vice President and Chief Financial Officer  
(principal financial officer)





**ACADEMY SPORTS AND OUTDOORS, INC.**  
**Non-Employee Director Compensation Policy**

**EFFECTIVE DATE: June 2, 2022**

**I. Purpose**

Each member of the board of directors (the “**Board**”) of Academy Sports and Outdoors, Inc., a Delaware corporation (the “**Company**”), who is not an employee of the Company (or any parent or subsidiary of the Company) (each, a “**Director**”) shall be eligible to receive cash and equity compensation for their service on the Board and any committee thereof in accordance with this Non-Employee Director Compensation Policy (this “**Policy**”). For the avoidance of doubt, this Policy shall not apply to members of the Board who are employees of the Company (or any parent or subsidiary of the Company). This Policy shall be reviewed annually by the Compensation Committee of the Board and remain in effect until it is amended or rescinded by further action of the Board.

**II. Cash Compensation**

<b>Position</b>	<b>Fiscal Year Amount</b>
Board Member Annual Retainer	\$100,000
Lead (independent) Director Annual Retainer	\$40,000
Audit Committee Chair Annual Retainer	\$30,000
Compensation Committee Chair Annual Retainer	\$25,000
Nominating and Governance Committee Chair Annual Retainer	\$20,000

- A. All cash compensation is earned on a fiscal year basis and 25% of the Fiscal Year Amount is paid in arrears at the end of each fiscal quarter for completing a full fiscal quarter of service.
- B. Directors who commence, or terminate, service during the fiscal quarter will receive pro-rated retainers based on the number of calendar days of service in the fiscal quarter divided by the total number of calendar days in the fiscal quarter.
- C. If the adoption of this policy increases the value of any Director’s current cash compensation or if the Fiscal Year Amount is subsequently increased by the Board at any time before or after an Annual Stockholders Meeting, then the increase in cash

compensation will be paid going forward from its adoption date. To the extent that any increase in Directors cash compensation is adopted mid-quarter, the increased amount will be pro-rated based on the number of calendar days in the fiscal quarter on and after its adoption date divided by the total number of calendar days in the fiscal quarter; the calendar days in the fiscal quarter prior to such adoption date will be compensated based on the prior Directors cash compensation.

### III. Equity Compensation

#### A. New Director Equity Award

A restricted stock unit award (“**RSU**”) will be granted automatically under the 2020 Omnibus Incentive Plan or its successor (the “**Plan**”) to each new Director on the date the new Director is appointed to the Board based on the following conditions:

1. The award will be based upon an annualized grant value of \$150,000 (the “**Maximum Value**”).
2. The actual target grant value (“**Award Value**”) will be calculated by pro-rating the Maximum Value based on the number of calendar days remaining before (a) the next Annual Stockholders Meeting, if scheduled, or (b) the date of the first anniversary of the last Annual Stockholders Meeting, if the next Annual Shareholder Meeting is not scheduled, divided by (x) the number of calendar days between the last and next scheduled Annual Stockholders Meeting, or (y) 365, if the next Annual Stockholders Meeting date does not exist.
3. The Award Value (as calculated directly above) will be converted into RSUs based on the prior 30 calendar days average closing stock price as of the date of appointment to the Board (rounded down to the next whole share).
4. Subject to the Director’s continued service with the Company on each applicable vesting date, 100% of the RSUs shall vest on the earliest of (i) the first anniversary of the date of grant, or, if earlier, the date which is the business day immediately preceding the date of the next Annual Stockholders Meeting, (ii) the Director’s termination due to death or Disability (as defined in the Plan) or (iii) a Change in Control (as defined in the Plan).
5. If the Director is appointed 60 days or less prior to the Annual Stockholders Meeting, and an annual equity grant will be made at such meeting, no equity award grant will be made prior to such meeting to the new Director.

#### B. Annual Director Equity Award

An annual RSU award (“**Annual Award**”) will be granted automatically under the Plan to each active Director on the business day immediately following the date of the Annual Stockholders Meeting based on the following conditions:

6. The Annual Award will have a target grant value equal to the Maximum Value.
7. The Annual Award will be converted into RSUs based on the prior 30 calendar days average closing stock price as of the date of the grant (rounded down to the next whole share).
8. Subject to the Director's continued service with the Company on each applicable vesting date, 100% of the RSUs shall vest on the earliest of (i) the first anniversary of the date of grant, or, if earlier, the date which is the business day immediately preceding the date of the next Annual Stockholders Meeting, (ii) the Director's termination due to death or Disability or (iii) a Change in Control.

### **C. Changes in Maximum Value Outside of the Annual Stockholders Meeting**

If the Maximum Value is subsequently increased by the Board at any time before or after an Annual Stockholders Meeting, then the increase in the Maximum Value will be prorated and granted under the Plan as follows:

9. The new target grant value ("**Increased Value**") will be calculated by subtracting the new Maximum Value from the prior annual Director equity award value and multiplying the difference by the product of the number of calendar days remaining before (a) the next Annual Stockholders Meeting, if scheduled, or (b) the date of the first anniversary of the last Annual Stockholders Meeting, if the next Annual Stockholders Meeting is not scheduled, divided by (x) the number of calendar days between the last and next scheduled Annual Stockholders Meeting, or (y) 365, if either the last or the next Annual Stockholders Meeting date does not exist.
10. The Increased Value (as calculated directly above) will be converted into RSUs based on the prior 30 calendar days average closing stock price as of the date of appointment to the Board (rounded down to the next whole share).
11. Subject to the Director's continued service with the Company on each applicable vesting date, 100% of the RSUs shall vest on the earliest of (i) the first anniversary of the date of grant, or, if earlier, the date which is the business day immediately preceding the date of the next Annual Stockholders Meeting, (ii) the Director's termination due to death or Disability or (iii) a Change in Control.
12. If the change to the Maximum Value is adopted 60 days or less prior to the Annual Stockholders Meeting, and an annual equity grant will be made at such meeting, no additional equity award grant will be made prior to such meeting to the Director.

**D. Stock Ownership Guidelines**

All equity awards will be made and remain subject to the Company's Stock Ownership Guidelines.

**E. Expense Reimbursement**

Non-Employee Directors shall be reimbursed for reasonable and documented out-of-pocket travel and lodging expenses incurred in connection with attending Board and committee meetings or such other Board service to the Company in accordance with Company's travel policies in effect from time to time. Each Non-Employee Director shall provide the Company with such receipts and other records related to such reimbursable expenses as the Company may reasonably require.

## Non-Employee Director Time-Based RSU Agreement

**RESTRICTED STOCK UNIT GRANT NOTICE  
UNDER THE  
ACADEMY SPORTS AND OUTDOORS, INC.  
2020 OMNIBUS INCENTIVE PLAN**

Academy Sports and Outdoors, Inc. (the "Company") hereby grants to the Participant set forth below the number of Restricted Stock Units set forth below pursuant to its 2020 Omnibus Incentive Plan, as it may be amended and restated from time to time (the "Plan"). The Restricted Stock Units are subject to all of the terms and conditions as set forth herein, in the Restricted Stock Unit Agreement (attached hereto or previously provided to the Participant in connection with a prior grant), and in the Plan, all of which are incorporated herein in their entirety. Capitalized terms not otherwise defined herein shall have the meaning set forth in the Plan.

**Participant:**        *[First Name] [Last Name]*

**Date of Grant:**        *[Date of Grant]*

**Number of  
Restricted Stock Units:**        *[Insert Number of Restricted Stock Units Granted]*

**Vesting Schedule:**                Set forth on Appendix A attached hereto.

**IN CONNECTION WITH THIS GRANT, AND IN ADDITION TO THIS GRANT NOTICE, PARTICIPANT HAS RECEIVED A COPY OF THE PLAN AND THE RESTRICTED STOCK UNIT AGREEMENT. PARTICIPANT MAY REJECT THIS AWARD OF RESTRICTED STOCK UNITS BY NOTIFYING THE COMPANY NO LATER THAN THE FIFTH BUSINESS DAY FOLLOWING RECEIPT OF THIS AWARD DOCUMENT. FAILURE TO REJECT THIS AWARD OF RESTRICTED STOCK UNITS WITHIN SUCH 5-DAY PERIOD SHALL BE DEEMED ACCEPTANCE OF THIS AWARD OF RESTRICTED STOCK UNITS AND THE TERMS AND CONDITIONS OF THIS AWARD DOCUMENT.**

**RESTRICTED STOCK UNIT AGREEMENT  
UNDER THE  
ACADEMY SPORTS AND OUTDOORS, INC.  
2020 OMNIBUS INCENTIVE PLAN**

Pursuant to the Restricted Stock Unit Grant Notice (the “Grant Notice”) delivered to the Participant (as defined in the Grant Notice), and subject to the terms of this Restricted Stock Unit Agreement (this “Restricted Stock Unit Agreement”) and the Academy Sports and Outdoors, Inc. 2020 Omnibus Incentive Plan, as it may be amended and restated from time to time (the “Plan”), Academy Sports and Outdoors, Inc. (the “Company”) and the Participant agree as follows. Capitalized terms not otherwise defined herein shall have the same meaning as set forth in the Plan.

1. **Grant of Restricted Stock Units.** Each Restricted Stock Unit granted to the Participant pursuant to the Grant Notice represents an unfunded, unsecured right to receive one share of Common Stock. The Company may make one or more additional grants of Restricted Stock Units to the Participant under this Restricted Stock Unit Agreement by providing the Participant with a new Grant Notice, which may also include any terms and conditions differing from this Restricted Stock Unit Agreement to the extent provided therein. The Company reserves all rights with respect to the granting of additional Restricted Stock Units hereunder and makes no implied promise to grant additional Restricted Stock Units.

2. **Vesting.** Subject to the conditions contained herein and in the Plan, the Restricted Stock Units shall vest as provided in the Grant Notice.

3. **Settlement of Restricted Stock Units.** Upon the vesting of a Restricted Stock Unit hereunder, and subject to any election by the Committee pursuant to Section 9(d)(ii) of the Plan, the Company will deliver one share of Common Stock for each Restricted Stock Unit (as adjusted under the Plan, as applicable) to the Participant as soon as reasonably practicable (and, in any event, within two and one-half months) following the applicable vesting date. The Company shall either (a) deliver, or cause to be delivered, to the Participant a certificate or certificates therefor, registered in the Participant’s name or (b) cause such shares of Common Stock to be credited to the Participant’s account in book entry form, including at any third party plan administrator. Notwithstanding anything in this Restricted Stock Unit Agreement to the contrary, the Company shall have no obligation to issue or transfer any shares of Common Stock as contemplated by this Restricted Stock Unit Agreement unless and until such issuance or transfer complies with all relevant provisions of law and the requirements of any stock exchange on which the Company’s shares of Common Stock are listed for trading.

4. **Treatment of Restricted Stock Units Upon Termination.** Except as otherwise provided in the Grant Notice or as otherwise may be provided by the Committee, in the event of a Participant’s Termination for any reason prior to the time that such Participant’s Restricted Stock Units have vested, (A) all vesting with respect to such Participant’s Restricted Stock Units shall cease and (B) unvested Restricted Stock Units shall be forfeited to the Company by the Participant for no consideration as of the date of such Termination.

5. **Conditions to Issuance of Common Stock.** The Company shall not be required to record the ownership by the Participant of shares of Common Stock issued upon the settlement of vested Restricted Stock Units prior to fulfillment of all of the following conditions: (i) the obtaining of approval or other clearance from any federal, state, local or non-U.S. governmental agency which the Committee shall, in its reasonable and good faith discretion, determine to be necessary; (ii) the lapse of such reasonable period of time following the vesting of the vested Restricted Stock Units as may otherwise be required by applicable law; and (iii) the execution and delivery to the Company, to the extent not so previously executed and delivered, of such other documents and instruments as may be reasonably required by the Committee.

6. **Participant.** Whenever the word “Participant” is used in any provision of this Restricted Stock Unit Agreement under circumstances where the provision should logically be construed to apply to the executors, the administrators, or the person or persons to whom the Restricted Stock Units

may be transferred in accordance with Section 14(b) of the Plan, the word "Participant" shall be deemed to include such person or persons.

7. **Non-Transferability.** The Restricted Stock Units are not transferable by the Participant except to Permitted Transferees in accordance with Section 14(b) of the Plan. Except as otherwise provided herein, no assignment or transfer of the Restricted Stock Units, or of the rights represented thereby, whether voluntary or involuntary, by operation of law or otherwise, shall vest in the assignee or transferee any interest or right herein whatsoever, but immediately upon such assignment or transfer the Restricted Stock Units shall terminate and become of no further effect.

8. **Rights as Shareholder.** The Participant or a Permitted Transferee of the Restricted Stock Units shall have no rights as a shareholder with respect to any share of Common Stock underlying a Restricted Stock Unit unless and until the Participant shall have become the holder of record or the beneficial owner of such share of Common Stock, and no adjustment shall be made for dividends or distributions or other rights in respect of such share of Common Stock for which the record date is prior to the date upon which the Participant shall become the holder of record or the beneficial owner thereof.

9. **Taxes.** The Participant is ultimately liable and responsible for all taxes owed by Participant in connection with this Award. The Company makes no representation or undertaking regarding the tax treatment of the grant, vesting, or settlement of this Award or the subsequent sale of any of the shares of Common Stock. The Company does not commit and is under no obligation to structure this Award to reduce or eliminate the Participant's tax liability.

10. **Notice.** Every notice or other communication relating to this Restricted Stock Unit Agreement between the Company and the Participant shall be in writing, and shall be mailed to or delivered to the party for whom it is intended at such address as may from time to time be designated by such party in a notice mailed or delivered to the other party as herein provided; provided, that, unless and until some other address be so designated, all notices or communications by the Participant to the Company shall be mailed or delivered to the Company at its principal executive office, to the attention of the Company's Compensation Department, and all notices or communications by the Company to the Participant may be given to the Participant personally or may be mailed to the Participant at the Participant's last known address, as reflected in the Company's records. Notwithstanding the above, all notices and communications between the Participant and any third-party plan administrator shall be mailed, delivered, transmitted or sent in accordance with the procedures established by such third-party plan administrator and communicated to the Participant from time to time.

11. **No Right to Continued Service.** This Restricted Stock Unit Agreement does not confer upon the Participant any right to continue as an employee or other service provider to the Company or any of its Subsidiaries.

12. **Binding Effect.** This Restricted Stock Unit Agreement shall be binding upon the heirs, executors, administrators and successors of the parties hereto.

13. **Waiver and Amendments.** Except as otherwise set forth in Section 13 of the Plan, any waiver, alteration, amendment or modification of any of the terms of this Restricted Stock Unit Agreement shall be valid only if made in writing and signed by the parties hereto; provided, that any such waiver, alteration, amendment or modification is consented to on the Company's behalf by the Committee. No waiver by either of the parties hereto of their rights hereunder shall be deemed to constitute a waiver with respect to any subsequent occurrences or transactions hereunder unless such waiver specifically states that it is to be construed as a continuing waiver.

14. **Clawback; Forfeiture.** Notwithstanding anything to the contrary contained herein or in the Plan, if the Participant has engaged in or engages in any Detrimental Activity, then the Committee may, in its sole discretion, take actions permitted under the Plan, including: (a) canceling the Restricted Stock Units, or (b) requiring that the Participant forfeit any gain realized on the disposition of any shares of Common Stock received in settlement of any Restricted Stock Units, and repay such gain to the Company. In addition, if the Participant receives any amount in excess of what the Participant should

have received under the terms of this Restricted Stock Unit Agreement for any reason (including without limitation by reason of a financial restatement, mistake in calculations or other administrative error), then the Participant shall be required to repay any such excess amount to the Company. Without limiting the foregoing, all Restricted Stock Units shall be subject to reduction, cancellation, forfeiture or recoupment to the extent necessary to comply with applicable law. “Detrimental Activity” means any of the following: (i) unauthorized disclosure of any confidential or proprietary information of any member of the Company Group; (ii) any activity that would be grounds to terminate the Participant’s employment or service with the Company for Cause; (iii) a breach by the Participant of any restrictive covenant by which such Participant is bound, including, without limitation, any covenant not to compete or not to hire or solicit, in any agreement with any member of the Company Group; or (iv) fraud, gross negligence or conduct contributing to any financial restatements or irregularities, as determined by the Committee in its sole discretion.

15. **Governing Law; Venue.** This Restricted Stock Unit Agreement shall be construed and interpreted in accordance with the laws of the State of Delaware, without regard to the principles of conflicts of law thereof. Notwithstanding anything contained in this Restricted Stock Unit Agreement, the Grant Notice or the Plan to the contrary, if any suit or claim is instituted by the Participant or the Company relating to this Restricted Stock Unit Agreement, the Grant Notice or the Plan, the Participant hereby submits to the exclusive jurisdiction of and venue in the courts of Houston, Texas.

16. **Award Subject to Plan.** The Restricted Stock Units granted hereunder, and the shares of Common Stock issued to the Participant upon settlement of vested Restricted Stock Units, are subject to the Plan and the terms of the Plan are hereby incorporated into this Restricted Stock Unit Agreement. By accepting the Restricted Stock Units, the Participant acknowledges that the Participant has received and read the Plan and agrees to be bound by the terms, conditions, and restrictions set forth in the Plan, this Restricted Stock Unit Agreement, and the Company’s policies, as in effect from time to time, relating to the Plan. In the event of a conflict between any term or provision contained herein and a term or provision of the Plan, the applicable terms and provisions of the Plan will govern and prevail. The provisions of this Restricted Stock Unit Agreement shall survive the termination of this Award to the extent consistent with, or necessary to carry out, the purposes thereof.

17. **Section 409A.** It is intended that the Restricted Stock Units granted hereunder shall be exempt from Section 409A of the Code pursuant to the “short-term deferral” rule applicable to such section, as set forth in the regulations or other guidance published by the Internal Revenue Service thereunder.

18. **Imposition of Other Requirements.** The Company reserves the right to impose other requirements on the Participant’s participation in the Plan, on the Restricted Stock Units and on any shares of Common Stock acquired under the Plan, to the extent the Company determines it is necessary or advisable for legal or administrative reasons, and to require the Participant to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

19. **Transmission Acknowledgement.** To the extent necessary, the Participant authorizes, agrees and unambiguously consents to the transmission by the Company or any other member of the Company Group of any of the Participant’s personal data related to the Award for legitimate business purposes (including, without limitation, the administration of the Plan). The Participant confirms and acknowledges that the Participant gives this authorization and consent freely.

20. **Electronic Delivery and Acceptance.** The Company may, in its sole discretion, decide to deliver any documents related to current or future participation in the Plan by electronic means. The Participant hereby consents to receive such documents by electronic delivery and agrees to participate in the Plan through an on-line or electronic system established and maintained by the Company or a third party designated by the Company. In the event that any information regarding the Restricted Stock Units provided to the Participant through the third-party stock plan administrator’s web portal or otherwise conflicts with any of the terms and conditions of this Restricted Stock Unit Agreement or the Plan (collectively, the “Restricted Stock Unit Governing Documents”), the Restricted Stock Unit Governing Documents shall control.



21. **Entire Agreement**. The Restricted Stock Unit Governing Documents constitute the entire agreement of the parties hereto in respect of the subject matter contained herein and supersede all prior agreements and understandings of the parties, oral and written, with respect to such subject matter.

**EMPLOYMENT AGREEMENT**

**by and among**

**ACADEMY MANAGING CO., L.L.C.  
NEW ACADEMY HOLDING COMPANY, LLC**

**and**

**MANISH MAINI**

**Dated: May 25, 2017**

## EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this “*Agreement*”), dated as of May 25, 2017 (the “*Effective Date*”), is entered into by and among Manish Maini (the “*Executive*”), Academy Managing Co., L.L.C., a Texas limited liability company (the “*Company*”), and New Academy Holding Company, LLC, a Delaware limited liability company (the “*Parent*”).

WHEREAS, the Company is the sole general partner of Academy, Ltd., a Texas limited partnership (“*Academy*”); and

WHEREAS, the Company desires to employ the Executive as Senior Vice President — Chief Information Officer of the Company and to encourage the attention and dedication to the Company Group (as such term is defined below) of the Executive as a member of the Company’s management pursuant to the terms and conditions set forth in this Agreement; and

WHEREAS, the Executive acknowledges that (i) the Executive’s employment with the Company will provide the Executive with trade secrets of, and confidential information concerning, the Company, the Parent and the entities controlled by, controlling or under common control with the Company or the Parent that conduct Academy’s business (such entities, together with Academy, the Company and the Parent, collectively, the “*Company Group*”), and (ii) the covenants contained in this Agreement are essential to protect the business and goodwill of the Company Group.

NOW, THEREFORE, in consideration of the premises and the respective covenants and agreements of the parties herein contained, and intending to be legally bound hereby, the parties hereto agree as follows:

1. Employment and Term. The Company hereby agrees to employ the Executive, and the Executive hereby accepts such employment, on the terms and conditions hereinafter set forth. Subject to earlier termination of Executive’s employment pursuant to Section 6 hereof, the period of employment of the Executive by the Company hereunder (the “*Employment Period*”) shall commence on May 25, 2017 (the “*Commencement Date*”), and shall end on the first anniversary of the Effective Date; provided that the Employment Period shall be automatically extended for an additional year on each anniversary of the Effective Date unless written Notice of Termination (as defined in Section 7(a) hereof) is given, not later than thirty (30) days prior to the end of the Employment Period (including any extension of the Employment Period), by either the Company or the Executive to the other party that the Company or the Executive, as applicable, has elected not to extend the Employment Period for an additional year, such that, subject to the second proviso in Section 6(e), the Employment Period shall expire, and the Executive’s employment with the Company shall terminate, effective as of the last day of the then-current Employment Period.

2. Position and Duties.

(a) As of the Commencement Date, the Executive shall serve as Senior Vice President — Chief Information Officer of the Company, in which capacity the Executive shall perform the usual and customary duties of such office, which shall be those normally inherent in such capacities in companies of similar size and character as the Company Group. The Executive shall report to the President and Chief Executive Officer of the Company. The Executive shall, if requested, also serve as an officer or director of any member of the Company Group for no additional compensation. When reasonably requested by the President and Chief Executive Officer, the Executive shall also be required to perform the usual and customary duties of any executive with the title of Senior Vice President with companies of similar size and

character as the Company Group, whether or not such duties are within the scope of the Executive's duties on the Commencement Date.

(b) During the Employment Period, the Executive agrees to devote substantially the Executive's full time, attention and energies to the Company Group's business and agrees to faithfully and diligently endeavor to the best of the Executive's ability to further the best interests of the Company Group. The Executive shall not engage in any other business activity, whether or not such business activity is pursued for gain, profit or other pecuniary advantage. Subject to the covenants of Section 9 hereof, this shall not be construed as preventing the Executive from investing the Executive's own assets in such form or manner as will not require the Executive's services in the daily operations of the affairs of the companies in which such investments are made. Further, subject to the covenants of Section 9 hereof, the Executive may serve as a director of other companies, if such service is approved by the Parent's Board of Managers or, if and when applicable, the equivalent ultimate governing authority of the Company Group (the "**Board**"), so long as such service is not detrimental to the Company Group, does not interfere with the Executive's service to the Company Group, and does not present the Executive with a conflict of interest.

(c) The Executive agrees and acknowledges that, in connection with the Executive's employment relationship with the Company, the Executive owes fiduciary duties to the Company Group and will act accordingly. In keeping with the Executive's fiduciary duties to the Company Group, the Executive agrees that the Executive shall not, directly or indirectly, become involved in any conflict of interest or, upon discovery thereof, allow such a conflict of interest to continue. The Executive agrees that the Executive shall promptly disclose to the Board any facts which might involve any reasonable possibility of a conflict of interest, or be perceived as such.

(d) Circumstances in which a conflict of interest on the part of the Executive would or might arise, and which should be reported immediately by the Executive to the Board, include, but are not limited to, the following: (i) ownership of a material interest in, acting in any capacity for, or accepting directly or indirectly any payments, services or loans from a supplier, contractor, subcontractor, customer or other entity with which the Company Group does business; (ii) misuse of information or facilities to which the Executive has access in a manner which will be detrimental to the Company Group's interest; (iii) disclosure or other misuse of Confidential Information (as defined in Section 9(a) hereof); (iv) acquiring or trading in, directly or indirectly, other properties or interests connected with the design, manufacture or marketing of products or services designed, manufactured or marketed by the Company Group; (v) the appropriation to the Executive or the diversion to others, directly or indirectly, of any opportunity in which it is known or could reasonably be anticipated that the Company Group would be interested; (vi) the ownership, directly or indirectly, of a material interest in an enterprise in competition with the Company Group or acting as a director, officer, partner, consultant, employee or agent of any enterprise which is in competition with the Company Group; and (vii) if not otherwise listed in this provision, any other circumstances that would create a conflict of interest under the Company's Ethics and Code of Conduct Policy and any successors thereto.

(e) Further, the Executive covenants, warrants and represents that the Executive shall:

(i) devote the Executive's full and best efforts to the fulfillment of the Executive's employment obligations hereunder;

(ii) exercise the highest degree of fiduciary loyalty and care and the highest standards of conduct in the performance of the Executive's duties hereunder; and

(iii) endeavor to prevent any harm, in any way, to the business or reputation of the Company Group.

(f) For purposes of this Section 2, the determination of whether any matter or transaction constitutes a conflict of interest hereunder shall be made solely by the Board in its reasonable, good faith discretion; provided, that any matter or transaction that is permitted by or otherwise in compliance with the terms and conditions of all applicable ethics, conflict of interest or similar written policies of the Company Group in effect at the time of such determination shall not be a conflict of interest hereunder. The determination of whether any matter or transaction is permitted by or otherwise in compliance with the terms and conditions of such policies shall be made solely by the Board in its reasonable, good faith discretion.

3. Place of Performance. In connection with the Executive's employment by the Company, the Executive's principal business address shall be at the Company's current principal executive offices in Katy, Texas (the "**Principal Place of Employment**"). The Executive acknowledges that the Executive's duties and responsibilities shall require the Executive to travel on business to the extent reasonably necessary to fully perform the Executive's duties and responsibilities hereunder.

4. Compensation and Related Matters.

(g) *Base Salary.* During the Employment Period, the Company shall pay, or cause Academy to pay, the Executive an annual base salary (the "**Base Salary**") in an amount that shall be established from time to time by the Board or a compensation committee thereof, payable in approximately equal installments in accordance with the Company Group's customary payroll practices. The initial Base Salary for fiscal year 2017 shall be \$440,000.00. The Board or a compensation committee thereof shall review the Base Salary at least once annually during the Employment Period. The Base Salary may, at the discretion of the Board or a compensation committee thereof, be increased but not decreased during the Employment Period.

(h) *Annual Bonuses.* Effective commencing with the Company's 2017 fiscal year, the Executive shall be eligible to participate in an annual cash bonus plan maintained by the Company or Academy, as applicable (the "**Annual Incentive Plan**"), during the Employment Period. Except as expressly provided otherwise in this Section 4(b), the annual bonus opportunity afforded the Executive pursuant to this Section 4(b) (the "**Annual Bonus**") may vary from year to year and any Annual Bonus earned thereunder shall be paid at a time and in a manner consistent with the Company's or Academy's, as applicable, customary practices. Effective commencing with the Company's 2017 fiscal year, the Annual Bonus for each fiscal year will be determined in accordance with the Annual Incentive Plan established for such fiscal year, which will afford the Executive an opportunity to earn an annual bonus amount targeted at seventy-five percent (75%) of the Base Salary in effect for such fiscal year (the "**Target Bonus Opportunity**"), with the actual Annual Bonus payable, if any, being determined based on the achievement of such pre-established performance targets for such fiscal year, with any Annual Bonus earned thereunder to be paid in the immediately following fiscal year in accordance with the Annual Incentive Plan. Notwithstanding the foregoing sentence, for the Company's 2017 fiscal year, the Executive shall be guaranteed to receive an annual bonus in an amount equal to at least the Target Bonus Opportunity for the full fiscal year, which will be paid at the time bonuses are or would be paid under the Company's 2017 Annual Incentive Plan. The establishment of performance targets and the determination of the achievement of those targets will in all cases be subject to the determination of the Board or a compensation committee thereof. The Annual Bonus is not an accrued right under this Agreement. Except as specifically provided in Section 8 hereof, the Executive shall not be entitled to a pro rata Annual Bonus upon a termination of employment for any reason.

(i) *Expenses.* The Company shall (or shall cause Academy to) reimburse the Executive for all reasonable business, entertainment and travel expenses incurred during the Employment Period by the Executive in performing services hereunder, including all travel expenses while away from home on business or at the request of and in the service of the Company; provided, in each case, that such expenses are incurred, accounted for, and reimbursed in accordance with the Company's expense reimbursement policy.

(j) *Relocation.* In connection with the Executive's relocation of the Executive's primary residence from its current location to the Houston, Texas area, the Company shall provide, or cause Academy to provide, the Executive with the relocation benefits set forth on Appendix B hereto, subject to the Company's receipt of adequate documentation for expenses incurred, as applicable; provided, that if the Executive's employment is terminated either by the Company for Cause or by the Executive without Good Reason, in either case, prior to the first anniversary of the Commencement Date, the Executive shall repay to the Company or Academy (or, if elected by the Company or Academy and to the extent permitted under applicable law, the amount of any compensation or benefits payable to the Executive under this Agreement shall be offset by) a pro-rated portion of the aggregate gross amount paid by the Company or Academy, as applicable, in providing such relocation benefits, calculated based on the number of whole months remaining in such twelve (12)-month period from the Date of Termination (as such term is defined in Section 7(b) hereof), as soon as practicable following such Date of Termination.

(k) *Sign-On Bonus.* The Company will pay the Executive a sign-on bonus in the total gross amount of \$50,000.00, less all applicable withholdings (the "**Sign-On Bonus**") no later than thirty (30) days after the Commencement Date. If the Executive's employment is terminated either by the Company for Cause or by the Executive without Good Reason, in either case, before the Executive completes one (1) year of employment (the "**Sign-On Bonus Period**"), the Executive shall be required to repay to the Company as soon as practicable following such Date of Termination (as such term is defined herein), a pro-rated portion of the gross amount of the Sign-On Bonus paid by the Company, calculated based on the number of whole months remaining in such twelve (12) month period from the Date of Termination.

(l) *Other Benefits.* During the Employment Period, the Executive shall be entitled to participate in all of the employee benefit plans and programs and fringe benefits and perquisites arrangements made available by the Company to its other senior executive officers, subject to and on a basis consistent with the terms, conditions and overall administration of such plans, programs and arrangements. The Company shall have the right to change, amend or discontinue any benefit plan, program, or arrangement, subject to and on a basis consistent with the terms, conditions and overall administration of such plans, programs and arrangements.

(m) *Vacation.* During the Employment Period, the Executive shall be entitled to paid vacations and holidays in accordance with the Company's vacation and holiday policies in effect from time to time for the Company's senior executive officers, but in no event shall the Executive be entitled to less than two hundred (200) paid hours of vacation during each fiscal year (prorated for 2017 from the Commencement Date).

(n) *Investment Opportunity.* At a time determined by the Board (and subject to the Executive's continued employment at such time), the Executive will be permitted to indirectly invest in the equity of the Parent, through the purchase of Class B Units of Allstar Managers LLC, a Delaware limited liability company ("**Allstar Managers**") and member of the Parent, in an amount having an aggregate value to be determined by the Board and the Executive, based on a purchase price per unit equal to the then-current fair market value per Class B Unit of Allstar Managers, as determined by the Board.

(o) *Initial Equity Award Grants.* Within thirty (30) days after (and subject to Executive's continued employment on) the Commencement Date, the Executive shall be granted a number of options to acquire Membership Units of the Parent (such options, the "**Make-Whole Options**"), with an exercise price established at fair market value at the date of the grant, pursuant and subject to the New Academy Holding Company, LLC 2011 Unit Incentive Plan, as may be amended from time to time (the "**Plan**"), and the terms and conditions of the form of an Option Award Agreement to be provided by the Company, which Make-Whole Options shall have an aggregate grant date fair value equal to \$1,250,000.00. For purposes of this Agreement, the date on which Make-Whole Options are granted shall be referred to as the "**Option Grant Date**." The Make-Whole Options will be service-based and vest 40%, 30%, 20% and 10% over a period of four years on the first, second, third and fourth anniversaries of the Option Grant Date, respectively, in accordance with the terms of such Option Award Agreement. In addition, on (and subject to Executive's continued employment on) the Option Grant Date, the Executive will also be granted a number of options to acquire Membership Units of the Parent (the "**Annual Grant Options**"), with an exercise price established at fair market value at the date of the grant, pursuant and subject to the Plan and the terms and conditions of the form of an Option Award Agreement to be provided by the Company, which Annual Grant Options shall have an aggregate grant date fair value equal to \$650,000.00. Sixty-six and two-thirds percent (66 $\frac{2}{3}$ %) of the Annual Grant Options will be service-based and vest ratably over a period of four years from the Option Grant Date based solely on the Executive's continued employment, in accordance with the terms of such Option Award Agreement. Thirty-three and one-third percent (33 $\frac{1}{3}$ %) of the Annual Grant Options will be performance- and service-based and vest ratably over a period of four years from the Option Grant Date (generally) based on the Parent's achievement of the performance goal established by the Compensation Committee of the Board for the first year only and thereafter, if the first-year performance goal was achieved, based solely on the Executive's continued employment, in accordance with the terms of such Option Award Agreement. The Executive's eligibility for equity awards in future fiscal years will be determined by the Board in its sole discretion.

5. Indemnification; Insurance. The Company shall indemnify, defend and hold harmless the Executive to the fullest extent permitted by the laws of the Company's state of organization in effect at that time, or regulations of the Company, whichever affords the greater protection to the Executive, for all losses, liabilities, payments or expenses incurred or damages paid or payable by the Executive for bona fide claims against the Executive or the Company Group (including settlement amounts), where such claims are based upon the actions or failures to act by the Executive in the Executive's capacity as a service provider to the Company Group. The Executive will be entitled to coverage under any insurance policies the Company Group may elect to maintain generally for the benefit of its officers, directors and managers against all costs, charges and expenses incurred in connection with any action, suit or proceeding to which the Executive may be made a party by reason of being an officer, director or manager of any member of the Company Group.

6. Termination. The Employment Period shall end and this Agreement shall terminate in the event of a termination of the Executive's employment in accordance with any of the provisions of this Section 6 and Section 7, as applicable, on the Date of Termination.

(p) *Death.* The Executive's employment hereunder and this Agreement shall terminate upon the Executive's death.

(q) *Disability.* The Company may terminate the Executive's employment and this Agreement as a result of the Executive's Disability, provided, that the Company allows the Executive thirty (30) days following Notice of Termination to return to the performance of the essential functions of the Executive's position, with or without reasonable accommodation. For purposes of this Agreement, "**Disability**" means a physical or mental illness, incapacity or

disability which has prevented the Executive from substantially performing the Executive's material duties for a period of one hundred eighty (180) consecutive days. During any such period that, as a result of such illness, incapacity or disability, the Executive fails to perform the essential function of the Executive's position, with or without reasonable accommodation (the "**Disability Period**"), the Executive shall continue to receive the Executive's Base Salary at the rate in effect at the beginning of such period as well as all other payments and benefits set forth in Section 4 hereof, reduced, to the extent permitted by Section 409A (as defined in Section 10 below), by any payments made to the Executive during the Disability Period under the disability benefit plans of the Company then in effect or under the Social Security disability insurance program.

(r) *Cause*. The Company may terminate the Executive's employment hereunder and this Agreement for Cause. For purposes of this Agreement, the Company shall have "**Cause**" to terminate the Executive's employment hereunder upon the occurrence of any of the following events:

- (i) the Executive has committed gross negligence or willful misconduct, an act of fraud, embezzlement, theft or other criminal act in connection with the Executive's duties or in the course of the Executive's employment with the Company;
- (ii) the Executive has committed an act leading to a conviction of a felony or a misdemeanor involving moral turpitude;
- (iii) the Executive has committed a material breach of any provision of this Agreement; or
- (iv) the failure by the Executive to perform any and all covenants contained in (A) Section 2 hereof for any reason other than the Executive's death, Disability or following the Executive's delivery of a Notice of Termination for Good Reason and (B) Section 9 hereof;

provided, that, if reasonably capable of being cured, the Executive shall have thirty (30) days from the date on which the Executive receives the Company's Notice of Termination for Cause under clause (iii) or (iv) above to remedy any such occurrence otherwise constituting Cause under such clause (iii) or (iv). The determination of whether there has been "Cause" for purposes of this Agreement shall be determined by the Board or any committee thereof in its sole discretion.

(s) *Good Reason*. The Executive may terminate the Executive's employment hereunder for Good Reason. "**Good Reason**" for the Executive's termination of employment shall mean the occurrence, without the Executive's prior written consent, of any one or more of the following that constitutes a material negative change to the Executive in the service relationship:

- (i) a material diminution of Executive's position, authority, duties or other responsibilities from Executive's position, authority, duties or other responsibilities as contemplated by Section 2 hereof;
- (ii) a reduction in the Base Salary and Target Bonus Opportunity, in the aggregate, from the Base Salary and Target Bonus Opportunity, in the aggregate, as set by the Board from time to time following the Effective Date;



- (iii) the relocation of the principal place of employment to a location more than fifty (50) miles from the Principal Place of Employment, if a move to such other location materially increases the Executive's commute; or
- (iv) a material breach by the Company or the Parent of any applicable provision of this Agreement;

provided, in any case, that the Company shall have thirty (30) days from the date on which the Company receives the Executive's Notice of Termination for Good Reason to remedy any such occurrence otherwise constituting Good Reason. Notwithstanding any provision of this Agreement to the contrary, the Executive shall not be treated as having terminated the Executive's employment for a Good Reason event if the Executive incurs a Separation From Service (as defined in Section 10(b) hereof) more than six (6) months following the initial existence of the particular Good Reason condition or if the Executive has not given the Company written notice of the Good Reason condition within ninety (90) days after the initial existence of the Good Reason condition or if the Executive waives in writing the Executive's right to claim Good Reason as a result of the event.

(t) *Without Cause or Good Reason.* Either party hereto may terminate the employment of the Executive and this Agreement at any time, without Cause in the case of the Company and without Good Reason in the case of the Executive, by giving the other party prior written Notice of Termination in accordance with Section 7 hereof; provided, that the Executive shall be required to deliver such written notice to the Board at least thirty (30) days' prior to the Date of Termination if the Executive intends to terminate the Executive's employment without Good Reason; and provided, further, that, notwithstanding anything in this Agreement to the contrary, in the event Executive elects not to extend the Employment Period pursuant to Section 1, such nonrenewal shall be deemed a termination by Executive of the Executive's employment with the Company without Good Reason effective as of the last day of the then current Employment Period, which shall constitute the Date of Termination for purposes of this Agreement, and provided, further, that, notwithstanding anything in this Agreement to the contrary, in the event the Company elects not to extend the Employment Period pursuant to Section 1, such nonrenewal shall be deemed a termination by the Company of the Executive's employment with the Company without Cause effective as of the last day of the then current Employment Period, which shall constitute the Date of Termination for purposes of this Agreement.

#### 7. Termination Procedure.

(u) *Notice of Termination.* Any termination of the Executive's employment by the Company or by the Executive (other than a termination pursuant to Section 6(a) hereof) shall be communicated by written Notice of Termination to the other party hereto in accordance with Section 12 hereof. For purposes of this Agreement, a "**Notice of Termination**" shall mean a notice that shall indicate the specific termination provision in this Agreement relied upon and, except in the case of termination pursuant to Section 6(e) hereof, shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated (including, in the case of any Notice of Termination for Good Reason, a specific description of the event or events that the Executive believes constitutes or constitute an event of Good Reason).

(v) *Date of Termination.* "**Date of Termination**" shall mean the effective date of termination of the Executive's employment for any reason, which shall be (i) if the Executive's employment is terminated pursuant to Section 6(a) hereof, the date of the Executive's death, or (ii) if the Executive's employment is terminated pursuant to Section 6(b) hereof, the later of (A) the date that is thirty (30) days after the Notice of Termination is given and (B) the date that is

the end of the one-hundred eighty (180) day period referenced in Section 6(b) hereof; provided, that the Executive shall not have returned to the performance of the Executive's duties on a full-time basis during such period, or (iii) if the Executive's employment is terminated pursuant to Section 6(c) hereof, the date specified in the Notice of Termination, which date may be no earlier than the date the Executive is given notice in accordance with Section 12 hereof, or (iv) if the Executive's employment is terminated pursuant to Section 6(d) hereof, the date on which a Notice of Termination is given or any later date (within thirty (30) days of the date of such Notice of Termination) set forth in such Notice of Termination, or (v) if the Executive's employment is terminated for any other reason, the date specified in the Notice of Termination; provided, that if the Executive's employment is terminated by the Executive without Good Reason, such date shall be at least thirty (30) days following the date on which Notice of Termination is given (unless the Company accepts the Executive's resignation prior to the expiration of such 30-day notice period). The Company may also place the Executive on "garden leave" for all or any portion of such notice period.

8. Compensation Upon Termination or During Disability.

(w) *Accrued Salary, Prior Year Bonus and Accrued Obligation Defined.* For purposes of this Agreement, "**Accrued Salary**" means a lump sum amount in cash equal to the sum of the Base Salary accrued but not paid through the Date of Termination for periods through but not following the Date of Termination, and any accrued vacation pay, in each case to the extent not theretofore paid. For purposes of this Agreement, "**Prior Year Bonus**" means any bonus earned by the Executive under the Annual Incentive Plan for the fiscal year of the Company immediately preceding the fiscal year of the Company in which the Date of Termination occurs but not paid as of the Date of Termination. For purposes of this Agreement, payment of the "**Accrued Obligation**" shall mean payment by the Company or Academy, as applicable, to the Executive (or the Executive's designated beneficiary or legal representative, as applicable), when due, of all benefits to which the Executive is entitled under the terms of the employee benefit plans and programs in which the Executive is a participant as of the Date of Termination, including, without limitation, the vesting of any equity incentive awards in accordance with the terms of the plans and award agreements evidencing such awards, any rights of the Executive as an insured, or to coverage, under any director's and officer's liability insurance policy and any right to indemnification under applicable corporate law, this Agreement, the governing documents of the Company Group or any benefit plan of any member of the Company Group or otherwise.

(x) *Disability; Death.* Following the termination of the Executive's employment pursuant to Section 6(a) or Section 6(b) hereof, the Company shall pay, or cause Academy to pay, to the Executive (or the Executive's designated beneficiary or legal representative, if applicable):

- (i) the Accrued Salary within thirty (30) days after the Date of Termination;
- (ii) the Prior Year Bonus, if any is due, at the same time in the year of termination as such payment would be made if the Executive had otherwise continued to be employed by the Company;
- (iii) the Accrued Obligation at the times specified in and in accordance with the terms of the applicable employee benefit plans and compensation arrangements; and
- (iv) if such termination occurs after the Company's 2017 fiscal year, a pro rata portion of the Annual Bonus for the partial fiscal year in which the Date of Termination occurs in an amount equal to the product of (x) the Annual Bonus that the Executive would otherwise have been entitled to receive if the Executive had remained employed on

the date on which such Annual Bonus is paid (but with the amount of the Annual Bonus payable calculated based solely on the level of achievement of the applicable financial performance metrics for such fiscal year and not on any personal performance goals) and (y) a fraction, the numerator of which is equal to the number of days between and including the first day of the fiscal year of the Company in which the Date of Termination occurs and the Date of Termination, and the denominator of which is equal to 365, payable in a lump sum payment on the date on which annual bonuses are paid to the Company's other senior executive officers with respect to such fiscal year.

(y) *By the Company for Cause or by the Executive Without Good Reason.* If during the Employment Period the Executive's employment is terminated by the Company for Cause pursuant to Section 6(c) hereof or by the Executive without Good Reason pursuant to Section 6(e) hereof, the Company shall pay, or cause Academy to pay, to the Executive the Accrued Salary within thirty (30) days following the Date of Termination and the Prior Year Bonus, if any is due, at the same time in the year of termination as such payment would be made if the Executive had otherwise continued to be employed by the Company. Following such payments, the Company Group shall have no further obligations, including under the Annual Incentive Plan, to the Executive other than as may be required by law or with respect to any Accrued Obligation under the terms of an employee benefit plan of the Company Group. The Company shall pay, or cause Academy to pay, the Executive the Accrued Obligation at the times specified in and in accordance with the terms of the applicable employee benefit plans and compensation arrangements.

(z) *By the Company Without Cause or by the Executive for Good Reason.* If during the Employment Period the Executive's employment is terminated by the Company without Cause (including as a result of the Company's non-extension of the Employment Period pursuant to Section 1), other than as a result of the Executive's death or Disability, or if the Executive terminates the Executive's employment for Good Reason, then:

(v) Within thirty (30) days after the Date of Termination the Company shall pay, or cause Academy to pay, the Executive the Accrued Salary;

(vi) The Company shall pay, or cause Academy to pay, the Executive the Prior Year Bonus, if any is due, at the same time in the year of termination as such payment would be made if the Executive continued to be employed by the Company;

(vii) The Company shall pay, or cause Academy to pay, to the Executive a cash severance payment in an amount equal to the product of (x) 1.5 multiplied by (y) the sum of (A) the Base Salary and (B) the average Annual Bonus paid to (or earned by, to the extent not yet paid as of the Date of Termination) the Executive under the Annual Incentive Plan for the two fiscal years of the Company immediately preceding the fiscal year in which the Date of Termination occurs (or (I) if the Date of Termination occurs during the Company's 2018 fiscal year, then the Annual Bonus paid to (or earned by, to the extent not yet paid as of the Date of Termination) the Executive for the Company's 2017 fiscal year, or (II) if the Date of Termination occurs during the Company's 2017 fiscal year, then the Target Bonus Opportunity). The Company shall make such payment in equal installments ratably over eighteen (18) months following the Date of Termination (the "**Severance Period**") in accordance with the Company's normal payroll cycle and procedures, with the first installment to be paid on the first payroll date following the date on which the Release (as defined in Section 8(f) below) becomes irrevocable (the "**Release Effective Date**"); provided, that if the Executive's death occurs subsequent to the Date of Termination, any unpaid installments shall be paid to the Executive's estate or beneficiaries in a lump sum payment within thirty (30) days following the date of the Executive's death;

(viii) The Company shall pay, or cause Academy to pay, to the Executive an amount equal to the product of (x) the Annual Bonus earned by the Executive under the Annual Incentive Plan for the fiscal year of the Company immediately preceding the fiscal year of the Company in which the Date of Termination occurs, multiplied by (y) a fraction, the numerator of which is equal to the number of days between and including the first day of the fiscal year of the Company in which the Date of Termination occurs and the Date of Termination, and the denominator of which is equal to 365. Such payment is in lieu of the Annual Bonus that would have otherwise been due to the Executive under the Annual Incentive Plan for the performance period in which the Date of Termination occurs. The Company shall make such payment in equal installments ratably over twelve (12) months following the Date of Termination in accordance with the Company's normal payroll cycle and procedures, with the first installment to be paid on the first payroll date following the Release Effective Date; provided, that if the Executive's death occurs subsequent to the Date of Termination, any unpaid installments shall be paid to the Executive's estate or beneficiaries in a lump sum payment within thirty (30) days following the date of the Executive's death;

(ix) During the Severance Period the Company shall (or shall cause Academy to) arrange to provide the Executive and the Executive's covered dependents medical insurance benefits, contingent on the Executive electing continuation coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("**COBRA**"), no less favorable than those provided to active senior executives of the Company and their dependents at a price equal to the COBRA rate while eligible for COBRA and thereafter at the cost of coverage (which shall be deemed to be the COBRA cost unless otherwise defined by the U.S. Treasury), and the Company shall pay, or cause Academy to pay, to the Executive each month during the Severance Period an amount equal to the excess, if any, of the monthly premium under the Company's benefit plans under which such medical insurance benefits are provided, as in effect from time to time, over the amount of the Executive's portion of such premiums as if the Executive was an active employee, which payment shall be paid in advance on the first payroll day of each month during the such Severance Period, commencing with the month immediately following the Date of Termination; provided, that the first such payment shall be made on the Release Effective Date. Notwithstanding the foregoing, the payments provided under this clause (v) shall cease at such time as the Executive commences to receive such benefits from a subsequent employer of the Executive during the Severance Period (and the Executive shall have the obligation to notify the Company that the Executive is receiving such benefits from a subsequent employer);

(x) The Company shall, pay, or cause Academy to pay, the Executive an amount equivalent to the product of (x) the monthly basic life insurance premium applicable to the Executive's basic life insurance coverage immediately prior to the Date of Termination and (y) the number of full and fractional calendar months of the Severance Period. The Company shall make such payment in a lump sum in cash on the first payroll date following the Release Effective Date. If applicable, the Executive may, at the Executive's option, convert the Executive's basic life insurance coverage to an individual policy after the Date of Termination by completing the forms required by the Company for this purpose, and the Company will reasonably cooperate in order to assist the Executive with such conversion; and

(xi) The Company shall pay, or cause Academy to pay, the Executive the Accrued Obligation at the times specified in and in accordance with the terms of the applicable employee benefit plans and compensation arrangements.

(aa) *No Right to Specify Year of Payment.* The Executive shall have no right to specify the year in which any payment made under this Section 8 shall be made.

(ab) *No Duty to Mitigate; Release.* The Company agrees that, if the Executive's employment with the Company terminates for any reason during the Employment Period, the Executive is not required to seek other employment or to attempt in any way to reduce any amounts payable to the Executive by the Company pursuant to this Section 8. Further, except to the extent set forth in Section 9(e) hereof, the amount of any payment or benefit provided for in this Agreement shall not be reduced by any compensation earned by the Executive as the result of employment by another employer, by retirement benefits, or by offset against any amount claimed to be owed by the Executive to the Company or Academy. Notwithstanding anything to the contrary contained herein, payments to the Executive under this Section 8 (other than the Accrued Salary, Prior Year Bonus, if any, and Accrued Obligations) are contingent upon (A) the Executive's continued compliance with the provisions of Section 9 hereof and (B) the Executive's execution and delivery, without revocation, of a fully effective release in the form of Appendix A attached hereto (the "**Release**"), which Release must be executed (and not revoked) by the Executive on or prior to the sixtieth (60th) day following the Date of Termination (such sixty-day period, the "**Release Period**"). Notwithstanding the foregoing, to the extent required to comply with Section 409A, if the Release Period straddles the ending and beginning of two (2) consecutive calendar years, then the first installment of any installment payments of severance payable to the Executive under this Section 8 shall be paid on the first regularly scheduled payroll date that occurs in the second calendar year.

9. Restrictive Covenants.

(ac) *Confidential Information.* The Company agrees to provide the Executive certain trade secrets, confidential information and knowledge or data relating to the Company Group and its businesses during the Employment Period. The Executive shall hold in a fiduciary capacity for the benefit of the Company Group all trade secrets, confidential information, and knowledge or data relating to the Company Group and its businesses, which shall have been obtained by the Executive during the Executive's employment by any member of the Company Group (hereinafter being collectively referred to as "**Confidential Information**"). For the avoidance of doubt, Confidential Information shall not include information that:

(i) is already in the Executive's possession; provided, that the information is not known by the Executive to be subject to another confidentiality agreement with, or otherwise subject to an obligation of secrecy to, any member of the Company Group,

(ii) becomes generally available to the public other than as a result of acts by the Executive or representatives of the Executive in violation of this Agreement, or

(iii) becomes available to the Executive on a non-confidential basis from a source other than the Company Group or any of its directors, managers, officers, employees, agents or advisors; provided, that such source is not known by the Executive to be bound by a confidentiality agreement with, or otherwise bound by an obligation of secrecy to, any member of the Company Group.

The Executive shall not, without the prior written consent of the Company or as may otherwise be required by law or legal process, other than in the good faith performance of the Executive's duties, communicate or divulge any such trade secrets, information, knowledge or data to anyone other than the Company Group and those designated by the Company. Any termination of the Executive's employment or of this Agreement shall have no effect on the continuing operation of this Section 9(a).

The Executive agrees to return or destroy (as determined by the Company) all Confidential Information, including all photocopies, extracts and summaries thereof, and any such information stored electronically on tapes, computer disks or in any other manner to the Company at any time upon request by the Company and upon the termination of the Executive's employment hereunder for any reason. Notwithstanding anything herein to the contrary, the Company hereby acknowledges and agrees that the Executive may retain, as the Executive's own property, copies of the Executive's individual personnel documents, such as payroll and tax records and similar personal records as well as the Executive's rolodex and the Executive's address book, whether electronic or in hard copy.

Nothing in this Agreement shall prohibit or impede the Executive from communicating, cooperating or filing a complaint with any U.S. federal, state or local governmental or law enforcement branch, agency or entity (collectively, a "**Governmental Entity**") with respect to possible violations of any U.S. federal, state or local law or regulation, or otherwise making disclosures to any Governmental Entity, in each case, that are protected under the whistleblower provisions of any such law or regulation, provided, that in each case such communications and disclosures are consistent with applicable law. The Executive does not need the prior authorization of (or to give notice to) the Company regarding any such communication or disclosure. Notwithstanding the foregoing, under no circumstance is the Executive authorized to disclose any information covered by the Company Group's attorney-client privilege or attorney work product or the Company Group's trade secrets without prior written consent of the Company's CEO & President.

(ad) *Intellectual Property*. If the Executive creates, invents, designs, develops, contributes to or improves any works of authorship, inventions, intellectual property, materials, documents or other work product (including, without limitation, research, reports, software, databases, systems, applications, presentations, textual works, content or audiovisual materials) ("**Works**"), either alone or with third parties, at any time during the Executive's employment by the Company Group and within the scope of such employment and/or with the use of any the Company Group resources or as the result of any work performed by the Executive for the Company Group ("**Company Works**"), the Executive shall promptly and fully disclose same to the Company and hereby unconditionally and irrevocably assigns, transfers and conveys, to the maximum extent permitted by applicable law, all rights, title, interest and intellectual property rights therein (including rights under patent, industrial property, copyright, trademark, trade secret, unfair competition and related laws) to the Company to the extent ownership of any such rights does not vest originally in the Company. In addition to, and without limitation of the foregoing, the Executive acknowledges and agrees that all of the Executive's contributions to works of authorship within the scope of the Executive's employment shall be regarded as "Work Made for Hire" (as that term is used in the United States Copyright Act, 17 U.S.C. § 101) by the Executive for the Company.

To the extent that the Works contain any inventions, developments, concepts, improvements, designs, discoveries, ideas, data, documentation, information, materials, programs, systems, techniques, trademarks, domain names, or works of authorship created by the Executive before the Executive was employed by the Company (the "**Preexisting Works**"), the Executive hereby grants the Company an irrevocable, perpetual, worldwide, royalty-free, non-exclusive license to use, practice, copy, distribute, publish, perform, display, modify, create derivative works of, and otherwise utilize the Preexisting Works for any purpose whatsoever.

The Executive agrees to keep and maintain adequate and current written records (in the form of notes, sketches, drawings, and any other form or media requested by the Company) of all Company Works. The records will be available to and remain the sole property and intellectual property of the Company at all times.

The Executive shall take all requested actions and execute all requested documents (including any licenses or assignments required by a government contract) at the Company's expense (but without further remuneration) necessary to assist the Company in validating, maintaining, protecting, enforcing, perfecting, recording, patenting or registering any of the Company's rights in the Company Works. If the Company is unable for any other reason to secure the Executive's signature on any document necessary for this purpose, then the Executive hereby irrevocably designates and appoints the Company and its duly authorized officers and agents as the Executive's agent and attorney in fact, to act for and in the Executive's behalf and stead to execute any necessary documents and to do all other lawfully permitted acts in connection with the foregoing.

In the event that any of the foregoing provisions with respect to the Works are deemed invalid or ineffective to vest ownership of the Works with the Company, the Executive hereby grants the Company an irrevocable, perpetual, worldwide, royalty-free license to use, practice, copy, distribute, publish, perform, display, modify, create derivative works of, and otherwise utilize the Works for any purpose whatsoever.

The Executive shall not improperly use for the benefit of, bring to any premises of, divulge, disclose, communicate, reveal, transfer or provide access to, or share with the Company Group any confidential, proprietary or non-public information or intellectual property relating to a former employer or other third party without the prior written permission of such third party. The Executive shall comply with all relevant policies and guidelines of the Company, including, without limitation, policies and guidelines regarding the protection of confidential information and intellectual property and potential conflicts of interest. The Executive acknowledges that the Company may amend any such policies and guidelines from time to time, and that the Executive remains at all times bound by their most current version.

(ae) *Non-Competition.* In consideration of the payments, benefits and other obligations of the Company to the Executive pursuant to this Agreement, including, without limitation, the Company's obligation to provide the Executive with Confidential Information pursuant to Section 9(a) hereof, and in order to protect such Confidential Information and preserve the goodwill of the Company Group, the Executive hereby covenants and agrees that, during the Employment Period and for a period of eighteen (18) months following the Date of Termination (the "**Restricted Period**"), the Executive shall not, without the prior written consent of the Company, directly or indirectly, for the Executive or for others, as an owner, investor, partner, shareholder, agent, representative, employee, officer, director, consultant, contractor, lender or otherwise (except for owning an investment interest of less than two percent (2%) in a publicly-traded company), participate in any business engaged primarily in the retail sale of sporting goods and outdoor products, including but not limited to the following companies and any of their successors, affiliates, or subsidiaries: Dick's Sporting Goods, Inc.; Cabela's Inc.; The Sports Authority, Inc.; Bass Pro Shops, Inc.; Gander Mountain Company; and Hibbett Sports, Inc. This restriction does not include (i) multi-purpose retailers, such as Wal-Mart Stores, Inc. and Target Corp., where the sale of sporting goods and outdoor products by such retailer is less than 50% of such retailer's total sales; or (ii) any business engaged primarily in the retail sale of sporting goods and outdoor products with total sales from all sources (including retail stores, on-line, subsidiaries and affiliates) of less than \$250 million annually.

(af) *Non-Solicitation; No-Hire.* In further consideration of the payments, benefits and other obligations of the Company to the Executive pursuant to this Agreement, the Executive hereby covenants and agrees that, during the Employment Period and the Restricted Period, the Executive will not, directly or indirectly, for the Executive's benefit or for the benefit of any other person, firm or entity, do any of the following:

(i) Solicit on the Executive's own behalf or on behalf of another person or entity, the employment or services of any person who was known to be employed, in a salaried position, by or was a known substantially full-time consultant or substantially full-time independent contractor to any member of the Company Group upon the Date of Termination, or within six (6) months prior thereto;

(ii) Hire any person who was employed by the Company Group in a salaried position at any time during the six (6) month period immediately prior to the Date of Termination; or

(iii) Call on, solicit or service any customer, vendor, supplier, licensee, licensor or other business relation of the Company Group in order to induce or attempt to induce such person to cease doing business with, or reduce the amount of business conducted with, the Company Group, or otherwise knowingly interfere in any material respect with the business of any member of the Company Group (other than consumers) or the relationship with any such customer, vendor, supplier, licensee, licensor or other business relation of the Company Group that existed prior to the Date of Termination.

Notwithstanding the foregoing, the restrictions in this Section 9(d) shall not apply with regard to general solicitations of the Executive that are not specifically directed to employees, consultants or independent contractors of any member of the Company Group.

(ag) *Enforcement.* The Executive and the Company agree and acknowledge that the Company has a substantial and legitimate interest in protecting the Company's Confidential Information and goodwill. The Executive and the Company further agree and acknowledge that the provisions of this Section 9 are reasonably necessary to protect the Company's legitimate business interests and are designed to protect the Company's Confidential Information and goodwill. The Executive agrees that the scope of the restrictions as to time, geographic area, and scope of activity in this Section 9 are reasonably necessary for the protection of the Company Group's legitimate business interests and are not oppressive or injurious to the public interest. The Executive agrees that in the event of a breach or threatened breach of any of the provisions of this Section 9 the Company shall be entitled to injunctive relief against the Executive's activities to the extent allowed by law, and the Executive waives any requirement for the posting of any bond by the Company in connection with such action. In addition, the Company shall be entitled to immediately cease paying any amounts remaining due pursuant to Section 8 hereof (other than the Accrued Salary, Prior Year Bonus, if any, and Accrued Obligations), in the event that the Executive has violated any provision of Section 9. In the event that any court determines that any restriction in this Agreement constitutes an unreasonable restriction against the Executive, the Executive and the Company agree that the provisions of this Agreement shall not be rendered void but shall apply as to time, territory or to such other extent as such court may determine or indicate constitutes a reasonable restriction under the circumstances involved. The Executive further agrees that any breach or threatened breach of any of the provisions of Section 9(a), (b) or (c) would cause injury to the Company for which monetary damages alone would not be a sufficient remedy.

#### 10. Section 409A.

(ah) Compliance With 409A. The parties hereby agree that the provisions of this Agreement shall be interpreted to comply with or be exempt from Section 409A, and all provisions of this Agreement shall be construed in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A. If any provision of this Agreement (or of any award of compensation, including equity compensation or benefits) would cause the Executive to incur any additional tax or interest under Section 409A and modifying it would avoid such additional tax, the Company shall, after consulting with the Executive, reform such provision to



comply with or avoid application of Section 409A; provided, that the Company agrees to maintain, to the maximum extent practicable, the original intent and economic benefit to the Executive of the applicable provision without violating the provisions of Section 409A.

(ai) Six-month Wait for Specified Employees. Notwithstanding any provision to the contrary in this Agreement, if the Executive is deemed on the Date of Termination to be a Specified Employee and the Company is a public company, then with regard to any payment or the provision of any benefit that is required to be delayed in compliance with Section 409A(a)(2)(B) of the Code (as defined below), such payment or benefit shall not be made or provided (subject to the last sentence hereof) prior to the earlier of (i) the expiration of the six (6) month period measured from the date of the Executive's Separation From Service or (ii) the date of the Executive's death (such relevant period, the "**Delay Period**"). Upon the expiration of the Delay Period, all payments and benefits delayed pursuant to this Section 10(b) (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) shall be paid or reimbursed to the Executive in a lump sum, and any remaining payments and benefits due under this Agreement shall be paid or provided in accordance with the normal payment dates specified for them herein. Notwithstanding the foregoing, to the extent that the foregoing applies to the provision of any ongoing welfare benefits to the Executive that would not be required to be delayed if the premiums therefore were paid by the Executive, the Executive shall pay the full cost of premiums for such welfare benefits during the Delay Period and the Company shall pay, or shall cause Academy to pay, the Executive an amount equal to the amount of such premiums paid by the Executive during the Delay Period promptly after its conclusion. For purposes of this Agreement, the terms "**Separation From Service**" and "**Specified Employee**" shall have the meanings ascribed to those terms in Section 409A, the term "**Section 409A**" means Section 409A of the Internal Revenue Code of 1986, as amended (the "**Code**"), and the regulations issued thereunder by the Internal Revenue Service and the Department of Treasury.

(aj) Termination as a Separation from Service. A termination of employment shall not be deemed to have occurred for purposes of Sections 1 and 8 hereof and any other provision of this Agreement providing for the payment of any amounts or benefits subject to Section 409A upon or following a termination of employment unless such termination is also a Separation From Service and, for purposes of any such provision of this Agreement, references to a "termination," "termination of employment" or like terms shall mean Separation From Service.

(ak) Payment Period for Reimbursements, In-Kind Benefits and Tax Gross-Up Payments. All reimbursements for costs and expenses pursuant this Agreement shall be paid in no event later than the end of the calendar year following the calendar year in which the Executive incurs such expense. With regard to any provision herein that provides for reimbursement of costs and expenses or in-kind benefits, except as permitted by Section 409A, (i) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, and (ii) the amount of expenses eligible for reimbursements or in-kind benefits provided during any taxable year shall not affect the expenses eligible for reimbursement or in-kind benefits to be provided in any other taxable year; provided, that the foregoing clause (ii) shall not be violated with regard to expenses reimbursed under any arrangement covered by Section 105(b) of the Code solely because such expenses are subject to a limit related to the period the arrangement is in effect.

(al) Payments Within Specified Number of Days. Whenever a payment under this Agreement specifies a payment period with reference to a number of days (e.g., "payment shall be made within thirty (30) days following the Date of Termination"), the actual date of payment within the specified period shall be within the sole discretion of the Company.

(am) Installments as Separate Payment. If under this Agreement, an amount is to be paid in two or more installments, for purposes of Section 409A, each installment shall be treated as a separate payment.

11. Successors; Binding Agreement.

(an) *Company's Successors*. The Company and the Parent will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company and/or the Company Group, as applicable, to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company and the Parent to obtain such assumption and agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle the Executive to compensation from the Company in the same amount and on the same terms as the Executive would be entitled to hereunder if the Executive terminated the Executive's employment for Good Reason, except that for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the Date of Termination. As used in this Section 11(a), the term "Company" shall mean the Company as hereinbefore defined and any successor to the business and/or assets of the Company and/or the Company Group as aforesaid (including but not limited to an acquirer of such business and/or assets) that executes and delivers the agreement provided for in this Section 11 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law or otherwise.

(ao) *Executive's Successors*. This Agreement and all rights of the Executive hereunder shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive should die while any amounts would still be payable to the Executive hereunder if the Executive had continued to live or any amount is payable under this Agreement as a result of the Executive's death, all such amounts unless otherwise provided herein shall be paid in accordance with the terms of this Agreement to the Executive's devisee, legatee or other designee or, if there is no such designee, to the Executive's estate.

12. Notice. For the purposes of this Agreement, notices, demands and all other communications provided for in this Agreement shall be in writing and shall be deemed to have been duly given when delivered or (unless otherwise specified) mailed by United States certified or registered mail, return receipt requested, postage prepaid, addressed as follows:

If to the Executive, to the last address shown on records of the Company;

If to the Company or the Parent:

Academy Managing Co., L.L.C.  
1800 North Mason Road  
Katy, Texas 77449  
Attention: General Counsel

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

13. Amendment or Modification; Waiver. No provisions of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by the Executive and such officer of the Company as may be specifically designated by the Board or a compensation committee thereof. No waiver by either party hereto

at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement.

14. Dispute Resolution.

(ap) **THE PARTIES AGREE TO SUBMIT ALL DISPUTES AND/OR ACTIONS REGARDING THIS AGREEMENT TO THE EXCLUSIVE JURISDICTION OF THE STATE OR FEDERAL COURTS IN HARRIS COUNTY, TEXAS. EACH OF THE PARTIES WAIVES ANY RIGHTS TO A TRIAL BY JURY.**

(aq) **EXCEPT WHERE INJUNCTIVE OR OTHER EMERGENCY RELIEF IS SOUGHT, THE PARTIES AGREE THAT, AS A CONDITION PRECEDENT TO ANY ACTION REGARDING DISPUTES ARISING UNDER THIS AGREEMENT, SUCH DISPUTES SHALL FIRST BE SUBMITTED TO MEDIATION BEFORE A PROFESSIONAL MEDIATOR SELECTED BY THE PARTIES, AT A MUTUALLY AGREED TIME AND PLACE, AND WITH THE MEDIATOR'S FEES SPLIT EQUALLY BETWEEN THE PARTIES.**

15. Governing Law. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Texas without regard to its conflicts of law principles.

16. Miscellaneous. All references to sections of any statute shall be deemed also to refer to any successor provisions to such sections. The obligations of the parties under Sections 5, 8, 9, 10, 11, 12 and 14 hereof shall survive the expiration of the Employment Period and the termination of this Agreement. The compensation and benefits payable to the Executive or the Executive's beneficiary under Section 8 of this Agreement shall be in lieu of any other severance benefits, if any, to which the Executive may otherwise be entitled upon the Executive's termination of employment under any severance plan, program, policy or arrangement of the Company; provided, that such compensation and benefits shall not be in lieu of any compensation and benefits provided under any change of control agreement or other agreement providing any retention, incentive, or other similar bonus to the Executive, including if such retention, incentive, or other similar bonus becomes payable upon or in connection with the Executive's termination of employment or resignation.

17. Severability. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect throughout the Employment Period. Should any one or more of the provisions of this Agreement be held to be excessive or unreasonable as to duration, geographical scope or activity, then that provision shall be construed by limiting and reducing it so as to be reasonable and enforceable to the extent compatible with the applicable law.

18. Entire Agreement; Effectiveness of Agreement. This Agreement, including Appendix A and Appendix B attached hereto, sets forth the entire agreement of the parties hereto in respect of the Executive's employment with the Company (and any termination thereof) and all other subject matter contained herein, supersedes all prior agreements, promises, covenants, arrangements, communications, representations or warranties, whether oral or written, by any officer, employee or representative of any party hereto.

19. Withholding. The Company or Academy, as applicable, may withhold from any payments or benefits made or provided pursuant to this Agreement all federal, state, local, foreign and other taxes as may be required to be withheld under applicable law and all other employee deductions made with respect to employees or other senior executive officers of the Company or Academy generally, as applicable.

20. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

21. Fees. The Company agrees to reimburse Executive for the reasonable attorneys' fees incurred by Executive in connection with the negotiation and execution of this Agreement and any amendment or restatement of this Agreement, in an amount not to exceed \$10,000.

*(Signatures on next page.)*

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the date first written above.

ACADEMY MANAGING CO., L.L.C.

By: /s/ J.K. Symancyk  
Name: James Kevin (J.K.) Symancyk  
Title: President and Chief Executive  
Officer  
NEW ACADEMY HOLDING COMPANY, LLC

By: /s/ J.K. Symancyk  
Name: James Kevin (J.K.) Symancyk  
Title: President and Chief Executive  
Officer

EXECUTIVE

By: /s/ Manish Maini  
Name: Manish Maini

*Signature page to Employment Agreement*

## APPENDIX A

### FORM OF RELEASE

Capitalized terms used but not defined in this Release (this “**Release**”) shall have the same meanings as such terms are defined in the Employment Agreement by and between Academy Managing Co., L.L.C. and Manish Maini, dated [INSERT DATE] (the “**Employment Agreement**”).

#### 1. Waiver, Release, and Discharge of all Claims.

(a) In consideration for the Separation Consideration from Academy, the undersigned Executive (“**Executive**”) hereby irrevocably and unconditionally waives, releases, acquits and forever discharges Academy, its parent, subsidiary, predecessor, successor and affiliated companies, in such capacities and their respective directors, managers, officers, employees, representatives, agents and equity holders (collectively, the “**Releasees**”), from any and all claims, liabilities, obligations, damages, causes of action, demands, costs, losses and/or expenses (including attorneys’ fees) of any nature whatsoever, whether known or unknown, fixed or contingent, which Executive may have or claim to have against any of the Releasees as a result of Executive’s employment and/or termination from employment and/or as a result of any other matter, in any way arising on or before the date of Executive’s signing of this Release, including, but not limited to, rights arising out of alleged violations of any contracts, express or implied, verbal or written, quantum meruit, any covenant of good faith and fair dealing, express or implied, or any tort or claim for personal injury or invasion of privacy, any claims regarding the enforceability of the restrictive covenants or the resulting effects of any Restrictive Covenant Violations, or any legal restrictions on Academy’s right to terminate employees, or any federal, state or other governmental statute, regulation or ordinance under which the Executive has any claim against any of the Releasees, including, without limitation, Title VII of the Civil Rights Act of 1964, as amended, and the Age Discrimination in Employment Act of 1967, as amended, Chapters 21, 61, and 451 of the Texas Labor Code, the Equal Pay Act, the Fair Labor Standards Act, the Consolidated Omnibus Budget Reconciliation Act, the Employee Retirement Income Security Act of 1974, as amended, the Civil Rights Act of 1991, the Family and Medical Leave Act of 1993, and the Americans with Disabilities Act of 1990, the Genetic Information Nondiscrimination Act, the Occupational Safety & Health Act, the National Labor Relations Act, Section 1981 of the Civil Rights Act of 1866, the Fair Labor Standards Act, and the Sarbanes Oxley Act of 2002, claims for workers’ compensation, wages or any other compensation other than any pending workers’ compensation benefits claims, or claims for benefits including, without limitation, those arising under the Employee Retirement Income Security Act (other than any claims for vested benefits). In addition, to the extent permitted by law, the Executive waives all rights and benefits afforded by any laws which provide in substance that a general release does not extend to claims which a person does not know or suspect to exist in Executive’s favor at the time of executing the release which, if known by Executive’s, must have materially affected the Executive’s settlement with the other person.

(b) The exceptions to the foregoing release are (i) claims and rights that may first arise after the date of Executive’s signing of this Release, (ii) any existing right to indemnification under applicable laws, plans, organizational documents, or agreements (which is hereby ratified and confirmed), (iii) any rights of Executive as an insured, or to coverage, under any director’s and officer’s liability insurance policy of Academy or its parent entities or Affiliates, and (iv) any claims, rights or obligations of Executive under

applicable law which cannot be waived or released pursuant to an agreement as a matter of law.

(c) Executive represents and warrants that Executive has not previously filed, and to the maximum extent permitted by law, agrees not to file, a claim against any Releasee regarding any of the claims respectively released herein. If, notwithstanding this representation and warranty, Executive has filed or files such a claim, Executive agrees to cause such claim to be dismissed with prejudice and shall pay any and all costs required in obtaining dismissal of such claim, including without limitation the attorneys' fees and expenses of any of the parties against whom such a claim has been filed. Executive has not previously assigned or transferred any such claim, agrees not to file a lawsuit asserting any such released claims, and Executive agrees not to accept any monetary (money) damages or other personal relief (including legal or equitable relief) in connection with any administrative claim or lawsuit filed by any person or entity against any of the Releasees.

2. **Waiver, Release, and Discharge of Age Discrimination Claims**. In addition to Executive's waiver, release and discharge of all claims, Executive acknowledges the following:

(a) This Release is written in a manner understood by Executive and that Executive in fact understands the terms, conditions, and effect of this Release.

(b) The release by Executive in this Release refers to rights or claims arising under the Age Discrimination in Employment Act and Older Workers' Benefit Protection Act.

(c) Executive does not waive rights or claims that may arise after the date Executive signs this Release.

(d) Executive waives rights or claims only in exchange for consideration in addition to anything of value to which Executive is already entitled.

(e) Executive is advised in writing to consult with an attorney prior to executing this Release, and Executive has done so to the extent Executive so desired.

(f) Executive fully understands all of the terms of this Release and knowingly and voluntarily enters into this Release, including Executive's waiver, release, and discharge of age discrimination claims.

(g) Academy has delivered this Release to Executive to consider on [DATE], (the "**Delivery Date**"). Executive has had more than twenty-one (21) days following the Delivery Date in which to consider this Release before executing it.

(h) Executive must execute and return this Release to Academy on or within five (5) days after the Termination Date. If Executive does not execute and return this Release to Academy on or within five (5) days after the Termination Date, this Release shall be considered rejected and Academy shall not be obligated to deliver any portion of the Separation Consideration to Executive.

(i) Executive has seven (7) days following Executive's signing of this Release to revoke the waiver of any age discrimination claims and Section 2 of this Release or Executive's representations made in Section 2 of this Release (the "**Revocation Period**"). If Executive decides to revoke this waiver of age discrimination

claims and representations made under Section 2 of this Release, Executive must send written notice of revocation to Academy within the Revocation Period and this Release shall be deemed revoked by Executive and Academy shall not be obligated to deliver any portion of the Separation Consideration to Executive.

3. **Administrative Complaint.** Nothing in this Release shall prevent Executive from filing a charge or complaint, including a challenge to the validity of this Release, or making a disclosure or report of possible unlawful activity with any governmental agency, including but not limited to the Equal Employment Opportunity Commission (“EEOC”) or the National Labor Relations Board (“NLRB”), or the Securities and Exchange Commission (“SEC”) or comparable federal, state or local agency, or to an attorney, solely for the purpose of reporting or investigating a suspected violation of law, or from participating in any investigation or proceeding conducted by the EEOC, NLRB, SEC or comparable federal, state or local agency, or other actions protected as whistleblower activity under applicable law. Further, a disclosure of trade secrets is not a prohibited disclosure if made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. This Release does not impose any condition precedent (such as prior disclosure to Academy), any penalty, or any other restriction or limitation adversely affecting Executive’s rights regarding any EEOC, NLRB, SEC, or comparable federal, state or local agency claim or investigation or proceeding conducted by any such administrative agency. Executive understands and recognizes that if a charge is filed by Executive or on Executive’s behalf with an administrative agency other than the SEC, or if Executive participates in any investigation or proceeding with any such agency, **Executive will not be entitled to any damages or payment of any money relating to any event which occurred prior to Executive’s execution of this Release.**

*(Remainder of page intentionally blank. Signature page follows.)*



AGREED AND ACCEPTED, on this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

EXECUTIVE

By:\_\_\_

Name: Manish Maini

Appendix A-4

## **Appendix B**

### Relocation Benefits

The Company shall provide, or cause Academy to provide, the Executive with the following relocation benefits pursuant to the terms and conditions set forth in Section 4(d) of the Employment Agreement:

1. A relocation allowance of \$50,000.00 (gross), payable no later than the Company's first regular payroll date following the Commencement Date;
2. Reimbursement by the Company for reasonable travel and lodging expenses incurred for one (1), three-day, two-night house-hunting trip to the Houston area for the Executive and a guest, to be reserved by the Company's relocation department.
3. Company-paid temporary housing for up to 90 days, as needed, including per diem;
4. Company-paid professional moving service by an Academy designated move partner (including coverage for all standard household goods, two (2) vehicles and packing and unpacking);
5. Storage of standard household goods for the duration of, the period of temporary housing used (if needed)
6. Reimbursement by the Company for reasonable travel and lodging expenses incurred for one (1), two-day, one-night house-sale closing trip for former residence, for the Executive only, to be reserved by the Company's relocation department.
7. Payment by the Company of 6% of the sales price of the Executive's existing primary residence for realtor fees and up to \$3,500 in customary closing costs for the sale of the Executive's existing primary residence;
8. One (1) full family one-way final trip from New Jersey to Houston Texas;
9. Up to five (5) days off with pay for relocation related needs (up to 8 hours per day); and
10. Such other reasonable travel & lodging expenses and/or temporary housing expenses relating to relocation that may be requested by the Executive and pre-approved by the Company.

## CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Ken C. Hicks, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended July 30, 2022 (this "Report") of Academy Sports and Outdoors, Inc. (the "Registrant");
2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;
3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this Report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and
  - d. Disclosed in this Report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of Registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

/s/ KEN C. HICKS

\_\_\_\_\_  
Ken C. Hicks  
Chairman, President and Chief Executive Officer  
(principal executive officer)

Date: September 7, 2022

## CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Michael P. Mullican, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarterly period ended July 30, 2022 (this "Report") of Academy Sports and Outdoors, Inc. (the "Registrant");
2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;
3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this Report;
4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and
  - d. Disclosed in this Report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and
5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of Registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

/s/ MICHAEL P. MULLICAN

\_\_\_\_\_  
Michael P. Mullican  
Executive Vice President and Chief Financial Officer  
(principal financial officer)

Date: September 7, 2022

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Academy Sports and Outdoors, Inc.. (the “Company”) for the quarterly period ended July 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Ken C. Hicks, Chairman, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented therein.

/s/ KEN C. HICKS

Date: September 7, 2022

Ken C. Hicks

Chairman, President and Chief Executive Officer  
(principal executive officer)

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Academy Sports and Outdoors, Inc. (the "Company") for the quarterly period ended July 30, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael P. Mullican, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company for the periods presented therein.

/s/ MICHAEL P. MULLICAN

Date: September 7, 2022

Michael P. Mullican

Executive Vice President and Chief Financial Officer

(principal financial officer)